

# Audit and Risk Committee

## Agenda 29 November 2022

10.00am

Yare House, 62-64 Thorpe Road, Norwich NR1 1RY

John Packman, Chief Executive – Tuesday, 22 November 2022

Under the Openness of Local Government Bodies Regulations (2014), filming, photographing and making an audio recording of public meetings is permitted. These activities however, must not disrupt the meeting. Further details can be found on the [Filming, photography and recording of public meetings](#) page.

### Introduction

1. To receive apologies for absence
2. Appointment of Chair  
Nominations for Chair have been received for:  
Matthew Bradbury, proposed by Gail Harris, seconded by Bill Dickson
3. Appointment of Vice-Chair  
Nominations for Vice-Chair have been received for:  
Tristram Hilborn, proposed by Matthew Bradbury, seconded by Bill Dickson
4. Introduction of members and declarations of interest
5. To note whether any items have been proposed as matters of urgent business
6. Public question time – to note whether any questions have been raised by members of the public
7. **To receive and confirm the minutes of the Audit and Risk Committee meeting held on 26 July 2022 (Pages 3-8)**

### Audit

8. **Annual Audit 2021/22 – progress (Pages 9-36)**  
Report by Director of Finance

### Financial direction

9. **Draft Statement of Accounts 2021/22 (Pages 37-123)**  
Report by Director of Finance

10. **Consolidated income and expenditure 1 April to 31 October 2022 actual and 2022/2023 forecast outturn** (Pages 124-141)  
Report by Director of Finance
11. **Financial Regulations – update** (Pages 142-170)  
Report by Director of Finance

## **Governance and Risk Management**

12. **Corporate Partnerships Register - update** (Pages 171-188)  
Report by Senior Governance Officer
13. **Corporate Risk Register – review** (Pages 189-196)  
Report by Senior Governance Officer
14. **Implementation of Internal Audit recommendations – summary of progress** (Pages 197-211)  
Report by Director of Finance

## **Other Matters**

15. Other items of business  
Items of business which the chairman decides should be considered as a matter of urgency pursuant to Section 100B (4)(b) of the Local Government Act 1972
16. To answer any formal questions of which due notice has been given
17. **To note the date of the next meeting – Tuesday 14 March 2023 at 10.00am at Yare House, 62/64 Thorpe Road, Norwich**

# Audit and Risk Committee

## Minutes of the meeting held on 26 July 2022

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### Present

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

### In attendance

Jason Brewster – Governance Officer, Faye Haywood – Head of Internal Audit, Mark Hodgson – Ernst & Young External Auditor, Emma Krelle – Director of Finance, Ellie Richards – Senior Accountant, John Packman – Chief Executive and Sara Utting – Senior Governance Officer.

## 1. Apologies and welcome

The Chair welcomed everyone to the meeting.

**Apologies** were received from Paul Hayden, Tristram Hilborn, Matthew Shardlow and Michael Scott.

## Openness of Local Government Bodies Regulations 2014

The Chair explained that the meeting was being audio-recorded. All recordings remained the copyright of the Broads Authority and anyone wishing to receive a copy should contact the Governance Team. The minutes remained the formal record of the meeting. He added that the law permitted any person to film, record, photograph or use social media in order to report on the proceedings of public meetings of the Authority. This did not extend to live verbal commentary. The Chair needed to be informed if anyone intended to photograph, record or film so that any person under the age of 18 or members of the public not wishing to be filmed or photographed could be accommodated.

## 2. Introductions and declarations of interest

Members introduced themselves and no additional declarations of interest were declared.

## 3. Items of urgent business

There were no items of urgent business.

## 4. Public question time

No public questions had been received.

## 5. Minutes of last meeting

The minutes of the meeting held on 08 February 2022 were approved as a correct record and signed by the Chair.

## 6. Draft Statement of Accounts 2021/22

The Chair thanked the Director of Finance (DoF) and the Senior Accountant for providing members with an online briefing on the Statement of Accounts on 20 July 2022. The DoF introduced the Senior Accountant, who had recently joined the Authority, and thanked her for drafting the Statement of Accounts.

The DoF introduced the report that provided an update on the Broads Authority's Statement of Accounts and its audit for the year ended 31 March 2022, and confirmed that there was no significant change to the format compared with previous years. Since the deficit was reported to members at the Authority 13 May 2022 the DoF confirmed that it had increased slightly due to further accruals.

The DoF stated that the most significant adjustment applied to the accounts, as per previous years, related to the staff pension fund and accounted for the majority of the figure shown

under Employee expenses. This adjustment might vary between the draft and final versions of the Statement of Accounts due to Norfolk Pension Fund being audited during the intervening period resulting in the finalisation of these figures.

The DoF explained that the adjustment under Other services expenses related to capital expenditure and members had been informed of this figure throughout the year as part of the Financial Performance and Direction report where it was listed as expenditure but at year end it was transferred to the Balance Sheet. The DoF added that debt interest associated with leases and loans (from the Public Works Loan Board) had also been transferred to the balance sheet to reduce outstanding capital payments.

The DoF confirmed that a review of the 2023/24 budget was underway and members would receive a combined tolls and budget briefing on 5 October 2022.

**The report and Draft Statement of Accounts were noted.**

## **7. Investment Strategy and Performance annual report 2021/22**

The Director of Finance (DoF) introduced the report setting out details of the Authority's investment of its unallocated cash, including the investment principles adopted and performance during the twelve months to 31 March 2022. The DoF reported that steps to diversify the provision of the Authority's investment portfolio, as per Key Controls audit recommendation (agenda item 13), had commenced and a full report would be provided at the next meeting.

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

## **8. Internal Audit annual report and opinion 2021/22**

The Head of Internal Audit (HoIA) presented the Authority's Annual Report and Opinion for 2021/21 drawing upon the outcomes of Internal Audit work performed over the course of the year, and a conclusion on the Effectiveness of Internal Audit.

It was noted that, on the basis of Internal Audit work performed during 2021/22, the HoIA had given a 'reasonable' audit opinion (positive) on the framework of governance, risk management and control at the Authority.

The HoIA highlighted appendix 1 (Audit work undertaken during 2021/22) and confirmed that the audit work for Cyber Security had now been completed and she could confirm that its 'reasonable' assurance had been finalised.

The Vice-Chair acknowledged the positive outcome and congratulated everybody involved.

**The contents of the Annual Report and Opinion of the Head of Internal Audit were received and approved with the following items noted:**

- That a reasonable audit opinion (positive) had been given in relation to the framework of governance, risk management and control for the year ended 31 March 2022.
- 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 2021/22.
- The conclusions of the Review of the Effectiveness of Internal Audit.

## 9. Annual Governance Statement 2021/22 and Code of Corporate Governance 2022

The Senior Governance Officer introduced the report that demonstrated how the Authority is complying with the principles of good governance and included the Annual Governance Statement 2021/22 and Code of Corporate Governance 2022.

**It was resolved to recommend the Annual Governance Statement 2021/22 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.**

## 10. External Audit

The External Auditor introduced the report which contained the initial Audit Plan detailing the work proposed to be undertaken by the auditors for the audit of the financial statements and the value for money conclusion for 2021/22. The External Auditor highlighted the introduction of a new audit focus for 2021/22 which related to Infrastructure Assets and the fact that some local authorities are not writing out the gross cost and accumulated depreciation on highways infrastructure assets when a major part/component has been replaced or decommissioned. The External Auditor confirmed that the Authority does hold relevant infrastructure assets, albeit with a relatively small Gross book value, and the Authority would have to adopt the correct accounting treatment once the Chartered Institute of Public Finance and Accountancy had finalised the associated guidance.

**The Audit Plan was noted.**

## 11. Whistleblowing policy for members

The Senior Governance Officer (SGO) introduced the report that detailed the whistleblowing policy for members. The SGO explained that this policy was derived from the staff whistleblowing policy and then the content had been tailored for use by members.

A member asked why the list of contacts in section 9 of the policy did not include the police. The DoF explained that the exemplar used to draft this material had not referenced the police and had believed that their role in this regard was self-evident. The Head of Internal Audit and the Ernst & Young External Auditor both confirmed that they had seen examples of

whistleblowing policies in other organisations that included the police as a contact although it was not obligatory and there were plenty of policies that did not reference the police. The Chief Executive suggested that the police should only be contacted in the context of a criminal matter. It was resolved to update the policy to include the police as a contact and a guidance note to indicate when they were an appropriate contact.

**It was resolved to recommend to the Broads Authority the adoption of a Whistleblowing Policy for Members subject to the inclusion of the police as a contact and an advisory note indicating when they would be an appropriate contact.**

## 12. Corporate Risk Register

The Senior Governance Officer (SGO) introduced the report that provided the latest version of the Corporate Risk Register (CRR) with changes marked since the previous meeting. The SGO highlighted a proposed small amendment to the Risk Management Policy to clarify that items on the CRR that originated from the Directorate Risk Register may stay on the CRR despite their risk score falling below 16 if they are considered to be a corporate risk.

A member asked why the revised risk score for item 2 remained unchanged. The SGO explained that this item could not be updated until the associated independent investigation had completed and their findings had been reviewed and any actions identified and planned.

A member enquired why the cybercrime training proposed as a mitigation for item 4 was restricted to budget holders. The Director of Finance confirmed that cybercrime training was rolled out to all staff of the Authority and that item 4 mitigations would be updated to reflect this. The Chief Executive added that staff training was reviewed periodically and that some elements were deemed compulsory and needed to be refreshed annually and cybercrime training fell into this category.

**The updated Corporate Risk Register was noted and the amendment/clarification to the Risk Management Policy agreed.**

## 13. Implementation of Internal Audit recommendations: summary of progress

The Director of Finance (DoF) introduced the report summarising progress in implementing Internal Audit recommendations arising from audits performed during 2018/19, 2019/20, 2020/21 and 2021/22. The DoF was pleased to announce that progress was now being made and drew member's attention to key controls receiving a 'substantial' assurance. This was due to the combined effort of the Tolls and Finance teams and the DoF thanked them for their hard work. The DoF added that the assessment for Corporate Health and Safety had been received indicating a 'substantial' assurance, and a full report would be provided at the next meeting.

A member enquired about progress on staff resilience plans. The DoF acknowledged that this work had almost been completed for Finance and explained that it had been delayed due to

staff shortages and fulfilling statutory obligations had taken priority. The DoF re-assured members that even without fully documented formal procedures that the associated processes were being performed and completed successfully.

The Chair commended officers for their hard work during the year and the outcome of the internal audit was a testament to their efforts.

**The report was noted.**

## **14. 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.

## **15. Formal questions**

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

## **16. Date of next meeting**

The next Audit and Risk Committee meeting would be on **Tuesday 29 November 2022** (previously scheduled for 15 November 2022) at Yare House, 62-64 Thorpe Road, Norwich, commencing at 10.00am.

The Vice-Chair noted that this was the Chair's last meeting and thanked him for his efforts in this role. The Chair in turn thanked the Director of Finance for their support during his tenure.

The meeting ended at 10.45am.

Signed by

Chair



# Audit and Risk Committee

29 November 2022

Agenda item number 8

## Annual Audit 2021/22- progress

Report by Director of Finance

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### Summary

This report appends the Audit progress update for 2021/22 prepared by the External Auditors, Ernst & Young LLP (EY).

### Recommendation

- i. To note the progress of the audit for 2021/22 Statement of Accounts; and
  - ii. That the Letter of Representation in connection with the Audit of the Financial Statements for 2021/22 be signed by the Director of Finance and the Chair of the Audit and Risk Committee upon completion of the audit.
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## 1. Annual Audit Results 2021/22

- 1.1. The External Audit for the Broads Authority's 2021/22 Statement of Accounts is being undertaken between October and November 2022 and the audit progress update from EY for 2021/22 is at Appendix 1 to this report.
- 1.2. The External Auditors will attend today's meeting to present this item and answer any questions.
- 1.3. Appendix 2 to this report is the draft Letter of Representation in connection with the audit of the Financial Statements for 2021/22. It is presented for consideration and approval by the Committee once the audit is complete. This will then be signed and sent to EY.
- 1.4. A copy of the audit results will be formally presented to this committee in March however a copy will be circulated to members once received.

Author: Emma Krelle

Date of report: 16 November 2022

Background papers: Draft Statement of Accounts 2021/22

Appendix 1 – Audit progress update (15 November 2022)

Appendix 2 - Draft Letter of Representation

A photograph showing several people's hands and arms as they sit around a white table, looking at and pointing to various documents. A yellow semi-transparent box is overlaid on the left side of the image, containing the title and date. In the bottom right corner, the EY logo is visible.

# **Broads Authority**

## **Audit progress update**

15 November 2022



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

15 November 2022

Dear Audit & Risk Committee Members

### **Audit Progress Report**

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Audit & Risk Committee with an overview of the current status of the Authority's 2021/22 audit. This report is a key mechanism in ensuring that our audits are aligned with the Committee's service expectations.

Our audits are undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

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

Yours faithfully

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

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**01** Progress Update - Financial  
Statements of the Authority

**02** Progress Update - Authority  
Value for Money

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 Broads 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 Broads Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit & Risk Committee, and management of the Broads Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.





01

## Progress Update – Financial Statements of the Authority





## Status of the 2021/22 audit

### 2021/22 financial statements

Our Outline Audit Planning Report identified the key areas of focus for our audit of the Authority's 2021/22 financial statements, which have not changed as of the date of this progress report. This page sets out our progress and observations on work to date on these areas. We will provide a further verbal update to the 29 November 2022 Audit & Risk Committee meeting.

Our audit has been progressing with the support of the Authority's accounting team, who have been providing us with responses and have been available throughout the audit process to answer our queries. However, we have encountered challenges with the completeness of the audit evidence received from the ultimate process holders.

The audit team has been resourced according to the planned audit timeline, however the issues encountered during the audit process are likely to pose audit resourcing challenges to complete the work.

Risk / area of focus	Risk identified	Progress to date
Management Override: Misstatement due to fraud or error	<i>Fraud</i>	We have started our audit work in respect of journal entries, estimates and unusual transactions. We have not identified any indications of management overriding controls through our work to date.
Risk of inappropriate capitalisation of revenue expenditure	<i>Fraud</i>	We have completed our sample selection for additions testing and are waiting on receipt of evidences to complete our work in this area. We have performed a review for Revenue Expenditure Funded by Capital Under Statute (REFCUS) and identified no expenditure of this nature.
Valuation of land and buildings valued under the Depreciated Replacement Cost ('DRC') method and the Existing Use Value ('EUV') method	<i>Inherent</i>	We are in the process of selecting samples for our valuation testing procedures.
Derecognition of infrastructure assets upon subsequent expenditure/ replacement	<i>Inherent</i>	This is a local government nationwide issue and it is currently under consideration by CIPFA, who intend to make changes to the Local Authority Accounting Code of Practice. A statutory override of some accounting requirements is also being considered by the Department of Levelling Up, Housing and Communities, and we expect this to be laid before Parliament at the end of November. We will consider the impact of any changes made to the accounting framework on the position at the Authority as further details are made available.

## Status of the 2021/22 audit

### 2021/22 financial statements

Risk / area of focus	Risk identified	Progress to date
Pensions Liability Valuation	<i>Inherent</i>	We have not yet received the assurance letter to support our work from the audit of Norfolk Pension Fund and our work in this area is outstanding. We have engaged EY Pensions to create an auditor's estimate for the Pension Liability and are awaiting their conclusions.
Recoverability of Receivables (Debtors)	Inherent Risk	Work has not yet been started in this area a verbal update will be provided during the Audit Committee meeting.

### Status of the audit

Given that the audit process is still ongoing, we will continue to perform the audit procedures set out in our Audit Plan until we have sufficient, appropriate evidence to be able to issue our audit opinion. We have included a draft of an unmodified audit report in Section 3. We have no reason at this point, to believe that we would not be considering such an opinion.

## Status of the 2021/22 audit

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### 2021/22 financial statements

#### Audit differences

##### Uncorrected differences

We have not identified any uncorrected audit differences at this stage of the audit.

##### Corrected differences

There are no corrected audit differences at this stage of the audit.





03

## Audit Report

**DRAFT**



## Our proposed opinion on the financial statements

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

#### Opinion

We have audited the financial statements of the Broads Authority ('the Authority') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the Authority Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes 1 to 35.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of the Broads Authority as at 31 March 2022 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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



## Audit Report – continued

**DRAFT**

### Our proposed opinion on the financial statements

#### Other information

The other information comprises the information included in the 'Statement of Accounts 2021/22', other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information contained within the 'Statement of Accounts 2021/22'.

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

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

We have nothing to report in this regard.

#### Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects.



## Audit Report – continued

### Our proposed opinion on the financial statements

#### Responsibility of the Director of Finance

As explained more fully in the ‘Statement of Responsibilities for the Statement of Accounts’ set out on page 12, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### Auditor’s responsibilities for the audit of the financial statements

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

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

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

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



## Audit Report – continued

**DRAFT**

### **Our proposed opinion on the financial statements**

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

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

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

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether the Broads Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Broads Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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



## Audit Report – continued

### Our proposed opinion on the financial statements

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

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

#### Delay in certification of completion of the audit

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

#### Use of our report

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





02

## Progress Update - Value for Money





# 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 & Risk 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 requirement under the 2020 Code is for us to include the commentary on arrangements in the 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 2021/22 VFM planning

In our Outline Audit Planning Report presented to the July meeting of the Audit & Risk Committee, we reported that we were undertaking our VFM Planning work and would update the Committee in due course on whether we identified risks of significant weaknesses in arrangements. We have commenced our VFM work and no such risks have been identified to date.





## 03 Appendices





# Appendix C – Request for a Management Representation Letter

## Request for a Management Representation Letter

 **EY**  
Building a better  
working world

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 **BROAD'S AUTHORITY**  
Building a better  
working world

Emma Krelle  
Chief Finance Officer  
Broad's Authority  
62-64 Thorpe Road  
Norwich  
Norfolk  
NR1 1RY

10 September 2022

To: Emma Krelle  
From: [Redacted]  
Direct: 01223 394400  
Email: [Redacted]

Dear Emma,

**Broads Authority – 2021/22 financial year  
Request for a letter of representation**

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government bodies and I expect the following points to apply:


- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Audit and Risk Committee, as those charged with governance of the Authority.


I would expect the letter of representation to include the following matters.

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Broad's Authority ("the Authority") for the year ended 31 March 2022.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Authority as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

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

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

**A. Financial Statements and Financial Records**

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Authority the Accounts and Audit Regulations 2015 (as amended in 2021 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. That you acknowledge as members of management of the Authority, your responsibility for the fair presentation of the Authority's financial statements. You believe the Authority financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and are free of material misstatements, including omissions. You have approved the Authority financial statements.
3. That the significant accounting policies adopted in the preparation of the Authority financial statements are appropriately described in the Authority financial statements.
4. As members of management of the Authority, you believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, that are free from material misstatement, whether due to fraud or error. You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. That you believe that the effects of the unadjusted audit difference, summarised in our Audit Results Report, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the Authority's financial statements taken as a whole.

That you have not corrected these differences identified and brought to your attention by us because (please specify the reasons for not correcting the misstatements).

6. That you have disclosed to us any significant changes in our processes, controls, policies and procedures that you have made to address the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on your system of internal controls. That you do not believe that there are any significant changes.



# Appendix C – Request for a Management Representation Letter

## Request for a Management Representation Letter



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

1. That you acknowledge that you are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that you are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. That you acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. That you have disclosed to us the results of our assessment of the risk that the Authority financial statements may be materially misstated as a result of fraud.
4. You have no knowledge of any identified or suspected non-compliance with laws and regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers") including non-compliance matters:
  - Involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
  - Involving management, or employees who have significant roles in internal controls, or others; or
  - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### C. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
  - Additional information that we have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions, events and conditions have been recorded in the accounting records and are reflected in the Group and Council financial statements, including those related to the COVID-19 pandemic and to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
3. That you have made available to us all minutes of the meetings of the Authority and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been



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prepared) held through the year to the most recent meeting on the following date: **X December 2022**

4. That you confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Authority's financial statements.
5. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
6. That you have disclosed to us, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the Authority's financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. That from the date of your last management representation letter to us, through the date of this letter, you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to us and are appropriately reflected in the Authority's financial statements.
2. That you have informed us of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. That you have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the Authority's financial statements (please specify the Notes) all guarantees that you have given to third parties.

### E. Subsequent Events

1. That other than the disclosure described in Note 6 (Events after the balance sheet date) to the Group and Council's financial statements, there have been no events, including events related to the COVID-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.


### F. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2021-22.



# Appendix C – Request for a Management Representation Letter

## Request for a Management Representation Letter

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2. You confirm that the content contained within the other information is consistent with the financial statements.

G. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.

2. In respect of accounting estimates recognised or disclosed in the financial statements:

- That you believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
- That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
- That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
- That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Expenditure Funding Analysis

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

I. Going Concern


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

J. Ownership of Assets

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

K. Reserves

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

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L. Valuation of Property, Plant and Equipment Assets

1. That you agree with the findings of the experts engaged to evaluate the valuation of the Authority's Property, Plant and Equipment and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included within the Authority's financial statements and the underlying accounting records. That you did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.

2. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

3. You confirm that the significant assumptions used in making the valuation of Property, Plant and Equipment appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.

4. You confirm that the disclosures made in the Authority's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, on Property, Plant and Equipment valuations and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

5. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Authority's financial statements due to subsequent events, including due to the Covid-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

6. You confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.

7. You confirm that for assets carried at historic cost, that no impairment is required.

M. Retirement benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the pension scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

2. You agree with the findings of the specialists that you engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Authority's financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.



## Appendix C – Request for a Management Representation Letter

### Request for a Management Representation Letter



3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
4. You confirm that the significant assumptions used in making the valuation of the pension scheme liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the Authority's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, on the Pension Scheme Liability and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Authority's financial statements due to subsequent events, including due to the Covid-19 Pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

#### N Specific Representations

We do not require any specific representations in addition to those above.

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the s151 officer and Chair of Audit and Risk Committee) on the proposed audit opinion date (date to be advised) on formal headed paper.

Yours sincerely

Mark Hodgson  
Audit Partner  
Ernst & Young LLP  
United Kingdom





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

Date TBC

Dear Mark

### **Broads Authority Letter of Representation**

This letter of representations is provided in connection with your audit of the financial statements of Broads Authority ("the Authority") for the year ended 31 March 2022.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority's financial position of the Broads Authority as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

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

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



## **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 (as amended in 2021 for COVID-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the Authority's financial statements. We believe the Authority's financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and are free of material misstatements, including omissions. We have approved the Authority's financial statements.
3. The significant accounting policies adopted in the preparation of the Authority's financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system on internal controls.
5. That the effects of unadjusted audit differences, summarised in the Audit Results Report, if relevant, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in aggregate, to the financial statements taken as a whole.

If there are any uncorrected differences these will be inserted here.

6. That we have disclosed to you any significant changes in our processes, controls, policies and procedures that you have made to address the effects of the conflict and related sanction in Ukraine, Russia and/or Belarus on your system of internal controls. We do not believe that there are any significant changes.

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

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

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

### **C. Information Provided and Completeness of Information and Transactions**

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



7. That from the date of our last management representation letter to you, through the date of this letter, we have disclosed to you any unauthorised access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorised access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

#### **D. Liabilities and Contingencies**

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

#### **E. Subsequent Events**

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

#### **F. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2021/22.
2. We confirm that the content contained within the other information is consistent with the financial statements.

#### **G. Accounting Estimates**

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
  - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
  - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.

- The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
- That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

#### **H. Expenditure Funding Analysis**

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

#### **I. Going Concern**

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

#### **J. Ownership of Assets**

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

#### **K. Reserves**

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

#### **L. Valuation of Property, Plant and Equipment Assets**

1. That we agree with the findings of the experts engaged to evaluate the values of the Authority's Property, Plant and Equipment and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included within the Authority's financial statements and the underlying accounting records. That we did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.
2. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

3. We confirm that the significant assumptions used in making the valuation of Property, Plant and Equipment appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the Authority financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, on Property, Plant and Equipment valuations and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
5. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Authority financial statements due to subsequent events, including due to the Covid-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
6. We confirm that we have performed a desktop review of all assets not subject to revaluation as part of the 5-year rolling programme for valuations and that each asset category is not materially misstated.
7. We confirm that for assets carried at historic cost, that no impairment is required.

#### **M. Retirement benefits**

1. That on the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. We agree with the findings of the specialists that we have engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Authority financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
4. We confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. We confirm that the disclosures made in the consolidated and Authority financial

statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Authority's financial statements due to subsequent events, including due to the Covid-19 Pandemic or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

Yours sincerely

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(Director of Finance)

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(Chair of Audit and Risk)

# Audit and Risk Committee

29 November 2022

Agenda item number 9

## Draft Statement of Accounts 2021/22

Report by Director of Finance

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### Summary

This report provides an update on the Broads Authority's Statement of Accounts and its audit for the year ended 31 March 2022.

### Recommendation

To note the delayed audit for the reasons set out in paragraph 5.1, and recommend to the Authority to delegate the final sign off to the Director of Finance and Chair of the Authority if there is no significant findings by EY.

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## 1. Introduction

- 1.1. Members will recall that, in the Financial Performance and Direction report to the Authority on 13 May 2022, there were draft figures for 2021/22 that provided for a consolidated deficit of £117,348 which was to be funded through the use of reserves. At that meeting a verbal update was provided that some additional year-end adjustments had been made and the deficit had increased slightly to £124,713. These figures were then used in the production of the draft Statement of Accounts, which were signed and published on our website on 15 July 2022.
- 1.2. Following the publication of the draft statement of accounts a few additional year-end adjustment were identified through the late receipt of invoices and credit notes. These

have been incorporated into the version included at Appendix 1. Ernst and Young LLP (EY) started on the audit on 31 October 2022 and an update on their work can be found in the previous agenda item.

## 2. Changes to the 2021/22 Accounts

- 2.1. The draft deficit previously reported has now decreased by £14,484 giving an overall consolidated deficit of £110,229. This is mainly due to rate relief being retrospectively applied to Yare House and an increase to external funding invoices that could be reclaimed.
- 2.2. The impact of these adjustments is that the deficit for National Park and Navigation has moved to £66,380 and £43,849 respectively.
- 2.3. There has been an adjustment to the Pension liability which has decreased by £245,000. This is as result of the year end report being updated by the actuary following the final valuations of assets.
- 2.4. Table 1 below shows the total adjustments made.

**Table 1**

Summary Income and Expenditure 2021/22

Income and Expenditure	Operations £000's	Strategic Services £000's	Finance & Support Services £000's	HLF & CANAPE £000's	Corporate Amounts £000's	Total £000's
Fees, charges and other service income	(156)	(894)	(36)	(554)	(3,714)	(5,354)
Contribution from reserves	0	0	0	0	(65)	(65)
Government Grants	0	0	0	0	(3,414)	(3,414)
<b>Total Income</b>	<b>(156)</b>	<b>(894)</b>	<b>(36)</b>	<b>(554)</b>	<b>(7,193)</b>	<b>(8,833)</b>
Employee expenses	2,371	1,564	791	163	142	5,031
Other service expenses	1,863	849	869	331	0	3,912

Income and Expenditure	Operations £000's	Strategic Services £000's	Finance & Support Services £000's	HLF & CANAPE £000's	Corporate Amounts £000's	Total £000's
<b>Total Expenditure</b>	<b>4,234</b>	<b>2,413</b>	<b>1,660</b>	<b>494</b>	<b>142</b>	<b>8,943</b>
<b>Net Expenditure</b>	<b>4,078</b>	<b>1,519</b>	<b>1,624</b>	<b>(60)</b>	<b>(7,051)</b>	<b>110</b>

**Table 2**

Summary of adjustments

Adjustments	Amounts £000's
Net Expenditure	110
Amounts in the Comprehensive Income and Expenditure Statement (CIES) not reported to management	1,498
Amounts included in Table 1 not in the CIES	2,576
<b>Cost of Services in the CIES</b>	<b>4,184</b>

- 2.5. 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.
- 2.6. The main adjustments in the third line, which is in the analysis above but not the Comprehensive Income and Expenditure Statement, is the removal of the DEFRA grant, interest and investment income and interest payable. These items are added back in the lines under the cost of services. Further adjustments relate to the accounting treatment of capital expenditure, reserve expenditure and finance leases.
- 2.7. Table 3 below analyses these adjustments in more detail and agrees back to the Comprehensive Income and Expenditure Statement on page 16 in the Statement of Accounts.

**Table 3**

Detailed adjustment

<b>Income and Expenditure type</b>	<b>Service Analysis £000's</b>	<b>Not reported to Management £000's</b>	<b>Not included in the CIES £000's</b>	<b>Net Cost of Services £000's</b>	<b>Other operating expenditure, finance &amp; investment income and Government Grant £000's</b>	<b>Deficit on the Provision of Services £000's</b>
Fees, charges and other service income	(5,343)	0	0	(5,343)	0	(5,343)
Interest and investment income	(11)	0	11	0	(11)	(11)
Contribution from reserves	(65)	0	(527)	(592)	0	(592)
Government Grants	(3,414)	0	3,414	0	(3,414)	(3,414)
<b>Total Income</b>	<b>(8,833)</b>	<b>0</b>	<b>2,898</b>	<b>(5,935)</b>	<b>(3,425)</b>	<b>(9,360)</b>
Employee expenses	5,031	1,023	0	6,054	271	6,325
Other services expenses	3,912	0	(322)	3,590	0	3,590
Depreciation, amortisation & revaluation	0	475	0	475	0	475
Interest payments	0	0	0	0	45	45
Gain on disposal of Assets	0	0	0	0	(1)	(1)
<b>Total Operating Expenditure</b>	<b>8,943</b>	<b>1,498</b>	<b>(322)</b>	<b>10,119</b>	<b>315</b>	<b>10,434</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>110</b>	<b>1,498</b>	<b>2,576</b>	<b>4,184</b>	<b>(3,110)</b>	<b>1,074</b>



### 3. Balance Sheet

- 3.1. Following the adjustments for the pension liability and the additional year-end adjustments, the net asset position has moved from £32,000 to £289,000. The main adjustment being to the Pension liability which has decreased by £245,000. The impact of the year-end adjustments for the business rates credit notes and project expenditure has meant the General (National Park) reserve has increased by £16,000 and Navigation reserves has decreased by £3,000. The balance sheet can be found on page 18 in appendix 1.
- 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 Earmarked reserves has moved ever so slightly (£2k) as a result of the reallocation of the interest across the balances. 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 £822,171;
  - Navigation £847,141;
  - Earmarked £2,873,278 of which £1,304,584 relates to Navigation

### 4. Annual Governance Statement

- 4.1. The Accounts and Audit (England) Regulations 2015 contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved by the relevant body and must accompany the Statement of Accounts. The Annual Governance Statement was approved for issue on 29 July 2022 by the Broads Authority and is available to view on the website [Annual accounts \(broads-authority.gov.uk\)](https://www.broads-authority.gov.uk/annual-accounts).

### 5. Audit of the Statement of Accounts

- 5.1. EY have yet to complete the audit and a verbal update will have been provided on progress under the previous agenda item. As a result the Statement of Accounts will not be signed by this year's deadline of 30 November 2022. The Accounts and Audit Regulations 2015, regulation 10 paragraph 2a, makes provision for such instance and the following statement will be placed on the website:
- 5.2. The external audit of the draft statement of accounts for the year ended 31 March 2022 has not yet been completed by our external auditors, EY LLP, due to the planned phased approach to delivering the 2021/22 audits in light of a variety of complex

factors contributing to audit delays in previous years. This situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015, [The Accounts and Audit Regulations 2015 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukreg/si2015/1024/section/10/paragraph/2a). Therefore, this notification explains as per paragraph (2a), that we are not yet able to publish our audited 2021/22 final statement of accounts in line with deadline of 30 November 2022, as per paragraph (1). The audit and risk committee will consider the results of the 2021/22 audit at its meeting on 14 March 2023, after which we will publish the final audited accounts.

- 5.3. Following the completion of the audit, and no significant issues are identified, the audit report will be signed and incorporated into the Statement of Accounts. It is proposed that the Authority delegates to the Chair and Director of Finance to sign the Statement of Accounts at an appropriate date.

## 6. Financial Implications

- 6.1. The Statement of Accounts for 2021/22 shows revenue reserves of £1,669,312 (national park (general) reserves of £822,171, navigation reserves £847,141) that are considered to be adequate. The National Park reserve at the end of 2021/22 stands at 23.6% of net expenditure, while the Navigation reserve is 22.6%. This is higher than the Financial Strategy forecast for the end of 2021/22. This is due to the carry forwards agreed which have been added to the 2022/23 budget.

Author: Emma Krelle

Date of report: 11 November 2022

Background papers: Draft Statement of Accounts 2021/22 and the Annual Audit Results 2021/22

Appendix 1 – Draft Statement of Accounts 2021/22

# Broads Authority

## Draft Statement of Accounts 2021/22

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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 draft plan for the period 2022-27 is currently out for consultation and is publicly available via the website link below.

[Consultations \(broads-authority.gov.uk\)](https://broads-authority.gov.uk/consultations)

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 2021/22 can be found in the link below:

[Strategic Direction: Draft Annual Business Plan 2022/23 and strategic priorities update \(broads-authority.gov.uk\)](https://broads-authority.gov.uk/strategic-direction)

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 29 July and will be available via the link below:

[Broads Authority - 29 July 2022 \(broads-authority.gov.uk\)](https://broads-authority.gov.uk/broads-authority-29-july-2022)

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's response was published on 15 January 2022. The Authority held a member workshop on 24 February and the Authority's formal response was considered in March 2022. A link to the committee report can be found below. The report also contains a link to the final report and the Government's response.

[Landscapes Review – response to Government consultation \(broads-authority.gov.uk\)](https://broads-authority.gov.uk/landscapes-review-response-to-government-consultation)

## Operational model

The Authority consists of three Directorates; Finance and Support Services, Operations and Strategic Services. The total number of staff employed by the Authority gives a head count of 156 or 140.6 Full Time Equivalents (FTE) as at 31 March 2022. This is split 25 (20.2 FTE) Finance and Support Services, 78 (73.8 FTE) Operations, 53 (46.6 FTE) Strategic Services. 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 Finance and Support Services Directorate consists of: the Governance Team who service the Authority's various committees; 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 Nature for Climate Peatland Grant Scheme which aims to create solutions towards peatland restoration, and Farming in Protected Landscapes (FiPL) which supports farmers and land managers in the Broads.

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 the Discovery Grant from the Nature for Climate Peatland Scheme, Defra support for FiPL, NHLF and ERDF.

## Risks

Uncertainty exists about future years' settlements and their duration. Cuts to the National Park Grant in years 2010/11 to 2015/16 has meant the Authority has already restructured to make savings and in 2021/22 has used its reserves to balance the budget. If there were future reductions to the National Park Grant beyond 2023/24 it would mean difficult decisions would need to be made to determine future services. This uncertainty is further emphasised by the impact of inflation, wage increases and rising fuel costs. 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 2021/22. 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 is reviewed at every Audit and Risk committee meeting 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, FiPL, ERDF for EXPERIENCE, Generation Green, Nature for Climate Peatland Scheme and Electrifying the Broads. 2021/22 was the last year where Columbia provided clothing to all front-line staff for five years from 2017/18. Although the free provision of clothing has ended the opportunity to continue to purchase clothing at reduced rates continues.

During March 2022 a 3D interactive and accessible display was installed next to Norwich Forum which aims to educate, inspire and encourage people to explore the Broads throughout the year. Scannable QR codes let people find out where to go walking, cycling, boating, sailing, canoeing, paddleboarding and the best views of the night sky. The external display project has been funded through the Interreg EXPERIENCE project led by Norfolk County Council. Despite the Covid-19 lockdown at the start of 2021/22, Ranworth Visitor Centre reopened to the public on 12 April 2021 and had a successful season. Further opportunities for additional road signs will be developed in coordination with the EXPERIENCE project.

After a two-year absence due to the Covid pandemic, the Authority will return to the Norfolk Show in June 2022 and will host the Broads village, promoting the National Park and partnering organisations

### **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.

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 2022 is £88,093.

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 2022 is £86,768

## 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 2020/21). In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £1,401k (£1,098k in 2020/21). Total income for 2021/22 was £4,815k (£4,512k in 2020/21).

The Authority set a budget for 2021/22 with a forecast deficit of £124k (£56k deficit for 2020/21). 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 2021/22 indicated an anticipated deficit of £145k. The actual outturn saw a deficit of £66k (a favourable variance of £79k). The Authority has a policy for carry forward requests in respect of underspends.

### Navigation Income and Expenditure

Income from tolls was £3,632k (£3,333k in 2020/21), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £322k, (£223k in 2020/21) and interest was £6k (£11k in 2020/21). Total income for 2021/22 was £3,954k (£3,567k in 2020/21).

The Authority set a budget with a forecast deficit of £299k for 2021/22 (deficit of £210k for 2020/21). 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 2021/22, which took account of approved budget changes, indicated an anticipated deficit of £175k. The actual outturn saw a deficit of £44k (a favourable variance of £131k). The Authority has a policy for carry forward requests in respect of underspends. These were considered and approved by the Authority on 13 May for £75k (£78k for 2020/21) and added to the 2022/23 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

2022/23 continues to focus on the successful delivery of the Nature for Climate Peatland Scheme discovery phase before exploring if the Authority will submit a bid for the restoration phase. Our two external funded projects from the NHLF and ERDF will see the completion of the practical works before the submission of the final claims in 2023 and 2024. Although the projects are claimed in arrears the impact on the Authority's cash flows is minimal. As the ERDF project is coming to an end, there is little uncertainty remaining on

future exchange rates for the ERDF grant which is contracted in Euros. The use of a prudent exchange rate during the application phase has minimised any negative impact. The budget for Navigation is projecting a deficit of £212k in 2022/23 (after taking into account carry forward requests), with reserves at 15.1% of net expenditure at the end of the year. For General (National Park) funding there is a projected deficit of £215k in 2022/23, with reserves at 17.7% 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, cost of utilities and salary increases – 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 2023. The annual toll increase for 2022/23 was set at 3.6% for all vessels. When setting the future strategy, the Authority will consult with the Navigation Committee before taking the decision. 2022/23 continues to focus on the development of partnership work. Work will also continue with partners to help shape the future of payments to farmers and land managers post Brexit, which includes the 3 year 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 2021/22 Accounts

There have been no key changes to the Statement of Accounts in 2021/22.

## The accounting statements

The Broads Authority's accounts for the year 2021/22 are set out on pages 12 to 76. 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 76.

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

## The Director of Finance's Responsibilities

The Director of Finance 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 2021/22 (the Code).

In preparing this Statement of Accounts, the Director of Finance 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 Director of Finance 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.

## Director of Finance'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 2022 and its income and expenditure for the year ended 31 March 2022.

Emma Krelle (Director of Finance)

## 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:

Bill Dickson

(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.

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	Function	2021/22 Net expenditure chargeable to the General and navigation fund balances £000	2021/22 adjustments between the funding and accounting basis £000	2021/22 Net expenditure in the comprehensive income and expenditure statement £000
1,303	124	1,427	Operations	1,294	306	1,600
1,064	134	1,198	Strategic Services	1,152	283	1,435
778	42	820	Finance & Support Services (previously known as Chief Executive)	774	84	858
74	0	74	Corporate Amounts	76	0	76
(151)	211	60	Broads Navigation Account	(332)	547	215
<b>3,068</b>	<b>511</b>	<b>3,579</b>	<b>Net cost of services (subtotal)</b>	<b>2,964</b>	<b>1,220</b>	<b>4,184</b>
(3,417)	206	(3,211)	Other income and expenditure	(3,381)	271	(3,110)
<b>(349)</b>	<b>717</b>	<b>368</b>	<b>(Surplus) or Deficit</b>	<b>(417)</b>	<b>1,491</b>	<b>1,074</b>
<b>(1,658)</b>			Opening general and navigation fund balance	<b>(1,787)</b>		
<b>(349)</b>			Less/plus surplus or (deficit) on general and navigation balance in year	<b>(417)</b>		
<b>220</b>			Transfer (to)/from earmarked reserves	<b>535</b>		
<b>(1,787)</b>			<b>Closing general and navigation fund balance at 31 March</b>	<b>(1,669)</b>		

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.

2020/21 Gross expenditure £000	2020/21 Income £000	2020/21 Net expenditure/ (income) £000	Description	Note	2021/22 Gross expenditure £000	2021/22 Income £000	2021/22 Net expenditure/ (income) £000
1,994	(567)	1,427	Operations		2,061	(461)	1,600
1,680	(482)	1,198	Strategic Services		2,344	(909)	1,435
842	(22)	820	Finance & Support Services		880	(22)	858
74	0	74	Corporate Items		76	0	76
3,600	(3,540)	60	Broads Navigation Account	35	4,162	(3,947)	215
<b>8,190</b>	<b>(4,611)</b>	<b>3,579</b>	<b>Cost of services (subtotal)</b>		<b>9,523</b>	<b>(5,339)</b>	<b>4,184</b>
		(9)	(Gains)/Losses on the disposal of non-current assets				(1)
		212	Financing and investment income and expenditure	11			305
		(3,414)	DEFRA National Park grant income				(3,414)
		<b>368</b>	<b>(Surplus) or deficit on provision of services (subtotal)</b>				<b>1,074</b>
		(182)	(Surplus) or deficit on revaluation of fixed assets				(131)
		3,713	Actuarial (gains)/losses on pension assets/liabilities				(5,352)
		3,531	Other comprehensive income and expenditure (subtotal)				(5,483)
		<b>3,899</b>	<b>Total comprehensive income and expenditure</b>				<b>(4,409)</b>

## 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.

<b>2020/21</b>	<b>General fund and navigation fund balance £000</b>	<b>Capital receipts reserve £000</b>	<b>Earmarked reserves £000</b>	<b>Total useable reserves £000</b>	<b>Unusable reserves £000</b>	<b>Total Authority reserves £000</b>
Balance at 31 March 2020 (A)	1,658	405	2,118	4,181	(4,402)	(221)
Total comprehensive income and expenditure	(368)	0	0	(368)	(3,531)	(3,899)
Adjustments between accounting basis and funding basis under regulations (Note 9)	717	0	0	717	(717)	0
Transfers to or from Earmarked reserves (Note 10)	(220)	0	220	0	0	0
Increase or (decrease in 2020/21 (B) (subtotal)	129	0	220	349	(4,248)	(3,899)
<b>Balance at 31 March 2021 (=A+B)</b>	<b>1,787</b>	<b>405</b>	<b>2,338</b>	<b>4,530</b>	<b>(8,650)</b>	<b>(4,120)</b>

<b>2021/22</b>	<b>General fund and navigation fund balance £000</b>	<b>Capital receipts reserve £000</b>	<b>Earmarked reserves £000</b>	<b>Total useable reserves £000</b>	<b>Unusable reserves £000</b>	<b>Total Authority reserves £000</b>
Balance at 31 March 2021 (A)	1,787	405	2,338	4,530	(8,650)	(4,120)
Total comprehensive income and expenditure	(1,074)	0	0	(1,074)	5,483	4,409
Adjustments between accounting basis and funding basis under regulations (Note 9)	1,491	0	0	1,491	(1,491)	0
Transfers to or from Earmarked reserves (Note 10)	(535)	0	535	0	0	0
Increase or (decrease in 2021/22 (B) (subtotal)	(118)	0	535	417	3,992	4,409
<b>Balance at 31 March 2022 (=A+B)</b>	<b>1,669</b>	<b>405</b>	<b>2,873</b>	<b>4,947</b>	<b>(4,658)</b>	<b>289</b>

## 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 21 £000	Category	Note	As at 31 March 22 £000
4,738	Property, plant & equipment	12	4,603
9	Intangible Assets		0
<b>4,747</b>	<b>Long term assets (subtotal)</b>		<b>4,603</b>
3,003	Short term investments		5,006
112	Inventories	13	125
959	Short term debtors	14	794
2,374	Cash and cash equivalents	15	1,152
<b>6,448</b>	<b>Current assets (subtotal)</b>		<b>7,077</b>
(35)	Short term borrowing		(35)
(1,800)	Short term creditors	16	(2,017)
(154)	Provisions	17	(119)
0	Grant receipts in advance	26	(23)
<b>(1,989)</b>	<b>Current liabilities (subtotal)</b>		<b>(2,194)</b>
(164)	Long term borrowing		(130)
(13,162)	Other long-term liabilities	29, 31	(9,067)
<b>(13,326)</b>	<b>Long term liabilities (subtotal)</b>		<b>(9,197)</b>
<b>(4,120)</b>	<b>Net assets (liabilities)</b>		<b>289</b>
-	<b>Useable reserves</b>	-	-
892	General account fund balance		822
895	Navigation account fund balance		847
405	Capital receipts reserve		405
2,338	Earmarked reserves	10	2,873
-	<b>Unusable reserves</b>	19	-
1,887	Revaluation reserve		2,002
2,591	Capital adjustment account		2,410
(13,061)	Pension reserve		(9,008)
(67)	Accumulated absence reserve		(62)
<b>(4,120)</b>	<b>Total reserves</b>		<b>289</b>

Emma Krelle (Director of Finance)

15 July 2022

## 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.

<b>2020/21 £000</b>	<b>Revenue activities</b>	<b>Note</b>	<b>2021/22 £000</b>
(368)	Net surplus or (deficit) on the provision of services		(1,074)
1,317	Adjustments to net surplus or deficit on the provision of services for non-cash movements		2,132
(31)	Adjust for items in the net surplus or deficit on the provision of services that are investing and financing activities		(3)
918	Net cash flows from operating activities (subtotal)	20	1,055
727	Investing activities	21	(2,199)
48	Financing activities	22	(78)
1,693	Net increase or (decrease) in cash and cash equivalents (subtotal)		(1,222)
681	Cash and cash equivalents at the beginning of the reporting period		2,374
<b>2,374</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	15	<b>1,152</b>

# Notes to the Statement of Accounts

## 1. Accounting policies

### i. General principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. 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 2021/22 and the Service Reporting Code of Practice 2021/22, 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 2021/22, 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 2022/23 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 2022:

- The implementation of IFRS 16 Leases will take effect from 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 2022/23 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 £57,000 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 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £840,000. 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 Director of Finance on 15 July 2022. 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

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	Description	2021/22 Adjustments for capital purposes (Note 1) £000	2021/22 Net change for the pension's adjustments (Note 2) £000	2021/22 Other differences (Note 3) £000	2021/22 Total adjustments £000
43	83	(2)	124	Operations	88	215	3	306
26	103	5	134	Strategic Services	31	257	(5)	283
4	37	1	42	Finance & Support Services	1	84	(1)	84
0	0	0	0	Corporate Items	0	0	0	0
20	188	3	211	Broads Navigation Account	77	472	(2)	547
93	411	7	511	Net Cost of Services (subtotal)	197	1,028	(5)	1,220
0	206	0	206	Other income and expenditure from the Expenditure and Funding analysis	0	271	0	271
93	617	7	717	Difference between General and Navigation Fund surplus or deficit and comprehensive Income and Expenditure Statement Surplus of Deficit on the Provision of Services	197	1,299	(5)	1,491

**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:

<b>Service</b>	<b>2020/21 Income from services (£000)</b>	<b>2021/22 Income from services (£000)</b>
Operations	(567)	(461)
Strategic Services	(482)	(909)
Finance & Support Services	(22)	(22)
Corporate items	0	0
Specialist ringfenced account (navigation)	(3,540)	(3,947)
<b>Total income analysed on a segmental basis</b>	<b>(4,611)</b>	<b>(5,339)</b>

## 8a. Expenditure and income analysed by nature

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

<b>Expenditure</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>
Employee benefits expenses	5,388	6,326
Other services expenses	3,095	3,589
Depreciation, amortisation, impairment	326	475
Interest payments	29	46
Expenditure in relation to investment properties	0	0
Loss/(gain) on the disposal of assets	(9)	(1)
<b>Total expenditure</b>	<b>8,829</b>	<b>10,435</b>

<b>Income</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>
Fees, charges and other service income	(4,642)	(5,343)
Interest and investment income	(22)	(12)
Contributions from reserves	(383)	(592)
Government grants and contributions	(3,414)	(3,414)
Total income (subtotal)	(8,461)	(9,361)
<b>Surplus or deficit on the provision of services</b>	<b>368</b>	<b>1,074</b>

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:

<b>Contract Revenue</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>
Revenue from contracts with service recipients	66	123
<b>Total included in comprehensive income and expenditure</b>	<b>66</b>	<b>123</b>

Amounts included in the Balance Sheet for contracts with service recipients

<b>Outstanding Revenue</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>
Receivables, which are included in debtors (Note 14)	0	0
<b>Total included in net assets</b>	<b>0</b>	<b>0</b>

## 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.

2020/21 General fund and navigation fund £000	2020/21 Capital receipts reserve £000	2020/21 Movement in unusable reserves £000	Adjustments	2021/22 General fund and navigation fund £000	2021/22 Capital receipts reserve £000	2021/22 Movement in unusable reserves £000
0	0	0	<b>Adjustments primarily involving the Capital Adjustment Account:</b> <b>Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:</b> Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	0	0	0
342	0	(342)	Charges for depreciation and impairment of non-current assets	352	0	(352)
(25)	0	25	Revaluation losses on property, plant and equipment	113	0	(113)
9	0	(9)	Amortisation of intangible assets	9	0	(9)
21	0	(21)	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	2	0	(2)
(58)	0	58	<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b> Statutory provision for the financing of capital investment	(78)	0	78
0	0	0	Derecognition of finance lease liability	0	0	0
(197)	0	197	Capital expenditure charged against the General Fund	(201)	0	201
0	0	0	<b>Adjustments involving the Capital Receipts Reserve:</b> Cash receipts from disposal of investment property	0	0	0
1,390	0	(1,390)	<b>Adjustments involving the Pensions Reserve:</b> 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)	2,108	0	(2,108)
(773)	0	773	Employer's pension contributions and direct payments to pensioners payable in the year	(809)	0	809
8	0	(8)	<b>Adjustments involving the accumulated Absences Account:</b> Adjustments in relation to short-term compensated absences	(5)	0	5
0	0	0	<b>Adjustments involving the Capital Grant Unapplied Account:</b> Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0
<b>717</b>	<b>0</b>	<b>(717)</b>	<b>Total adjustments</b>	<b>1,491</b>	<b>0</b>	<b>(1,491)</b>



## 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 2020 £000	Transfers in 2020/21 £000	Transfers out 2020/21 £000	Balance at 31 March 2021 £000	Transfers in 2021/22 £000	Transfers out 2021/22 £000	Balance at 31 March 2022 £000
Property	(663)	(68)	0	(731)	(149)	0	(880)
Plant, vessels and equipment	(349)	(121)	124	(346)	(177)	38	(485)
Premises	(247)	(1)	36	(212)	(82)	0	(294)
Planning delivery grant	(220)	(12)	4	(228)	(17)	0	(245)
Upper Thurne Enhancement Scheme	(146)	(25)	6	(165)	(22)	0	(187)
Section 106 Agreements	(44)	0	10	(34)	0	34	0
Heritage Lottery Fund	(12)	(565)	545	(32)	(345)	369	(8)
Catchment Partnership	(75)	(57)	57	(75)	(32)	22	(85)
CANAPE	(312)	(165)	86	(391)	(210)	125	(476)
Computer Software	(22)	(10)	1	(31)	(98)	0	(129)
UK National Park Communications	(28)	(147)	128	(47)	(152)	161	(38)
Match Funding	0	(46)	0	(46)	0	0	(46)
<b>Total</b>	<b>(2,118)</b>	<b>(1,217)</b>	<b>997</b>	<b>(2,338)</b>	<b>(1,284)</b>	<b>749</b>	<b>(2,873)</b>

Included in the closing balance of £2,873k, £1,305k 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

2020/21 £000	Expenditure and income detail	2021/22 £000
28	Interest payable and similar charges	46
206	Net interest on the net defined benefit liability (asset)	271
(22)	Interest receivable and similar income	(12)
<b>212</b>	<b>Total</b>	<b>305</b>

## 12. Property, plant and equipment

### Movements on balances 2020/21

Cost or valuation	Land and buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total property, plant and equipment £000
At 1 April 2020	2,997	3,099	315	323	92	6,826
Additions	0	174	0	0	128	302
Revaluation increases/(decreased) recognised in the Revaluation reserve	144	(73)	0	0	0	71
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1	0	0	0	0	1
Derecognition-disposals	(3)	(70)	0	0	0	(73)

<b>Cost or valuation</b>	<b>Land and buildings £000</b>	<b>Vehicles, plant, furniture &amp; equipment £000</b>	<b>Infrastructure assets £000</b>	<b>Community assets £000</b>	<b>Assets under construction £000</b>	<b>Total property, plant and equipment £000</b>
Reclassification	0	92	0	0	(92)	0
<b>At 31 March 2021</b>	<b>3,139</b>	<b>3,222</b>	<b>315</b>	<b>323</b>	<b>128</b>	<b>7,127</b>

<b>Accumulated depreciation and impairment</b>	<b>Land and Buildings £000</b>	<b>Vehicles Plant, Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment £000</b>
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)
<b>At 31 March 2021</b>	<b>50</b>	<b>2,069</b>	<b>270</b>	<b>0</b>	<b>0</b>	<b>2,389</b>

<b>Net Book Value</b>	<b>Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment</b>
<b>At 31 March 2021</b>	<b>3,089</b>	<b>1,153</b>	<b>45</b>	<b>323</b>	<b>128</b>	<b>4,738</b>
At 31 March 2020	2,939	1,176	62	323	92	4,592

#### Movements on balances 2021/22

<b>Cost or valuation</b>	<b>Land and buildings £000</b>	<b>Vehicles, plant, furniture &amp; equipment £000</b>	<b>Infrastructure assets £000</b>	<b>Community assets £000</b>	<b>Assets under construction £000</b>	<b>Total property, plant and equipment £000</b>
At 1 April 2021	3,139	3,222	315	323	128	7,127
Additions	101	100	0	0	0	201
Revaluation increases/(decreased) recognised in the Revaluation reserve	(57)	(852)	0	0	0	(909)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition-disposals	0	(3)	0	0	0	(3)
Reclassification	0	128	0	0	(128)	0
<b>At 31 March 2022</b>	<b>3,183</b>	<b>2,595</b>	<b>315</b>	<b>323</b>	<b>0</b>	<b>6,416</b>

<b>Accumulated depreciation and impairment</b>	<b>Land and Buildings £000</b>	<b>Vehicles Plant, Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment £000</b>
At 1 April 2021	50	2,069	270	0	0	2,389
depreciation charge	39	297	16	0	0	352
derecognition – disposals	0	(1)	0	0	0	(1)
depreciation written out to the Revaluation Reserve	(30)	(897)	0	0	0	(927)
<b>At 31 March 2022</b>	<b>59</b>	<b>1,468</b>	<b>286</b>	<b>0</b>	<b>0</b>	<b>1,813</b>

<b>Net Book Value</b>	<b>Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment</b>
<b>At 31 March 2022</b>	<b>3,124</b>	<b>1,127</b>	<b>29</b>	<b>323</b>	<b>0</b>	<b>4,603</b>
At 31 March 2021	3,089	1,153	45	323	128	4,738

## 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.



<b>Financial Year</b>	<b>Land and buildings £000</b>	<b>Vehicles, plant, furniture &amp; equipment £000</b>	<b>Infrastructure assets £000</b>	<b>Community assets £000</b>	<b>Assets under construction £000</b>	<b>Total £000</b>
Carried at historical cost	0	0	18	323	0	341
Valued at current value as at 31 March 2022	326	288	0	0	0	614
31 March 2021	549	330	0	0	0	879
31 March 2020	874	112	11	0	0	997
31 March 2019	1,375	187	0	0	0	1,562
31 March 2018	0	210	0	0	0	210
<b>Total cost or valuation</b>	<b>3,124</b>	<b>1,127</b>	<b>29</b>	<b>323</b>	<b>0</b>	<b>4,603</b>

### 13. Inventories

Description	Consumable stores 2020/21 £000	Consumable stores 2021/22 £000	Maintenance materials 2020/21 £000	Maintenance materials 2020/21 £000	Total 2020/21 £000	Total 2021/22 £000
Balance outstanding at start of year	31	39	83	73	114	112
Purchases	30	31	113	142	143	173
Recognised as an expense in year	(22)	(30)	(123)	(130)	(145)	(160)
Written off balances	0	0	0	0	0	0
<b>Balances outstanding at year end</b>	<b>39</b>	<b>40</b>	<b>73</b>	<b>85</b>	<b>112</b>	<b>125</b>

### 14. Debtors

31 March 2021 £000	Debtor types	31 March 2022 £000
73	Trade receivables	45
763	Prepayments and accrued income	637
123	Other receivable amounts	112
<b>959</b>	<b>Total</b>	<b>794</b>

### 15. Cash and cash equivalents

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

31 March 2021 £000	Cash and cash equivalent types	31 March 2022 £000
2	Cash held by the Broads Authority	2
2,372	Bank current accounts	1,150
<b>2,374</b>	<b>Total cash and cash equivalents</b>	<b>1,152</b>

## 16. Creditors

31 March 2021 £000	Creditor types	31 March 2022 £000
199	Trade payables	258
1,385	Accruals and income in advance	1,552
216	Other payable amounts	207
<b>1,800</b>	<b>Total</b>	<b>2,017</b>

## 17. Provisions

2020/21 Accumulated absences provision £000	2020/21 Whitlingham Dilapidations provision £000	2020/21 Audit Fees provision £000	2020/21 Total £000	Description	2021/22 Accumulated absences provision £000	2021/22 Whitlingham Dilapidations provision £000	2021/22 Audit Fees provision £000	2021/22 Total £000
60	47	0	107	Balance at 1 April	67	47	40	154
67	0	40	107	Additional provisions made in year	62	0	29	91
(60)	0	0	(60)	Settlements or cancellation of provision made at end of proceeding year	(67)	(47)	(12)	(126)
<b>67</b>	<b>47</b>	<b>40</b>	<b>154</b>	<b>Balance at 31 March</b>	<b>62</b>	<b>0</b>	<b>57</b>	<b>119</b>

The Whitlingham Dilapidations Provision relates to end of lease dilapidations as assessed by Whitlingham Charitable Trust. This was settled in August 2021.

The Audit Fee provision relates to the amount of fees EY would like the Authority to pay relating to the 2020/21 audit. The full amount has been disputed and will be determined by the PSAA. The additional fee relating to the 2019/20 audit was settled in November 2021.

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 2021 £000	Description	31 March 2022 £000
1,887	Revaluation reserve	2,002
2,591	Capital Adjustment Account	2,410
(13,061)	Pensions Reserve	(9,008)
(67)	Accumulated Absences Account	(62)
<b>(8,650)</b>	<b>Total unusable reserves</b>	<b>(4,658)</b>

### 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.

2020/21 £000	Description	2021/22 £000
1,771	Balance at 1 April	1,887
213	Upward revaluation of assets	155
(31)	Downward revaluation of assets	(24)
182	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services (subtotal)	131
(66)	Difference between current value depreciation and historical cost depreciation	(16)
116	Amount written off to the Capital Adjustment Account (subtotal)	115
<b>1,887</b>	<b>Balance at 31 March</b>	<b>2,002</b>

### 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.

2020/21 £000	Description	2021/22 £000
2,618	Balance at 1 April	2,591
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
(342)	Charges for depreciation and impairment of non-current assets	(352)
24	Revaluation losses on property plant & equipment	(114)
0	Movement in the Donated Assets	0
(9)	Amortisation of intangible assets	(9)
(21)	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	(2)
66	Adjusting amounts written out of the revaluation reserve	15
(282)	Net written out amount of the cost of non-current assets consumed in the year (subtotal)	(462)
57	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	79

2020/21 £000	Description	2021/22 £000
0	Derecognition of finance lease liability	0
198	Capital expenditure charges against the General Fund	201
<b>2,591</b>	<b>Balance at 31 March</b>	<b>2,409</b>

#### 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.

2020/21 £000	Description	2021/22 £000
(8,731)	Balance at 1 April	(13,061)
(3,713)	Remeasurements of the net defined benefit liability/(asset)	5,352
(1,390)	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	(2,108)
773	Employer's pension contributions and direct payments to pensioners payable in the year	809
<b>(13,061)</b>	<b>Balance at 31 March</b>	<b>(9,008)</b>

#### 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.

2020/21 £000	Description	2021/22 £000
(60)	Balance at 1 April	(67)
60	Settlement or cancellation of accrual made at the end of the preceding year	67
(67)	Amounts accrued at the end of the current year	(62)
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
<b>(67)</b>	<b>Balance at 31 March</b>	<b>(62)</b>

## 20. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2020/21 £000	Operating activity	2021/22 £000
(29)	Interest received	(10)
29	Interest paid	47
<b>0</b>	<b>Net cash flows from operating activities</b>	<b>(37)</b>

## 21. Cash flow statement – investing activities

2020/21 £000	Investing activity	2021/22 £000
(302)	Purchase of property, plant and equipment, investment property and intangible assets	(201)
(1,001)	Purchase of short-term investments	(2,001)
2,000	Proceeds from short term investments	0
30	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3
<b>727</b>	<b>Net cash flows from investing activities</b>	<b>(2,199)</b>

## 22. Cash flow statement – financing activities

2020/21 £000	Financing activity	2021/22 £000
105	Cash receipts of short- and long-term borrowing	0

<b>2020/21 £000</b>	<b>Financing activity</b>	<b>2021/22 £000</b>
(42)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(44)
(15)	Repayments of short- and long-term borrowing	(34)
<b>48</b>	<b>Net cash flows from financing activities</b>	<b>(78)</b>

## 23.Members' allowances

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

<b>2020/21 £000</b>	<b>Member payment type</b>	<b>2021/22 £000</b>
40	Allowances	40
0	Expenses	6
<b>40</b>	<b>Total</b>	<b>46</b>

## 24.Officers' remuneration

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

<b>Job Title</b>	<b>Year</b>	<b>Salary, fees and allowances £000</b>	<b>Bonuses £000</b>	<b>Expenses allowances £000</b>	<b>Pension contribution £000</b>	<b>Total £000</b>
Chief Executive	2020/21	91	0	0	16	107
	2021/22	92	0	0	17	109
Director of Strategic Services	2020/21	62	0	0	11	73
	2021/22	65	0	0	12	77
Director of Operations	2020/21	62	0	0	11	73
	2021/22	65	0	0	12	77
Director of Finance *	2020/21	0	0	0	0	0
	2021/22	20	0	0	4	23

\* The Director of Finance post was filled from 29 November 2021.



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

Number of employees 2020/21	Remuneration amount band	Number of employees 2021/22
0	£50,000 - £54,999	0
0	£55,000 - £59,999	1
2	£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
0	£85,000 - £89,999	0
1	£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 2020/21	Number of compulsory redundancies 2021/22	Number of other departures agreed 2020/21	Number of other departures agreed 2021/22	Total number of exit packages by cost band 2020/21	Total number of exit packages by cost band 2021/22	Total cost of exit packages in each band 2020/21 £000	Total cost of exit packages in each band 2021/22 £000
£0-£20,000	0	0	0	0	0	0	0	0
£20,001-£40,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## 25.External audit costs

The Broads authority has incurred the following fees relating to audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors. The additional fee in 2021/22 is being disputed, for further details please see note 17.

2020/21 £000	Type of external audit cost	2021/22 £000
11	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	11
40	Additional fees relating to the 2019/20 and 2020/21 audit of the Statement of Accounts	56
<b>51</b>	<b>Total</b>	<b>67</b>

## 26. Grant income

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

2020/21 £000	Grant Name	2020/21 £000
3,414	Credited to taxation and non-specific grant income: Defra National Park Grant	3,414
452	Credited to serves: Heritage Lottery Fund – Landscape Partnership Scheme	344
0	Natural England – Nature for Climate Peatland Scheme	77
163	CANAPE - ERDF	209
33	Defra Environment Land Management Scheme	11
15	Water Environment Grant	3
0	Defra Farming In Protected Landscapes (FiPL)	257
0	Generation Green	41
20	Covid-19 Business Grant	0
<b>4,097</b>	<b>Total</b>	<b>4,356</b>

The authority has received a grant that has yet to be recognised as income as it has conditions attached that will require the monies to be returned to the giver. The balances at the year-end are as follows:

### Current liabilities

2020/21 £000	Grant receipts in advance (revenue grants)	2020/21 £000
0	Defra Farming In Protected Landscapes (FiPL)	24
<b>0</b>	<b>Total</b>	<b>24</b>

## 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 £12,713 (£9,986 2020/21) navigation tolls to the Broads Authority in 2021/22.

Mr James Knight is a member of the Broads Authority and Planning Committee and is a Director of 'Waveney River Centre (2003) Ltd'. In October 2021 all of the assets were transferred from Waveney River Centre to Tingdene. Waveney River Centre (2003) Ltd paid £9,616 (£16,177 2020/21) navigation tolls to the Broads Authority in 2021/22. The Authority also made fuel purchases of £323 (£383 in 2020/21), services to lift a pontoon of £690 (nil 2020/21) and used mooring facilities of £2,250 during 2021/22 (£2,500 2020/21). No amounts were outstanding at 31 March 2022. Mr Knight is also Director of 'Norfolk Broads Direct' who paid £133,561 navigation tolls in 2021/22 (£127,063 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 £336,681 (£342,276 2020/21) navigation tolls to the Broads Authority in 2021/22. Richardson Leisure Ltd also provided the Authority their animations for use in the Broads online safety videos during 2020/21. 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 £5,282 (£4,674 2020/21) navigation tolls to the Broads Authority in 2021/22.

### 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

The Broads Authority provided a recharge service for purchase invoices and salaries of £1,058 in 2020/21. This arrangement came to an end in early 2020/21. No amounts were outstanding at 31 March 2022 (£72 at 31 March 2021).

## Other Public Bodies

East Suffolk Council provided Hilary Slater who served as Monitoring Officer to the Broads Authority until 14 May 2021. Christopher Bing, also from East Suffolk Council, started as the Monitoring Officer on the 15 May 2021. East Suffolk Council recharges the Authority for this service and paid £11,811 in 2021/22 (£14,726 in 2020/21). £365 was outstanding at 31 March 2022 (£2,277 in 2020/21).

The Authority recharged Broadland District Council for staff time of £4,260 during 2021/22 (£4,260 in 2020/21). No amounts were outstanding at 31 March 2022 (Nil 2020/21).

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £31,596 for legal services in 2021/22 (£22,638 in 2020/21). £3,083 was outstanding at 31 March 2022 (£2,575 2020/21).

Norfolk County Council also provides payroll services to the Broads Authority. The Authority paid £11,435 for this in 2021/22 (£5,519 in 2020/21). No amounts were outstanding at 31 March 2022 (Nil 2020/21).

The Authority recharged Norfolk County Council for staff time of £1,295 during 2020/21 and no amounts were recharged in 2021/22. No amounts were outstanding at 31 March 2022 (Nil 2020/21).

## 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.

2020/21 £000	Description	2021/22 £000
222	Opening Capital Finance Requirement	269
302	<b>Capital investment:</b> Property, plant and equipment	201
(198)	<b>Sources of finance</b> Sums set aside from revenue: Direct revenue contributions	(201)
0	Donated Asset	0
(57)	MRP	(78)
<b>269</b>	<b>Closing capital finance requirement</b>	<b>191</b>

2020/21 £000	Description	2021/22 £000
47	<b>Explanation of movements in year</b> Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(78)
<b>47</b>	<b>Increase/(decrease) in capital financing requirement</b>	<b>(78)</b>

## 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:

2020/21 £000	Asset Type	2021/22 £000
0	Other Land and Buildings	0
85	Vehicles, Plant, Furniture and Equipment	43
<b>85</b>	<b>Total</b>	<b>43</b>

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:

2020/21 £000	Time periods	2021/22 £000
43	Finance lease liabilities (net present value of minimum lease payments): Current	29
29	Non-current	0
2	Finance costs payable in future years	1
<b>74</b>	<b>Minimum lease payments</b>	<b>30</b>

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

Time periods	Minimum lease payments 31 March 2021 £000	Minimum lease payments 31 March 2022 £000	Finance lease liabilities 31 March 2021 £000	Finance lease liabilities 31 March 2022 £000
Not later than one year	45	30	43	29
Later than one year and not later than 5 years	29	0	29	0
Later than 5 years	0	0	0	0
<b>Total</b>	<b>74</b>	<b>30</b>	<b>72</b>	<b>29</b>

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 2021/22, no (£nil) contingent rents were payable by the Authority (2020/21 £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:

2020/21 £000	Time period	2021/22 £000
138	Not later than one year	103
163	Later than one year and not later than 5 years	94
190	Later than 5 years	195
<b>491</b>	<b>Total</b>	<b>392</b>

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

2020/21 £000	Expenditure	2020/21 £000
161	Minimum lease payments	165
<b>161</b>	<b>Total</b>	<b>165</b>



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:

2020/21 £000	Time Period	2021/22 £000
2	Not later than one year	2
6	Later than one year and not later than 5 years	6
1	Later than 5 years	0
9	<b>Total</b>	<b>8</b>

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

No contracts were terminated in 2020/21 or 2021/22 that incurred liabilities. No provision has been included in the accounts for any future redundancy payments.

### 31. Defined Benefit Pension Schemes

#### Participation in Pension Schemes

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

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

#### Transactions relating to Post-Employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against tolls and Defra

grant is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and via the Movement in Reserves Statement during the year:

2020/21 £000	Transaction	2021/22 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
1,184	• current service cost	1,837
0	• past service cost	0
	Financing and investment income and expenditure	
206	• net interest expense	271
<b>1,390</b>	<b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>2,108</b>
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
(5,588)	• return on plan assets (excluding the amount included in the net interest expense)	(2,162)
451	• actuarial gains and losses arising on changes in demographic assumptions	(208)
9,189	• actuarial gains and losses arising on changes in financial assumptions	(3,065)
(339)	• other experience	83
<b>3,713</b>	<b>Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(5,352)</b>
	Movement in Reserves Statement	
	• 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		2,108
	Actual amount charged against the General Fund balance for pensions in the year:	
(773)	• employers' contributions payable to scheme	(809)

#### 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:

2020/21 £000	Type	2021/22 £000
(44,513)	Present value of the defined benefit obligation	(43,379)

2020/21 £000	Type	2021/22 £000
31,452	Fair value of plan assets	34,371
<b>(13,061)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(9,008)</b>

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

2020/21 £000	Movements	2020/21 £000
25,121	Opening fair value of scheme assets	31,452
579	Interest income	630
5,588	Remeasurement gain / (loss): <ul style="list-style-type: none"> <li>The return on plan assets, excluding the amount included in the net interest expense</li> </ul>	2,162
773	Contributions from employer	809
230	Contributions from employees into the scheme	241
(839)	Benefits paid	(923)
<b>31,452</b>	<b>Closing fair value of scheme assets</b>	<b>34,371</b>

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

2020/21 £000	Movements	2021/22 £000
33,852	Balance at 1 April	44,513
1,184	Current service cost	1,837
785	Interest cost	901
230	Contributions from scheme participants	241
451	Remeasurement (gains) and losses: <ul style="list-style-type: none"> <li>Actuarial gains / losses from changes in demographic assumptions</li> </ul>	(208)
9,189	<ul style="list-style-type: none"> <li>Actuarial gains / losses arising from changes in financial assumptions</li> </ul>	(3,065)
(339)	<ul style="list-style-type: none"> <li>Other</li> </ul>	83
0	<ul style="list-style-type: none"> <li>Past Service Cost</li> </ul>	0
(839)	Benefits paid	(923)
<b>44,513</b>	<b>Balance at 31 March</b>	<b>43,379</b>

## Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2020/21 £000				Fair value of scheme assets 2021/22 £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
490.6	-	490.6	Cash and cash equivalents: <ul style="list-style-type: none"> <li>All cash and cash equivalents</li> </ul>	486.7	-	486.7
-	-	-	Equity instruments:	-	-	-
-	-	-	<ul style="list-style-type: none"><li>Consumer</li></ul>	-	-	-
-	-	-	<ul style="list-style-type: none"><li>Manufacturing</li></ul>	-	-	-
-	-	-	<ul style="list-style-type: none"><li>Energy and utilities</li></ul>	-	-	-
-	-	-	<ul style="list-style-type: none"><li>Financial institutions</li></ul>	-	-	-
-	-	-	<ul style="list-style-type: none"><li>Health and care</li></ul>	-	-	-
-	-	-	<ul style="list-style-type: none"><li>Information technology</li></ul>	-	-	-
-	-	-	<ul style="list-style-type: none"><li>Other</li></ul>	-	-	-
-	-	-	Bonds (Debt securities):	-	-	-
-	-	-	<ul style="list-style-type: none"><li>Corporate bonds (investment grade)</li></ul>	-	-	-
-	-	-	<ul style="list-style-type: none"><li>Corporate bonds (non-investment grade)</li></ul>	-	-	-
358.0	-	358.0	<ul style="list-style-type: none"><li>UK Government</li></ul>	347.0	-	347.0
-	1,995.6	1,995.6	Private equity: <ul style="list-style-type: none"> <li>All private equity</li> </ul>	-	2,773.4	2,773.4

Fair value of scheme assets 2020/21 £000				Fair value of scheme assets 2021/22 £000		
-	2,501.0	2,501.0	Property:	-	3,139.0	3,139.0
-	636.1	636.1	<ul style="list-style-type: none"> <li>• UK property</li> <li>• Overseas property</li> </ul>	-	483.8	483.8
14,016.6	-	14,016.6	Other investment funds and unit trusts:	14,459.1	-	14,459.1
9,337.5	-	9,337.5	<ul style="list-style-type: none"> <li>• Equities</li> <li>• Bonds</li> </ul>	9,928.4	-	9,928.4
-	1,989.2	1,989.2	<ul style="list-style-type: none"> <li>• Infrastructure</li> <li>• Other</li> </ul>	-	2,746.0	2,746.0
-	115.8	115.8		-	-	-
-	-	-	Derivatives	-	-	-
11.6	-	11.6	<ul style="list-style-type: none"> <li>• Other derivatives</li> <li>• Foreign exchange</li> </ul>	7.6	-	7.6
<b>24,214.3</b>	<b>7,237.7</b>	<b>31,452.0</b>	<b>Total</b>	<b>25,228.8</b>	<b>9,142.2</b>	<b>34,371.0</b>

### 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 2021	Assumption	31 March 2022
2.00%	Long term expected rate of return on assets in the scheme:	
2.00%	• Equity investments	2.70%
2.00%	• Bonds	2.70%
2.00%	• Property	2.70%
2.00%	• Cash	2.70%
21.90 years	Mortality assumptions:	
24.30 years	Longevity at 65 for current pensioners:	
	• Men	21.70 years
	• Women	24.10 years
23.20 years	Longevity at 65 for future pensioners:	
26.20 years	• Men	22.90 years
	• Women	26.00 years
2.85%	Rate of inflation	3.20%
3.55%	Rate of increase in salaries	3.90%
2.85%	Rate of increase in pensions	3.20%
2.00%	Rate for discounting scheme liabilities	2.70%
50.00%	Take up of option to convert annual pension into retirement lump sum:	
75.00%	Pre- April 2008 service	50.00%
	Post- April 2008 service	75.00%

\*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

<b>Change in assumptions at 31 March 2022</b>	<b>Approximate % increase to employer liability</b>	<b>Approximate monetary amount £000</b>
0.1% decrease in real discount rate	2%	840
1-year increase in member life expectancy	4%	1,735
0.1% increase in the salary increase rate	0%	60
0.1% increase in the pension increase rate	2%	774

#### 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 (50% of scheme assets) and bonds (30%). 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](http://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 £798,000 to the scheme in 2022/23.

### **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 £8.9m. 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 2021 £000	Non-Current Investments 31 March 2022 £000	Non- Current Debtors 31 March 2021 £000	Non- Current Debtors 31 March 2022 £000	Current Investments 31 March 2021 £000	Current Investments 31 March 2022 £000	Current Debtors 31 March 2021 £000	Current Debtors 31 March 2022 £000	Total 31 March 2021 £000	Total 31 March 2022 £000
Amortised Cost	0	0	0	0	5,375	6,156	722	550	6,097	6,706
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,375</b>	<b>6,156</b>	<b>722</b>	<b>550</b>	<b>6,097</b>	<b>6,706</b>
Non- financial assets	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,375</b>	<b>6,156</b>	<b>722</b>	<b>550</b>	<b>6,097</b>	<b>6,706</b>

## Financial Liabilities

Type	Non-Current Borrowings 31 March 2021 £000	Non-Current Borrowings 31 March 2022 £000	Non-Current Creditors 31 March 2021 £000	Non-Current Creditors 31 March 2022 £000	Current Borrowings 31 March 2021 £000	Current Borrowings 31 March 2022 £000	Current Creditors 31 March 2021 £000	Current Creditors 31 March 2022 £000	Total 31 March 2021 £000	Total 31 March 2022 £000
Amortised Cost	193	130	0	0	78	64	1,757	1,988	2,028	2,182
<b>Total financial liabilities</b>	<b>193</b>	<b>130</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>64</b>	<b>1,757</b>	<b>1,988</b>	<b>2,028</b>	<b>2,182</b>
Non-financial liabilities	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>193</b>	<b>130</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>64</b>	<b>1,757</b>	<b>1,988</b>	<b>2,028</b>	<b>2,182</b>

## Income, Expense Gains and Losses

Interest Type	Surplus or Deficit on the Provision of Services 2020/21 £000	Other Comprehensive Income and Expenditure 2020/21 £000	Total 2020/21 £000	Surplus or Deficit on the Provision of Services 2021/22 £000	Other Comprehensive Income and Expenditure 2021/22 £000	Total 2021/22 £000
Interest Expense	29	0	29	29	0	29

<b>Interest Type</b>	<b>Surplus or Deficit on the Provision of Services 2020/21 £000</b>	<b>Other Comprehensive Income and Expenditure 2020/21 £000</b>	<b>Total 2020/21 £000</b>	<b>Surplus or Deficit on the Provision of Services 2021/22 £000</b>	<b>Other Comprehensive Income and Expenditure 2021/22 £000</b>	<b>Total 2021/22 £000</b>
Interest Income	(22)	0	(22)	(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:

<b>Financial Liabilities held at amortised cost:</b>	<b>31 March 2021 Carrying Amount £000</b>	<b>31 March 2021 Fair Value £000</b>	<b>31 March 2022 Carrying Amount £000</b>	<b>31 March 2022 Fair Value £000</b>
PWLB	199	221	165	175
Finance Leases	72	72	29	29
Short Term Creditors	1,757	1,757	1,988	1,988
<b>Total</b>	<b>2,028</b>	<b>2,050</b>	<b>2,182</b>	<b>2,192</b>

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.

<b>Financial assets held at amortised cost:</b>	<b>31 March 2021 Carrying Amount £000</b>	<b>31 March 2021 Fair Value £000</b>	<b>31 March 2022 Carrying Amount £000</b>	<b>31 March 2022 Fair Value £000</b>
Fixed term investments	3,003	3,003	5,006	5,006
Cash at banks	2,372	2,372	1,150	1,150
Short Term debtors	722	722	550	550
<b>Total</b>	<b>6,097</b>	<b>6,097</b>	<b>6,706</b>	<b>6,706</b>

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 2022 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 2022/23. 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 2022/23 states that if the Authority enters into any contractual arrangements above £100,000 which involve foreign currency, the advice of the Director of Finance will be sought on the advisability of hedging the exchange risk before entering into the contract.

### 35. Navigation Income and Expenditure Account

2020/21 Gross expenditure £000	2020/21 Income £000	2020/21 Net expenditure/ (income) £000	Description	2021/22 Gross expenditure £000	2021/22 Income £000	2021/22 Net expenditure/ (income) £000
2,353	(19)	2,334	Operations	2,685	(26)	2,659
488	(128)	360	Strategic Services	645	(204)	441
710	(8)	702	Finance & Support Services	781	(14)	767
49	0	49	Corporate Items	51	0	51
0	(3,385)	(3,385)	Navigation Income (Tolls)	0	(3,703)	(3,703)
<b>3,600</b>	<b>(3,540)</b>	<b>60</b>	<b>Cost of services (subtotal)</b>	<b>4,162</b>	<b>(3,947)</b>	<b>215</b>
		2	(Gains)/Losses on the disposal of non-current assets			0
		102	Financing and investment income and expenditure			144
		0	Donated Asset			0
		<b>162</b>	<b>(Surplus) or deficit on provision of services (subtotal)</b>			<b>359</b>
		(177)	(Surplus) or deficit on revaluation of fixed assets			(148)
		1,695	Actuarial (gains)/losses on pension assets/liabilities			(2,456)
		1,518	Other comprehensive income and expenditure (subtotal)			(2,604)
		<b>1,680</b>	<b>Total comprehensive income and expenditure</b>			<b>(2,245)</b>

## 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

29 November 2022

Agenda item number 10

## Consolidated income and expenditure 1 April to 31 October 2022 actual and 2022/23 forecast outturn

Report by Senior Accountant

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### Purpose

This report provides details of actual income and expenditure for the seven-month period to 31 October 2022, and a forecast of the projected expenditure at the end of the financial year (31 March 2023).

### Recommended decision

To note the income and expenditure figures.

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## 1. Introduction

- 1.1. This financial monitoring report summarises details of the forecast outturn and actual expenditure for both National Park and Navigation.

## 2. Overview of actual income and expenditure

**Table 1**

Actual consolidated income and expenditure by directorate to 31 October 2022

Directorate	Profiled latest available budget £	Actual income and expenditure £	Actual variance £
Income	(6,227,376)	(6,326,934)	+ 99,558
Operations	2,929,006	2,631,094	+ 297,912
Strategic Services	953,398	951,309	+ 2,089
Finance & Support Services	1,079,341	959,605	+ 119,736
Projects, Corporate Items and Contributions from Earmarked Reserves	(128,809)	60,092	-188,901
<b>Net (Surplus) / Deficit</b>	<b>(1,394,440)</b>	<b>(1,724,834)</b>	<b>+ 330,394</b>

- 2.1. Core navigation income is above the profiled budget at the end of month seven. The overall position as at 31 October 2022 is a favourable variance of £330,394 or a 23.7% difference from the profiled LAB. This is principally due to:

- An overall favourable variance of £99,558 within income:
  - Hire Craft Tolls is £12,004 ahead of the profiled budget.
  - Private Craft Tolls is £48,273 ahead of the profiled budget.
  - Short Visit and Other Tolls is £7,241 ahead of the profiled budget.
  - Investment Income is £32,040 ahead of the profiled budget.
- An underspend within Operations relating to:
  - Construction, Maintenance and Ecology Salaries is under the profiled budget by £37,030 due to the annual inflationary pay rise agreed by the National Joint Council (NJC) and the Unions not being paid until November 2022.
  - Equipment, Vehicles and Vessels is under the profiled budget by £113,510 due to delays in expenditure from the earmarked reserves.

- Land Management is over the profiled budget by £14,501 due to timing differences on receipt of the RPA income.
- Ranger Services is under the profiled budget by £107,482 due to timing differences on salaries and expenditure. The salaries variance is due to the inflationary pay rise agreed by the NJC and the Unions not being paid until November 2022. There are also timing differences on launch repairs and maintenance and expenditure from the earmarked reserves.
- Premises is under the profiled budget by £37,941 due to delays in Dockyard expenditure from the earmarked reserves.
- An underspend within Strategic Services relating to:
  - Development Management is over the profiled budget by £13,035 due to timing differences on planning application income and an underspend in salaries. The salaries variance is due to the inflationary pay rise agreed by the NJC and the Unions not being paid until November 2022.
  - Strategy and Projects is over the profiled budget by £16,961 due to timing differences on the Nature for Climate Peatland project expenditure and grant reclaim.
  - Human Resources is over the profiled budget by £19,411 due to staff cover.
  - Communications is under the profiled budget by £10,131 due to timing differences on expenditure in a number of budgets.
  - Visitor Services is under the profiled budget by £38,349 due to timing difference on salaries. This is in part due to the inflationary pay rise agreed by NJC and the Unions is not being paid until November 2022.
- An underspend within Finance and Support Services relating to:
  - Legal is under the profiled budget by £20,786 due to invoicing being one month behind the profile.
  - Governance is under the profiled budget by £24,499 mainly due to a reduction in corporate subscriptions.
  - Asset Management is under the profiled budget by £25,489 mainly due to timing differences on lease payments.
  - Finance and Insurance is under the profiled budget by £22,685 due to timing differences on salaries, audit fees and external contributions.
  - ICT is under the profiled budget by £17,938 due to an underspend in Stationery costs.
- An adverse variance within reserves relating to:

- Premises reserve is under the profiled budget due to delays in Dockyard expenditure.
- Property reserve is under the profiled budget due to work at Hoveton Riverside Park being delayed until 2023/24 and the works at South Walsham slipway no longer being a priority for this financial year.
- Plant, Vessels and Equipment is under the profiled budget due to the delays in equipment and vehicle replacements.
- UK Communications Team is under the profiled budget due to income being less than budgeted and being based on actual costs. Expenditure is slightly ahead of profile.
- Match Funding is under the profiled budget due to expenditure on the EXPERIENCE project being lower than expected.

2.2. The charts at Appendix 1 provide a visual overview of actual income and expenditure compare with both the original budget and the LAB.

### 3. Latest available budget

3.1. The Authority's income and expenditure is monitored against the latest available budget (LAB) for 2022/23. The LAB is based on the original budget for the year, with adjustments for known and approved budget changes such as carry-forwards and budget virements. Full details of movements from the original budget are set out in Appendix 2.

**Table 2**

Adjustments to consolidated LAB

Item	Authorisation reference	Amount £
Original budget 2022/23 – deficit	Broads Authority 28/01/22 Agenda item number 9	352,484
Approved budget carry-forwards	Broads Authority 13/05/22 Agenda item number 9	75,000
<b>LAB as at 31 October 2022</b>	n/a	<b>427,484</b>

### 4. Overview of forecast outturn 2022/23

- 4.1. Budget holders have been asked to comment on the expected income and expenditure at the end of the financial year in respect of all budget lines for which they are responsible.
- 4.2. The forecast deficit has increased when compared with the LAB and this will be balanced through the use of reserves. It is hoped this can be further reduced as the year progresses through additional savings. The increase is due to the pay offer which

was higher than the 2% that was budgeted for. The final offer, which was accepted on the 1 November 2022, from the NJC is a one-year deal and will increase all spinal points by £1,925 rather than a percentage increase backdated to 1 April 2022. The effect of the offer is that those who are on the bottom of the scale would receive an increase equivalent to 10.5% and those at the top a 4.04%. The pay award will be actioned in staff's pay in November and this will be back-dated to April 2022.

- 4.3. A summary of these adjustments are given in the table below:

**Table 3**

Adjustments to Forecast Outturn

Item	Amount £
Forecast outturn deficit per LAB	427,484
Increase to Hire Craft income	(8,690)
Decrease to Private craft income	6,950
Increase to Investment income due to rate increase	(64,000)
Increase to Salary costs based on latest pay offer	275,006
Increase to apprenticeship levy based on latest pay offer	1,700
Salary costs funded by external funding	(150,730)
Increase to other income	(13,625)
Increase to Vessels and Equipment fuel costs	82,400
Decrease to expenditure through savings	(98,772)
<b>Forecast outturn deficit as at 31 October 2022</b>	<b>457,723</b>

## 5. Reserves

- 5.1. As in previous years, the Authority's contributions to the reserves have all been made in full at the end of quarter one. This has resulted in some reserves showing increased balances at the end of October. These will reduce as planned purchases take place throughout the year.
- 5.2. Items funded from the Property reserve include repairs to the Eel Sett and How Hill nature trail. The Plant, Vessels and Equipment reserve has the income from the disposal of vehicles and scrap metal and the deposits for three new vehicles.



**Table 4**

Consolidated earmarked reserves

Reserve name	Balance at 1 April 2022 £	In-year movements £	Current reserve balance £
Property	(880,274)	(41,912)	(922,186)
Plant, Vessels and Equipment	(485,138)	(199,934)	(685,072)
Premises	(293,951)	(80,000)	(373,951)
Planning Delivery Grant	(244,810)	0	(244,810)
Upper Thurne Enhancement	(187,031)	(21,000)	(208,031)
Heritage Lottery Fund	(7,619)	305,677	298,058
Catchment Partnership	(84,381)	9,620	(74,761)
CANAPE	(476,272)	176,794	(299,478)
Computer Software	(129,326)	(20,000)	(149,326)
UK Communications	(38,346)	10,826	(27,520)
Match Funding	(46,130)	29,038	(17,092)
<b>Total</b>	<b>(2,873,278)</b>	<b>169,109</b>	<b>(2,704,169)</b>

5.3. £1,493,709 of the current reserve balance above relates to Navigation reserves.

## 6. Conclusion

6.1. The forecast position for the year suggests a deficit within the National Park and Navigation budget, which will be balanced through the use of reserves. This would result in a National Park Reserve balance of approximately £620,000 and a Navigation Reserve balance of £592,000 at the end of 2022/23 (before any year-end adjustments). This would mean that both reserves would be above the recommend levels, with National Park at 18.3% and Navigation at 13.4%.

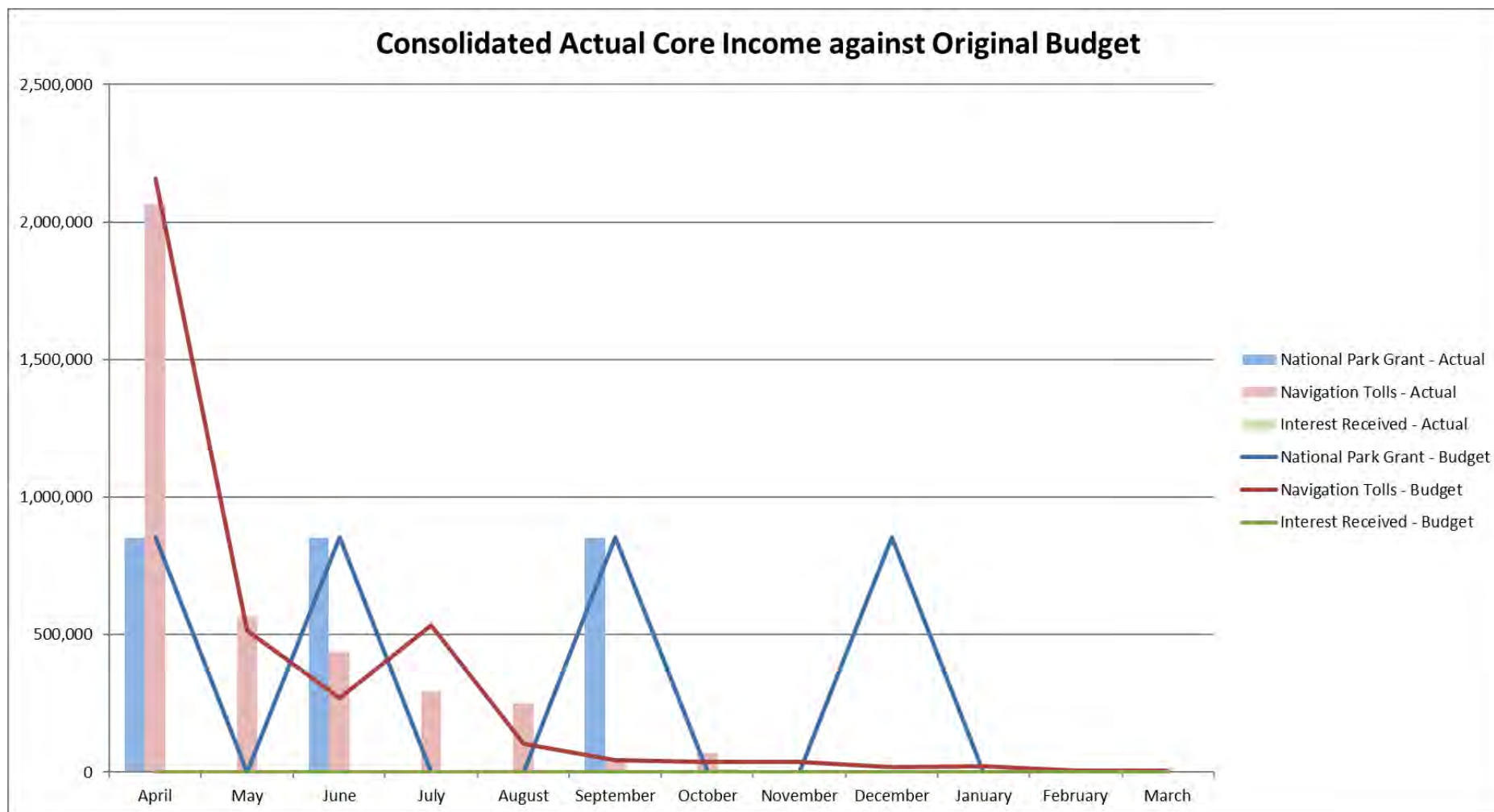
Author: Ellie Richards

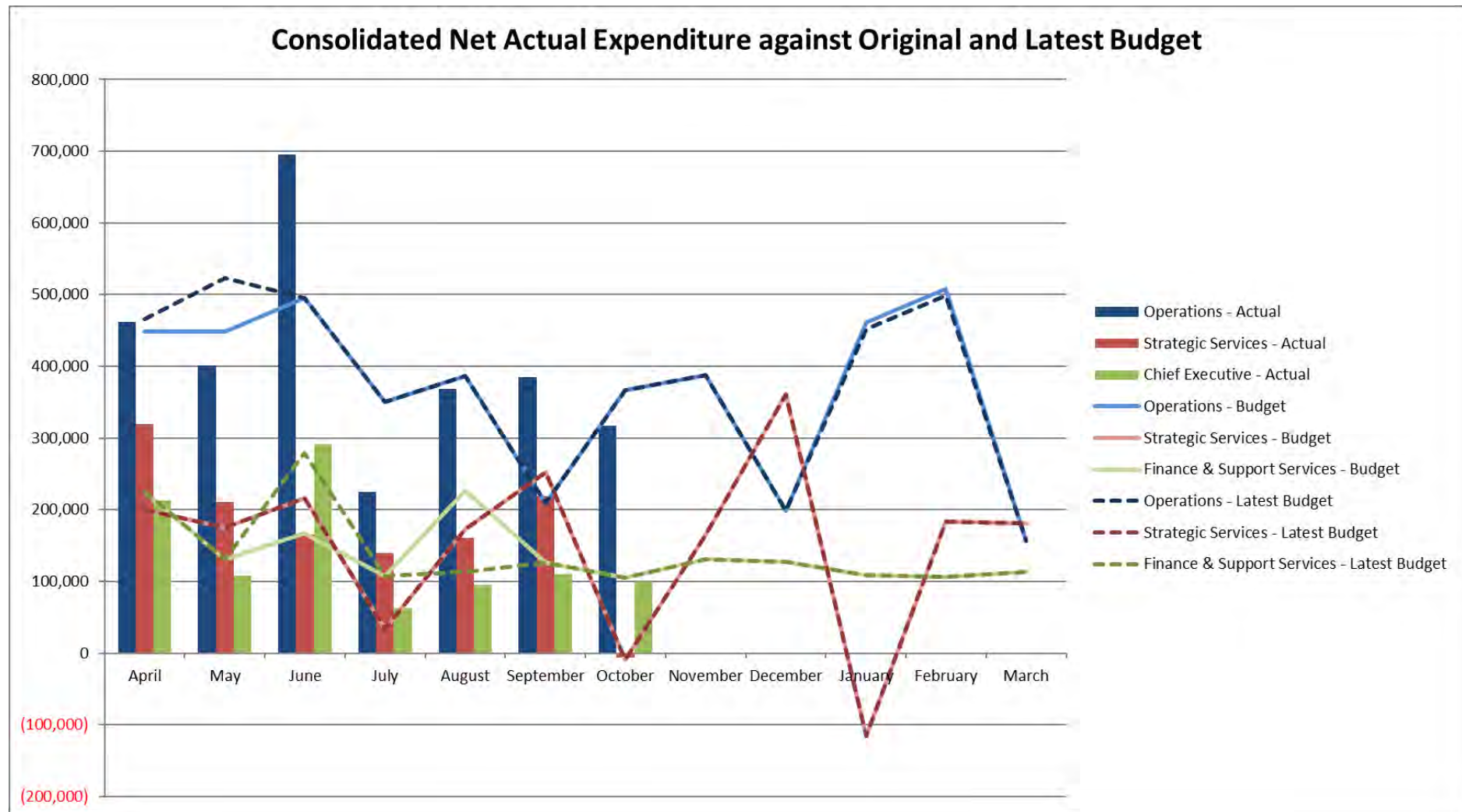
Date of report: 15 November 2022

Appendix 1 – Consolidated actual income and expenditure charts to 31 October 2022

Appendix 2 – Financial monitor: Consolidated income and expenditure 2022/23

## Appendix 1 – Consolidated actual income and expenditure charts to 31 October 2022





## Appendix 2 – Financial monitor: Consolidated income and expenditure 2022/23

**Table 1**

Income

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
<b>Total Income</b>	<b>(7,175,468)</b>	<b>0</b>	<b>(7,175,468)</b>	<b>(7,241,208)</b>	<b>47,740</b>
National Park Grant	(3,414,078)	0	(3,414,078)	(3,414,078)	0
Hire Craft Tolls	(1,186,000)	0	(1,186,000)	(1,194,690)	8,690
Private Craft Tolls	(2,489,000)	0	(2,489,000)	(2,482,050)	-6,950
Short Visit Tolls	(48,000)	0	(48,000)	(48,000)	0
Other Toll Income	(32,390)	0	(32,390)	(32,390)	0
Interest	(6,000)	0	(6,000)	(70,000)	64,000

**Table 2**  
Operations

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
<b>Total Operations</b>	<b>4,691,344</b>	<b>75,000</b>	<b>4,766,344</b>	<b>4,868,099</b>	<b>-101,755</b>
<b>Construction and Maintenance Salaries</b>	<b>1,382,480</b>	<b>0</b>	<b>1,382,480</b>	<b>1,430,496</b>	<b>-48,016</b>
Salaries	1,384,240	0	1,384,240	1,430,575	-46,335
Expenditure	(1,760)	0	(1,760)	(79)	-1,681
<b>Equipment, Vehicles &amp; Vessels</b>	<b>730,645</b>	<b>0</b>	<b>730,645</b>	<b>772,745</b>	<b>-42,100</b>
Income	(13,700)	0	(13,700)	(14,000)	300
Expenditure	744,345	0	744,345	786,745	-42,400
<b>Water Management</b>	<b>79,840</b>	<b>0</b>	<b>79,840</b>	<b>79,840</b>	<b>0</b>
Expenditure	79,840	0	79,840	79,840	0
<b>Land Management</b>	<b>(40,786)</b>	<b>0</b>	<b>(40,786)</b>	<b>(40,786)</b>	<b>0</b>
Income	(97,606)	0	(97,606)	(97,606)	0
Expenditure	56,820	0	56,820	56,820	0
<b>Practical Maintenance</b>	<b>640,195</b>	<b>75,000</b>	<b>715,195</b>	<b>714,770</b>	<b>425</b>
Income	(11,000)	0	(11,000)	(11,425)	425
Expenditure	651,195	75,000	726,195	726,195	0
<b>Waterways and Recreation Strategy</b>	<b>54,100</b>	<b>0</b>	<b>54,100</b>	<b>56,420</b>	<b>-2,320</b>

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Salaries	42,100	0	42,100	44,420	-2,320
Expenditure	12,000	0	12,000	12,000	0
<b>Ranger Services</b>	<b>1,067,690</b>	<b>0</b>	<b>1,067,690</b>	<b>1,082,234</b>	<b>-14,544</b>
Income	0	0	0	0	0
Salaries	866,570	0	866,570	878,827	-12,257
Expenditure	200,870	0	200,870	203,157	-2,287
Pension Payments	250	0	250	250	0
<b>Safety</b>	<b>122,430</b>	<b>0</b>	<b>122,430</b>	<b>125,890</b>	<b>-3,460</b>
Income	(1,000)	0	(1,000)	(1,000)	0
Salaries	78,100	0	78,100	81,560	-3,460
Expenditure	45,330	0	45,330	45,330	0
<b>Premises</b>	<b>232,190</b>	<b>0</b>	<b>232,190</b>	<b>230,590</b>	<b>1,600</b>
Income	(3,500)	0	(3,500)	(5,100)	0
Expenditure	235,690	0	235,690	235,690	1,600
<b>Premises – Head Office</b>	<b>263,880</b>	<b>0</b>	<b>263,880</b>	<b>263,880</b>	<b>0</b>
Income	0	0	0	0	0
Expenditure	263,880	0	263,880	263,880	0
<b>Project Funding</b>	<b>12,100</b>	<b>0</b>	<b>12,100</b>	<b>4,600</b>	<b>7,500</b>

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Expenditure	0	0	0	(7,500)	7,500
Pension Payments	12,100	0	12,100	12,100	0
<b>Operations Management and Administration</b>	<b>146,580</b>	<b>0</b>	<b>146,580</b>	<b>147,420</b>	<b>-840</b>
Salaries	138,080	0	138,080	138,920	-840
Expenditure	8,500	0	8,500	8,500	0

**Table 3**

## Strategic Services

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Strategic Services</b>	<b>1,691,702</b>	<b>0</b>	<b>1,691,702</b>	<b>1,753,048</b>	<b>-61,346</b>
<b>Development Management</b>	<b>364,240</b>	<b>0</b>	<b>364,240</b>	<b>378,000</b>	<b>-13,760</b>
Income	(100,000)	0	(100,000)	(100,000)	0
Salaries	408,840	0	408,840	426,600	-13,760
Expenditure	50,850	0	50,850	50,850	0
Pension Payments	4,550	0	4,550	4,550	0
<b>Strategy and Projects Salaries</b>	<b>212,500</b>	<b>0</b>	<b>212,500</b>	<b>230,460</b>	<b>-17,960</b>
Income	(962,486)	0	(962,486)	(962,486)	0
Salaries	175,350	0	175,350	175,350	-10,620
Expenditure	999,636	0	999,636	999,636	-7,340
<b>Strategy and Projects</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>0</b>
Expenditure	1,000	0	1,000	1,000	0
<b>Biodiversity Strategy</b>	<b>11,900</b>	<b>0</b>	<b>11,900</b>	<b>11,900</b>	<b>0</b>
Income	0	0	0	0	0
Expenditure	11,900	0	11,900	11,900	0
<b>Human Resources</b>	<b>150,610</b>	<b>0</b>	<b>150,610</b>	<b>172,150</b>	<b>-21,540</b>



Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Income	0	0	0	(370)	370
Salaries	91,960	0	91,960	113,870	-21,910
Expenditure	58,650	0	58,650	58,650	0
<b>Volunteers</b>	<b>73,300</b>	<b>0</b>	<b>73,300</b>	<b>75,330</b>	<b>-2,030</b>
Salaries	53,900	0	53,900	55,930	-2,030
Expenditure	19,400	0	19,400	19,400	0
<b>Communications</b>	<b>428,704</b>	<b>0</b>	<b>428,704</b>	<b>427,896</b>	<b>808</b>
Income	(115,272)	0	(115,272)	(91,980)	-23,292
Salaries	303,810	0	303,810	373,780	-69,970
Expenditure	240,166	0	240,166	146,096	94,070
<b>Visitor Centres and Yacht Stations</b>	<b>339,370</b>	<b>0</b>	<b>339,370</b>	<b>338,044</b>	<b>1,326</b>
Income	(200,600)	0	(200,600)	(200,600)	0
Salaries	396,620	0	396,620	395,294	1,326
Expenditure	143,350	0	143,350	143,350	0
<b>Strategic Services Management and Administration</b>	<b>110,078</b>	<b>0</b>	<b>110,078</b>	<b>118,268</b>	<b>-8,190</b>
Salaries	112,950	0	112,950	121,140	-8,190
Expenditure	(2,872)	0	(2,872)	(2,872)	0

**Table 4**

## Finance &amp; Support Services

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Finance &amp; Support Services</b>	<b>1,659,775</b>	<b>0</b>	<b>1,659,775</b>	<b>1,635,305</b>	<b>24,470</b>
<b>Legal</b>	<b>96,000</b>	<b>0</b>	<b>96,000</b>	<b>94,000</b>	<b>2,000</b>
Income	(4,000)	0	(4,000)	(6,000)	2,000
Expenditure	100,000	0	100,000	100,000	0
<b>Governance</b>	<b>249,960</b>	<b>0</b>	<b>249,960</b>	<b>230,650</b>	<b>19,310</b>
Salaries	173,060	0	173,060	170,350	2,710
Expenditure	76,900	0	76,900	60,300	16,600
<b>Chief Executive</b>	<b>125,240</b>	<b>0</b>	<b>125,240</b>	<b>123,940</b>	<b>1,300</b>
Salaries	124,240	0	124,240	122,940	1,300
Expenditure	1,000	0	1,000	1,000	0
<b>Asset Management</b>	<b>146,609</b>	<b>0</b>	<b>146,609</b>	<b>148,199</b>	<b>-1,590</b>
Income	(24,000)	0	(24,000)	(24,000)	0
Salaries	47,970	0	47,970	49,560	-1,590
Expenditure	122,639	0	122,639	122,639	0
<b>Finance and Insurance</b>	<b>452,746</b>	<b>0</b>	<b>452,746</b>	<b>455,666</b>	<b>-2,920</b>
Salaries	234,620	0	234,620	237,540	-2,920

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	218,126	0	218,126	218,126	0
<b>Collection of Tolls</b>	<b>193,760</b>	<b>0</b>	<b>193,760</b>	<b>195,220</b>	<b>-1,460</b>
Salaries	182,760	0	182,760	184,220	-1,460
Expenditure	11,000	0	11,000	11,000	0
<b>ICT</b>	<b>395,460</b>	<b>0</b>	<b>395,460</b>	<b>387,630</b>	<b>7,830</b>
Salaries	202,560	0	202,560	206,280	-3,720
Expenditure	192,900	0	192,900	181,350	11,550

**Table 5**

Projects and Corporate items

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Projects and Corporate Items</b>	<b>(5,387)</b>	<b>0</b>	<b>(5,387)</b>	<b>(3,687)</b>	<b>-1,700</b>
<b>Partnerships / HLF</b>	<b>(151,987)</b>	<b>0</b>	<b>(151,987)</b>	<b>(151,987)</b>	<b>0</b>
Income	(681,924)	0	(681,924)	(681,924)	0
Salaries	104,180	0	104,180	183,140	-78,960
Expenditure	425,757	0	425,757	346,797	78,960
<b>Corporate Items</b>	<b>146,600</b>	<b>0</b>	<b>146,600</b>	<b>148,300</b>	<b>-1,700</b>
Expenditure	19,600	0	19,600	21,300	-1,700
Pension Payments	127,000	0	127,000	127,000	0

**Table 6**

Contributions from earmarked reserves

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Contributions from Earmarked Reserves</b>	<b>(509,482)</b>	<b>0</b>	<b>(509,482)</b>	<b>(553,834)</b>	<b>44,352</b>
<b>Earmarked Reserves</b>	<b>(509,482)</b>	<b>0</b>	<b>(509,482)</b>	<b>(553,834)</b>	<b>44,352</b>

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	(509,482)	0	(509,482)	(553,834)	44,352

**Table 7**

Net (Surplus) / Deficit

Row labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Grand Total	352,484	75,000	427,484	457,723	-30,239

# Audit and Risk Committee

29 November 2022

Agenda item number 11

## Financial Regulations- update

Report by Director of Finance

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### Summary

This report sets out the revised Financial Regulations which were last updated in 2018.

### Recommendation

To approve the updated Financial Regulations.

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## 1. Introduction

- 1.1. A number of strategies and regulations are scheduled for review during 2022/23, the first being the Financial Regulations. The review of the Counter Fraud, Bribery and Corruption Strategy is under way and will be presented to members at the next meeting.

## 2. Financial Regulations

- 2.1. The regulations were last considered by the committee in March 2018 and have been updated into the Authority's accessible format which can be found in Appendix 1. Amendments are highlighted in track changes.
- 2.2. The regulations have been reviewed and updated to reflect best practice with the majority of changes being to job titles. It is proposed to update the limits set out in 9.1 and 14.5 for carry forwards that can be approved by Management Team from £1,000 individually to £5,000. This is where there is an underspend at year end for reasons outside of the budget holders' control. Requests that are individually above £5,000 or £25,000 in total will still be referred to the Broads Authority for approval.
- 2.3. The Terms of Reference of Committees sets out in section 4 (Audit and Risk Committee) paragraph 15 the powers to approve such documents.

Author: Emma Krelle

Date of report: 10 November 2022

Appendix 1 – Financial Regulations (November 2022)

# Broads Authority Financial Regulations

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# Introduction

## 1. Why do we have Financial Regulations?

- 1.1. Section 17 of the Norfolk and Suffolk Broads Act 1988 states that the Authority shall “make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs”.
- 1.2. The Local Government Act 1972 directs that authorities shall make arrangements for the proper administration of their financial affairs, and that some of their officers be responsible for the administration of those affairs.
- 1.3. Under powers contained in the Local Audit and Accountability Act 2014 it requires the Accounts to be audited by a local auditor appointed in accordance with the Act. The ‘Accounts and Audit Regulations’ require that the ‘Responsible Financial Officer’ must determine and be responsible for the accounting systems and the form of both the accounts and supporting records of the Authority. That officer must further ensure (by maintaining an effective and adequate audit) that rules so made are observed and that all records are maintained in a satisfactory manner. To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.

## 2. Status of Financial Regulations

- 2.1. Financial Regulations provide a framework for managing the Authority’s financial affairs. They apply to every member and officer of the Authority and anyone acting on its behalf.
- 2.2. These Regulations set out the financial responsibilities of the Broads Authority, ~~Financial Scrutiny and Audit~~ Audit and Risk Committee, Chief Executive, ~~Chief Financial Officer~~ Director of Finance, Senior Accountant, ~~Solicitor and~~ Monitoring Officer and Directors.
- 2.3. All members and officers have a responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these assets is legal, properly authorised, provides value for money and achieves best value.
- 2.4. The ~~Chief Financial Officer~~ Director of Finance is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes as necessary to the Authority for approval. He/she is also responsible for reporting, where appropriate, breaches of these Financial Regulations to the Authority.

2.5. Directors are responsible for ensuring that all members of staff in their Directorates are aware of the existence and content of the Authority's Financial Regulations, as appropriate.

2.6. These Regulations should be read in conjunction with:

- Standing Orders;
- Standing Orders Relating to Contracts;
- Scheme of Powers Delegated to Officers;
- Procedure Manuals;
- ~~Financial Grant Memorandum~~ Funding Agreement issued by the Department for the Environment, Food and Rural Affairs (Defra);
- Capital, Treasury and Annual Investment Strategy;
- Prudential Code; and
- Procurement Strategy.

### 3. Statement of Principles

2.7. The Authority expects high standards of conduct from its members and officers and those with whom it has dealings. Further to this the Authority expects honesty, openness and integrity to be the values which underpin its financial affairs and all those involved with the Authority's finances should work with these values in mind.

2.8. The principles below provide the basis for the detailed guidance in Financial Regulations.

### 4. The Principles

4.1. The Authority is responsible for the stewardship of public money and will make arrangements to safeguard it.

4.2. The Authority expects its members and officers to exercise high standards in financial management and administration and aims to stimulate openness and a climate of frankness that it will support through policies and regulations, such as the Whistle Blowing Policy and the Counter Fraud, Corruption and Bribery Strategy.

4.3. The planning, monitoring and controlling of the use of resources is of vital importance to the Authority and it will make arrangements for these activities to be undertaken effectively.

4.4. Issues of probity will be dealt with effectively and the Authority will work to meet its duty to maintain proper accounts and related records.

- 4.5. Value for money is at the core of the Authority's financial activity and the way in which it administers its financial affairs.
- 4.6. Compliance with statutory requirements, accounting standards and appropriate codes of practice will be inherent in the Authority's arrangements for financial matters.
- 4.7. Allocation of responsibility and authority in relation to financial matters will be clearly identified.
- 4.8. The Authority is mindful of the need for consistent standards in financial administration and management across all its operations and will set in place guidance to be adhered to by all its Directorates. In particular, it expects staff to consult with and use all of the expertise in financial matters that it has available and act on advice from such sources.
- 4.9. The assets and resources of the Authority must be protected from loss, damage and theft.
- 4.10. Identifying and quantifying risks to the Authority is of key importance and arrangements must be made to reduce, eliminate or insure against them as appropriate.
- 4.11. The accurate, appropriate and timely payment and collection of monies forms much of the routine financial business of the Authority and arrangements will be made for its proper administration.

## Financial Management

### 5. Roles and Responsibilities

- 5.1. **The Broads Authority** is responsible for setting the overall policy and direction of the Authority. Its financial responsibilities include approving the annual consolidated budget and Statement of Accounts, fixing navigation tolls, appointing the Section 17 Officer and generally monitoring the resources of the Authority.
- 5.2. **The ~~Financial Scrutiny and Audit~~ Audit and Risk Committee** reports to the Broads Authority. Its financial responsibilities include reviewing and recommending for approval the annual Statement of Accounts, approving Financial Regulations and Standing Orders Relating to Contracts, and oversight of internal audit and risk management processes.
- 5.3. **The Chief Executive** is responsible for the day to day management and control of the Authority, including its staff, premises and services, and is responsible for ensuring the implementation of strategies and policies as determined by the Broads Authority and its committees. The Chief Executive is also responsible, in conjunction with, and on the advice of, the ~~Chief Financial Officer~~ Director of

Finance, for the preparation of annual budgets and statements of accounts, and for the maintenance of all financial systems and procedures to ensure that the Authority operates within its financial limits and complies with all financial and statutory requirements and in accordance with good accounting practice.

**5.4. The ~~Chief Financial Officer~~Director of Finance** is responsible for the proper administration of the Authority's financial affairs, in accordance with section 17 of the Norfolk and Suffolk Broads Act 1988. The specific responsibilities include the regulation and control of finance, and the making of safe and efficient arrangements for the receipt of monies; external and internal audit matters, including the appointment of auditors: pension fund matters; insurances; investment; and the operation of the Authority's bank accounts. The Director of Finance ~~CFO~~ is also responsible for the strategic day to day management of the Authority's financial affairs, including ~~the management of the Finance Section~~, preparation of the three year Financial Strategy, annual budgets and authorising the statements of accounts for issue, ~~monthly management statements, cash flow and~~ the investment of surplus funds, and ensuring that all internal systems and controls are maintained accurately and efficiently, in accordance with statutory requirements and nationally and locally agreed standards of practice.

**5.4.5.5. The Senior Accountant** is responsible for the day to day management of the Finance Section, preparation of the Statement of Accounts, monthly management statements and cash flow monitoring.

**5.5.5.6. The ~~Solicitor and~~ Monitoring Officer** is responsible for promoting and maintaining high standards of financial and other conduct in the Authority and for reporting any breaches of the law or maladministration.

**5.6.5.7. Directors and Section Heads** are responsible for ensuring that there is appropriate budgetary provision for all activities carried out within their Directorate or Section, that staff are aware of and comply with Financial Regulations and Standing Orders Relating to Contracts at all times, and that any matters which arise which have or are likely to have significant financial implications are reported to the ~~Chief Financial Officer~~Director of Finance in order that appropriate corrective action can be taken.

## 6. Accounting Arrangements

**6.1.** The ~~Chief Financial Officer~~Director of Finance is responsible for ensuring that there are appropriate systems in force for keeping the accounts and financial records of the Authority and that the Authority's annual financial accounts and reports are prepared to meet statutory requirements. The ~~Chief Financial Officer~~Director of Finance must also approve the accounting systems and accounting records in use, and any significant changes to these arrangements.

- 6.2. Accounting procedures will reflect recommended professional practices, and follow accounting principles determined from time to time by the ~~Chief Financial Officer~~Director of Finance, in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) standards of practice, International Financial Reporting Standards (IFRS), the ~~Financial Grant~~ Memorandum-Funding Agreement issued by Defra under which grant funding is paid and instructions and advice received from Defra and the Authority's auditors.
- 6.3. Accounting procedures will be reviewed as necessary by the ~~Chief Financial Officer~~Director of Finance in consultation with the Chief Executive to ensure that they provide the information required without duplication of records.
- 6.4. The Chief Executive and/or the Director of Finance must examine and certify where required any submission, estimate or claim for payment of grant by a Government Department or funding from any other body. Officers responsible for the administration of such grants, funds and spending associated with them must ensure compliance with the conditions of the grant/funding.
- 6.5. The ~~Chief Executive~~Director of Finance must examine and certify where required any financial return to a Government Department or other body.

## 7. Budgeting Process

- 7.1. The Chief Executive, in conjunction with the ~~Chief Financial Officer~~Director of Finance, will ensure that there is in place an appropriate process and timetable to ensure that budgets are prepared in a timely manner, that this is communicated to all senior managers and budget holders, and that progress in preparing the budgets is monitored.

## 8. In year Financial Reporting

- 8.1. It is the responsibility of the ~~Chief Financial Officer~~Senior Accountant to ensure that budget managers are provided with monthly management statements from month 3 (June) onwards.
- 8.2. The most current financial report highlighting major variance and areas of concern must be provided to the Broads Authority, Navigation Committee and ~~Financial Scrutiny and Audit~~Audit and Risk Committee at each meeting.

## 9. Year End Accounting

- 9.1. The ~~Chief Financial Officer~~Director of Finance is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the "Code of Practice on Local Authority Accounting in the UK" (CIPFA). The Broads Authority is responsible for approving the carrying forward above ~~£51,000~~, from one year to another of any under spending on budget headings. The Authority's final financial position as presented in the annual Statement of Accounts will be approved by the

Broads Authority once reviewed by the ~~Financial Scrutiny and Audit~~Audit and Risk Committee.

## Financial Planning and Control of Expenditure

The importance of this area is in the need for sound financial planning, monitoring and control of resources. Sound budget management is crucial to informing good decision making and achieving best value in the use of the Authority's resources.

### 10. Policy Framework

10.1. The Authority is responsible for agreeing the Authority's framework and budget. In terms of financial planning the key elements are:

- the Authority's purposes as set out in the Norfolk and Suffolk Broads Act 1988, as amended by the Broads Authority Act 2009;
- the Broads Plan;
- the Authority's Business Plan;
- the ~~Financial Grant Memorandum~~Funding Agreement;
- the annual revenue budget and three-year Financial Strategy;
- the ~~Capital Strategy and~~ annual Capital Programme; and
- the Capital, Treasury and Annual Investment Strategy and Prudential Indicators (limits for external borrowing, other long-term liabilities and related matters).

### 11. Revenue Budget Preparation

- 11.1. The Chief Executive, in consultation with the ~~Chief Financial Officer~~Director of Finance, is responsible for ensuring that a revenue budget for the coming year and a three-year Financial Strategy for at least the two subsequent financial years is prepared for consideration by the Broads Authority.
- 11.2. The ~~Chief Financial Officer~~Director of Finance, in consultation with the Directors, is responsible for providing guidance on the general format of the budget.
- 11.3. The ~~Chief Executive~~Director of Finance will submit a Budget and Financial Strategy to the Broads Authority for approval by 31 March each year.
- 11.4. The Chief Executive, in consultation with the ~~Chief Financial Officer~~Director of Finance, is responsible for reporting to the Authority on the robustness of estimates contained within the budget and adequacy of reserves allowed for in the budget proposals.

## 12. Resource Allocation

- 12.1. The Chief Executive is responsible for developing and maintaining a resource allocation process that ensures that both capital and revenue expenditure plans take account of the Authority's policy framework and changing priorities within that.
- 12.2. It is the responsibility of the Chief Executive and Directors to ensure that the revenue and capital budget estimates reflect the priorities and goals in the Broads Plan and Business Plan, and that agreed service plans are in line with the Financial Strategy and capital strategy.

## 13. Maintenance of Reserves

- 13.1. The Broads Authority will determine the levels of reserves that are considered to be prudent and necessary. This decision will be taken having regard to the advice of the ~~Chief Financial Officer~~Director of Finance and the Chief Executive, and will be based on an annual risk assessment.
- 13.2. The three-year Financial Strategy should be drawn up having regard to the need to either reach or maintain the recommended level of reserves.

## 14. Revenue Budget Management and Control

- 14.1. It is the responsibility of the appropriate Director to manage and control each of the Directorate's budgets under their management.
- 14.2. The appropriate Director must ensure that there is a designated officer (the Budget Holder) accountable to them for the detailed management of each budget and notify the ~~Chief Financial Officer~~Director of Finance of those so designated.
- 14.3. Directors will jointly carry out regular budget monitoring and reporting to identify financial problems and recommend to the Chief Executive action necessary to resolve them.
- 14.4. Monitoring reports setting out potential or actual service financial problems and key issues will be made to the ~~Financial Scrutiny and Audit~~Audit and Risk Committee, the Broads Authority and the Navigation Committee as appropriate at each of their meetings.
- 14.5. At the end of each financial year, where there is an underspend within a budget, the ~~Chief Financial Officer~~Director of Finance will collate a list of carry-forward requests for consideration by the Management Team. Where these underspends are individually below ~~£15,000~~ (under ~~£25,000~~ in total) they will be agreed by Management Team. For those items above ~~£15,000~~ they will be presented to the Broads Authority for approval. After the appropriate level of approval these will be carried forward into the following year.



- 14.6. The Authority's final financial position as presented in the annual Statement of Accounts will be approved by the Broads Authority.
- 14.7. As required by the Broads Authority Act 2009, the ~~Chief Financial Officer~~Director of Finance will produce, as soon as reasonably possible after the end of the financial year, a statement showing the navigation income received by the Authority and the navigation expenditure incurred during the year.

## 15. Monitoring and Control of Affordable Borrowing

- 15.1. It is the responsibility of the ~~Chief Financial Officer~~Director of Finance, to develop and maintain systems to monitor performance against prudential indicators. Reports on performance against indicators including early warning of any possible breach of any prudential indicator should be made to the ~~Financial Scrutiny and Audit~~Audit and Risk Committee as appropriate.

## 16. Authority to Incur Revenue Expenditure

- 16.1. No expenditure shall be incurred nor any reduction in income authorised unless such expenditure or reduction in income is:
- a) covered by the annual or latest approved budgets agreed by the Authority;
  - b) related to approved carried forward budget from the previous year; or
  - c) covered by a virement.

## 17. Virements

- 17.1. A virement is a transfer of budget from one budget heading to another within a financial year, where a budget is to be used for a different purpose than originally approved.
- 17.2. Virements of up to £10,000 within any financial year may be approved by Directors between main budget headings under their responsibility. All such virement requests must be made on a virement approval form, duly signed by the appropriate Director and be forwarded to the ~~Chief Financial Officer~~Senior Accountant for the budget to be updated.
- 17.3. Virements between £10,001 and £19,999, may also be approved by Directors between main budget heads under their responsibility. Again this must be made on a virement approval form, duly signed by the appropriate Director and countersigned by the Chief Executive, and be forwarded to the ~~Chief Financial Officer~~Senior Accountant for the budget to be updated.
- 17.4. Virements in excess of £20,000, or between Directorates, must be reported the Broads Authority for approval.

- 17.5. It will not be a virement, and approval is not required, where a budget transfer relates to a movement for the purposes of budget restructuring (i.e. where there is no change to the use to which the budget is being put).

## 18. Preparation of the Capital Programme

- 18.1. All capital expenditure must be in accordance with the Authority's Annual Capital, Treasury and Investment and Capital Financing Strategy and driven by its Asset Management Strategy.

## 19. Capital Receipts

- 19.1. The sale or disposal of any land, buildings, vehicles, vessels or equipment which was valued at the time of acquisition over £5,000 is considered to be a capital receipt. Particular rules must be observed in dealing with the proceeds and they must not be confused with revenue income such as fees and charges.
- 19.2. The ~~Chief Financial Officer~~Director of Finance and the Authority's Asset Officer must be informed of all proposed or possible sales or disposals of land, buildings, vehicles, vessels or equipment so that the effect on financial and property management can be assessed.

## 20. Leasing

- 20.1. All acquisitions and disposals of land, property or other assets must be carried out in accordance with the Authority's Asset Management Strategy and be authorised by the Chief Executive.
- 20.2. Officers negotiating and committing the Authority to any leasing arrangement shall consult with the ~~Chief Financial Officer~~Director of Finance and the Asset Officer prior to finalizing any lease arrangement. Once completed, they will furnish the ~~Chief Financial Officer~~Director of Finance and the Asset Officer with details of the income to be received, the parties to the lease and the term of the lease, along with signed copies of the lease agreement.

# Risk Management and Control of Resources

## 21. Risk Management

- 21.1. The ~~Financial Scrutiny and Audit~~Audit and Risk Committee is responsible for monitoring the effective development and operation of risk management within the Authority, and for reviewing the Strategic Risk Register.
- 21.2. The arrangements for the day to day management of risk are set out in the Risk Management Strategy. The ~~Solicitor and Monitoring Office~~Senior Governance Officer and Management Team is responsible for ensuring that this Strategy is regularly reviewed and updated, and that the arrangements set out in the Strategy are promoted throughout the Authority and implemented.

- The general controls for risk management are:
- Procedures are in place to identify, assess, prevent or contain material known risks and the procedures are operating effectively throughout the Authority.
- A monitoring process is in place to review the effectiveness of risk reduction strategies and operation of these controls.
- Managers know which risks they are responsible for managing and are provided with relevant information.
- Provision is made for any losses that might result from the risks that remain.
- Claims are investigated within a given time scale.
- Acceptable levels of risk are determined and insured against where appropriate.
- The Authority has identified business continuity plans in the event of a disaster that results in significant loss or damage to its resources.

## 22. Internal Control

- 22.1. Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes the economic, efficient and effective use of resources and that the Authority's assets are safeguarded.

## 23. Systems of Internal Control

- 23.1. The Chief Executive is responsible for advising on effective systems of internal control.
- 23.2. These arrangements need to ensure compliance with all applicable statutes and regulations and other relevant statements of best practice.
- 23.3. Directors are responsible for establishing sound arrangements for planning, appraising, authorising and controlling their operations to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial and non-financial performance targets.
- 23.4. The ~~Solicitor and Monitoring Officer~~ Senior Governance Officer and Management Team shall prepare an annual statement of the effectiveness of the Authority's system of internal control incorporated into the Annual Governance Statement. This statement will be published as part of the Annual Statement of Accounts and will be approved by the Broads Authority.

## 24. Security

- 24.1. The Chief Executive is responsible for maintaining proper security at all times for all buildings, stocks, stores, vehicles, furniture, equipment, cash and any other assets for which the Authority is responsible.
- 24.2. Maximum limits for cash holding at Authority locations should be established by the ~~Chief Financial Officer~~Director of Finance and adequate insurance should be put in place to cover any loss up to those values.
- 24.3. Employee responsibilities in respect of the use of all ICT equipment and accessories are set out in the ICT Usage and Security Policy (Human Resources Policy Note No. 18). All members of staff are required to indicate, either by signature or electronically, that they have read and understood the Policy and agree to be bound by its terms.

## 25. Money Laundering

- 25.1. Although the Authority is currently exempt (based on its current activities) from the Money Laundering and Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 it is required to report any suspicions of money laundering as soon as possible to National Crime Agency (NCA) by submitting a Suspicious Activity Report (SAR). ~~Due to the size of the Authority it is considered disproportionate to appoint a specific Money Laundering Officer.~~ Officers who have suspicions of money laundering should use ~~the process set out under section 36 Irregularities~~discuss this with the Director of Finance.
- 25.2. In order to minimise the Authority's exposure it has been decided to limit the cash accepted in a single transaction to £1,000. Customers who wish to pay more than this amount should do so by cheque, card or bank transfer.

## 26. Separation of Duties

- 26.1. The following principles shall be observed in the allocation of accounting duties:
- the duties of providing information regarding sums due to or from the Authority, and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
  - officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

## 27. Retention of Records

- 27.1. Accounting and other records must be retained for periods that comply with relevant legal requirements. Detailed standards are contained within the Authority's Document Management, Retention and Disposal Policy.

## 28. Investments and Treasury Management

- 28.1. All investments of money shall be made in accordance with the Authority's Annual Capital, Treasury and Investment Strategy, which is prepared by the ~~Chief Financial Officer~~Director of Finance in accordance with the Prudential Code and approved by the Broads Authority before the start of each financial year.
- 28.2. The ~~Chief Financial Officer~~Director of Finance is responsible for the investment of surplus monies. All such investments shall be carried out under the overall direction of the ~~Chief Financial Officer~~Director of Finance. The ~~Chief Financial Officer~~Director of Finance will report on the performance of the investments to the ~~Financial Scrutiny and Audit~~Audit and Risk Committee on a six-monthly basis.

## 29. Estates

- 29.1. The Asset Officer will ensure that a register of all land and buildings owned by the Authority is maintained which states, where appropriate, the location, extent, plan reference, purchase details, particulars of nature of interest and rent payable.
- 29.2. The Asset Officer will also ensure custody of all title deeds under secure arrangements.

## 30. Sale of Assets

- 30.1. The ~~Chief Financial Officer~~Director of Finance is authorised, in consultation with the Chief Executive, to write off any obsolete stores or equipment, or loss of property not exceeding £25,000. The Chief Executive is authorised to write off any obsolete stores or equipment, or loss of property not exceeding £5,000.
- 30.2. The Chief Executive may make arrangements for the disposal of surplus items (excluding land, buildings and leased items) with an estimated market value of up to £10,000. For surplus items above £10,000 approval must be obtained from the Authority and the disposal must be via the method which is judged most likely to achieve the best consideration for the Authority. This includes public auction (including eBay or an alternative online auction method), disposal by way of a specialist broker or intermediary, or by sealed bid after public advertisement.
- 30.3. The Chief Executive is authorised to make arrangements for the disposal of land and property to a maximum value of £25,000, in accordance with advice from the Authority's Property Advisers.

## 31. Stocks and Stores

- 31.1. Directors shall be responsible for the care and custody of the stocks and stores within their Directorate.
- 31.2. Items that will be considered as stock are items purchased that can only be consumed once. Items such: salvaged as spares, part consumed liquids or off cuts of wood will not be included. Stocks shall not be in excess of normal requirements except in special circumstances.

- 31.3. The ~~Chief Financial Officer~~Director of Finance shall arrange for independent periodical test examinations of stocks and shall ensure that stocks are checked at least once every year on 31 March.
- 31.4. The stocktaking must be attended by a member of the Finance Department and the person responsible for the stores nominated and both the person taking the stock and the person supervising must certify the stock sheets.
- 31.5. The ~~Chief Financial Officer~~Director of Finance shall be entitled to receive such information as he/she requires in relation to stores for accounting, costing and financial records. Surplus materials, stores or equipment shall be disposed of by competitive tender or public auction unless the appropriate officer, in consultation with the ~~Chief Financial Officer~~Director of Finance, decides otherwise in a particular case.

## 32. Inventories

- 32.1. An inventory shall be maintained by the ~~Chief Financial Officer~~Director of Finance which shall record an adequate description of all furniture, fittings and equipment, plant and machinery belonging to the Authority.
- 32.2. The Chief Executive shall be responsible for maintaining a regular check of all items shown on the inventory and for taking action in relation to surplus or deficiencies and noting the inventory accordingly. Items with a value of £1,000 or more and those items which it is considered could be easily re-sold, shall be checked annually, with other items checked not less frequently than every other year.
- 32.3. The Authority's property shall not be removed otherwise than in accordance with the ordinary course of the Authority's business or used otherwise than for the Authority's purpose except in accordance with specific directions issued by the Chief Executive.

## 33. Insurance

- 33.1. The Authority faces many risks of different kinds in carrying out its functions.
- 33.2. Regulations here are designed to protect the interests of the Authority, its staff and the people it serves.
- 33.3. The ~~Chief Financial Officer~~Director of Finance is responsible for managing the Authority's policy of insurance. Directors must notify the ~~Chief Financial Officer~~Director of Finance promptly of all new risks or assets which may need to be insured, and of any alterations affecting existing risks or insurances indicating the amount of cover required.
- 33.4. Any event which gives rise to a claim under any policy of insurance must be notified immediately to the ~~Chief Financial Officer~~Director of Finance, who will make

arrangements to deal with all claims. Any loss, liability or damage or any event likely to lead to an insurance claim should be reported to the police.

- 33.5. Any officer who uses his/her own motor vehicle on Authority business is required to insure against third party risks in such form as to indemnify the Authority against claims arising, and the policy, including any necessary endorsements and renewal receipts, must be produced for inspection if so required. Directors are responsible for acquainting officers under their control of the foregoing requirement.
- 33.6. The Chief Executive shall consult the ~~Chief Financial Officer~~Director of Finance in respect of the terms of any indemnity which the Authority is requested to give.

## 34. Ex Gratia and Other Payments

- 34.1. Ex-gratia payments are made in situations where no legal obligation exists.
- 34.2. The Chief Executive is authorised to:
- reimburse the costs of damage to an employee's personal property up to a maximum of £5,000 in any one case, provided he/she is satisfied that the damage was caused as a result of the employee pursuing Authority business;
  - authorise the payment of any ex gratia payments or honoraria to employees up to a maximum of £5,000; and
  - in consultation with the ~~Solicitor~~Monitoring Officer, approve payments of up to £5,000 to complainants who have suffered a direct identifiable loss as a result of the Authority's actions.
- 34.3. The Chief Executive is authorised to agree the payment of any severance or settlement payments to former employees up to a maximum of £5,000.

## 35. Gifts and Hospitality

- 35.1. All members of staff must comply with the guidance on the receipt of gifts and hospitality as set out in the Code of Conduct for Employees (Human Resources Policy Note No. 2).

## 36. Irregularities

- 36.1. All Officers and Members are responsible for giving immediate notification to the ~~Solicitor and~~ Monitoring Officer, Directors or ~~Chief Financial Officer~~Director of Finance where there are grounds to suggest any financial impropriety or irregularity concerning income, expenditure, cash, stores, or other property of the Authority or held by the Authority.
- 36.2. The same applies to any suspected irregularity in the exercise of the functions of the Authority (corruption). Further guidance can be found in the Authority's Counter Fraud, Corruption and Bribery Strategy, and in the Whistleblowing Policy (~~Human Resources Policy Note No. 15~~).

36.3. Where, upon investigation, it is believed that reasonable grounds exist for suspecting that a loss may have occurred as the result of misappropriation or fraud, the matter shall be reported to the Chief Executive, ~~Solicitor and~~ Monitoring Officer (if not already advised) and ~~Chief Financial Officer~~Director of Finance for a decision on whether the circumstances warrant investigation by the police.

36.4. Where, upon investigation, it is believed that a loss has occurred as a result of waste, extravagance or maladministration, or that no loss has occurred, the matter shall be reported to the Chief Executive, ~~Solicitor and~~ Monitoring Officer (if not already advised) and ~~Chief Financial Officer~~Director of Finance for a decision on whether any further action is required.

## 37. Audit Requirements

37.1. The Authority has a statutory responsibility to maintain an effective and adequate system of internal audit. Financial Regulations in this area are therefore important to provide a formal framework for the activities of the internal audit team. There are also statutory requirements in respect of external audit and other inspection agencies.

### Internal Audit

37.2. The Authority is required to maintain an adequate and effective internal audit function in accordance with the Accounts and Audit Regulations 2015 and to comply with all significant aspects of the Public Sector Internal Audit Standards. Overall control of the internal audit function is the responsibility of the Head of Internal Audit, in consultation with the ~~Chief Financial Officer~~Director of Finance, Chief Executive and other officers as appropriate.

37.3. The Head of Internal Audit will provide an annual report and opinion, a summary of internal audit activity and the level of assurance it can give to the ~~Financial Scrutiny and Audit~~Audit and Risk Committee. The ~~Financial Scrutiny and Audit~~Audit and Risk Committee will review the effectiveness of the system of internal audit on an annual basis, in order to support the Annual Governance Statement.

37.4. The primary roles of internal audit are:

- to objectively examine, evaluate and report on the adequacy of the control environment within the Authority; and
- to assist managers in preventing and detecting fraud and abuse.

37.5. The Head of Internal Audit, or his/her authorised representatives may, for the purposes of audit:

- enter, at all reasonable times, any premises or land and have access to all property in the keeping or ownership of the Authority;



- have access at all times to all records, documents and correspondence relating to all financial and other transactions of the Authority or non-official funds operated by staff of the Authority;
- require and must receive any explanations as are necessary;
- require any employee of the Authority to produce cash, stores or any other property of the Authority or that of an unofficial fund under his control;
- remove records, documents or assets required for further investigation.

#### External Audit

- 37.6. External Audit is currently provided by Ernst and Young LLP. ~~under transitional arrangements from the Audit Commission.~~ The Local Audit and Accountability Act makes provision for Authorities to appoint their own local auditor ~~and from 2018/19.~~ The Authority has joined the Public Sector Audit Appointments (PSAA) national scheme. ~~The PSAA who~~ will appoint auditors on behalf of those Authorities opted in. This currently stands at ~~98~~<sup>99</sup>% of Local Authorities ~~and with~~ contracts ~~will be made awarded~~ for a period of 5 years. The outcome of the ~~2023/24 to 2027/28~~<sup>2022/23 to 2026/27</sup> is appointment will be made no later than 31 December 20~~17~~<sup>22</sup>.

#### 38. Contracts for Building Construction or Engineering Works

- 38.1. All contracts must be awarded in accordance with the Authority's Standing Orders Relating to Contracts.
- 38.2. Where contracts provide for payment to be made by instalments, the ~~Chief Financial Officer~~<sup>Director of Finance</sup> shall arrange for the state of account to be recorded in the accounting computer system maintained in the Finance Department.
- 38.3. Payments to contractors on account of contracts shall be made only on a certificate issued by the supervising architect, engineer or consultant or other duly authorised officer as appropriate.
- 38.4. Subject to the provisions of the contract in each case, every extra or variation shall, unless otherwise evidenced to their satisfaction, be authorised in writing by the supervising architect, engineer or consultant, or other duly authorised officer.
- 38.5. Any such extra variation, the estimated additional cost of which exceeds by 10% the approved contract sum, shall be reported to the Broads Authority or appropriate committee as soon as practicable.
- 38.6. The final certificate of completion of any contract shall not be issued until the appropriate officer, private architect, engineer or consultant has produced to the ~~Chief Financial Officer~~<sup>Director of Finance</sup> a detailed statement of account, and all relevant documents if required.

- 38.7. The ~~Chief Financial Officer~~Director of Finance shall, to the extent considered necessary, examine final accounts of contracts and shall be entitled to make all such enquiries and receive such information and explanations as may be required as to the accuracy of the accounts.
- 38.8. Claims from contractors in respect of matters not clearly within the term of any existing contract shall be referred to the ~~Chief Financial Officer~~Director of Finance for consideration of the Authority's legal liability and, where necessary, for financial consideration before a settlement is reached.
- 38.9. In any case, where the total cost of any work carried out under a contract exceeds by more than 10% the approved contract sum, a report of such cost shall, after agreement of the final account, be submitted to the Broads Authority or appropriate committee.

## Systems and Procedures

This area forms much of the routine financial business of the Authority and involves large numbers of transactions and staff. This area will be of interest to many people and it is important that such a major area of activity is clearly regulated and those regulations are supported by thorough detailed standards.

### 39. Purchasing Arrangements

- 39.1. Directors must ensure and be able to demonstrate that the Authority obtains value for money in purchasing activity and that purchasing accords with corporate and service priorities, and that where possible purchasing is sustainable in nature.
- 39.2. Where any goods or a service involves tendering or contracts, these arrangements must conform to the requirements set out at in the Authority's Standing Orders Relating to Contracts.
- 39.3. The most effective and sustainable purchasing arrangements must be used and must always be in compliance with the Authority's Procurement Strategy. For example:
- low cost items (less than £25) may be purchased through an imprest account (Petty Cash); and
  - low value, low volume purchases may be made via a Credit Card
- 39.4. The ~~Chief Financial Officer~~Director of Finance must ensure that e-business / purchasing processes maintain the security and integrity for transacting business electronically and must approve the introduction of such systems.
- 39.5. In accordance with the relevant codes of practice, every officer and member of the Authority who is involved in contractual or purchasing decisions and issuing

payments on behalf of the Authority has a responsibility to formally declare any links or personal interests which they may have with purchasers, suppliers or contractors and in respect of partnership arrangements.

- 39.6. The ~~Chief Financial Officer~~Director of Finance is responsible for ensuring that Related Party Transactions involving the award of contracts following a tender process to members of the Authority or the Navigation Committee are reported to the Authority in advance of any such contract being let. This will be via the regular reporting undertaken to the Authority within the Financial Performance and Direction report or, in cases of urgency, by email, as judged necessary by the ~~Chief Financial Officer~~Director of Finance.

#### 40. Orders for Goods and Services

- 40.1. Directors are responsible for the control and use of all orders and requisitions within their Directorates and for access to the systems that generate them in accordance with the detailed standards below.
- 40.2. Orders should only be raised using the official purchase order numbers and requisition pads as supplied by the Finance Department.
- 40.3. Directors are responsible for:
- The control and use of all purchase orders and requisitions.
  - Ensuring safe custody of unused orders.
  - Ensuring every order is dated and signed by an authorised officer.
  - Ensuring every order clearly specifies the standards, quality and quantity of goods and services required.
  - Ensuring every order states the agreed price or contract terms and times of delivery.
  - Ensuring every order is in compliance with the instructions relating to procurement.
  - An authorised second level signature is required in respect of payment for any order over the value of £5,000.
- 40.4. Directors and budget managers are responsible for ensuring that budget provision exists for all purchases and commitments created.
- 40.5. Yellow copies of purchase orders or requisitions will be forwarded to the Finance Department within two working days of being raised. Full details of the process for completing the forms are available on the Finance Intranet pages.

- 40.6. For orders placed by telephone, email, internet or verbally, the Director is responsible for ensuring systems are in place to ensure the person placing the order has the appropriate authority and that the Authority receives the goods that have been ordered.
- 40.7. A ~~paper~~ purchase order or requisition must still be raised for these transactions.
- 40.8. Orders are required for all purchases except:
- rents;
  - rates and water charges;
  - gas and electricity;
  - telephone charges;
  - goods/services covered by a formal fixed term contract;
  - small items purchased from Petty Cash; and
  - items purchased via a Company Credit Card.
- 40.9. Members of staff are not permitted to purchase goods privately under the Authority's contract arrangements or solicit preferential treatment in a private capacity from the Authority's suppliers.
- 40.10. A copy of each order received by the Finance Department shall be scanned and retained as part of the electronic policy of the Authority.

#### **41. Payment of Accounts**

- 41.1. The officer who issues the order shall be responsible for approving the invoice for payment (first approver). By approving the invoice that officer is certifying that:
- the invoice relates to goods or services that the Authority has received;
  - the goods or services are of the quality and quantity ordered;
  - the invoice does not relate to goods or services that have previously been charged to the Authority;
  - the expenditure is allocated to the correct financial code; and
  - sufficient budget provision exists to meet the value of the invoice.
- 41.2. A second approval will be required for each invoice.
- 41.3. A full list of second approvers and the appropriate authorisation limits is available on the Finance Intranet pages. The second level approval process must always

include the relevant budget holder for the budget to be charged. This may mean that there are multiple second level approvers for some transactions.

- 41.4. The Finance Department will hold the central authorised signatory list along with specimen signatures. Directors must ensure that they notify the ~~Chief Financial Officer~~Director of Finance of any required additions or deletions to this list and in turn the ~~Chief Financial Officer~~Director of Finance must ensure that these changes are approved by the Management Team and that an appropriate record is maintained of this decision.
- 41.5. In exceptional circumstances payment may be required in advance of the supply of goods or services, though this is not best practice. In such situations either a pro-forma, Cheque Request Form or BACS Request Form must be completed, signed by the appropriate budget manager and given to the Finance Department for processing.
- 41.6. The budget manager must take extra care in such transactions and ensure that:
- only reputable suppliers are used;
  - the amounts of such payments are appropriate to be paid in advance and do not present unnecessary risk;
  - all other reasonable steps are taken to protect the Authority from risk and potential loss; and
  - a VAT receipt or invoice is received from the supplier in order to comply with VAT regulations.
- 41.7. Officers must ensure that valid payments are processed in sufficient time to meet payment deadlines and to avoid late payments and avoid potential penalties being incurred. Late payment legislation (Statutory Instrument 2013 No. 395 The Late Payment of Commercial Debts Regulations 2013) requires UK public authorities to pay valid invoices within 30 calendar days of receipt. Where these timescales are not met, the Authority is obliged to automatically pay:
- the outstanding amount;
  - daily interest for every day the payment is late based on an interest rate 8 percentage points above the Bank of England's reference rate; plus
  - a fixed amount, depending on the size of the unpaid debt (up to £999.99: £40; between £1,000.00 and £9,999.99: £70; £10,000 or more: £100).
- 41.8. The use of Direct Debits and Standing Orders as payment methods requires the prior agreement of the ~~Chief Financial Officer~~Director of Finance.

41.9. The Authority's preferred method of payment of accounts, grant-aid and other contributions is via the BACS payment system. Officers should therefore endeavour to obtain the required banking details from third parties in all instances. Forms are available from the Finance Department.

41.10. All cheques shall be ordered only on the authority of the ~~Chief Financial Officer~~Director of Finance, who shall make proper arrangement for their safe custody.

41.11. Cheques on the main bank account require two authorised signatures for amounts above £1,000. Details of who these signatories are can be found within the List of Authorised Signatures located on the intranet.

## 42. Company Credit Cards

42.1. The ~~Chief Financial Officer~~Director of Finance shall ensure that proper arrangements are made for the administration of Company Credit Card(s).

42.2. The ~~Chief Financial Officer~~Director of Finance shall issue cards where circumstances require, once approval has been given by the appropriate Director and the Chief Executive.

42.3. Any ~~orders raised and purchases~~ paid for using a Company Credit Card must be accompanied by a Credit Card Request form. It is the responsibility of the card holder to ensure that the person requesting the payment has completed the Credit Card Request form prior to payment being made.

42.4. All cards must be kept as securely as possible, not be left unattended and must be used by the card holder only. The card holder is responsible for any payments made with cards issued in their name.

42.5. The standard credit limit for any credit card will be set at £3,000 unless otherwise approved by the Chief Executive. The maximum limit for any credit card will be £5,000.

42.6. It is the responsibility of the person requesting payment to be made to ensure that a VAT receipt or invoice is received from the supplier. Failure to do this will mean that the Authority is unable to reclaim the VAT and the budget will be charged for the gross cost of the supply.

## 43. Fuel Cards

43.1. Fuel cards are issued in respect of all vehicles used for Authority purposes and must be stored securely with the vehicle keys when not in use.

43.2. Users should ensure that these cards are kept in a safe location and should report any loss of cards immediately to the ~~Chief Financial Officer~~Director of Finance who will ensure its cancellation.

43.3. Fuel cards should only be used for the purchase of fuel for Authority vehicles.

#### 44. Salaries, Wages and Pensions

44.1. The payroll function of the Authority is performed by Norfolk County Council.

44.2. The HR Department is responsible for ensuring that the payroll provider is provided with such information as is necessary to ensure that accurate payments are made, including details of all starters and leavers and of any relevant amendments to terms and conditions of employment.

44.3. All timesheets must be completed using the iTrent HR software ~~appropriate forms supplied by the HR Department~~ and once completed should be approved by the appropriate line~~budget~~ manager. ~~Those staff authorised to sign timesheets are detailed on the Authorised Signatory List which can be found on the Finance Intranet pages.~~

44.4. The ~~Chief Financial Officer~~Director of Finance must ensure that only currently employed members of staff are paid in the monthly payroll and that any anomalies are first raised with the Head of Human Resources. If these cannot be resolved they should be escalated to the Chief Executive.

#### 45. Staff Travel, Subsistence and Expense Claims

45.1. General travel, subsistence and expense claims should be made using the iTrent software, ~~Expenses Claim Form which a link~~ can be found on the ~~Human Resources~~ Intranet pages.

45.2. Receipts for subsistence and expenses must be obtained and attached ~~to the back of~~electronically to the claim ~~form~~.

45.3. All claim ~~forms~~ must be submitted~~signed~~ by the claimant and authorised by their line manager.

45.4. All claims~~forms~~ must be ~~forwarded to~~received by the Human Resources Department by no later than 5.00pm on 23<sup>rd</sup> day of the month, to ensure payment within the following month's pay.

45.5. Exceptional expense claims for direct payment by the Finance Department may be made using the separate Expenses Claim Form which can be found on the Finance Intranet pages.

45.6. Officers' claims submitted more than six months after expenses were incurred will be paid only with the express approval of the Chief Executive.

## 46. Members Allowances, Travelling, Subsistence and Expense Claims

- 46.1. Payments to members, including co-opted members of the Authority or its committees who are entitled to claim travelling or other allowances, will be made upon receipt of the completed prescribed form.
- 46.2. Claims should be submitted within six months of the expense being incurred.

## 47. Rail Travel and Hotel Accommodation

- 47.1. Rail and Hotel bookings can be made through the Company credit card. All requests must be made on the credit card requisition form and authorised by your line manager. ~~Where possible all rail travel should be booked using the Authority rail account to ensure cost effective ticket purchasing and assist with establishing the Authority's annual rail travel usage.~~
- 47.2. All rail travel bookings should be ~~accompanied by a rail travel request form which should be~~ given to the Finance Department after the booking is complete.
- 47.3. The Authority holds a Premier Inn account which should be used to make accommodation bookings where appropriate. The Premier Inn booking form should be used for these bookings.

## 48. Income

- 48.1. Scales of charges for services and any allowances and any subsequent variations (except where fixed by statute) must be reviewed at regular intervals by the appropriate Director and agreed with the Chief Executive before submission to the Authority for approval.
- 48.2. The Asset Officer (or other appropriate officer nominated by him/her) must maintain a detailed record of operational and non-operational land and buildings in respect of which rent is or may be receivable, together with sufficient details of the terms of tenancy/usage to enable the correct amount of rents to be recovered.
- 48.3. The Chief Executive is authorised to write off any sum not exceeding £5,000 due to the Authority if he/she is satisfied that all reasonable recovery action has been taken to recover the sum due. The ~~Chief Financial Officer~~ Director of Finance is authorised to write off, in consultation with the Chief Executive, any sum not exceeding £25,000 due to the Authority if he/she is satisfied that all reasonable recovery action has been taken to recover the sum due. The prior approval of the Authority must be obtained to write off any sum in excess of £25,000.
- 48.4. The ~~Chief Financial Officer~~ Director of Finance must be consulted by Directors on any proposal to acquire any cash till or accounting equipment.
- 48.5. Section 25.2 provides details of the limit on cash transactions accepted by the Authority. Accounts should be settled by cheque (only from UK clearing banks) card



or bank transfer in order to help traceability should a suspicion of money laundering be raised.

#### 49. Invoicing Arrangements (Charging for Goods/Services)

- 49.1. The raising of all invoices to outside organisations (referred to as customers) must only be performed by the Finance Department who have a full understanding of the VAT situation for each charge to be made.
- 49.2. Any officer wishing to raise an invoice must do so by completing an Invoice Requisition Form and then passing this to the Finance Department. The Finance Department has procedures that it should follow to ensure that all debts are paid. This consists of 'reminder' and 'warnings of legal action' letters.
- 49.3. For items where the Authority is required to make payment on a customer's behalf advance payment is required in to cover the cost of the purchase. This typically covers items such as memorial benches and external accreditation.

#### 50. Banking Arrangements

- 50.1. The ~~Chief Financial Officer~~Director of Finance is authorised to make arrangements regarding the Authority's bank accounts. All such bank accounts will be in the name of the Broads Authority.
- 50.2. The ~~Chief Financial Officer~~Senior Accountant will ensure that monthly bank reconciliations are carried out in a timely manner for all of the Authority's bank accounts.
- 50.3. Unless otherwise agreed by the Authority, officers authorised to collect Authority money must issue official receipts promptly and pay over all sums received to the ~~Chief Financial Officer~~Director of Finance or by arrangement (for example in respect of the collection of Tolls income), to the Authority's bankers. All reasonable steps should be taken for the storage of cash, and should conform to the requirements imposed by the Authority's insurers.
- 50.4. Each officer who receives money on behalf of the Authority must keep an accurate and chronological account of all receipts and deposits.
- 50.5. Every transfer of Authority monies from one member of staff to another must be evidenced in the records of the Authority by the signature of the receiving officer.
- 50.6. Receipts must only be issued on officially authorised receipt books, tickets and other documents of a similar nature which have been ordered and issued by, or under the direction of, the ~~Chief Financial Officer~~Director of Finance. A record must be maintained of every issue of such documents.
- 50.7. Any cheques or cash received at the Authority's Head Office must be logged into the cheque log as the post is opened. Once the Finance Department has received the

cheques or cash they must initial the log to confirm that they have taken receipt of the cheques or cash.

50.8. The Finance Department must ensure that they accurately record the details of any payments they receive and that they correctly establish whether the payment relates to a previously raised invoice.

50.9. Money received or held on behalf of the Authority must be banked in full and not be used to cash personal or any other cheques whatsoever.

## 51. Controlled Stationery

51.1. The ~~Chief Financial Officer~~Director of Finance will be responsible for the order and issue of controlled financial stationery, these being:

- Cheques;
- Purchase Orders;
- Requisitions;
- Receipt Pads; and
- Boat Trip and Yacht Station Tickets.

A record of all new stock received and issues made (and to whom) will be made by the ~~Chief Financial Officer~~Director of Finance.

## 52. Petty Cash Systems

52.1. The ~~Chief Financial Officer~~Director of Finance will issue petty cash floats for the purpose of reimbursing expenses.

52.2. No income received should be paid into a petty cash system. Such income should be banked into the Authority bank account using paying in books issued by the Finance Department, or by being passed to Finance for banking.

52.3. Reimbursement of expenses should be limited to expenditure under £25 unless otherwise authorised by the relevant Budget Holder and the ~~Chief Financial Officer~~Director of Finance. Receipts must be reclaimed within 6 months of the date of the expense.

52.4. Officers responsible for petty cash systems must ensure that cash and receipts total the original floats issued at all times.

52.5. Such petty cash systems should be made available for inspection by the ~~Chief Financial Officer~~Director of Finance as requested.

Effective from ~~March 2018~~

# Audit and Risk Committee

29 November 2022

Agenda item number 12

## Corporate Partnerships Register- update

Report by Senior Governance Officer

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### Summary

The Broads Authority maintains a register of its key partnerships with external organisations. The latest Corporate Partnerships Register is attached (Appendix 1). It will be presented to the full Authority on 2 December 2022.

### Recommendation

To note the updated Corporate Partnerships Register (November 2022).

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## 1. Corporate partnerships

- 1.1. The Broads Authority works in partnership with a wide range of organisations to meet its statutory purposes and deliver the [strategic objectives](#) for the Broads.
- 1.2. These partnerships add value to the Authority's work by helping us to:
  - coordinate and increase project delivery, access new resources, achieve economies of scale and reduce waste and duplication;
  - tackle complex, cross-sector and Broads-wide issues and share risks;
  - build understanding and relationships between different organisations and sectors, and with our stakeholders and local communities;
  - develop new ideas and ways of working; and
  - hold greater influence together than as individual partners.
- 1.3. A 'partnership' refers to an arrangement involving the Authority and one or more external organisations, from any sector, who share responsibility for agreeing and implementing actions to meet common goals. Within each partnership, partners agree a formal structure or identifiable working process, contribute to objectives, share any risk in proportion to the benefits each receives, and share information.
- 1.4. In this context, a partnership does not include a traditional contractual arrangement where the delivery of a service or project has been awarded to a contractor, or to groups of elected members or officers from local authorities and others who come together to discuss strategy or policy. It also excludes ongoing day-to-day contact with statutory agencies whose responsibilities impact on or link closely to our work,

such as Natural England or the Environment Agency. That said, there are occasions when the relationship with such bodies may constitute a partnership arrangement.

## **2. Partnerships protocol**

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

## **3. Corporate Partnerships Register**

- 3.1. The Register gives details for each partnership including purpose, partners and lead Authority officer, perceived benefits, duration, financial arrangements and tasks. Associated risks and mitigation measures are noted in our Corporate Risk Register or operational level Directorate Risk Registers.
- 3.2. The Management Team reviews the Register on a regular basis, and may also commission an evaluation of the internal management and governance arrangements in place for any partnership.
- 3.3. An audit of partnership working was carried out in October 2022 and further information on this can be found in the "Implementation of Internal Audit recommendations – summary of progress" report, also to be discussed at this meeting.
- 3.4. Having reviewed the Register in autumn 2022, the Management Team considers that all partnerships are meeting their original aims and objectives, internal management and governance arrangements are adequate and appropriate, and the partnerships represent value for money.

- 3.5. The Nature for Climate Peatland Grant Scheme NCPGS: Discovery Grant scheme is a new addition to the register, and five schemes have been removed as identified in the register.
- 3.6. The updated Register is at Appendix 1 to this report. It will be presented to the full Authority on 2 December, together with any comments from the Audit and Risk Committee.

Author: Sara Utting

Date of report: 3 November 2022

[Broads Plan](#) objectives: All

Appendix 1 – Corporate Partnerships Register (November 2022)

## Appendix 1

### Corporate Partnerships Register

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

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

**Table 1**

Corporate Partnerships Register (reported to ARC ~~21/9/21~~29/11/22 and BA ~~19/11/21~~02/12/22)

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

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
<b>Partners:</b> BA, RSPB, Butterfly Conservation, Norfolk Wildlife Trust <b>BA lead officer:</b> Environment Policy Advisor			BA cash financial contribution is zero.	
<b>ASSOCIATION OF INLAND NAVIGATION AUTHORITIES (AINA)</b> <b>Purpose:</b> Represents the collective views of navigation authorities to Government, regulators, other policy makers, funders and stakeholders. Provides information, advice and good practice for managing, operating and developing inland waterways for navigation and wider use. <b>Partners:</b> 18 partners including the Canal & River Trust, Environment Agency, BA and National Park Authorities, local government authorities, private canal companies, internal drainage boards, public and charitable trusts. <b>BA lead officer:</b> Director of Operations	Gives collective voice greater than sum of constituent members, such as access to senior DEFRA officials and chance to influence policy and regulations.	Ongoing	BA contribution £3,400 in 2020/21	Represent issues for Broads navigation
<b>BROADLAND CATCHMENT PARTNERSHIP</b> <b>Purpose:</b> Steers a catchment approach to source funding, agree targets and deliver practical projects in collaboration. It is an informally constituted partnership. <b>Partners:</b> BA, Norfolk Rivers Trust, Environment Agency, Natural England, Water Management	Supports catchment-wide project planning and delivery. Partner activities can be co-ordinated to achieve greater impact with collective ability to	Ongoing	BA contribution approximately £21.7k p.a. in officer time	Coordinate partnership

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
<p>Alliance, Anglian Water, Essex &amp; Suffolk Water, NFU, RSPB, Country Land &amp; Business Association, Norfolk Farming &amp; Wildlife Advisory Group</p> <p><b>BA lead officer:</b> Catchment and Farming Officer</p>	meet catchment water management challenges.			
<p><b>BROADLAND FUTURES INITIATIVE</b></p> <p><b>Purpose:</b> To develop the future management of flood risk in the Broads area.</p> <p><b>Partners:</b> BA, Environment Agency, Natural England, NFU, RSPB, Norfolk County Council, Suffolk County Council, Water Management Alliance, Coastal Partnership East</p> <p><b>BA lead officer:</b> Director of Strategic Services</p> <p><b>BA members:</b> Matthew Bradbury (Matthew Shardlow as reserve) on Elected Members' Forum</p>	Coordination of partner activities to achieve greater impact, with collective ability to meet flood risk management challenges.	Ongoing	Small financial contribution each year to facilitate meetings.	Chair partnership meetings, provide comms support, review technical information and provide data and guidance.
<p><b>BROADS BEAT</b></p> <p><b>Purpose:</b> Dedicated Police presence for the Broads alongside BA patrols to ensure safety and security on the Broads.</p> <p><b>Partners:</b> Norfolk Constabulary (lead partner), BA, Environment Agency</p> <p><b>BA lead officer:</b> Head of Ranger Services</p>	Operational benefits to BA Rangers through practical day-to-day liaison with local Police.	Ongoing	Primarily financed by Norfolk Constabulary. Additional funding discretionary for all other sponsors. BA contribution £2,500 p.a. (2019/2020/2021) plus officer time to	Provide Ranger assistance to Broads Beat patrols.



Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
			assist Broads Beat patrols. <del>(*not charged 2020/21)</del>	
<b>BROADS BIODIVERSITY PARTNERSHIP</b> <b>Purpose:</b> To steer biodiversity delivery to source funding, agree targets and deliver practical projects in collaboration. It is an informally constituted partnership. <b>Partners:</b> BA, Norfolk Rivers Trust, Environment Agency, Natural England, Water Management Alliance, Anglian Water, Essex & Suffolk Water, RSPB, Norfolk Farming & Wildlife Advisory Group, Norfolk Coast AONB, Norfolk Wildlife Trust, Suffolk Wildlife Trust, Butterfly Conservation, Dragonfly Society, Norfolk Flora Group <b>BA lead officer:</b> Environment Policy Adviser	Supports nature recovery project planning and delivery. Partner activities can be co-ordinated to achieve greater impact, with collective ability to meet nature recovery challenges. Joint ownership and updating of Broads Biodiversity and Water Strategy and Action Plan.	Ongoing	Small financial contribution each year to facilitate meetings. Officer time (chairing meeting, updating BBW Strategy and Action Plan)	Review annual action plan.  Hold partnership meetings every 3-4 months.
<b>BROADS LANDSCAPE PARTNERSHIP</b> <b>Purpose:</b> To deliver the Water, Mills and Marshes Landscape Partnership Scheme. <b>Partners:</b> BA, Broads Society, Broads Tourism, City College Norwich, Easton and Otley College, Farm Conservation Limited, Great Yarmouth Preservation Trust, New Anglia LEP, Natural	In return for proportionately small BA contribution, the area receives significant funding to make a real impact. The multi-partner, multi-project programme benefits local	To 31 Dec <del>2022</del> 2023	Total budget of £2.6m funded by National Heritage Lottery Fund, with additional income of £525k to be	Administer partnership through Project Manager.

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

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
<p><b>Partners:</b> BA (lead partner), VHL University of Applied Sciences (NL), Waterschap Hunze En Aas (NL), Naturstyrelsen (DK), Natuarpunt Beheer VZW (BE), Landkries Diepholz (DE)</p> <p><b>BA lead officer:</b> Director of Strategic Services</p>	<p>change and preserving the environment.</p> <p>Funding makes significant difference to BA's ability to sustain the natural environment, ecosystems and landscape in the Hickling Broad area.</p>	formally endorsed as part of project modification)	In 2020/21 project funded from existing CANAPE reserve with no additional contribution. Officer time and equipment provided as required match funding.	
<p><b>ELECTRIFYING THE BROADS</b></p> <p><del><b>Purpose:</b> To carry out a feasibility study into the infrastructure requirements for fully electric hire cruisers to operate on the Broad.</del></p> <p><del><b>Partners:</b> BA, Ren Energy Ltd, Norfolk Broad Direct Ltd, Net Zero East, Hethal Innovation</del></p> <p><del><b>BA lead officer:</b> John Packman</del></p>	<p><del>Bringing expertise and stakeholders together to develop solutions to facilitate greener boating.</del></p>	<p><del>To 31 March 2022. May bid for extra funding if feasibility study shows potential for prototyping and roll out.</del></p>	<p><del>Project funded by Department for Transport through UK Research &amp; Innovation (UKRI). BA match funding is in staff time.</del></p>	<p><del>Carry out mapping, provide policy context and planning information.</del></p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
<p><b>EXPERIENCE</b></p> <p><b>Purpose:</b> EU Interreg project to develop and promote ‘experiential tourism’ to extend the visitor season and attract new visitors.</p> <p><b>Partners:</b> Norfolk County Council (lead partner), 14 partners in France and UK (Norfolk, Kent, Cornwall, Pas-de-Calais, Compiègne, Brittany)</p> <p><b>BA lead officer:</b> Head of Communications</p>	Develops English National Park Experience Collection projects locally, supported by local accommodation providers. Immersive experiences tell the story of our unique landscapes, the people who live there and their history and culture.	Bid successful in July 2019, cooperation agreement with NCC signed in Sept 2020. Project to run to March 2023.	Overall value is €23.3m. BA budget is £254k over life of project, with £167k from EU.	<p>Hold quarterly steering group meetings.</p> <p>Oversee and manage three projects: Broads Experiences, Broads National Park display at Norwich Forum and Broads National Park signage.</p>
<p><b>FARMING IN PROTECTED LANDSCAPES</b></p> <p><b>Purpose:</b> The programme, developed by Defra, and delivered locally through the Broads Authority and Norfolk Coast AONB, supports farmers and land managers in carrying out projects that support the natural environment, mitigate the impacts of climate change, provide public access opportunities or support nature-friendly, sustainable farm businesses.</p> <p><b>Partners:</b> Norfolk Coast AONB.</p> <p>The Local Assessment Panel includes representatives of the farming and land-owning community, environmental NGOs, the Broads Authority, the Norfolk Coast Partnership and Natural England.</p>	The funding will pay for projects, on one landholding or across a number of holdings, which provide direct benefits to the Broads.	<p><u>Until April 2024.</u></p> <p>Applications for the <u>first second</u> year of funding should be made between <u>1 November 1 July 2021</u> and 31 January 2023<u>2</u> (year <u>21</u>). <u>The funding has</u></p>	<p>Overall value for 2022<u>1</u>/23<u>2</u> allocation is <u>£194,848 £280,661</u> for the Broads. Land Management Board will act as FiPL grant decision making board with specific Terms of Reference</p>	<p>Comply with the National Framework.</p> <p>Hold regular Local Assessment Panels. Report monthly to DEFRA.</p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
<b>BA lead officer:</b> Catchment and Farming Officer		<del>not yet been guaranteed by DEFRA for year 2 and year 3.</del> <u>Funding for year three is £193,991</u>		
<p><b>GENERATION GREEN PROJECT</b></p> <p><b>Purpose:</b> DEFRA GRCF project to reconnect young people with the natural environment and protected landscapes. The BA will deliver hands on engagement, volunteering and training opportunities to local schools, youth groups and visiting residential groups to raise involvement with and awareness of the Broads.</p> <p><b>Partners:</b> Access Unlimited Coalition comprising YHA, FSC, Outward Bound Trust, Scouts, Girlguiding, English NPA.</p> <p><b>BA lead officer:</b> Education Officer</p>	<p>Supports 25-year Environment Plan to sustain and build capacity in the sector.</p> <p>First step in Government support for Landscapes Review recommendation that every child should spend a night under the stars in a National Landscape.</p>	March 2020 to 31 March 2022	Overall budget is £2.5m; BA budget is £50,716	ENP Project Officer to hold monthly meetings with Access Unlimited Coalition partners; BA to feed back to ENP Generation Green Project manager on monthly basis.

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
<b>NATIONAL PARKS ENGLAND</b> <b>Purpose:</b> Association of the authorities that look after the 10 National Parks in England. <b>Partners:</b> English National Park Authorities and BA <b>BA lead officer:</b> Chief Executive sits on NPE Chief Executive's Group. <b>BA members:</b> BA Chair sits on NPE Chairs' Group	Provides a collective voice for English National Parks to coordinate interaction with the Government, develop policy positions and work with other agencies. Raises the national and international profile of the National Parks family.	Ongoing	BA contribution is £21,300 in 2021/22	None
<b>NATIONAL PARKS PARTNERSHIP</b> <b>Purpose:</b> Limited Liability Partnership (LLP) set up to pursue engagement of the UK National Parks family with the corporate sector. <b>Partners:</b> UK National Park Authorities and BA <b>BA lead officer:</b> Chief Executive	Brings in additional funding, corporate support and a raised profile to the Broads as a member of the National Parks family.	Ongoing	BA contribution is £ <del>810,500</del> in 202 <del>21</del> / <del>22</del> <sup>23</sup>	None

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
<b>NATIONAL PARKS UK COMMUNICATIONS TEAM</b> <b>Purpose:</b> National promotion and branding of UK National Parks and BA <b>Partners:</b> UK National Park Authorities, National Park Partnerships and BA <b>BA lead officer:</b> Head of Communications	Raises the profile of National Parks with the public through a jointly funded Communications Team, based with the Broads Authority.	Until 2022/23	Funding from 15 UK National Parks and from National Parks Partnerships. BA contribution in 2021/22 is £6,073,900. This replaces NPUK subscription; BA also employs two officers as benefit in kind.	Keep Chairs and Chief Executives informed of progress; host and line manage team; lead on strategic planning for team activity through Heads of Comms Steering Group.
<b>NORFOLK AND SUFFOLK BROADS CHARITABLE TRUST</b> ('The Broads Trust') <b>Purpose:</b> Fundraising charity to stimulate and support sustainable and high qualities projects in the Broads with clear public and community benefits. <b>Partners:</b> Trustees <b>BA lead officer:</b> Director of Strategic Services <b>BA members:</b> <u>Nigel Brennan</u> , Paul Hayden, <del>Simon Roberts</del>	The Trust manages the 'Love the Broads' visitor giving scheme and promotes sustainable improvements to benefit the Broads.	Ongoing	Fundraising charity; in kind support from BA officers	Provide officer support, particularly in respect of bidding for external funding.
<b>RIVER WENSUM STRATEGY PARTNERSHIP</b>	Coordinated management of River Wensum. Opens up opportunities for	Strategy adopted by BA in July	Project delivery underway; further funding needed for	Support delivery of action plan.

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



Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
<p><del>Partners: Norfolk County Council, Norwich City Council, Local Enterprise Council, Network Rail and Greater Anglia (Abelio)</del></p> <p><del>BA lead officer: Director of Operations</del></p>	<p><del>swing bridges in the Broads.</del></p>			
<p><b>WATER RESOURCES EAST</b></p> <p><b>Purpose:</b> To safeguard a sustainable supply of water for the East of England, resilient to future challenges and enabling the area's communities, environment and economy to reach their full potential.</p> <p><b>Partners:</b> Anglian Water, Essex &amp; Suffolk Water, Cambridge Water Company, Severn Trent Water, Affinity Water, County Councils, NFU, BA. Other organisations may join in.</p> <p><b>BA lead officer:</b> Director of Strategic Services</p>	<p>WRE's mission is "To work in partnership to safeguard a sustainable supply of water for the East of England, resilient to future challenges and enabling the area's communities, environment and economy to reach their full potential." It is a Company Limited by Guarantee pioneering a collaborative approach to water resources planning.</p>	<p>BA joined WRE Board in Sept 2019; WRE in place to production of Regional Plan in Sept 2023.</p>	<p>BA contribution is <del>£7,15,000</del> for 2020/21 <u>£13</u></p>	<p>Take part in WRE board meetings and workshops.</p>
<p><b>BROADS PEAT</b></p> <p><u>Nature For Climate Peatland Grant Scheme - Discovery</u></p> <p><u>Purpose: To build capacity and capability in the Broads helping landowners and managers overcome barriers to peatland restoration,</u></p>	<p><u>Project is funded by Defra as a priority within the Environment Plan with strong links to Net Zero and Peatland Action Plan.</u></p> <p><u>Funding makes significant difference to BA's ability</u></p>		<p><u>Grant Funding of £785,668 from administered by Natural England and from Defra, BA Match Funding of £10,000 or (1.26%)</u></p>	<p><u>Comply with the conditions of the grant. Employ Project Officers. Coordinate the partnership,</u></p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
<u>provide vital baseline environmental information and develop a carbon finance</u>  <b>Partners:</b> BA (lead), Palladium, Environment Agency, Natural England, Water Management Alliance, RSPB, Norfolk Farming & Wildlife Advisory Group, Norfolk Wildlife Trust, Suffolk Wildlife Trust, National Trust, 15 landowners.  <b>BA lead officer:</b> Director of Strategic Services	<u>to work with farmers and land managers to unlock the multiple barriers with our partners around land and water management.</u>			<u>reporting and multiple contracts.</u>

## Recently ended partnerships

Details of partnership agreement	Benefits to the BA	Details of partnership closure
<b><u>ANT BROADS AND MARSHES SSSI RESTORATION PROJECT</u></b>  <b>Purpose:</b> <u>To monitor and model water and restore fen to enhance habitat quality across Sutton Fen (RSPB), Catfield Fen (Butterfly Conservation), the How Hill National Nature Reserve (Broads Authority) and Barton Broad National Nature Reserve (NWT).</u>  <b>Partners:</b> <u>BA, RSPB, Butterfly Conservation, Norfolk Wildlife Trust</u>  <b>BA lead officer:</b> <u>Environment Policy Advisor</u>	<u>Critical work to prevent loss of more than 5,000 fen orchid plants and continued loss of fen habitat that supports most of UK conservation priority species associated with this habitat, including fen orchid and swallowtail butterfly.</u>	<u>Final claim submitted March 2022.</u>

Details of partnership agreement	Benefits to the BA	Details of partnership closure
<p><b><u>ELECTRIFYING THE BROADS</u></b></p> <p><b><u>Purpose:</u></b> To carry out a feasibility study into the infrastructure requirements for fully electric hire cruisers to operate on the Broads.</p> <p><b><u>Partners:</u></b> BA, Ren Energy Ltd, Norfolk Broads Direct Ltd, Net-Zero East, Hethal Innovation</p> <p><b><u>BA lead officer:</u></b> John Packman</p>	<p><b><u>Bringing expertise and stakeholders together to develop solutions to facilitate greener boating.</u></b></p>	<p><b><u>To 31 March 2022. May bid for extra funding if feasibility study shows potential for prototyping and roll out.</u></b></p>
<p><b><u>GENERATION GREEN PROJECT</u></b></p> <p><b><u>Purpose:</u></b> DEFRA GRCF project to reconnect young people with the natural environment and protected landscapes. The BA will deliver hands on engagement, volunteering and training opportunities to local schools, youth groups and visiting residential groups to raise involvement with and awareness of the Broads.</p> <p><b><u>Partners:</u></b> Access Unlimited Coalition comprising YHA, FSC, Outward Bound Trust, Scouts, Girlguiding, English NPA.</p> <p><b><u>BA lead officer:</u></b> Education Officer</p>	<p><b><u>Supports 25-year Environment Plan to sustain and build capacity in the sector.</u></b></p> <p><b><u>First step in Government support for Landscapes Review recommendation that every child should spend a night under the stars in a National Landscape.</u></b></p>	<p><b><u>Final claim submitted June 2022</u></b></p>
<p><b><u>NATIONAL PARKS ENGLAND</u></b></p> <p><b><u>Purpose:</u></b> Association of the authorities that look after the 10 National Parks in England.</p> <p><b><u>Partners:</u></b> English National Park Authorities and BA</p>	<p><b><u>Provides a collective voice for English National Parks to coordinate interaction with the Government, develop policy positions and work with other agencies.</u></b></p>	<p><b><u>Membership terminated for 2022/23</u></b></p>

Details of partnership agreement	Benefits to the BA	Details of partnership closure
<p><u>BA lead officer:</u> Chief Executive sits on NPE Chief Executive's Group.</p> <p><u>BA members:</u> BA Chair sits on NPE Chairs' Group</p>	<p><u>Raises the national and international profile of the National Parks family.</u></p>	
<p><b><u>TROWSE RAIL BRIDGE WORKING GROUP</u></b></p> <p><b><u>Purpose:</u></b> To promote the need for investment in and improvements to this low level rail bridge spanning the River Wensum. Investment will have to consider the demands of navigation, rail transport and the development of east Norwich.</p> <p><b><u>Partners:</u></b> Norfolk County Council, Norwich City Council, Local Enterprise Council, Network Rail and Greater Anglia (Abelio)</p> <p><b><u>BA lead officer:</u></b> Director of Operations</p>	<p><u>Forum for BA to promote navigational needs within Norwich city boundary, and to contribute to strategic planning for future development in east Norwich and in other swing bridges in the Broads.</u></p>	

Register updated: (ARC ~~21/9/21~~29/11/22) November ~~2021~~2022

Next update due: November ~~2022~~2023

Contact officer: ~~Head of Governance~~Senior Governance Officer

# Audit and Risk Committee

29 November 2022

Agenda item number 13

## Corporate Risk Register- review

Report by Senior Governance Officer

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### Summary

The Broads Authority's Risk Register is presented for the Committee's information.

### Recommendation

To note the updated Corporate Risk Register (appendix 1).

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## 1. Background

- 1.1. The Audit and Risk Committee's responsibilities for risk are set out in its [Terms of Reference](#).
- 1.2. The Corporate Risk Register (CRR) 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 (DRR) which are managed by each Director and identify risk that could threaten day to day operational activities. Where a new risk identified within a directorate has a revised risk score above 16 (high risk) it is automatically referred to the CRR for monitoring by Management Team and this committee. 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 CRR but retained on the DRR.
- 1.3. As requested at the meeting on 21 September 2021, the Corporate Risk Register is presented at every Audit and Risk Committee meeting.
- 1.4. The Management Team has overall responsibility for the risk registers and policy and risk owners are responsible for reviewing and updating their individual risk. Every risk is reviewed regularly or when there is a significant change in circumstances.

## 2. Review of risk registers

- 2.1. The CRR was reviewed by Management Team in October 2022, following a review of the DRRs, and the updated register is at Appendix 1.
- 2.2. There have been no changes to the risk scores or additional risks added, since the register was last reviewed.

### 3. Risk Management Policy

- 3.1. The Authority also has a Risk Management Policy, which sets out the rules and standards for managing strategic and operational risk and guides staff in assessing, monitoring and managing risk. This policy was last reviewed in February 2022 and adopted at the March full Authority meeting.

Author: Sara Utting

Date of report: 15 November 2022

Appendix 1 – Corporate Risk Register (November 2022)

## Broads Authority Corporate Risk Register (update ~~July~~ November 2022)

Risk no. & SP*	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 SP-All	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	<p>Resilience plan in place for handover period when key staff leave Authority or are unavailable for significant periods.</p> <p>HR policies and procedures in place to monitor absence and to support staff retention.</p> <p>Electronic data storage under review to allow access to any officer's files.</p> <p>Business Continuity Plan in place with systems back up. Plan reviewed annually (or following significant incident).</p> <p>Remote server enables office-based staff to work from home if required (e.g. period of quarantine).</p>	3	3	Medium risk 9	<p>Implement MS Teams to share data across Authority more effectively.</p> <p>Implement hybrid working to increase flexible working options.</p> <p>Business Continuity Plan is reviewed annually.</p>	Chief Executive
2 SP-All	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	4	4	High risk 16	<p>Code of Conduct for Members in place containing Nolan Principles of Conduct, and training given to all Members.</p> <p>Code of Practice for Members of the Planning Committee and officers (Sept 21) Code of Conduct for Officers included with HR policies.</p> <p>Director <a href="#">and Senior Governance Officer</a> trained in Data Protection and GDPR; staff have specific data protection training, refreshed annually.</p> <p>Protocol on Member and Officer Relations in place (updated 2021).</p> <p><a href="#">Scheme of Powers Delegated to CEO and other authorised officers (updated July 2022)</a></p> <p>Proactive communication policies relating to local and social media in place.</p> <p>Monitoring Officer and Deputy Monitoring Officer in place (service agreement with East Suffolk Council), with specialisms in Local Authority governance.</p>	4	4	High risk 16	<p>Complete review and update of constitutional documents (incl. Code of Conduct Complaints Process) and supporting guidance after independent investigation is complete</p> <p>Possible actions following a review into the handling of the Haddiscoe planning applications</p>	Chief Executive

Risk no. & SP*	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
3 SP3	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, moorings, Mutford Lock, rail bridges, Port of Norwich).	19/8/2019	3	4	Medium risk 12	<p>Asset Management Strategy in place.</p> <p>Integrated Access Strategy and Moorings Strategy in place (updated 2019).</p> <p>Rail bridges: Legal undertaking in place with Network Rail regarding bridge maintenance and operations. BA in Working Group with Norfolk County Council, New Anglia and Network Rail.</p> <p>Insurance in place for equipment and buildings over £250 - cover includes business interruption for Yare House and Dockyard.</p> <p>Landowner negotiations processes in place.</p> <p>Programmed inspection regime in place and regular maintenance carried out.</p>	3	2	Medium risk 6	<p>Regular review of contributions to reserves to ensure they remain appropriate for future purchases and repairs.</p> <p><a href="#">Review of delegated powers to ensure limits remain appropriate and potential acquisitions can be acted upon swiftly.</a></p> <p>Property consultants to review repair and maintenance liability every 10 years, next scheduled for 2026/27.</p>	Director of Operations
4 SP-All	Finance	Reduction in income and increase in costs	<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"> <li>Awaiting NPG funding confirmation from Defra</li> <li>Loss of toll income due to changes to/ impacts</li> </ul>	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>	2	3	Medium risk 6	<p>Model expenditure options depending on proposed grant settlement and toll increases (Sept 2022).</p> <p>Review impact of Covid-19 restrictions on boat numbers and levels of</p>	Director of Finance



Risk no. & SP*	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
			on local tourism industry)  Loss of money as a result of fraud incident against the BA, including cybercrime					Significant blocks of work delivered through external funds won by Authority.  Training in cybercrime given to all staff.				Authority reserves (monthly and in advance of tolls setting process).  Model inflation pressures on budget to prioritise key areas for expenditure.  Review minimum reserve levels in summer 2022 to mitigate any future pandemic impacts.  <a href="#">Decision on level of tolls for 23/24 to be made in January 2023 so a more accurate position on boat numbers can be determined.</a>	
5 SP-All	People, performance	Large-scale public health crisis	Significant public health crisis (e.g. pandemic), where Government imposed measures affect the continuity of the BA's operational services and prevent visitors accessing the Broads for prolonged periods.  (also see risk no.4)	02/07/2020	5	5	High Risk 25	Strict adherence to Government guidance and mitigation measures in place for staff, volunteers and members.  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.	5	4	High Risk 20	Review opening of head office at Yare House and staff working patterns as COVID situation evolves.	Chief Executive

Risk no. & SP*	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
								<p>Broads Authority convened to establish emergency powers and delegated powers needed to run the Authority.</p> <p>Communication links in place with relevant Government departments to assess measures, clarify advice and safeguard funding.</p> <p>Key services, budgets and reserves reviewed to safeguard delivery of Broads Plan priorities and externally funded projects.</p>					
6 SP2-7	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	<p>Provision of external legal services and Monitoring Officer (MO) in place.</p> <p>Constitutional documents in place and regularly reviewed.</p> <p>Strategic plans (incl. Broads Plan) and Broads Local Plan subject to review and to Sustainability Appraisal/SEA and Habitats Regulations Assessment.</p> <p>Detailed environmental practices in place, including Environmental Standard Operating Procedures.</p> <p>Collaborative working in place with key stakeholders to understand and address issues and risks.</p> <p>Officer level project boards in place with Wildlife Trusts, Natural England and Environment Agency to monitor progress and ensure compliance with statutory regulations.</p> <p>Scientific research and monitoring ongoing to assess impacts, and mitigation measures developed if potential harm identified.</p>	2	2	Low risk 4	<p>Monitor external legal and MO services on a quarterly basis.</p> <p><del>Launch consultation of the Draft Broads Plan (BA May 2022).</del></p> <p>Continue review of Broads Local Plan.</p>	Chief Executive
7 SP3	People	Safety-related incidents (operational works) resulting in	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	<p>Health and safety policies in place and reviewed regularly by H&amp;S Committee and risk owners.</p> <p>H&amp;S Committee monitors and reviews incident reports; risk assessments reviewed and updated regularly.</p>	2	5	Medium risk 10	<p>Monitor changes in H&amp;S legislation.</p> <p>Monitor industry best practice and implement</p>	Director of Operations

Risk no. & SP*	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
		death or serious injury						<p>All staff and volunteers trained in key H&amp;S issues; regular tool box talks given before carrying out tasks.</p> <p>Safety observations ONS system in place to catch near misses and learn from incidents. All accidents investigated; regular audits used to check control measures.</p> <p>Insurance in place for legal expenses.</p> <p>Quarterly reports on H&amp;S monitoring assessed by Management Team.</p> <p>Safety system externally audited to ensure fit for purpose and compliance.</p>				<p>changes where required.</p> <p>Review Codes of Practice to maintain operational suitability and safety (end 2022).</p> <p>Carry out internal review of key H&amp;S legislation to ensure Authority processes are appropriate (end 2022).</p> <p>Internal Audit on Health and Safety scheduled for 2022.</p>	
8 SP3	Reputation	Safety-related incidents (boating) resulting in death or serious injury	Failure to exercise powers as a navigation authority and licencing authority, resulting in death and injury to boat hirers due to poor performance by hire boat operators.	18/06/2021	5	5	High risk 25	<p>Safety videos provided to boat hirers in advance of holiday.</p> <p>Ranger services in place (additional Rangers recruited in 2021) providing advice to waterways users.</p> <p>Survey of HBO handover procedures carried out to assess efficacy.</p> <p>Broadcaster, pre-visit training videos and other safety information provided to boat hirers.</p> <p>Hire Boat licensing and audit of licensees in place.</p> <p>Boat Safety Scheme and inspections in place.</p> <p>Compulsory 3<sup>rd</sup> party insurance in place for boats.</p> <p>Implement the new Hire Boat Code</p>	4	5	High Risk 20	<p>Review and response to findings of MAIB investigation into incident at Great Yarmouth completed.</p>	Director of Operations
9 SP5-7	Reputation, performance	Disruption to key project partnerships	Failure to deliver Defra and other funded schemes and partnership	19/8/2019	4	4	High risk 16	<p>Contractual arrangements in place for key partnerships (see Partnerships Register).</p>	3	4	Medium risk 12	<p>Review Partnerships</p>	Chief Executive

Risk no. & SP*	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
			projects on time, with available resources and within budget, leading to potential financial issues, legal issues, lack of service delivery or adverse publicity.					Projects risk registers maintained for CANAPE and Water, Mills & Marshes and Nature for Climate Peatland Grant Scheme (NPCGS) 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.				Register (Nov 2022).  Implement medium term funding model for UK National Park Comms Team from 1 April 2022.	
10 SP-All	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.  ICT security protocols reviewed in light of staff working from home to ensure compliance.	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 to all staff (by end 2022).	Director of Operations

Prepared by: Management Team, Senior Governance Officer

Date updated: ~~July~~ November 2022

Next update due: ~~November 2022~~ March 2023

\*Key to strategic priorities:

1. Response to the Government's proposals on the Landscapes Review
2. Broads strategy and policy review (Broads Plan and Local Plan)
3. Safety in the Broads and Hire Boat Licensing Review
4. Responding to climate change (Broadland Futures Initiative and Climate Change Action Plan)
5. Water, Mills and Marshes Landscape Partner Scheme
6. Nature for Climate Peatland Grant Scheme – Discovery Grant
7. Farming in Protected Landscapes
8. Tolls system replacement 3 (Financial Strategy 2022/23-2024/25)

# Audit and Risk Committee

29 November 2022

Agenda item number 14

## Implementation of internal audit recommendations- summary of progress

Report by Senior Accountant

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### Summary

This report gives a summary of progress in implementing Internal Audit recommendations arising out of audits carried out during 2019/20, 2020/21, 2021/22 and 2022/23.

### Recommendation

To note the report.

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## 1. Introduction

- 1.1. This report gives an update on implementing the Authority's Internal Audit report recommendations, focusing on outstanding recommendations and timescales to complete outstanding work.

1.2. Appendices 1, 2, 3 and 4 give details of the audits carried out in 2019/20, 2020/21, 2021/22 and 2022/23, in particular:

- recommendations not yet implemented;
- recommendations implemented since the last meeting; and
- new recommendations since the last meeting.

## 2. Summary of progress

2.1. Since the previous report to this committee in July, the final recommendation of the Procurement audit from 2019/20 has been completed. The outstanding recommendation from the Key Controls audit in 2021/22 has also been completed. The impact of workloads have meant that some actions have been further delayed. These have been updated in the appendix. The rest remain as scheduled.

## 3. Internal Audit Programme 2022/23

3.1. Since this report to committee in July the final reports from the first two audits in 2022/23 have been received. These are Corporate Health and Safety and Partnership Working. Details on both can be found below. The final two audits on Key Controls and Corporate Governance will be completed in December 2022 and the first quarter of 2023. These will be reported at the next meeting in March 2023.

## 4. Corporate Health and Safety

4.1. The objective of this audit was to review the Health and Safety framework controls including a review of the Authority's policy, H&S reporting and the support provided to by the Authority to the Hire Boat Operators. This resulted in a "substantial" audit opinion with two "needs attention" recommendations being raised (see Appendix 4).

4.2. Good practice was noted relating to sound controls that are in place and operating consistently. These are:

- Evidence was provided to show regular meetings between the Director of Operations and the Head of Safety Management with regard to agreeing required actions to improve the overall Health and Safety arrangements.
- A review of the Broads Authority website confirmed that there is detailed and appropriate health and safety information published to provide guidance to the various stakeholders.

4.3. One of the recommendations, as detailed in appendix 4, has already been completed with the remaining one on target for completion.

## 5. Partnership Working

- 5.1. The objective of this audit was to review the recommendations from the 2009/10 remained in place and were being followed. The audit also reviewed compliance with the Nature for Climate Peatland Grant Scheme (NCPGS) Discovery Grant. This resulted in a “reasonable” audit opinion, with one “important” and one “needs attention” recommendations being raised (see Appendix 4).
- 5.2. Good practice was noted relating to sound controls that are in place and operating consistently. These are
- There are an estimated 13 million tonnes of CO<sub>2</sub> stored in the peat of the Broads Authority. This project aims to improve that level of storage.
  - The NCPGS (Broads Peat Partnership Project) has clear links to the Aspirations and Themes contained in the Broads Plan.
- 5.3. One of the recommendations, as detailed in appendix 4, has already been completed with the remaining one on target for completion.

Author: Ellie Richards

Date of report: 15 November 2022

Appendix 1 – Summary of actions and responses to Internal Audit 2019/20

Appendix 2 – Summary of actions and responses to Internal Audit 2020/21

Appendix 3 – Summary of actions and responses to Internal Audit 2021/22

Appendix 4 – Summary of actions and responses to Internal Audit 2022/23

## Appendix 1 – Summary of actions and responses to Internal Audit 2019/20

**Table 1**

Procurement – December 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<b>7. Procurement</b> Procurement training is provided to all relevant members of staff, and Members, where applicable. Up to date procurement training ensures that staff are aware of and are adhering to the correct guidelines, thereby mitigating the risk of non-compliance with CSOs and OJEU requirements	Needs Attention	Director of Finance	Agreed. Update: Delayed originally due to ongoing work on COVID-19 response, the Statement of Accounts and budget preparation for 2021/22. This has been further delayed by this year's audit, 2022/23 budget planning and a number of vacancies within the Finance Team. Vacancies within the team have continued since March 2021 but the last post should be filled by the end of January. Once all new members of the team are fully trained then the training will be prioritised and delivered.  Completed.	By 30/06/20  Updated to 30/09/22



## Appendix 2 – Summary of actions and responses to Internal Audit 2020/21

**Table 2**

Governance and Risk Management – March 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p><b>2. Changes to committee meetings</b></p> <p>In relation to the document management system (DMS), the following is undertaken:</p> <ul style="list-style-type: none"> <li>- Notes are added to deferred items to explain which committee date the item has been deferred to; and</li> <li>- 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.</li> </ul>	Needs Attention	Senior Governance Officer	<p>Agreed.</p> <p>Notes added to deferred items.</p> <p>Update: Governance team liaising with IT on whether more metadata can be added to improve the link between items in the Forward Plan and in the confirmed (generated report) area - progress on hold as reliant on IT resource availability, which is currently focussed on more urgent work.</p>	<p>By 31/12/2021</p> <p>Updated to 31/12/2022</p>

**Table 3**

Port Marine Safety Code – June 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<b>1. Governance</b> 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	Agreed.  Update: Please note that this recommendation was previously marked as complete in July 2021, but a further review of documents highlighted it was out of date. The PI's on the website are dated 2017/2018 – The PI's reflect the Broads Plan and needs to be incorporated into the new version of the SMS. This action is a work in progress, a meeting has been arranged on 21/06/22 with Director of Operations, Head of Operations & Head of Navigation to discuss the action plan in drafting new SMS version to reflect recent changes to our SMS.	By 31/10/2021 Updated to 31/01/2023
<b>3. Pilotage</b> Finalise the arrangements for General Directions for larger vessels.	Important	Head of Ranger Services	General Directions are 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 vessels.			<p>requirement will require legal inputs and cost benefit analysis to assess its viability. Current requirements are met using Special Directions.</p> <p>Update: Due to the lack of large vessels navigating our waters the need for a General Direction has not arisen for a number of years and if it did we could deal with it under Special Directions. This item has been deferred to allow for a review of what is appropriate which will need specialist maritime legal advice.</p>	Updated to 28/02/2023
<p><b>7. Governance</b></p> <p>All relevant employees to be required to read and sign a copy of the PMSC on an annual basis.</p> <p>This assists in reducing the risk that employees are not familiar with the PMSC, leading to non-compliance with it.</p>	Needs Attention	Head of Safety Management	<p>Refresher training to be given at team meetings and attendance and signatures to be obtained.</p> <p>Update: Health &amp; Safety Inductions for new starters now includes a PowerPoint presentation on PMSC/SMS this is also presented to new authority</p>	<p>By 31/10/2021</p> <p>Updated to 31/12/22</p>

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
			members. PMSC is a standard agenda item for the Safety Committee. Due to Covid-19 and safeguarding Operational we have had only one f2f full team meeting and other priority training was delivered at this time. The PMSC training will be delivered at the next Operational Technicians meeting in December 2022. Comment section updated and deadline extended to 31 December 2022.	

## Appendix 3 – Summary of actions and responses to Internal Audit 2021/22

**Table 4**

HR and Payroll – December 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p><b>1. Staff Absences</b></p> <p>Staff resilience plans be reviewed to ensure that they are being used consistently across the organisation and that the activities are sufficient and effective when they have been used in practice.</p> <p>This reduces the risk of inconsistent or ineffective resilience plans increase the risk of service failure in the event of staff absence.</p>	Important	Directors	<p>Agreed.</p> <p>Update: This has not been completed for all Directorates due to other priorities and staff shortages.</p>	<p>By 31/03/2022</p> <p>Updated to 31/03/2023</p>
<p><b>4. Policies and procedures</b></p> <p>All HR policies be reviewed and updated to ensure that they are reflective of current arrangements and working practices.</p> <p>If policies are out of date, there is a risk of staff being given incorrect information or following outdated practices.</p>	Needs Attention	Head of HR	Agreed. Initial review by 30/06/2022 and complete review by 31/12/2022.	By 31/12/2022

**Table 5**

Key Controls – February 2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<b>1. Treasury Management</b> The Authority should consider diversifying its investment portfolio across different banking institutions. A lack of investment diversification could result in a loss of funds should the financial institution holding the investment fail.	Needs Attention	Director of Finance	Agreed.  Update: Options are currently being explored however it should be noted that current investments require 95 days' notice before funds can be transferred to another institution.  Completed.	By 31/07/2022

**Table 6**

Maturity Assessment of Cyber Security – June 2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<b>1. Data Security</b> Backup integrity and recovery testing must take place annually to ensure that they can be recovered as expected during an incident. We note that there are occasional file restores on request from users.	Needs Attention	Head of ICT and Collector of Tolls	Agreed.	By 31/01/2023

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
However, this cannot constitute adequate full testing as required by this level.				
<b>2. Data Security</b> Results of backup testing must be used to inform and improve the process via lessons learned sessions.	Needs Attention	Head of ICT and Collector of Tolls	Agreed.	By 31/01/2023
<b>3. Incident Management</b> A formal IT incident management process must be established, including triage and escalation requirements. We have noted that this is in place, but that it requires review, having been last reviewed in January 2019 prior to the start of the COVID-19 pandemic.	Important	Head of ICT and Collector of Tolls	Agreed.  Update: The plan has been drafted but due to work pressures, the plan will be signed off at the end of November.	By 31/10/2022 Updated to 30/11/2022
<b>4. Incident Management</b> To achieve level IM3, full compliance with IM2 is required. In addition, IT staff must have a level of incident management training provided or disaster recovery/ business continuity exercises must be undertaken regularly. We note that this level would have been compliant in its own right had the scoring not required it to be marked as partial.	Important	Head of ICT and Collector of Tolls	Agreed.  Update: Once the IT Disaster Recovery plan has been signed off, work to achieve level IM3 will be completed next.	By 31/10/2022 Updated to 31/01/2023
<b>5. Incident Management</b> To achieve level IM4, full compliance with IM2 and IM3 is required. In addition, incidents must be reported and presented to senior leadership. We note that this level	Needs Attention	Head of ICT and Collector of Tolls	Agreed.	By 31/01/2023

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
would have been compliant in its own right had the scoring not required it to be marked as partial.				
<b>6. Incident Management</b> To achieve level IM5, full compliance with IM2, IM3 and IM4 is required. In addition, incidents must include a review and 'lessons learned' sessions, as to improve the future response. We note that this level would have been compliant in its own right had the scoring not required it to be marked as partial.	Needs Attention	Head of ICT and Collector of Tolls	Agreed.	By 31/01/2023



## Appendix 4 – Summary of actions and responses to Internal Audit 2022/23

**Table 7**

Corporate Health and Safety – July 2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<b>1. Health &amp; Safety at Work policy</b> The Health and Safety at Work Policy be reviewed and updated if necessary, in line with the defined cyclical timescales. This will mitigate the risk of Health and safety issues arising due to outdated policy.	Needs Attention	Head of Safety Management	Agreed. Whilst readying documentation for the H&S audit we recognised that our current policy required updating. This review has started and we have carried out the initial scoping to understand what the new H&S policy needs to achieve. The task has been identified as a priority IPR objective in 2022/23 performance year.  Update: Currently being reviewed with the aim that the policy will be implemented on 1 <sup>st</sup> April 2023.	By 01/04/2023
<b>2. Risk Assessments</b> The Code of Practice for risk assessments be reviewed and updated as necessary, in line with defined cyclical timescales in order to ensure that that guidance	Needs Attention	Head of Safety Management	Agreed. The Code of Practice for Risk Assessments is another area where we identified a review was needed. This followed on from an	By 31/10/2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>available to staff accurately reflects practices in operation.</p> <p>This will mitigate the risk that Health and safety issues to members of the public and reputational damage to the organisation.</p>			<p>audit via our insurers (Zurich). Again it's timetabled in as part of the IPR process, so progress and updates on the objective can be tracked via 1:1's.</p> <p>Completed.</p>	

**Table 8**

Partnership Working – November 2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p><b>1. Partnership Protocol</b></p> <p>The Partnership Protocol be updated following the publication of the latest Broads Plan, and its relevance be promoted to all staff who may engage in partnership working on behalf of the Authority. Steps should be taken to ensure that all relevant staff are made aware of the Protocol and its importance.</p> <p>The Protocol should include a reference to the role that the Authority's Financial Regulations has in the Probity Arrangements of any Partnership.</p>	Important	Senior Governance Officer	Agreed	By 08/02/2023

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>The Partnership Protocol and Checklist should be updated at regular and agreed intervals, no longer than five years.</p> <p>This will mitigate the risk that partnerships may be entered into by staff on behalf of the Authority without being formally recoded and monitored.</p>				
<p><b>2. Fraud Risk</b></p> <p>The risk of fraud should be considered in all partnership risk registers.</p> <p>Without the specific mention of fraud in the risk register, there is an increased likelihood that it may be overlooked as a risk category.</p>	Needs Attention	Peat Project Manager	Agreed and updated at the last project Board meeting held on 07/11/22.	Completed