Risk, Audit and Governance Committee

Agenda 11 February 2025

10.00am

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

John Packman, Chief Executive – Tuesday, 04 February 2025

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. Introduction of members and declarations of interest (see Appendix 1 to the Agenda for guidance on your participation having declared an interest in the relevant agenda item)

3. To note whether any items have been proposed as matters of urgent business

4. **To receive and confirm the minutes of the Risk, Audit and Governance Committee meeting held on 27 November 2024** (Pages 4-12)

Financial direction

5. **Annual Audit Results 2023/24** (Pages 13-71)
   Report by EY and Director of Finance

6. **Statement of Accounts 2023/24** (Pages 72-161)
   Report by Director of Finance

7. **Investment Strategy and Performance Report 2024/25 and Draft Capital, Treasury and Investment Strategy 2025/26** (Pages 162-182)
   Report by Director of Finance

8. **Consolidated income and expenditure – 1 April to 31 December 2024 actual and 2024/25 forecast outturn** (Pages 183-201)
   Report by Senior Accountant

9. **Standing Orders Relating to Contracts** (Pages 202-224)
   Report by Director of Finance

Audit and Governance

10. **Internal Audit Strategic and Annual Plans 2025/26**
    Verbal update to be provided by Head of Internal Audit

11. **Implementation of internal audit recommendations - Summary of progress**
    (Pages 225-235)
    Report by Senior Accountant

12. **Code of Practice on good governance for Statutory Officers** (Pages 236-261)
    Report by Senior Governance Officer

13. **Corporate Risk Register** (Pages 262-278)
    Report by Senior Governance Officer

Other Matters

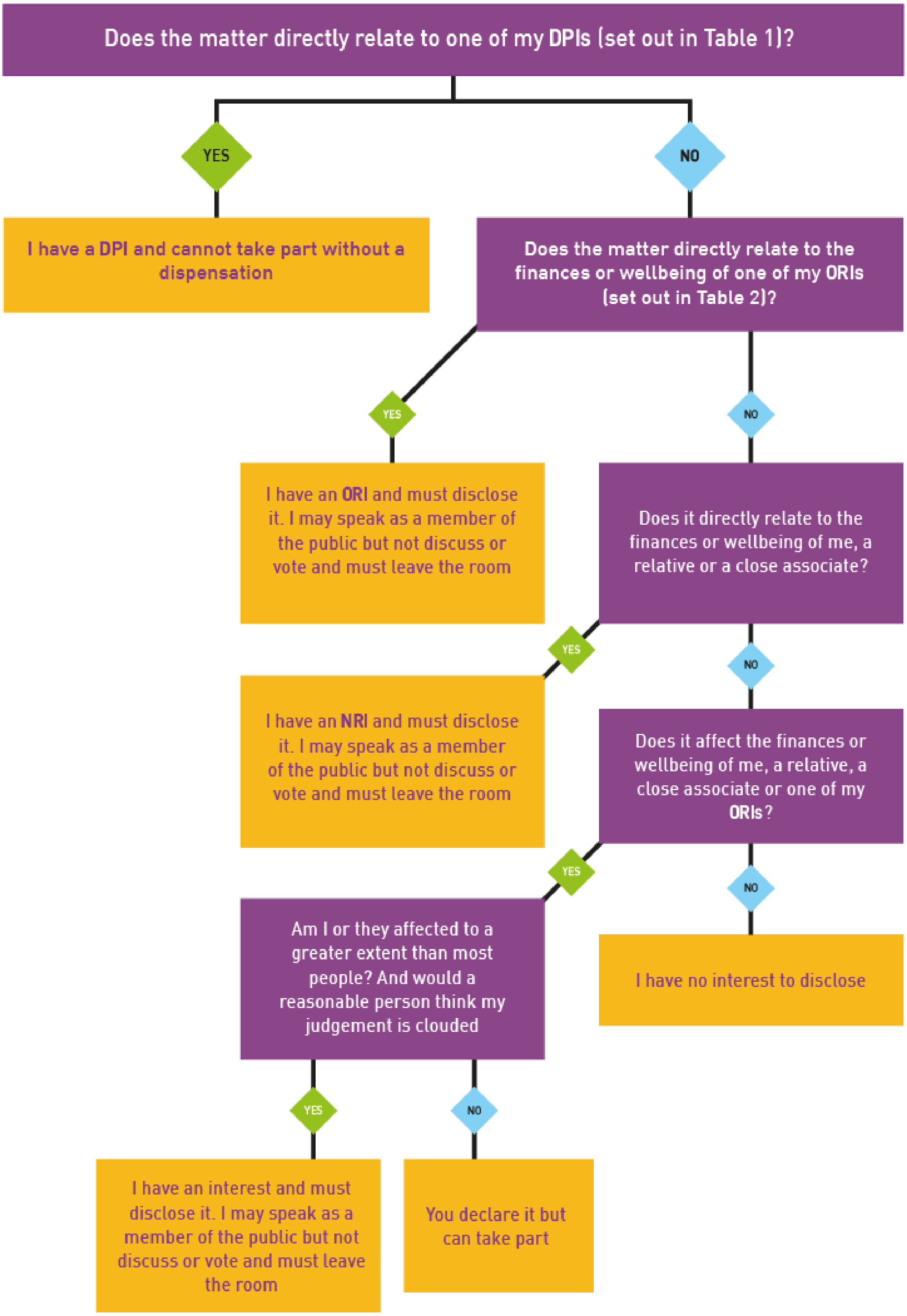
14. Other items of business
    Items of business which the chairman decides should be considered as a matter of urgency pursuant to Section 100B (4)(b) of the Local Government Act 1972

15. To answer any formal questions of which due notice has been given

16. **To note the date of the next meeting – Tuesday 22 July 2025 at 10.00am at Yare House, 62-64 Thorpe Road, Norwich**

For further information about this meeting please contact the Governance team

Appendix 1 – Extract from the Local Government Association Model Councillor Code of Conduct



Please note these are draft minutes and will not be confirmed until the next meeting.

Risk, Audit and Governance Committee

Minutes of the meeting held on 27 November 2024

Contents

Present

Tristram Hilborn – in the Chair (from item 3), Harry Blathwayt, Tony Grayling, Siân Limpenny, Gurpreet Padda and Matthew Shardlow.

Please note these are draft minutes and will not be confirmed until the next meeting.

In attendance

Jason Brewster – Governance Officer, Emma Krelle – Director of Finance, Izabela Foley – Senior Accountant, John Packman – Chief Executive – in the Chair (items 1-2), David Riglar – Ernst & Young External Auditor and Sara Utting – Senior Governance Officer.

1. Apologies and welcome

The Chair welcomed everyone to the meeting. The Chair noted that this was Harry Blathwayt's first meeting as Chair of the Authority, in which capacity he attended these meetings, and the first meeting for Gurpreet Padda, Norwich City Council appointee to the Broads Authority.

Apologies were received from Alan Goodchild, Paul Hayden 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. Appointment of Chair

Tristram Hilborn was proposed by Tony Grayling and seconded by Siân Limpenny.

Tristram Hilborn was appointed Chair.

3. Appointment of Vice-Chair

Siân Limpenny was proposed by Tony Grayling and seconded by Tristram Hilborn.

Siân Limpenny was appointed Vice-Chair.

4. Introductions and declarations of interest

No additional declarations of interest were declared.

5. Items of urgent business

There were no items of urgent business.

6. Minutes of last meeting

The minutes of the meeting held on 23 July 2024 were approved as a correct record and signed by the Chair.

7. External Auditors Completion Report 2022/23

The External Auditor (EA) introduced the audit completion report for financial year 2022/23 and the associated draft letter of representation. The EA provided an update on the proposed reset of the local audit system. The required legislation had been delayed by the general election and the resulting change in government. The new government had broadly adopted the previous government's proposals and legislation had subsequently been laid that mandated a statutory backstop date of 13 December 2024 for the publication of audited accounts for financial years up to and including 2022/23. This legislation had not amended the audit standards for backlogged accounts and section 3 of the audit completion report (appendix 1 of the report) detailed the work required to achieve the minimum requirement to provide a disclaimer.

Despite the 2022/23 accounts not being audited, the EA explained that the responsibility to complete the Value for Money (VFM) activity remained. The VFM work was extended to perform some basic tests on the financial statements to ensure they were consistent with the Authority's underlying systems and compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) disclosure checklist. These tests, which provided a review of the accounts, did not reveal any anomalous transactions. The VFM statement (section 4 within appendix 1 of the report) remained unchanged since the last report (12 March 2024).

The EA confirmed that the disclaimed audit opinion reflected the legislative process and was not due to any limitations or omissions on the part of the Authority.

A Member requested more information regarding the activities that had been undertaken in the absence of a complete audit. The EA confirmed that planning to determine the risks associated with the Authority's financial statements had been undertaken. The procedures to audit those financial statements had not been performed. These procedures involved numerous tests across different transaction lines and main accounts in order to form an opinion as to whether the set of accounts were true and fair. The EA added that the external audit was the final level of assurance regarding the financial management of an organisation. It was not the only assurance though and he indicated there were two other measures. The first was how important the accounts were to that organisation, measured by the resourcing of the finance team. Secondly, the effectiveness of the organisation's IT systems to administer and protect its financial processes. The EA had no issues with the quality of the first two areas within the Authority; this was not always the case with other organisations that the EA had dealings with. The EA reminded Members that the opening balances associated with the 2023/24 accounts would prompt further work regarding the 2022/23 accounts and this assurance work could continue into subsequent financial years.

The Member asked whether the report should have been more transparent regarding the audit activities that were not undertaken. The EA responded that the report was consistent with audit standards and that further guidance on the backlog measures and audit opinions had been provided by the National Audit Office and CIPFA.

There was a discussion regarding the reasons for the audit backlog and the EA directed Members to the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting (2020).

A Member asked whether the auditor could be replaced. The Director of Finance (DoF) explained that the auditor was appointed via the Public Sector Audit Appointments (PSAA) body on behalf of local authorities and the Broads Authority. There were only a handful of companies that participated in public sector audits; they represented a subset of companies capable of performing these audits and that the resulting contracts were allocated geographically between the participating audit companies.

There was a discussion regarding the applicability of local authority audit standards to the Broads Authority given its relatively straightforward accounts and small turnover in comparison to other Local authorities. The Chief Executive (CE) highlighted that the audit fees were approaching 0.9% of the Authority's turnover. He indicated that the matter of revising audit standards for National Parks had been raised again with the Ministry of Housing, Communities & Local Government (MHCLG) by the Authority's new Chair when they were appointed. The CE acknowledged that this subject was a low priority for the MHCLG and the Authority would continue to work with local MPs in an effort to progress this matter. It was noted that the ongoing audit backlog would provide further opportunities for a review of audit standards.

Given that the Authority had paid for a full audit of the 2022/23 accounts, Members asked whether a refund would be forthcoming. The EA believed that the PSAA would make these representations.

Members wished to know whether there were any consequences to having a disclaimed set of accounts. The DoF indicated that as part of a Natural England (NE) grant application the Authority had, in the absence of an audited set of accounts, to engage the Internal Auditor to provide the level of assurance required. The EA suggested the Authority notify the PSAA of the extra audit costs associated with the NE grant. The DoF did not expect any further impacts although accepted that some insurance contracts were due for renewal and it was not always transparent why renewal fees had changed.

The DoF indicated that a second version of the draft letter of representation had been circulated to Members and included in the published papers on 25 November 2024. The auditor had subsequently requested further changes in preparation for the Broads Authority meeting on 29 November 2024. Within Section G (Estimates) the sentence "When we have identified a higher risk estimate, we include the following representation(s)" had been removed and both supporting sections 1 & 2 had been updated to refer to property, plant, equipment and the pensions liability.

Members noted that the disclaimed audit opinion was not the fault of the Authority.

The report was noted.

8. Statement of Accounts 2022/23

The Director Finance (DoF) introduced the report that provided an update on the Authority's Statement of Accounts for the year ended 31 March 2023.

Since the deficit was previously reported to Members on 23 July 2024, the DoF confirmed that it had increased as indicated in section 2.1 of the report due to further accruals. As in previous years, the audit of the Norfolk Pension Fund had taken place since the accounts had been drafted and resulted in the main adjustment.

The current position regarding the Draft Statement of Accounts for 2022/23 was noted.

9. Consolidated income and expenditure – 1 April to 30 September 2024 actual and 2024/25 forecast outturn

The Director of Finance (DoF) presented the report which detailed actual income and expenditure for the six month period to 30 September 2024, and a forecast of the projected expenditure at the end of the financial year (31 March 2025).

The DoF provided an update based on figures to the end of October 2024. Table 1 had an actual variance of £782,010 which was a reduction of £81,712 since the end of September. The DoF noted this was still a large variance at this stage of the financial year however £328,000 was due to salary variance; the pay award had been finalised, was less than the budgeted amount and salaries would be adjusted, including back dated payments, in December's payroll. Table 3, Adjustments to Forecast Outturn, remained unchanged. Table 4, Consolidated earmarked reserves, had reduced slightly to £3,157,775 due to additional vehicles being delivered in October. Table 5, Prudential Indicators 2024/25, the Capital expenditure figure was due to the new International Financial Reporting Standards (IFRS) 16 that required leases to be included on the balance sheet. These reporting changes were ongoing and due to complete before financial year end.

In response to a question the DoF confirmed that the forecast outturn surplus was split between National Park, £133,807, and Navigation, £209,956.

Members asked whether the National Park (NP) Reserve balance, being above the recommended level, meant there was a surplus that could be utilised for other NP related projects and whether the balance was too high. The DoF explained that there was some uncertainty regarding whether the National Park grant would be maintained for 2025/26 and this uncertainty would continue until Defra completed a spending review to clarify the trajectory of funding for subsequent years. There was also uncertainty regarding the impact of the government's Autumn Budget on NPs' finances. The current figures assumed a static NP grant for 2025/26 and when considering the five-year horizon, the current balance above the recommended level appeared insignificant. A higher than recommended NP Reserve balance would be prudent until the Defra settlement was clarified at the end of March 2025. The Chief Executive (CE) indicated that the Authority had ambitions to undertake further NP related work via partnerships. One example was the Landscape Connections programme in conjunction with the National Lottery Heritage Fund which would require the Authority to make a relatively small 5% matched contribution in order to secure new funding of £10 million over ten years.

A Member noted the delays in fulfilling vacancies and wondered whether this was indicative of a problem with the recruitment process or the jobs market. The CE responded that a number of vacancies had been successfully fulfilled this year with some of those people joining from local authorities taking a pay cut to do so. The delay between job offer and people starting with the Authority was to be expected and did provide a financial buffer due to the positive difference between budgeted and actual days worked.

A Member asked whether there was potential for the Authority to support educational programmes and community work in partnership with charitable foundations and trusts. The CE responded that, as a statutory body, the Authority did not have ready access to charitable foundations although he believed that the delivery of the Landscape Connections programme would increase opportunities for working with a range of organisations. The Authority was investigating other funding initiatives through the Broads Charitable Trust which could provide a mechanism for harnessing charitable donations.

The report was noted.

10. Financial Management Code - Update

The Director of Finance (DoF) provided an update on the action plan associated with the CIPFA Financial Management Code (FMC) since it was last reviewed in July 2023 with Appendix 1 of the report detailing progress on the action plan.

Members welcomed the progress achieved on the Tolls system upgrade and there was a discussion regarding possible enhancements to this system.

A Member asked for clarification regarding reporting to the Management Team on savings greater than £10,000 (under Standard E of Table 2 of the report) and whether this improvement was still relevant. The DoF explained that this report was intended to enable budget holders to report underspends so that these surpluses could be put to use elsewhere in the Authority. In the current circumstances the Authority was using any underspends to reduce navigation charges. The DoF did not believe that this situation would persist indefinitely and could envisage this reporting being utilised for its intended purpose in the future.

The report was noted.

11. Implementation of Internal Audit Recommendations: Summary of progress

The Senior Accountant (SA) introduced the report summarising progress in implementing Internal Audit recommendations arising from audits performed during 2020/21, 2022/23, 2023/24 and 2024/25. The audit of the Farming in Protected Landscapes (FiPL) grant programme had completed and the audit of Cyber Security was in progress. Recommendation 5 from the Port Marine Safety Code (PMSC) 2023/24 had been completed and the priority rating for item 2 (Review and Audit) of Farming in Protected Landscapes 2024/25 had been downgraded to routine.

The Chief Executive noted that the FiPL grant programme had received a "substantial assurance" audit opinion which was testament to the hard work of all those involved.

A Member wondered whether the priorities associated with audit recommendations were, upon reflection, accurate and whether the accuracy could be improved. The DoF agreed that there had been a few examples where there had been a disconnect between the priority rating assigned to an audit recommendation and its importance to the Authority, for example the Pilotage recommendation as part of the PMSC 2020/21 audit. The DoF confirmed that the Management Team did review the audit recommendations and had made, and would continue to make, representations to the Head of Internal Audit regarding audit recommendations when inaccuracies were identified.

The report was noted.

12. Review of Standing Orders for the regulation of Authority proceedings

The Senior Governance Officer (SGO) introduced the report proposing revisions to the Authority's Standing Orders for the regulation of Authority proceedings. The SGO confirmed that the revisions had been available for review by Members since the report was published for the Broads Authority meeting on 20 September 2024 and no representations had been forthcoming. Members were content with the proposed revisions.

Harry Blathwayt proposed, Matthew Shardlow seconded

It was agreed unanimously to recommend the Broads Authority adopt the revised Standing Orders for the regulation of Authority proceedings.

13. Corporate Risk Register

The Senior Governance Officer (SGO) introduced the report which provided the latest version of the Corporate Risk Register (CRR) with changes marked since the previous meeting and indicated that section 2 of the report provided a summary of the changes to the CRR. The SGO highlighted that Risk 10 had been split as per the proposal from the previous meeting on 23 July 2024 and asked for Member feedback regarding whether to remove Risk 9.

Members believed that Risk 9, although its score was low currently, would increase in likelihood as further partnerships were initiated and it was agreed that this risk should remain on the CRR.

A Member noted that Risk 2 had not been updated to include harmful actions from people outside the Authority. The Chief Executive (CE) confirmed that this matter had been discussed and there had been some reticence to its inclusion as it was considered largely out of the Authority's control. The Member believed that the Authority could take proactive steps to respond to external challenges via various media channels. A Member agreed noting that the Authority could do more to champion its successes; having recently joined the Planning Committee he had gained a new-found awareness of the good performance metrics and customer feedback associated with the planning service. The CE responded that the number of media outlets willing to promote positive news about the Authority had reduced and the communication strategy had changed to focus on broadcast media outlets. The CE acknowledged there was room to improve communication to Members regarding the work undertaken by the Authority and he agreed to review Risk 2 in light of Member feedback.

A Member noted the Government's focus on English devolution and its possible implications for the Authority's membership from local authorities. The CE agreed to monitor this risk on the Directorate Risk Registers.

A Member noted the increased likelihood to Risk 4 (Reduction in income and increase in costs) and wondered what sort of scenario testing the Authority undertook. The DoF confirmed that various scenarios were modelled when preparing the Authority's budget and it was assumed that there would be no increase in the National Park grant and that the Authority would have to cover the proposed changes to employer National Insurance Contributions. This preparation was ongoing and would not be finalised until changes to navigation charges were agreed at the Broads Authority meeting on 29 November 2024. The DoF would report on the budget to both Navigation Committee and Broads Authority meetings in January 2025.

The Member believed that Defra may be forthcoming with capital funding and asked how prepared the Authority would be to respond to this type of time critical offer. The CE explained that the Authority had a list of possible capital projects intended to improve the public facilities offered by the Authority.

Members believed there was a gap between the Government's ambitions in areas such as conservation, biodiversity and sustainability and the capacity of National Parks and the Broads Authority to deliver that was not reflected in the CRR. Members wondered whether this issue should be incorporated into Risk 6 (Failure to meet statutory purposes or requirements of other relevant legislation) although they accepted that the impact on statutory obligations and/or legislative requirements might not be clear cut and it might be more appropriate to create a new risk instead. The CE agreed to give this topic some consideration before the next review of the CRR.

A Member asked whether a key could be provided for the likelihood and severity 1-5 ratings stated in the CRR.

The report was noted.

14. Corporate Partnerships Register

The Senior Governance Officer (SGO) introduced the report that provided the latest version of the Corporate Partnerships Register with changes marked since it was last brought to committee on 29 November 2022.

A Member was impressed by the range and diversity of the Authority's partnerships.

The report was noted.

15. Other items of business

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

16. Formal questions

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

17. Date of next meeting

The next Audit and Risk Committee meeting would be on **Tuesday 11 February 2025** at Yare House, 62-64 Thorpe Road, Norwich, commencing at 10.00am.

The meeting ended at 11:54am

Signed by

Chair

DRAFT

Risk, Audit and Governance Committee

11 February 2025
Agenda item number 5

Annual Audit Results 2023/24

Report by Director of Finance

Summary

This report appends the Audit Results report for 2023/24 prepared by the External Auditors, Ernst & Young LLP (EY).

Recommendation

i. To note the Annual Audit Results 2023/24; and

ii. That the letter of representation in connection with the Audit of the Financial Statements for 2023/24 be signed by the Director of Finance and the Chair of the Audit and Risk Committee.

1. Introduction

1.1. At the last meeting of this committee the first phase in resetting the audit backlog was to conclude audits up until 2022/23 by 13 December 2024 which was completed. The next date under the legislation is that 2023/24 needs to be approved by 28 February 2025.

2. Annual Audit Results 2023/24

2.1. The external audit for the Broads Authority's 2023/24 Statement of Accounts was undertaken between June 2024 and January 2025 and the Audit Results by EY for 2023/24 is at Appendix 1 to this report.

2.2. David Riglar, Partner from EY will be in attendance to present this item and ask any questions.

2.3. Appendix 2 to this report is the draft Letter of Representation in connection with the audit of the Financial Statements for 2023/24. It is presented for consideration and approval by the Committee in order to be signed and sent to the External Auditors.

3. Financial Implications

3.1. Appendix 1 page 32 sets out the fees due for 2023/24 and the impact of the reset may have on the fees.

Author: Emma Krelle

Date of report: 27 January 2025

Background papers: Statement of Accounts 2023/24

Broads Plan strategic objectives: All

Appendix 1 – Broads Authority Audit Results 2023/24

Appendix 2 – Letter of Representation 2023/24

Broads Authority
Audit Results Report

Year ended 31 March 2024

24 January 2025

Building a better working world

Risk, Audit and Governance Committee
Broads Authority
Yare House 62-64 Thorpe Road
Norwich
NR1 1RY

24 January 2025

Dear Risk, Audit and Governance Committee Members,

2023/24 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Risk, Audit and Governance Committee. We will update the Risk, Audit and Governance Committee at its meeting scheduled for 11 February 2025 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Broads Authority's accounting policies and judgements and material internal control findings.

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Risk, Audit and Governance Committee, as the Broads Authority's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the Risk, Audit and Governance Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements, and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together 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.

As reported in our 6 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the Authority's financial statements for 2022/23 under the arrangements to reset and recover local government audit.

Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, as set out within this report we have not been able to complete our planned programme of work to obtain sufficient evidence to have reasonable assurance over all closing balances.

As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the 2023/24 opening balances). This means we also do not have assurance over a number of 2023/24 in-year movements that depend on those opening balances, and some closing balances (particularly reserves). We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements.

Appendix A of this report sets out the level of assurance we have been able to gain from the procedures that we have completed.

Taken together alongside the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

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

Yours faithfully

David Riglar

Partner
For and on behalf of Ernst & Young LLP
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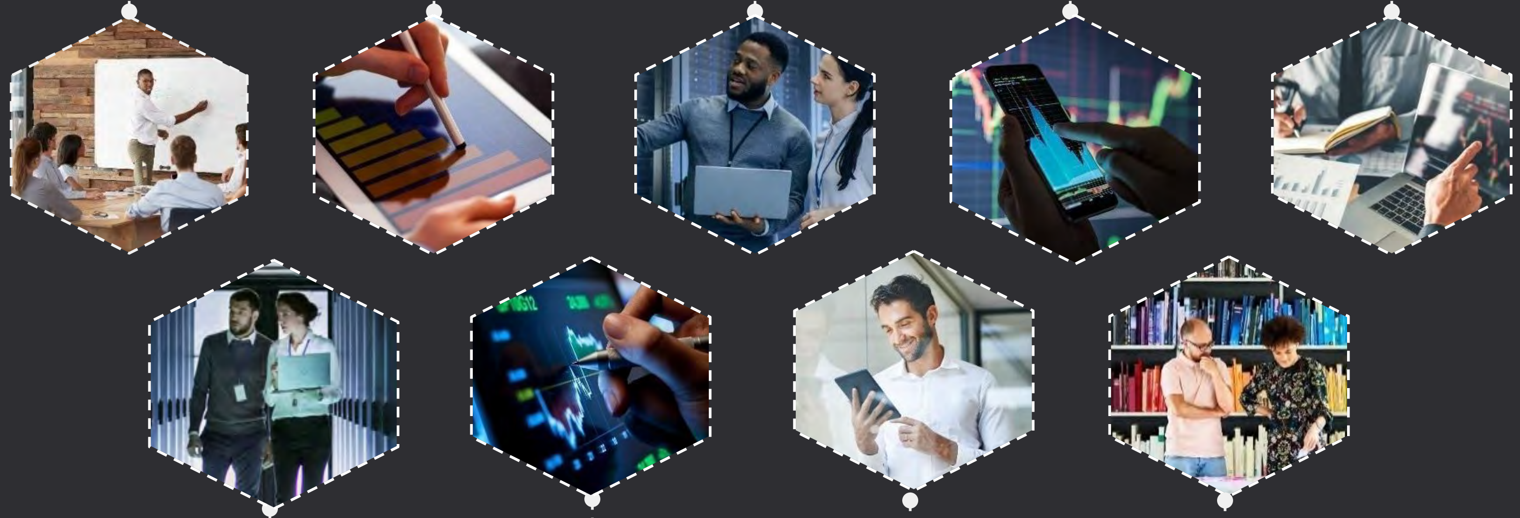

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits). 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 July 2021)" 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 **Risk, Audit and Governance Committee and management of Broads Authority** in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the **Risk, Audit and Governance Committee and management of Broads Authority** those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the **Risk, Audit and Governance Committee and management of Broads Authority** for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary

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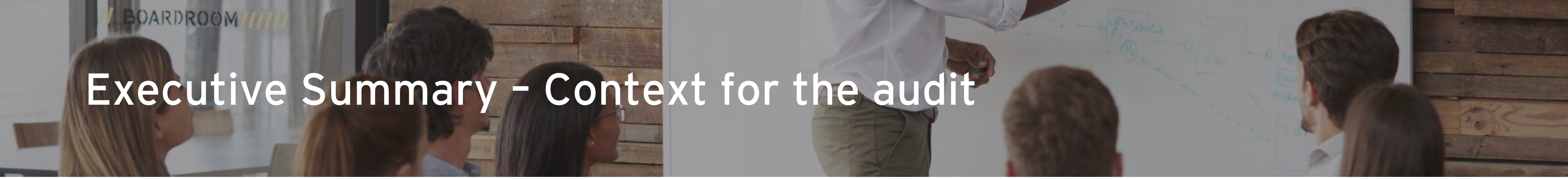

Executive Summary – Context for the audit

Context for the audit – Ministry of Housing, Communities and Local Government (MHCLG) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- Lack of capacity within the local authority financial accounting profession
- Increased complexity of reporting requirements within the sector
- Lack of capacity within audit firms with public sector experience
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG (formerly Department for Levelling-up, Housing and Communities) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists of three phases:

- Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 6 November 2024 Audit Completion Report to the Risk, Audit and Governance Committee we issued a disclaimed audit report on the Authority's financial statements for 2022/23 under these arrangements to reset and recover local government audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to have reasonable assurance over all closing balances. As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the 2023/24 opening balances). This means we do not have assurance over 2023/24 in-year movements and some closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

A summary of the assurances we have gained from our 2023/24 audit procedures is set out at Appendix A.

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Executive Summary (continued)

Expected modification to the audit report

As reported in our 6 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the Authority's 2022/23 financial statements under the Government's legislative arrangements to reset and recover local government audit (Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance). The reasons for the 2022/23 disclaimed audit report were set out in the aforementioned 2022/23 Audit Completion Report.

As set out within Appendix A of this report we have been able to complete our planned programme of work, obtaining the planned assurances over closing balances and in-year transactions.

However, as a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we also do not have assurance over a number of 2023/24 in-year movements that depend on those opening balances, and therefore some closing balances (particularly Reserves). We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. We did not plan to rebuild this assurance in our 2023/24 audit.

Appendix A of this report sets out the level of assurance we have been able to gain from the procedures that we have completed.

Taken together, and alongside the requirement to conclude the 2023/24 audit by the legislative back stop date of the 28 February 2025, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

This is in line with the Government's legislative arrangements set out above and specifically the 'Recovery phase' of those arrangements and with guidance issued by the Financial Reporting Council (FRC) within their 'Accessible Guide' which sets out a minimum 3-year timeline to re-build audit assurances to gain full assurance over opening, closing balances and in year movements.

We will reflect on the impact of the areas where we did not gain our planned assurances in 2023/24, through our 2024/25 audit planning and set out our timeline for re-building audit assurance within our Audit Plan.

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Executive Summary (continued)

Scope update

In our Audit Plan presented at the 12 March 2024 Risk, Audit and Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exception:

- Changes in materiality: In our Audit Plan, we communicated that our audit procedures would be performed using a materiality of £0.214 million. We updated our planning materiality assessment using the draft statement of accounts. Based on our materiality measure of gross expenditure, we have updated our overall materiality assessment to £0.189 million (Audit Plan – £0.214 million). This results in updated performance materiality, at 75% of overall materiality, of £0.142 million (Audit Plan - £0.160 million), and an updated threshold for reporting misstatements of £0.009 million.

Status of the audit

Our audit work in respect of the Broads Authority opinion is nearing completion. We have met with Management to discuss the importance of facilitating remaining requests to achieve the backstop date, and have set out our Summary of Assurances in Appendix A. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Payroll expenditure testing
- Inventory testing
- Creditors testing
- Journal entry testing
- Pension liability testing
- Income testing

Closing Procedures:

- Review of the final version of the financial statements;
- Completion of subsequent events review;
- Receipt of the signed management representation letter; and
- Final Manager and Engagement Partner reviews.

Until work is complete, further amendments may arise. We expect to issue the audit certificate with the audit opinion, as the Authority is deemed a minor body and is therefore not required to make a Whole of Government Accounts (WGA) submission.

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Executive Summary (continued)

Value for Money

In our Audit Plan dated 27 February 2024, we reported that we had not completed our value for money (VFM) risk assessment. Having updated and completed the planned procedures in these areas we have not identified any areas of risk of a significant weakness. See Section 03 of the report for further details.

Audit differences

We have identified the following through the course of our audit to date:

- **Accruals:** The Authority identified an issue with the system generated reports used for calculating their year-end 2023/24 creditor accruals, resulting in an overstatement of expenditure by approximately £87k.

For further information on the audit differences please see Section 05 of this report.

Disclosure Differences

We have identified several disclosure differences which the Authority is planning to correct in the final statement of accounts. For further information on these audit differences please see Section 05 of this report.

Other findings

We identified other findings concerning the accounting for transactions in the correct financial period for Other Income, Property, Plant and Equipment, and Inventories. The details from these findings are set out in Section 05 of this report.

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Executive Summary (continued)

Areas of audit focus

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

Management Override: Misstatements due to fraud or error

- We completed our work on this area and have not identified any evidence that Management has overridden controls in order to prepare fraudulent financial statement balances or postings within the financial statements.

Management Override: Inappropriate capitalisation of revenue expenditure

- We have completed our work on this area and have one matter to report. We note that the Mutford Lock donated asset of £84k has been recorded for the first time in 2023/24 but our audit procedures identified that the asset transferred to the Authority in 2021. We also identified a Property, Plant and Equipment addition of £47k in 2023/24 that related to Mutford Lock which was recorded in 2023/24 but was purchased in 2021. These two transactions should have been recognised in an earlier period. Given the value of £131k is not material we have deemed that no prior period adjustment is required.

Inherent risk: Pensions valuation

- At the date of issuing this report, our work on this area is outstanding. We will update the Risk, Audit and Governance Committee on our findings once the work is finalised.

Inherent risk: Valuation of land and buildings

- We have completed our work on this area and do not have any issues to report.

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

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

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

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Executive Summary (continued)

Other Reporting Issues

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

We expect to issue the audit certificate with the audit opinion, as the Authority is deemed a minor body and is therefore not required to make a Whole of Government Accounts (WGA) submission.

Control observations

We have adopted a fully substantive audit approach, so have not tested the operation of controls.

However, we have identified some control findings which we would like to bring to your attention, please see Section 06 of this report for further information.

Independence

Please refer to Section 08 for our update on Independence.

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02 Areas of Audit Focus

Areas of Audit Focus

Misstatements due to fraud or error

What is the risk?

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

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

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

What are our conclusions?

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

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.

Our journal entry testing has not identified any instances of inappropriate posting of journals.

Our response to the key areas of challenge and professional judgement

We undertook the following standard procedures to address the fraud risk, which included:

- Identifying fraud risks during the planning stages.
- Inquiring of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- Considering the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including:
    - Testing of journal entries and other adjustments in the preparation of the financial statements;
    - Reviewing accounting estimates for evidence of management bias; and
    - Evaluating the business rationale for significant unusual transactions.
- We utilised our data analytics capabilities to assist with our work, including journal entry testing. We also assessed journal entries for evidence of management bias and evaluated the business rationale.

Significant Risk

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Areas of Audit Focus

Inappropriate capitalisation of revenue expenditure

What is the risk?

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

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

What are our conclusions?

We have completed our work on this area and have one matter to report. We note that the Mutford Lock donated asset of £84k has been recorded for the first time in 2023/24 but our audit procedures identified that the asset transferred to the Authority in 2021. We also identified a Property, Plant and Equipment addition of £47k in 2023/24 that related to Mutford Lock which was recorded in 2023/24 but was purchased in 2021. These two transactions should have been recognised in an earlier period. Given the value of £131k is not material we have deemed that no prior period adjustment is required.

Our testing of year-end journals did not identify any movements from expenditure to capital outside of the normal course of business.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- Obtained an analysis of capital additions in the year and reconciled this to the Fixed Asset Register
- For significant capital additions, we examined invoices, capital expenditure authorisations, leases and other data that support these additions. We reviewed the sample selected against the definition of capital expenditure in IAS 16.
- We extended our testing of items capitalised in the year by lowering our testing threshold. We also reviewed a larger random sample of capital additions below our testing threshold.
- We used our testing of journals to identify high risk transactions, such as items originally recorded as revenue expenditure and subsequently capitalised.

Significant Risk

Areas of Audit Focus

Other Areas of Audit Focus

What is the risk/area of focus?	What did we do and what is our conclusion?
Pension Valuation (Inherent Risk) The Local Authority Accounting Code of Practice and IAS 19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Authority. The Authority's pension valuation is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2024 the Net Liability was £0.249 million. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	In response to this risk, we: ▸ Liaised with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Broads Authority; ▸ Assessed the conclusions drawn on the work of the actuary by the Consulting Actuary, PwC, commissioned by the National Audit Office for all local government sector auditors, and considered the review of this undertaken by the EY actuarial team; ▸ Used our internal EY pensions team to calculate an estimate of the Authority's pension liability by running their own 'actuarial model' and comparing this to that produced by the Authority's actuary; and ▸ Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS 19. ▸ Reviewed the calculation and accounting treatment for the pension asset ceiling. We have not completed our work in this area. We will update the Risk, Audit and Governance Committee on our findings once the work is finalised

Areas of Audit Focus

Other Areas of Audit Focus

What is the risk/area of focus?	What did we do and what is our conclusion?
Valuation of Land and Buildings (Inherent Risk) The fair value of Property, Plant and Equipment (PPE) land and buildings represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. We note that not all of the Authority's PPE is subject to revaluation with vehicles, plant, furniture & equipment, infrastructure assets and assets under construction all valued at cost under the CIPFA Code of Practice on Local Authority Accounting The Authority's PPE is valued on a rolling programme over 5 years. The valuation basis is different depending on the type of property being revalued, with assets carried at Depreciated Replacement Cost, Existing Use Value or Fair Value. Each valuation basis is reliant on different inputs, estimation processes and assumptions.	In response to this risk, we: ‣ Considered the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ‣ Performed testing of key assumptions and methodologies on a sample of assets and considered the reasonableness of the estimation techniques employed; ‣ Sample tested key asset information used by the valuer in performing their valuation, and agreeing this to what has been recorded in the fixed asset register and general ledger; ‣ Considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; ‣ Considered changes to useful economic lives as a result of the most recent valuation; ‣ Considered the annual cycle of valuations to ensure that assets have been valued within a 5-year rolling programme as required by the Code; ‣ Reviewed assets not subject to valuation in 2023/24 to confirm that the remaining asset base is not materially misstated; ‣ Tested accounting entries have been correctly processed in the financial statements; and ‣ Reviewed the disclosures to ensure this is adequate in relation to estimation uncertainty. Our conclusions are: ‣ We did not identify any issues from our review of the work performed by the valuer over the Authority's assets, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work. ‣ Our sample testing of key assumptions and methodologies did not identify any material issues concerning the reasonableness of the estimation techniques employed. ‣ We did not identify any specific changes to assets that had occurred that required communication to the valuer. ‣ We did not identify any issues in relation to the useful economic lives as a result of the most recent valuation. ‣ All assets had been appropriately revalued within the Authority's 5-year rolling programme. ‣ Testing of accounting entries confirmed they had been correctly processed in the financial statements.

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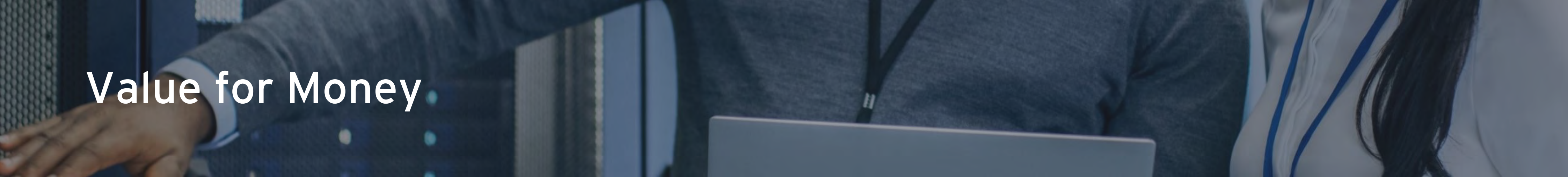
03 Value for Money



Value for Money

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

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

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

Risk assessment and status of our work

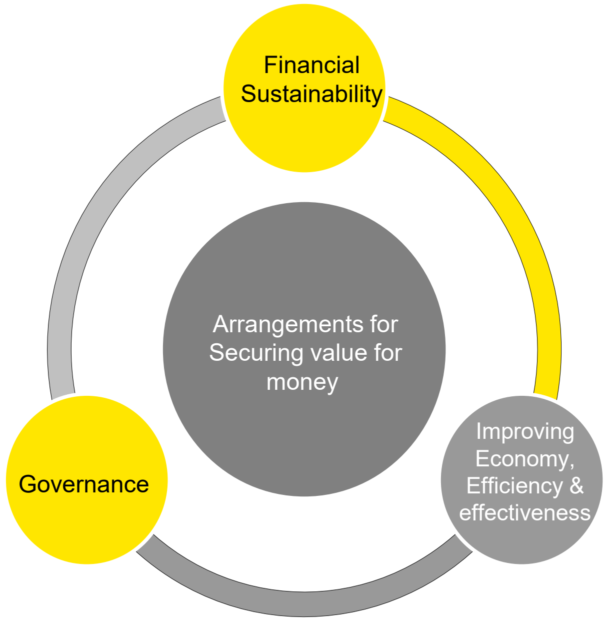
We are required to consider whether the Authority has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Authority's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Authority arrangements against three reporting criteria:

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

We have completed our detailed VFM work and identified no risks of significant weaknesses in arrangements. We will report our commentary on the Authority's arrangements in our Auditor's Annual Report. Summary of arrangements over the period is included in Appendix B.



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04 Audit Report

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Audit Report Section of ARR

Expected modification to the audit report

As reported in our 2022/23 Audit Completion Report dated 6 November 2024, we issued a disclaimed audit report on the Authority's financial statements for 2022/23 under the arrangements to reset and recover Local Government audit.

We anticipate completing our planned programme of work for 2023/24, but because of the gaps in assurance from 2022/23 we have not obtained sufficient evidence to be able to conclude that the financial statements are free from material and pervasive misstatement. We did not plan to rebuild this assurance in our 2023/24 audit.

Taken together with the requirement to conclude our work by the 2023/24 backstop date set by legislation, the lack of evidence over these movements and balances mean we are unable to conclude that the Authority's 2023/24 financial statements are free from material and pervasive misstatements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion. The form and content of the Audit Report will be shared with the Section 17 officer to enable you to formally authorise the 2023/24 financial statements for issue.

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05 Audit Differences

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Audit Differences

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

Summary of adjusted differences

- **Accruals:** The Authority identified an issue with the system generated reports used for calculating their year-end 2023/24 creditor accruals. This resulted in the Authority over accruing expenditure by approximately £87k. The Authority are planning to amend for this misstatement and this will increase the usable reserves of the Authority by £87k. Additional audit procedures did not identify any similar errors that would be material in aggregate.

Summary of adjusted disclosure differences

- Note 13 – Property, Plant and Equipment: The Assets Under Construction and Infrastructure Assets should be recorded under historical cost. We would also recommend that the Authority measure Vehicles, Plant and Equipment at historical cost going forward.
- Note 17 – Creditors: The Creditors note did note agree to the creditors figure in the Balance Sheet with a difference of £70k.
- Note 21 – Cash Flow Statement – Operating Activities: The disclosure note does not reconcile to the Cash Flow Statement as additional disclosures are required.
- Note 22 – Cash Flow Statement – Investing Activities: The total line in this note (£8,545k) should be in brackets to reconcile with the Cash Flow Statement.
- Note 25 – Officers' Remuneration: We noted that for the remuneration banding £50,000 - £54,999 the disclosure needed to be increased from 0 to 1.
- Note 27 – Grant Income: The Grants Credited to Services is understated by £204k.
- Note 28 – Related Parties: Our audit procedures identified that two related parties had been omitted from the disclosure.
- Note 34 – Financial Instruments: The Fair Value of PWLB Liabilities at 31March 2024 was overstated by £27k.
- Other Long-Term Liabilities in the Balance Sheet which represents the Authority's pension valuation was in an asset position in 2022/23 and therefore should be disclosed as an Asset in the Balance Sheet comparative figures.

The Authority is planning to correct all these disclosure differences in the final statement of accounts.

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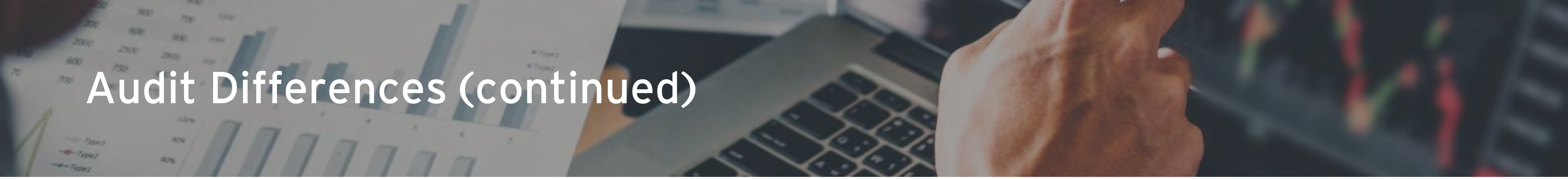

Audit Differences (continued)

Summary of other findings

- **Other Income:** Our other income testing identified one transaction which was incorrectly recorded in 2023/24 and should have been recorded in 2022/23. This is in relation to the recharging of utility costs to third parties, which the Authority has explained is required due to the timing delay in receiving the utility bills each year. We have carried out additional work to provide assurance this departure from the accruals accounting policy is not material.
- **Property, Plant and Equipment:** We note that the Mutford Lock donated asset of £84k has been recorded for the first time in 2023/24 but our audit procedures identified that the asset transferred to the Authority in 2021. We also identified a Property, Plant and Equipment addition of £47k in 2023/24 that related to Mutford Lock which was recorded in 2023/24 but was purchased in 2021. These two transactions should have been recognised in an earlier period. Given the value of £131k is not material we have deemed that no prior period adjustment is required. Additional audit procedures did not identify any similar errors that would be material in aggregate.
- **Inventories:** The inventory balance became material in 2023/24. This was due to inventory additions recorded during the year. Our audit procedures identified that for one invoice totalling £18k the goods were delivered on 29 March 2022. This evidence indicates the inventory should have been recorded in 2021/22 but has only been recorded in 2023/24. Given the value is not material we have deemed that no prior period adjustment is required. Additional audit procedures did not identify any similar errors that would be material in aggregate.

06 Assessment of Control Environment

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Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control.

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

At the date of this report, we have identified the following observations that we would like to bring to the attention of the Risk, Audit and Governance Committee:

- The Director of Finance (S17 Officer) posted journals directly to the general ledger in 2022/23 (14 journals) and 2023/24 (17 journals). We extended our testing to include the 17 journals and have not identified any accounting issues arising. We would not normally expect the Director of Finance to post journals in the system. We note that these journals were approved by a member of staff more junior to the Director of Finance. Given the relatively small size of the Authority we understand that sometimes this may have been required. However, we would recommend that in the future the Director of Finance does not post journals directly to the general ledger.
- The Authority made several manual adjustments to the Statement of Accounts following the closure of the General Ledger. This resulted in differences between the data we were utilising in the audit and the statement of accounts. We recommend that the Authority ensure all general ledger postings are finalised before the publication of the draft Statement of Accounts in future periods.

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07 Other Reporting Issues

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Other Reporting Issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Broads Authority Statement of Accounts 2023/24 with the audited financial statements.

Non-financial information in the Broads Authority Statement of Accounts 2023/24 and published with the financial statements was consistent with the audited financial statements.

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

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

Whole of Government Accounts

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

We expect to issue the audit certificate with the audit opinion, as the Authority is deemed a minor body and is therefore not required to make a Whole of Government Accounts (WGA) submission.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State,

We have not identified any issues which require us to issue a report in the public interest or require us to issue statutory recommendations under Schedule 7.

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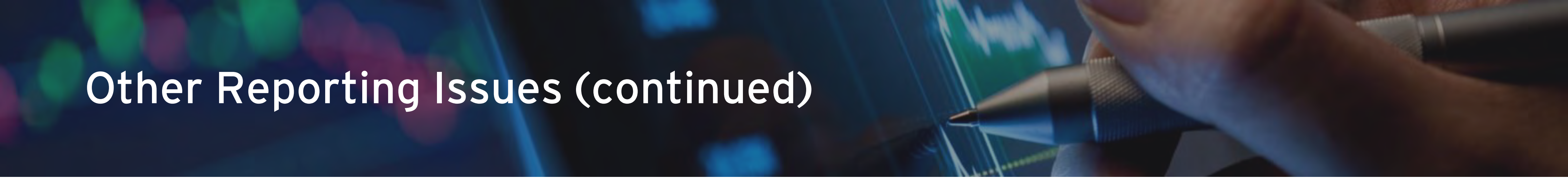

Other Reporting Issues (continued)

Other matters

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

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

We have no other matters to report.

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Other Reporting Issues (continued)

ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment
- Understanding the entity's internal control
- Significant risk
- Approach to addressing significant risk (in combination with ISA 330)

Given that we have disclaimed the 2022/23 audit of the financial statements we have undertaken ISA (UK) 315 (Revised) procedures for the first time in 2023/24.

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability')
- Modernise ISA 315 to meet evolving business needs, including:
    - how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and
    - how auditors understand the entity's use of information technology relevant to financial reporting.
- Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

We set out the findings and conclusions from our work to implement ISA 315 in the table below.

Audit Procedures	Audit findings and conclusions
We obtained an understanding of the IT processes related to the IT applications of the Authority. The Authority has two relevant IT applications (Access Dimensions and Tolls Management System) for the purposes of our ISA 315 risk assessment. We performed procedures to determine if there are typical controls missing or control deficiencies identified. After determining which process is applicable to each relevant IT application, we reviewed the applicable processes for each IT application. When we have identified controls relevant to the audit that are application controls or IT-dependent manual controls where we do not gain assurance substantively, we performed additional procedures. We reviewed the following processes for the relevant IT applications: • Manage vendor supplied changes • Manage security settings • Manage user access	Our procedures identified employee passwords for the Access Dimensions and Tolls Management systems do not have expiry dates. This is in line with guidance issued by National Cyber Security Centre. No significant issues were identified in our review of the processes, including the design and implementation effectiveness of relevant controls around the financial statement close process. We have not tested the operation of any controls through this review.

08 Independence

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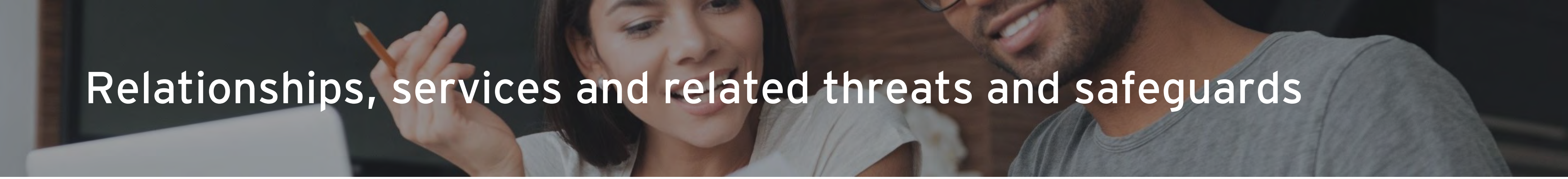

Relationships, services and related threats and safeguards

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

Relationships

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

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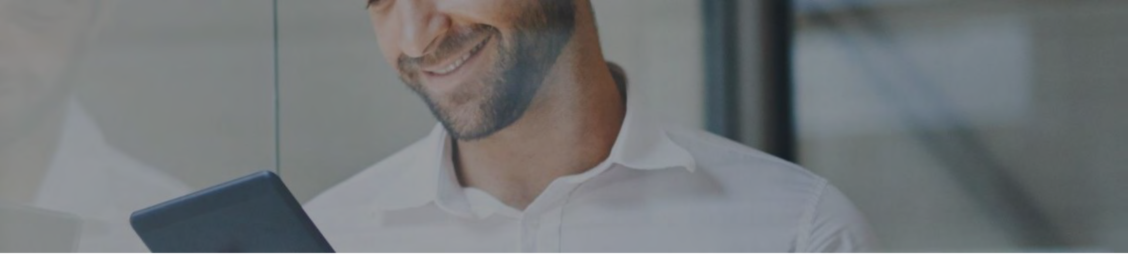

Independence - Fees

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

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

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our financial statements opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Authority; and
- The Authority has an effective control environment
- The Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/. In particular the Authority should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Authority are set out in the fee analysis on this page.

	Actual Fee	Planned fee	Prior Year
	£'s	£'s	£'s
Total Fee – Scale Fee for Code Work	67,107	67,107	22,736
Scale Fee Variation	Note 2	-	Note 1
Total fees	**TBC**	**67,107**	**TBC**

All fees exclude VAT

Notes:

1) PSAA Ltd is responsible for the determination of the final audit fee in respect of 2022/23. In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.
2) The scale fee may be impacted by a range of other factors which will result in additional work. The areas where additional audit procedures have been performed are:
   - Revisions to ISA (UK) 315
   - New accounting standards, for example preparedness and additional disclosures in respect of IFRS 16.
   - Identified risks and/or issues in year (i.e., IAS 19 asset ceiling calculation and additional work performed linked to identified audit adjustments)

   Once we conclude the 2023/24 audit, we will determine the scale fee variations required. This will be discussed with Management and then submitted in line with the PSAA Ltd process. Any scale fee variation is determined by PSAA Ltd.

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09 Appendices

Appendix A – Summary of assurances

Summary of Assurances

As we have set out in Section 5 and the Executive Summary of this report, we anticipate issuing a disclaimer of opinion on the 2023/24 financial statements. Due to the disclaimer of opinion issued on the 2022/23 financial statements, we do not have assurance over the comparative figures disclosed in the 2023/24 financial statements, the opening balance position on 1 April 2023, the closing Reserves balances on 31 March 2024 or the in-year movements recorded in the Comprehensive Income and Expenditure Statement. This is considered material and pervasive to the 2023/24 financial statements. The table below summarises the audit work we have completed on the 2023/24 financial statements to demonstrate to the Risk, Audit and Governance Committee the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating	Summary of work performed
Cash	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Short Term Debtors	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Inventories	Partial	We have not yet concluded our testing in respect of Inventories, we currently have no assurance over the closing balance at 31 March 2024. We anticipate gaining **substantial** assurance if we are able to complete our planned audit procedures in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.
Property, Plant and Equipment ('PPE')	Partial	We have completed our planned 2023/24 audit procedures in this area. However, until we are able to rebuild assurance over PPE additions, disposals and revaluations in the disclaimed periods, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2024 and therefore we plan to issue **partial assurance** on this balance.
Short Term Creditors	Partial	We have not yet concluded our testing in respect of Short Term Creditors, we currently have partial assurance over the closing balance at 31 March 2024. We anticipate gaining **substantial** assurance if we are able to complete our planned audit procedures in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.
Pension Scheme Liability	Partial	We have not yet concluded our testing in respect of the pension scheme liability, we currently have partial assurance over the closing balance at 31 March 2024. We anticipate gaining **substantial** assurance if we are able to complete our planned audit procedures in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.
Short Term Investments	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Reserves	Partial	Our work on the Movements in Reserves in 2023/24 remains in progress but, until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain assurance over the useable and unusable reserves of the Authority reported in the financial statements. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 Audit Plan.

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Appendix A – Summary of assurances (continued)

Account area	Assurance rating	Summary of work performed
Cash Flow Statement	Partial	We have completed our planned audit procedures in this area. However, until we are able to rebuild assurance over the opening balance sheet position, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2024 and therefore we plan to issue **partial assurance** on this statement.
Grant Income	Partial	We have completed our planned testing on the Grant Income in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Comprehensive Income and Expenditure Statement are accurate.
Tolls Income	Partial	We have completed our planned testing on the Tolls Income in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Comprehensive Income and Expenditure Statement are accurate.
Other Income	Partial	We have completed our planned testing on the Other Income in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Comprehensive Income and Expenditure Statement are accurate.
Other Expenditure	Partial	We have completed our planned testing on the Other Expenditure in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Comprehensive Income and Expenditure Statement are accurate.
Payroll Expenditure	Partial	We have completed our planned testing on the Payroll Expenditure in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Comprehensive Income and Expenditure Statement are accurate.
Disclosures	Partial	We have completed our planned testing on the other disclosures in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the disclosures are accurate.
Other Comprehensive Income and Expenditure Statement	Partial	We have completed our planned testing on the Other Comprehensive Income and Expenditure Statement items in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.

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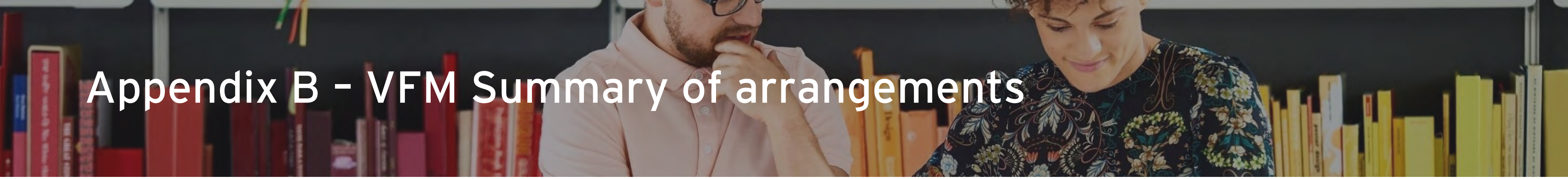

Appendix B - VFM Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Authority produces an annual budget and an update to the financial strategy at the start of each financial year. Significant financial pressures to the Authority, based on the nature of income and expenditure, are salary increases and the number of boats within the system that will require a toll. The Authority include an element of prudency within the estimates in the annual budget setting for salary increases, and monitor boat numbers through discussion with boat yards and review of annual toll payments.
How the body plans to bridge its funding gaps and identifies achievable savings	Funding gaps are considered as part of the budget setting process. In the short term funding gaps are balanced through the use of reserves, whilst appropriate savings plans and further external funding opportunities are investigated as a more long term solution. The budgeted savings are baked into the annual budget, and the tracking of delivery is reviewed against the budget monitoring reports. Management have no significant concerns over the savings plan. We note the medium term financial plan does include ongoing receipt of DEFRA grant income at a flat rate, which is still subject to some uncertainty whilst the outcome of a new settlement is awaited. A reserves policy has been put in place to ensure that minimum levels are adequate to manage future uncertainty until the end of 2026/27.
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The budget is monitored with respect to minimum levels of reserves as set by the Chief Finance Officer, which is based on net expenditure totals. This ensures that delivery of services can be maintained into the future. The annual budget is produced on a zero base to ensure it is line with strategic priorities, assuming no rollover of previous budgets. Spending is split between essential and desirable expenditure in line with key priorities of the Authority.

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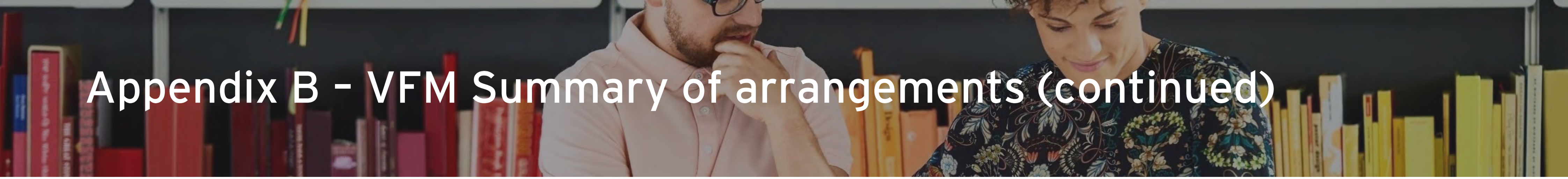

Appendix B - VFM Summary of arrangements (continued)

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting Sub-Criteria	Findings
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	Workforce planning is considered by the Directors as part of the budget setting process. Capital expenditure is funded via revenue or the earmarked reserves, dependent on the capital programme strategy. This is considered at the same time as looking at the forecast future year replacements to consider the adequacy of earmarked reserves levels and contributions. The financial plan is taken to the Broads Authority at the same time as a strategic direction update which sets priorities for the financial year. The outturn position for 2023/24 was a deficit of £0.081 million (£0.055 million surplus National Park and £0.136 million deficit Navigation). As at 31st March 2024, the authority has a total of £3.503 million in the consolidated earmarked reserves (£2.047 million National Park and £1.456 million Navigation). In addition, The General Account Fund balance was £0.744 million, and the Navigation Account Fund Balance was £0.477 million. This was adequate to absorb the adverse variance in 2023/24.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	Income and expenditure is monitored on a monthly basis with budget holders providing updates on any variances. Tolls income is carefully monitored against profile so that drops in demand can be quickly identified and expenditure plans can be reprioritised. Financial position updates are taken to each Risk, Audit and Governance Committee and Broads Authority Committee which provides members with the latest financial information to inform decision making. Risk management is imbedded within the Authority's financial planning arrangements. The Medium Term Financial Strategy includes prudent assumptions regarding cost inflation, future funding uncertainties and service demand pressures. These assumptions are reviewed by the management team and subsequently approved by Members. Regular budget monitoring reports are then taken to the Risk, Audit and Governance Committee throughout the year. Any unplanned budget issues identified are discussed and appropriate action is taken to address the issue. A reserves policy is also in place to ensure that the minimum agreed reserve levels are adequate to manage future uncertainty until the end of 2026/27. This supports financial resilience for the Authority over the medium term.

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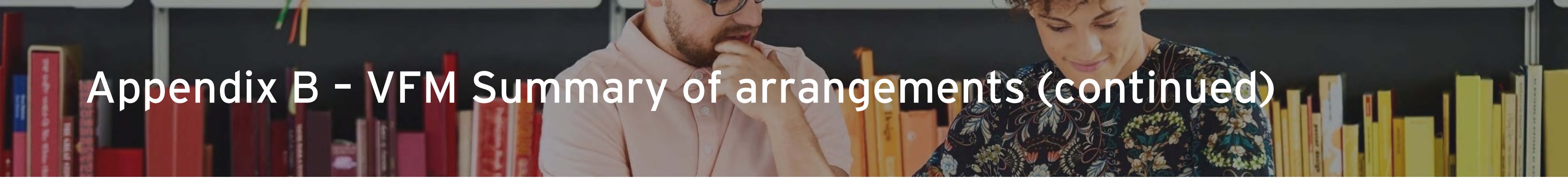

Appendix B – VFM Summary of arrangements (continued)

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting Sub-Criteria	Findings
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	Risks are monitored through the Corporate and Directorate registers. The Corporate Risk Register is reviewed by the Management Team, following a review of the Directorate Risk Registers prior to each Risk, Audit and Governance Committee with the Corporate Risk Register being reported to each Risk, Audit and Governance Committee meeting. Internal Audit's plan is carried out through a risk-based approach to help determine which service areas should be reviewed. Key controls and corporate governance are always reviewed annually, with IT audits on specific areas every two years, in line with the Internal Audit strategy. The Head of Internal Audit provides an annual opinion on the effectiveness of controls and highlights if any areas require improvement. For 2023/24, a 'reasonable assurance' opinion was issued by Internal Audit.
How the body approaches and carries out its annual budget setting process	The Authority produces an annual budget alongside an update to the financial strategy at the start of each financial year. The budget is produced by the Chief Finance Officer based on information from relevant budget holders. The budget is prepared on a zero-budget basis which does not roll over any assumptions from the previous years' budgets. The Medium Term Financial Strategy includes prudent assumptions regarding cost inflation, future funding uncertainties and service demand pressures. These assumptions are reviewed by the management team and recommendations around the level of charges required are formed. The reports are then taken to the full Authority meeting for approval.
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	Monthly monitoring of income and expenditure is performed, with explanations for variances obtained from relevant budget holders. These are followed up at monthly meetings with the Chief Finance Officer to ensure corrective action has been taken where required, or where savings can be re-distributed elsewhere within the Authority to relieve financial pressures. Budget monitoring is lead through the finance system, and Internal Audit include Budgetary Control within their scope of work for the year. This is included within the internal audit report of 'Key Controls and Assurance Framework' which resulted in a reasonable assurance for 2023/24. The Chief Finance Officer was responsible for the preparation of the Statement of Accounts. The accounts and its disclosures were produced in accordance with the CIPFA code and published in compliance with the relevant legislation. The Risk, Audit and Governance Committee then approved the Statement of Accounts.

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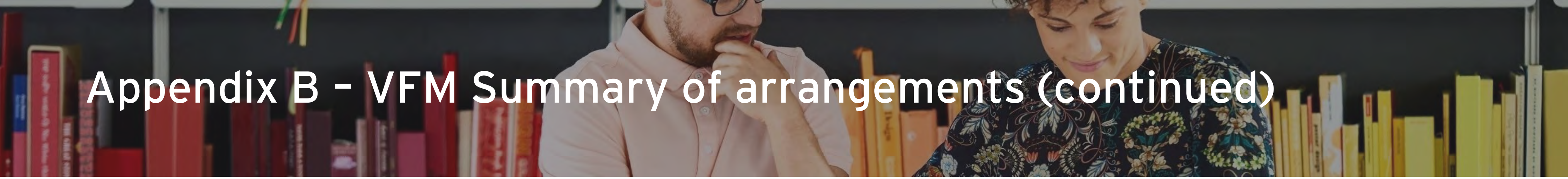

Appendix B - VFM Summary of arrangements (continued)

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting Sub-Criteria	Findings
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	Decisions are made in line with the delegated powers, budgetary provision, strategic priorities and the wider Broads Plan. Decisions made by the membership are supported by Committee reports and openly debated at Committee. Planning delegated decisions are published and expenditure is disclosed for transparency regulations. Risk, Audit and Governance Committee terms and reference are guided by CIPFA's guidelines. All members are provided annual training in relation to their responsibilities with the Statement of Accounts.
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	The 'Code of Conduct for Employees' and the 'Code of Conduct for Members and Complaints Procedure' sets out regulatory requirements and behaviour expectations. This also provides guidance on accepting gifts and hospitality. There are terms of reference for each Committee setting out responsibilities. Members interests are recorded and maintained within a formal register and any conflicts of interest must be declared at the start of each meeting so that the member does not participate in decision making for any item for which they have a conflict of interest. The Monitoring Officer is available to provide advice to members on meeting the appropriate requirements.

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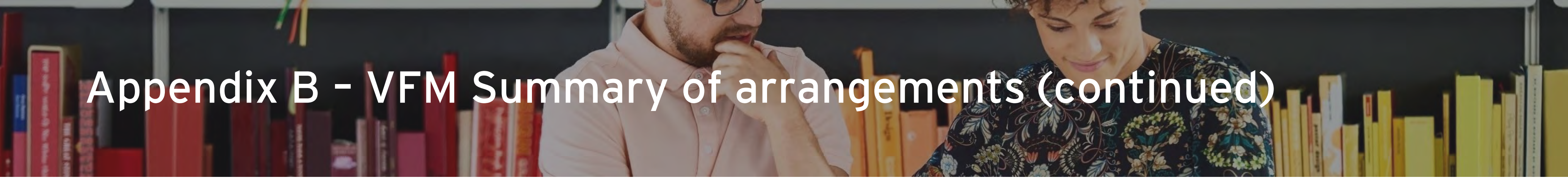
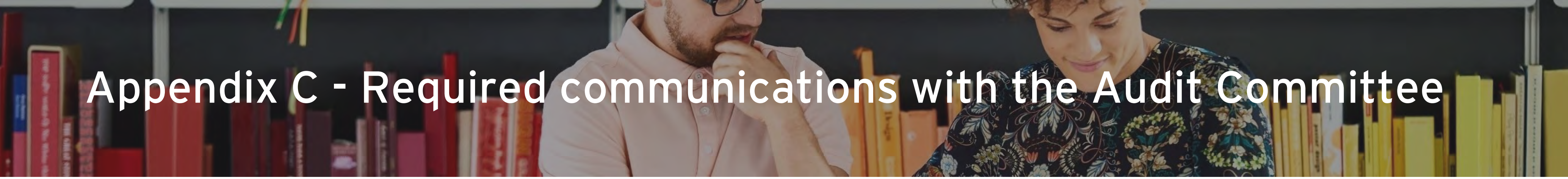


Appendix B - VFM Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	Financial outturn is compared against budget to identify areas of improvement and potential saving or service improvement. Directors are responsible for raising improvement areas where they are then investigated and discussed with the Chief Finance Officer. Performance is assessed against progress made towards the Broads Plan, Strategic Priorities and the Budget with regular updates being provided to the Authority. Any areas tracking below target will be investigated further to identify improvements. The Authority also uses various other sources of information to identify areas for improvement, including internal and external audit findings and recommendations.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The 'Broads Plan' is the overarching management plan for the Broads executive area as a whole, produced by the Broads Authority as a partnership plan. Strategic priorities are aligned to the plan, and this is reinforced through the Business Plan. The strategies developed reinforce the day-to-day delivery and these are reviewed on a regular basis by the Board and improvements identified.
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	The Authority maintains a partnership register which is reviewed annually to ensure it remains appropriate and up to date. The most significant partnerships are those in respect of external funding where partnership agreements are in place. Performance for these agreements is assessed against agreed expectations and modified where required.
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	The Authority has 'Financial Regulations', 'Standing Orders Relating to Contracts' and a 'Procurement Strategy' that follow the relevant legislation and are updated regularly. All tenders are reviewed by the Chief Finance Officer to ensure the procurement meets the required standard. Contract templates build in monitoring throughout the contract against key performance indicators to ensure the contract is delivering as expected.



Appendix C - Required communications with the Audit Committee

Required communications with the Risk, Audit and Governance Committee

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

Required communications	What is reported?	Our Reporting to you When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Plan – 27 February 2024
Planning and audit approach	Communication of: ▸ The planned scope and timing of the audit ▸ Any limitations on the planned work to be undertaken ▸ The planned use of internal audit ▸ The significant risks identified	Audit Plan – 27 February 2024
Significant findings from the audit	▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Significant difficulties, if any, encountered during the audit ▸ Significant matters, if any, arising from the audit that were discussed with management ▸ Written representations that we are seeking ▸ Expected modifications to the audit report ▸ Other matters if any, significant to the oversight of the financial reporting process	Audit Results Report – 24 January 2025

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Appendix C - Required communications with the Audit Committee (continued)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty related to going concern ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The appropriateness of related disclosures in the financial statements	Audit Results Report - 24 January 2025
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Material misstatements corrected by management	Audit Results Report - 24 January 2025
Fraud	▸ Enquiries of the Risk, Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▸ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▸ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▸ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▸ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▸ Any other matters related to fraud, relevant to Risk, Audit and Governance Committee responsibility.	Audit Results Report - 24 January 2025
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	Audit Results Report - 24 January 2025

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Appendix C - Required communications with the Audit Committee (continued)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.	Audit Plan – 27 February 2024 Audit Results Report - 24 January 2025
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures.	Audit Results Report - 24 January 2025
Consideration of laws and regulations	▸ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▸ Enquiry of the Risk, Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Risk, Audit and Governance Committee may be aware of	Audit Results Report - 24 January 2025
Significant deficiencies in internal controls identified during the audit	▸ Significant deficiencies in internal controls identified during the audit.	Audit Results Report - 24 January 2025

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Appendix C - Required communications with the Audit Committee (continued)

Required communications	What is reported?	Our Reporting to you When and where
Written representations we are requesting from management and/or those charged with governance	▸ Written representations we are requesting from management and/or those charged with governance	Audit Results Report - 24 January 2025
System of quality management	▸ How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit Results Report - 24 January 2025
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	▸ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - 24 January 2025
Auditors report	▸ Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report - 24 January 2025

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Appendix D – Management representation letter

DRAFT Management representation letter

Management Rep Letter

David Riglar
Ernst & Young
One Cambridge Square
Cambridge
CB4 0AE

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 2024. 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 financial position of Broads Authority as of 31 March 2024 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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), 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 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].
6. We confirm the Authority does not have securities (debt or equity) listed on a recognized exchange.

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 identify and address any non-compliance with applicable laws and regulations, including fraud.

DRAFT Management representation letter

Management Rep Letter

2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
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 disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Authority (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:
   - involving financial improprieties;
   - 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;
   - 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.
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 2023/24 to the most recent meeting on the following date: [list date].
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 methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
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.

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DRAFT Management representation letter

Management Rep Letter

7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized 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 of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized 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, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

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 to litigation and claims, both actual and contingent, and have disclosed in Note 50 to the financial statements all guarantees that we have given to third parties.
4. No claims in connection with litigation have been or are expected to be received.

E. Ownership of Assets

1. Except for assets capitalised under finance 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, other than those that are disclosed in Note 51 to the financial statements. All assets to which the Authority has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the IAS 19 Pension disclosures, Property, Plant and Equipment and Investment Property valuations and Long-Term Debtor and Inventory valuations and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the 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.

G. Estimates

1. We confirm that the significant judgments made in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 pension valuations and Minimum Revenue Provision valuations have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 pension valuations and Minimum Revenue Provision valuations.

DRAFT Management representation letter

Management Rep Letter

3. We confirm that the significant assumptions used in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 Pension Valuations and Minimum Revenue Provision valuations appropriately reflect our intent and ability to carry out the assessments and valuations, and any specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 pension valuations and Minimum Revenue Provision valuations.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

H. Retirement benefits

1. 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.

I. Reserves

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

J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:
    - Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

K. Going Concern

1. Note 37 to the financial statements discloses all 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, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than the events described in Note 6 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

Appendix D – Management representation letter (continued)

DRAFT Management representation letter

Management Rep Letter

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Governance Statement and Narrative Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered including the impact resulting from the commitments made by the Authority and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

Yours faithfully,

____

(Director of Finance)

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(Chair of the Risk, Audit and Governance Committee)

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ED None

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ey.com/uk

Broads Authority
Yare House 62-64 Thorpe Road
Norwich Norfolk NR1 1RY
tel 01603 610734
broads@broads-authority.gov.uk
www.broads-authority.gov.uk

David Riglar
Partner
Ernst & Young
One Cambridge Square
Cambridge
CB4 0AW

Date 11 February 2025

Dear David

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 2024. 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 consolidated and parent Authority financial statements give a true and fair view of (or 'present fairly, in all material respects,') the authority financial position of Broads Authority as of 31 March 2024 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)**.**

We understand that the purpose of your audit of our Authority financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), 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, for the Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)].

2. We acknowledge, as members of management of the authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the authority financial statements are appropriately described in the authority's 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 CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that are free from material misstatement, whether due to fraud or error.

5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

6. We confirm the authority does not have securities (debt or equity) listed on a recognized exchange.

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

1. We acknowledge that we are responsible to determine that the authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non- compliance with applicable laws or regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.

3. We have disclosed to you the results of our assessment of the risk that the Authority 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 improprieties
    - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Authority financial statements
    - Related to laws or regulations that have an indirect effect on amounts and disclosures in the Authority financial statements, but compliance with which may be fundamental to the operations of the authority's business, its ability to continue in business, or to avoid material penalties
    - Involving management, or employees who have significant roles in internal control, 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;
    - 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 Authority financial statements.

3. We have made available to you all minutes of the meetings of the Authority and its committees (Broads Authority and Risk, Audit and Governance) (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: 11 February 2025.

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 31 Match 2024 period end. These transactions have been appropriately accounted for and disclosed in the Authority financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

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 Authority financial statements in the event of non- compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorised access to our information technology systems that either occurred or is reasonably likely to have occurred, including of 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 effect on the Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

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 to litigation and claims, both actual and contingent, and have disclosed in Note 33 to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

E. Going Concern

4. Note 37 to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and authority’s ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

5. Other than the events described in Note 6 to the Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

G. Other information

6. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information contained within the Narrative Statement and the Annual Governance Statement.

7. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

8. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and the authority have reflected these in the financial statements.

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.

J. Use of the Work of a Specialist

a. We agree with the findings of the specialists that we engaged to evaluate the current value of the land and buildings, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the 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.

K. Estimates

1. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the property, plant and equipment and pension liability accounting estimates.

2. We confirm that appropriate specialized skills or expertise has been applied in making the property, plant and equipment and pensions liability accounting estimates.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

L. Retirement benefits

1. 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.

M. Reserves

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

N. Contingent liabilities

We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

1. Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

2. Matters referred to in the letters dated 10May 2024 issued to you by the Authority’s Monitoring Officer.

Yours sincerely

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(Director of Finance)

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(Chair of Risk, Audit and Governance)

Risk, Audit and Governance Committee

11 February 2025
Agenda item number 6

Statement of Accounts 2023/24

Report by Director of Finance

Summary

This report provides an update on the Broads Authority's Statement of Accounts and its audit for the year ended 31 March 2024.

Recommendation

To note the current position regarding the Draft Statement of Accounts for 2023/24.

Contents

1. Introduction

1.1. The draft Statement of Accounts for 2023/24 was last presented to this committee on 23 July 2024. At the meeting it was indicated that the audit started on 3 June 2024.

1.2. Following the audit continuing from November to January a disclaimed opinion is likely to be issued, see agenda item 5. As stated in the November meeting it should be noted that the disclaimed opinion is not a reflection on the Authority's Finance Team but due to a constraint around verifying the opening balances to complete the work in full.

2. Changes to the 2023/24 Accounts

2.1. The outturn in the draft Statement of Accounts, previously reported to the committee, has decreased by £75,272 giving an overall consolidated surplus of £5,662. This is mainly due to a number of accruals being incorrectly processed.

2.2. The impact if these adjustments is that the surplus for National Park is now £88,839 and the deficit for Navigation is £83,177.

2.3. Table 1 below shows the total adjustments made.

Table 1
Summary Income and Expenditure 2023/24

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, interest and other service income	(209)	(1,092)	(42)	(182)	(4,483)	(6,008)
Contribution from reserves	0	0	0	0	(642)	(642)
Government Grants	0	0	0	0	(3,564)	(3,564)
Total Income	**(209)**	**(1,092)**	**(42)**	**(182)**	**(8,689)**	**(10,214)**
Employee expenses	2,803	1,841	1,057	125	7	5,833
Other service expenses	1,858	991	1,275	251	0	4,375
Total Expenditure	**4,661**	**2,832**	**2,332**	**376**	**7**	**10,208**
Net Expenditure	**4,452**	**1,740**	**2,290**	**194**	**(8,682)**	**(6)**

Table 2
Summary of adjustments

Adjustments	Amounts £000's
Net Expenditure	(6)

Adjustments	Amounts £000's
Amounts in the Comprehensive Income and Expenditure Statement (CIES) not reported to management	243
Amounts included in Table 1 not in the CIES	3,405
Cost of Services in the CIES	**3,642**

2.4. 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 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 revaluation of fixed assets.

2.5. 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 and reserve expenditure.

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

Table 3
Detailed adjustments

Income and Expenditure type	Service Analysis £000's	Not reported to Management £000's	Not included in the CIES £000's	Net Cost of Services £000's	Other operating expenditure, finance and investment income and Government Grant £000's	Surplus on the Provision of Services £000's
Fees, charges and other service income	(5,715)	0	0	(5,715)	0	(5,715)
Interest and investment income	(293)	0	293	0	(293)	(293)
Contribution from reserves	(642)	0	103	(539)	0	(539)

Income and Expenditure type	Service Analysis £000’s	Not reported to Management £000’s	Not included in the CIES £000’s	Net Cost of Services £000’s	Other operating expenditure, finance and investment income and Government Grant £000’s	Surplus on the Provision of Services £000’s
Government Grants	(3,564)	0	3,564	0	(3,498)	(3,498)
Total Income	**(10,214)**	**0**	**3,960**	**(6,254)**	**(3,791)**	**(10,045)**
Employee expenses	5,833	57	0	5,890	(119)	5,771
Other service expenses	4,375	0	(555)	3,820	0	3,820
Depreciation, amortisation & revaluation	0	186	0	186	0	186
Interest payments	0	0	0	0	45	45
Gain on disposal of Assets	0	0	0	0	(12)	(12)
Total Operating Expenditure	**10,208**	**243**	**(555)**	**9,896**	**(86)**	**9,810**
(Surplus)/Deficit on the Provision of Services	**(6)**	**243**	**3,405**	**3,642**	**(3,877)**	**(235)**

3. Balance Sheet

3.1. Following the adjustments for the accruals the net position has moved from £11,077,000 to £11,164,000. The impact of these adjustments has meant that the General (National Park) reserve has increased by £35,000 and Navigation reserve has decreased by £53,000. The balance sheet can be found on page 19 in appendix 1.

3.2. The bottom section of the Balance Sheet on page 19 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 (£1k) 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 £779,643;
- Navigation £529,979;
- Earmarked £3,501,560 of which £1,455,840 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 was approved for issue on 26 July 2024 and is available to view on the website Annual accounts.

5. Audit of the Statement of Accounts

5.1. The Authority's external auditors, Ernst & Young (EY) will cover this under agenda item 5.

6. Financial Implications

6.1. The Statement of Accounts for 2023/24 shows revenue reserves of £1,309,622 (National Park (general) reserves £779,643, Navigation reserves £529,979) that are considered to be adequate. The National Park reserve at the end of 2023/24 stands at 21.3% of net expenditure, while the Navigation reserve is 11.8%.

6.2. The outturn figures for 2023/24 and 2024/25, plus the impact of boat numbers and the 2025/26 level of tolls received will be assessed for their impact on the overall level of reserves and will be taken into account in future budgeting proposals and when making decisions about income and expenditure in 2026/27.

Author: Emma Krelle

Date of report: 27 January 2025

Background papers: Draft Statement of Accounts 2023/24

Broads Plan strategic objectives: All

Appendix 1 – Statement of accounts 2023/24

Broads Authority

Statement of Accounts 2023/24

Contents

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 plan for the period 2022-27 was adopted by the Authority on 23 September 2022 and is publicly available via the website link below.

Broads Plan 2022 - 2027 (broads-authority.gov.uk)

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 2023/24 can be found in the link below:

Strategic priorities update

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.

Governance

The Annual Governance Statement provides details of progress against the current year and provides the new financial year action plan. This is currently available in draft and will be considered by the Authority on 26 July and is available via the link below:

Draft Annual Governance Statement

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. In 29 November 2023 the Government set out its action plan for Protected Landscapes, based on responses to the consultation on the Landscapes Review. The Authority considered the consultation outcome in January 2024, which also included an update on delivery to date and an action plan for the future. A link to the committee report can be found below. The report also contains a review of the amendments to the Norfolk and Suffolk and Broads Act 1988.

The Levelling-Up and Regeneration Act 2023 and the Government response to the Landscape Review (broads-authority.gov.uk)

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 157 or 139.4 Full Time Equivalents (FTE) as at 31 March 2024. This is split 27 (23 FTE) Finance and Support Services, 75 (70.2 FTE) Operations, 55 (46.2 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 Ecology teams who carry out the practical work on the Broads, from dredging to the maintenance and refurbishment of moorings, 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 the byelaws, carry out small scale practical works and Safety Management with 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 receives 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 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 2023/24 has used it reserves to balance the budget. For the 2024/25 budget a small surplus has been achieved through savings in a reduction of space at the Head Office. In addition, following the capital funding received from DEFRA in 2022/23 members took the decision not to add funds to the earmarked reserves for one year. Traditionally these reserves have paid for new capital equipment. This will help minimise the impact of any future reductions to the National Park Grant beyond 2025/26. There continues to be uncertainty around the impact of inflation, wage increases and rising fuel costs. The Landscape Review recommended that "Central Government funding should continue and be both extended and secured across a five-year period." This would greatly assist the Authority in its financial planning.

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 Risk, Audit and Governance 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

Review of Corporate Risk Register

The Authority reviewed the risk register and policy and updated both during 2023/24. The risk register is 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 Risk, Audit and Governance Committee meeting with the option for significant risks being reported to the Broads Authority.

Opportunities

The UK's 15 National Parks work at a national level with a range of commercial, sustainability and philanthropic partners via National Parks Partnerships and our charitable entity the UK National Parks Foundation. National Parks host over 100 million visits every year and have almost 1m social media followers.

The UK National Parks also continue to investigate efficiencies through joint procurement and services and to create resilience amongst the Parks. 2023/24 saw the UK National Parks Communication Team previously hosted by the Broads Authority transfer to Peak District National Park Authority. This service is jointly funded by 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, ERDF for EXPERIENCE, Nature for Climate Peatland Scheme and Electrifying the Broads. From 2017/18 to 2021/22 Columbia provided clothing to all front-line staff. Although the free provision of clothing has ended the opportunity to continue to purchase clothing at reduced rates continues.

The Authority attended the Norfolk Show in June 2023, hosting the Broads village and promoting the National Park and partner organisations. It was a popular destination with twenty stands and was visited by up to 90,000 visitors, including hundreds of school children. The Authority is planning to return to the Show in June 2024.

2024/25 will see the Authority benefit from £500k additional grant funding from DEFRA. This is split equally between revenue and capital and will need to be spent in 2024/25. The Authority plans to use the funding to support our annual capital programme and our increased in costs. DEFRA has also confirmed that FiPL will be extended to March 2027.

Whilst there have been delays in the downsizing of Yare House (Head Office) 2024/25 will see these works completed and savings recognised in the budget. The reduction in office space will provide a more flexible working space and support the Authority's hybrid working approach.

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 2024 is £60,034.

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 2024 is £42,723.

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

In 2023/24 the Authority received National Park Grant of £3,564k from Defra (£4,934k in 2022/23). This included one-off additional deferred funding from 2022/23 for the purchase of Hulver Ground. Additional amounts received in 2022/23 was made up of capital funding for Biodiversity of £1,055k, £440k supplementary core grant funding and £25k for Biodiversity Net Gain. In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £1,464k (£2,151k in 2022/23). Total income for 2023/24 was £5,028k (£7,085k) in 2022/23).

The Authority set a budget for 2023/24 with a forecast surplus of £38k (£221k deficit for 2022/23). The Authority monitors its budget throughout the year against a forecast outturn which is updated monthly. The final forecast outturn for the year 2023/24 indicated an anticipated surplus of £80k. The actual outturn saw a surplus of £89k (an adverse variance of £9k). The Authority has a policy for carrying forward requests in respect of underspends. These were considered and approved by the Authority on 10 May 2024 but due to the requests being funded from the earmarked reserves the net effect on the revenue budget for 2024/25 was £nil (£29k from 2022/23 added to the 2023/24 budget).

Navigation Income and Expenditure

Income from tolls was £4,098k (£3,721k in 2022/23), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £300k, (£238k in 2022/23) and interest was £146k (£58k in 2022/23). Total income for 2023/24 was £4,544k (£4,017k in 2022/23).

The Authority set a budget with a forecast deficit of £56k for 2023/24 (deficit of £206k for 2022/23). This deficit was to be balanced using reserves. The Authority monitors its budget throughout the year against a forecast outturn which is updated monthly. The final forecast outturn for 2023/24, which took account of approved budget changes, indicated an anticipated deficit of £117k. The actual outturn saw a deficit of £83k (a favourable variance of £35k). The Authority has a policy for carrying forward requests in respect of underspends. These were considered and approved by the Authority on 10 May 2024 for £27k (nil from 2022/23 added to the 2023/24) and added to the 2024/25 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

2024/25 continues to focus on the successful delivery of the Nature for Climate Peatland Scheme restoration and Paludiculture Exploration Fund. Our external funded project from the NHLF will see the submission of the final claim in 2024. A follow-up of Generation Green will start in 2024 aiming to provide day and residential activities to young people. Although the projects are claimed in arrears the impact on the Authority's cash flows is minimal. The budget for Navigation is projecting a surplus of £87k in 2024/25 (after considering carry forward requests), with reserves at 10.1% of net expenditure at the end of the year. For General (National Park) funding there is a projected surplus of £15k in 2024/25, with reserves at 26.0% of net expenditure.

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

There are a significant number of variables – and some unknown quantities, such as future inflation, 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 2025. The annual toll increase for 2024/25 was set at 8.5% for all vessels. When setting the future strategy, the Authority will continue to consult with the Navigation Committee before the Broads Authority makes a decision. 2024/25 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 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 modelling and engagement work with stakeholders.

Changes to the 2023/24 Accounts

There have been no key changes to the Statement of Accounts in 2023/24.

The accounting statements

The Broads Authority's accounts for the year 2023/24 are set out on pages 12 to 80. 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 36 on page 79.

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 2023/24 (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 2024 and its income and expenditure for the year ended 31 March 2024.

Emma Krelle (Director of Finance)

Certificate of Committee Resolution

I confirm that these accounts were given delegated approval by the Broads Authority at its meeting held 24 January 2025.

Signed on behalf of The Broads Authority:

(Chair of meeting approving the accounts)

Date

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

Expenditure and Funding Analysis

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

2022/23 Net expenditure chargeable to the General and navigation fund balances £000	2022/23 adjustments between the funding and accounting basis £000	2022/23 Net expenditure in the comprehensive income and expenditure statement £000	Function	2023/24 Net expenditure chargeable to the General and navigation fund balances £000	2023/24 adjustments between the funding and accounting basis £000	2023/24 Net expenditure in the comprehensive income and expenditure statement £000
1,220	257	1,477	Operations	1,492	(11)	1,481
1,330	262	1,592	Strategic Services	1,340	31	1,371
1,799	(808)	991	Finance & Support Services (previously known as Chief Executive)	914	(83)	833
79	0	79	Corporate Amounts	4	0	4
43	533	576	Broads Navigation Account	256	(301)	(45)
4,471	**244**	**4,715**	**Net cost of services (subtotal)**	**4,006**	**(364)**	**3,642**
(4,837)	88	(4,749)	Other income and expenditure	(3,758)	(119)	(3,877)
(366)	**332**	**(34)**	**(Surplus) or Deficit**	**248**	**(483)**	**(235)**
(1,669)			Opening general and navigation fund balance	**(1,145)**		
(366)			Less/plus surplus or (deficit) on general and navigation balance in year	**248**		
890			Transfer (to)/from earmarked reserves and Capital Grant Unapplied	**(411)**		
(1,145)			**Closing general and navigation fund balance at 31 March**	**(1,308)**		

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.

2022/23 Gross expenditure £000	2022/23 Income £000	2022/23 Net expenditure/ (income) £000	Description	Note	2023/24 Gross expenditure £000	2023/24 Income £000	2023/24 Net expenditure/ (income) £000
2,286	(809)	1,477	Operations		1,792	(311)	1,481
2,848	(1,256)	1,592	Strategic Services		2,340	(969)	1,371
1,013	(22)	991	Finance & Support Services		863	(32)	831
79	0	79	Corporate Items		4	0	4
4,525	(3,949)	576	Broads Navigation Account	36	4,340	(4,385)	(45)
10,751	**(6,036)**	**4,715**	**Cost of services (subtotal)**		**9,339**	**(5,697)**	**3,642**
		(8)	(Gains)/Losses on the disposal of non-current assets				(12)
		193	Financing and investment income and expenditure	11			(367)
		(4,934)	Taxation and non-specific grant income and expenditure	12			(3,498)
		(34)	**(Surplus) or deficit on provision of services (subtotal)**				**(235)**
		(273)	(Surplus) or deficit on revaluation of fixed assets				(422)
		(12,727)	Actuarial (gains)/losses on pension assets/liabilities				2,815
		(13,000)	Other comprehensive income and expenditure (subtotal)				2,393
		(13,034)	**Total comprehensive income and expenditure**				**2,158**

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.

2022/23	General fund and navigation fund balance £000	Capital receipts reserve £000	Capital Grants Unapplied £000	Earmarked reserves £000	Total useable reserves £000	Unusable reserves £000	Total Authority reserves £000
Balance at 31 March 2022 (A)	1,669	405	0	2,873	4,947	(4,658)	289
Total comprehensive income and expenditure	34	0	0	0	34	0	34
Other Comprehensive income and expenditure	0	0	0	0	0	13,000	13,000
Adjustments between accounting basis and funding basis under regulations (Note 9)	332	17	150	0	499	(499)	0
Transfers to or from Earmarked reserves (Note 10)	(890)	0	0	890	0	0	0
Increase or (decrease in 2022/23 (B) (subtotal)	(524)	17	150	890	533	12,501	13,034
Balance at 31 March 2023 (=A+B)	**1,145**	**422**	**150**	**3,763**	**5,480**	**7,843**	**13,323**

2023/24	General fund and navigation fund balance £000	Capital receipts reserve £000	Capital Grants Unapplied £000	Earmarked reserves £000	Total useable reserves £000	Unusable reserves £000	Total Authority reserves £000
Balance at 31 March 2023 (A)	1,145	422	150	3,763	5,480	7,843	13,323
Total comprehensive income and expenditure	235	0	0	0	235	0	235
Other Comprehensive income and expenditure	0	0	0	0	0	(2,394)	(2,394)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(332)	0	(150)	0	(482)	482	0
Transfers to or from Earmarked reserves (Note 10)	261	0	0	(261)	0	0	0
Increase or (decrease in 2023/24 (B) (subtotal)	164	0	(150)	(261)	(247)	(1,912)	(2,159)
Balance at 31 March 2024 (=A+B)	**1,309**	**422**	**0**	**3,502**	**5,233**	**5,931**	**11,164**

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 23 £000	Category	Note	As at 31 March 24 £000
5,497	Property, plant & equipment	13	6,303
2,525	Other long-term assets	32	0
8,022	**Long term assets (subtotal)**		**6,303**
5,029	Short term investments		5,067
141	Inventories	14	209
1,906	Short term debtors	15	710
702	Cash and cash equivalents	16	1,454
7,778	**Current assets (subtotal)**		**7,440**
(35)	Short term borrowing		(36)
(2,158)	Short term creditors	17	(2,073)
(99)	Provisions	18	(94)
(45)	Grant receipts in advance	27	(69)
(2,337)	**Current liabilities (subtotal)**		**(2,272)**
(94)	Long term borrowing		(58)
(46)	Other long-term liabilities	30, 32	(249)
(140)	**Long term liabilities (subtotal)**		**(307)**
13,323	**Net assets (liabilities)**		**11,164**
-	**Useable reserves**	-	-
561	General account fund balance		779
584	Navigation account fund balance		530
422	Capital receipts reserve		422
150	Capital Grants Unapplied Account		0
3,763	Earmarked reserves	10	3,502
-	**Unusable reserves**	20	-
2,340	Revaluation reserve		2,698
3,030	Capital adjustment account		3,513
2,525	Pension reserve		(216)
(52)	Accumulated absence reserve		(64)
13,323	**Total reserves**		**11,164**

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2024 and its income and expenditure for the year 31 March 2024. These Financial Statements replace those certified by the Director of Finance on 31 May 2024.

Emma Krelle (Director of Finance)

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.

2022/23 £000	**Revenue activities**	**Note**	**2023/24 £000**
34	Net surplus or (deficit) on the provision of services		235
516	Adjustments to net surplus or deficit on the provision of services for non-cash movements		1,116
(1,087)	Adjust for items in the net surplus or deficit on the provision of services that are investing and financing activities		7,982
(537)	Net cash flows from operating activities (subtotal)	21	9,333
150	Investing activities	22	(8,545)
(63)	Financing activities	23	(36)
(450)	Net increase or (decrease) in cash and cash equivalents (subtotal)		752
1,152	Cash and cash equivalents at the beginning of the reporting period		702
702	**Cash and cash equivalents at the end of the reporting period**	16	**1,454**

Notes to the Statement of Accounts

1. Accounting policies

i. General principles

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. 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 2023/24 and the Service Reporting Code of Practice 2023/24, 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 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. 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.

xiv. 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.

xv. 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;
- floating plant and vessels – straight-line allocation between 15 and 30 years, as advised by a suitably qualified officer;
- other plant, vehicles, furniture and equipment – straight-line allocation between 5 and 15 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.

xvi. 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 33) 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.

xvii. 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.

xviii. 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 2023/24, however in note 36 to the accounts the navigation income and expenditure is shown.

xix. 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.

xx. 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.

xxi. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His 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 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 2024:

- The implementation of IFRS 16 Leases will take effect from 1 April 2024. 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.
- IAS 1 – amendment to classification of liabilities as current or non-current.
- IFRS 16 – amendment to lease liability in a sale and leaseback.
- IAS 1 – amendment to non-current liabilities with covenants.
- IAS 12 – amendment to international tax reform: Pillar Two Model Rules.
- IAS 7 and IFRS 7 - amendment to supplier finance arrangements.

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 2024/25 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 uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge would increase by £47,000 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 £633,000. Further details are set out in the sensitivity analysis in note 32.

5. Material items of income and expenditure

There are no material items of expense in relation to 2023/24 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 X 2025. 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

2022/23 Adjustments for capital purposes (Note 1) £000	2022/23 Net change for the pension's adjustments (Note 2) £000	2022/23 Other differences (Note 3) £000	2022/23 Total adjustments £000	Description	2023/24 Adjustments for capital purposes (Note 1) £000	2023/24 Net change for the pension's adjustments (Note 2) £000	2023/24 Other differences (Note 3) £000	2023/24 Total adjustments £000
75	187	(5)	257	Operations	(19)	7	1	(11)
27	235	0	262	Strategic Services	18	11	2	31
(890)	83	(1)	(808)	Finance & Support Services	(87)	3	1	(83)
0	0	0	0	Corporate Items	0	0	0	0
103	434	(4)	533	Broads Navigation Account	(332)	24	7	(301)
(685)	939	(10)	244	Net Cost of Services (subtotal)	(420)	45	11	(364)
(167)	255	0	88	Other income and expenditure from the Expenditure and Funding analysis	0	(119)	0	(119)
(852)	**1,194**	**(10)**	**332**	Difference between General and Navigation Fund surplus or deficit and comprehensive Income and Expenditure Statement Surplus of Deficit on the Provision of Services	**(420)**	**(74)**	**11**	**(483)**

Note

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

Income received on a segmental basis is analysed below:

Service	**2022/23 Income from services (£000)**	**2023/24 Income from services (£000)**
Operations	(809)	(311)
Strategic Services	(1,256)	(969)
Finance & Support Services	(22)	(32)
Corporate items	0	0
Specialist ringfenced account (navigation)	(3,949)	(4,386)
Total income analysed on a segmental basis	**(6,036)**	**(5,698)**

8a. Expenditure and income analysed by nature

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

Expenditure	2022/23 £000	2023/24 £000
Employee benefits expenses	6,699	5,771
Other services expenses	4,850	3,821
Depreciation, amortisation, impairment	326	186
Interest payments	55	45
Expenditure in relation to investment properties	0	0
Loss/(gain) on the disposal of assets	(8)	(12)
Total expenditure	**11,922**	**9,811**

Income	2022/23 £000	2023/24 £000
Fees, charges and other service income	(6,051)	(5,716)
Interest and investment income	(117)	(293)
Contributions from reserves	(853)	(539)
Government grants and contributions	(4,935)	(3,498)
Total income (subtotal)	(11,956)	(10,046)
Surplus or deficit on the provision of services	**(34)**	**(235)**

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

8b. Revenue from contracts with service recipients

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

Contract Revenue	2022/23 £000	2023/24 £000
Revenue from contracts with service recipients	130	213
Total included in comprehensive income and expenditure	**130**	**213**

Amounts included in the Balance Sheet for contracts with service recipients:

Outstanding Revenue	2022/23 £000	2023/24 £000
Receivables, which are included in debtors (Note 15)	0	42
Total included in net assets	**0**	**42**

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.

2022/23 General fund and navigation fund £000	**2022/23 Capital receipts reserve £000**	**2022/23 Capital Grants Unapplied Account £000**	**2022/23 Movement in unusable reserves £000**	**Adjustments**	**2023/24 General fund and navigation fund £000**	**2023/24 Capital receipts reserve £000**	**2023/24 Capital Grants Unapplied Account £000**	**2023/24 Movement in unusable reserves £000**
(3)	3	0	0	**Adjustments primarily involving the Capital Adjustment Account:** **Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:** Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	0	0	0	0
0	0	0	0	Donated Asset	(84)	0	0	84
320	0	0	(320)	Charges for depreciation and impairment of non-current assets	331	0	0	(331)
6	0	0	(6)	Revaluation losses on property, plant and equipment	(145)	0	0	145
0	0	0	0	Amortisation of intangible assets	0	0	0	0
10	14	0	(24)	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	5	0	0	(5)
(64)	0	0	64	**Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:** Statutory provision for the financing of capital investment	(35)	0	0	35
(66)	0	(905)	971	Capital expenditure charged against the General Fund	(492)	0	0	492
(905)	0	905	0	**Adjustments involving the Capital Resources:** Application of Capital Grant to finance Capital Expenditure	150	0	(150)	0
(150)	0	150	0	Transfer of Capital Grants and contributions to Capital Unapplied Grant	0	0	0	0
2,080	0	0	(2,080)	**Adjustments involving the Pensions Reserve:** Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 32)	859	0	0	(859)
(886)	0	0	886	Employer’s pension contributions and direct payments to pensioners payable in the year	(932)	0	0	932
(10)	0	0	10	**Adjustments involving the accumulated Absences Account:** Adjustments in relation to short-term compensated absences	11	0	0	(11)
332	**17**	**150**	**(499)**	**Total adjustments**	**(332)**	**0**	**(150)**	**482**

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 2023/24. A description of each of the earmarked reserves follows in the table below.

Reserve Name	Balance at 31 March 2022 £000	Transfers in 2022/23 £000	Transfers out 2022/23 £000	Balance at 31 March 2023 £000	Transfers in 2023/24 £000	Transfers out 2023/24 £000	Balance at 31 March 2024 £000
Property	(880)	(94)	42	(932)	(207)	0	(1,139)
Plant, vessels and equipment	(485)	(220)	69	(636)	(282)	278	(640)
Premises	(294)	(88)	6	(376)	(108)	53	(431)
Planning delivery grant	(245)	(16)	0	(261)	(16)	0	(277)
Upper Thurne Enhancement Scheme	(187)	(27)	0	(214)	(36)	0	(250)
Heritage Lottery Fund	(8)	(636)	473	(171)	(184)	342	(13)
Catchment Partnership	(85)	(48)	48	(85)	(43)	58	(70)
CANAPE	(476)	(67)	80	(463)	(26)	489	0
Computer Software	(129)	(24)	0	(153)	(30)	0	(183)
UK National Park Communications	(38)	(88)	121	(5)	(34)	35	(4)
Match Funding	(46)	0	29	(17)	0	15	(2)
Medium Term Financial Planning	0	(450)	0	(450)	(148)	103	(495)
Total	**(2,873)**	**(1,758)**	**868**	**(3,763)**	**(1,114)**	**1,375**	**(3,502)**

Included in the closing balance of £3,502k, £1,456k 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.

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.

Medium-term Financial Planning

A reserve account set up for the supplementary National Park Grant to fund medium-term plans for the Authority.

11. Financing and investment income and expenditure

2022/23 £000	Expenditure and income detail	2023/24 £000
55	Interest payable and similar charges	45
255	Net interest on the net defined benefit liability (asset)	(119)
(117)	Interest receivable and similar income	(293)
193	**Total**	**(367)**

12. Taxation and non-specific Grant income

2022/23 £000	Income detail	2023/24 £000
	Credited to Taxation and non-specific Grant income	
3,414	DEFRA National Park Grant	3,414
440	DEFRA Supplementary National Park Grant	0
1,055	DEFRA Biodiversity Capital Grant	0
25	DEFRA Biodiversity Net Gain funding	0
0	Donated Asset (Mutford Lock)	84
4,934	**Total**	**3,498**

13.Property, plant and equipment

Movements on balances 2022/23

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 2022	3,182	2,596	315	323	0	6,416
Additions	0	879	0	0	92	971
Revaluation increases/(decreased) recognised in the Revaluation reserve	191	26	0	0	0	217
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	6	0	0	0	0	6
Derecognition-disposals	0	(68)	0	0	0	(68)
At 31 March 2023	**3,379**	**3,433**	**315**	**323**	**92**	**7,542**

Accumulated depreciation and impairment	Land and Buildings £000	Vehicles Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2022	59	1,468	286	0	0	1,813
depreciation charge	39	266	15	0	0	320
derecognition – disposals	0	(44)	0	0	0	(44)
depreciation written out to the Revaluation Reserve	(15)	(29)	0	0	0	(44)
At 31 March 2023	**83**	**1,661**	**301**	**0**	**0**	**2,045**

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment
At 31 March 2023	**3,296**	**1,772**	**14**	**323**	**92**	**5,497**
At 31 March 2022	3,123	1,128	29	323	0	4,603

Movements on balances 2023/24

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 2023	3,379	3,433	315	323	92	7,542
Additions	153	318	0	0	21	492
Donated Assets	84	0	0	0	0	84
Revaluation increases/(decreased) recognised in the Revaluation reserve	670	0	0	0	0	670
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(145)	0	0	0	0	(145)
Derecognition-disposals	0	(105)	0	0	0	(105)
Reclassification	0	92	0	0	(92)	0
At 31 March 2024	**4,141**	**3,738**	**315**	**323**	**21**	**8,538**

Accumulated depreciation and impairment	Land and Buildings £000	Vehicles Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2023	83	1,661	301	0	0	2,045
depreciation charge	32	296	3	0	0	331
derecognition – disposals	0	(99)	0	0	0	(99)
depreciation written out to the Revaluation Reserve	(42)	0	0	0	0	(42)
At 31 March 2024	**73**	**1,858**	**304**	**0**	**0**	**2,235**

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment
At 31 March 2024	**4,068**	**1,880**	**11**	**323**	**21**	**6,303**
At 31 March 2023	3,296	1,772	14	323	92	5,497

Under land is Womack Dyke which has been valued at £5,750, however the Authority's ownership cannot be established at this point in time. Its inclusion above is not considered material.

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
Maintenance Craft and Floating plant	Straight line	Between 15 to 30 Years
Other Plant and Equipment	Straight line	Between 5 and 15 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 that are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

Significant assumptions applied in estimating the current values are:

- Property, Plant and Equipment of a specialised nature were valued on the basis of what it would cost to reinstate the service, suitably adjusted to reflect for age, wear and tear and obsolescence of the existing asset.
- Infrastructure Assets and Community Assets have been valued at historic cost rather than fair value.

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

Financial Year	Land and buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total £000
Carried at historical cost	0	1,880	11	323	21	456
Valued at current value as at 31 March 2024	1,599	0	0	0	21	1,858
31 March 2023	1,622	0	0	0	0	2,623
31 March 2022	311	0	0	0	0	519
31 March 2021	527	0	0	0	0	754
31 March 2020	9	0	0	0	0	93
Total cost or valuation	**4,068**	**1,880**	**11**	**323**	**21**	**6,303**

14. Inventories

Description	Consumable stores 2022/23 £000	Consumable stores 2023/24 £000	Maintenance materials 2022/23 £000	Maintenance materials 2023/24 £000	Total 2022/23 £000	Total 2023/24 £000
Balance outstanding at start of year	40	38	85	103	125	141
Purchases	34	26	212	252	246	278
Recognised as an expense in year	(36)	(31)	(194)	(179)	(230)	(210)
Written off balances	0	0	0	0	0	0
Balances outstanding at year end	**38**	**33**	**103**	**176**	**141**	**209**

15. Debtors

31 March 2023 £000	Debtor types	31 March 2024 £000
708	Trade receivables	123
833	Prepayments and accrued income	480
365	Other receivable amounts	107
1,906	**Total**	**710**

16. Cash and cash equivalents

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

31 March 2023 £000	Cash and cash equivalent types	31 March 2024 £000
2	Cash held by the Broads Authority	2
700	Bank current accounts	1,452
702	**Total cash and cash equivalents**	**1,454**

17.Creditors

31 March 2023 £000	Creditor types	31 March 2024 £000
228	Trade payables	383
1,798	Accruals and income in advance	1,521
132	Other payable amounts	169
2,158	**Total**	**2,073**

18. Provisions

2022/23 Accumulated absences provision £000	2022/23 Audit Fees provision £000	2022/23 Biodiversity Net Gain Provision £000	2022/23 Total £000	Description	2023/24 Accumulated absences provision £000	2023/24 Audit Fees provision £000	2023/24 Biodiversity Net Gain Provision £000	2023/24 Total £000
62	57	0	119	Balance at 1 April	53	20	26	99
53	0	26	79	Additional provisions made in year	64	0	11	75
(62)	(37)	0	(99)	Settlements or cancellation of provision made at end of proceeding year	(53)	(20)	(7)	(80)
53	**20**	**26**	**99**	**Balance at 31 March**	**64**	**0**	**30**	**94**

The Audit Fee provision relates to the additional fees EY would like the Authority to pay relating to the 2021/22 audit. The additional fee relating to the 2021/22 audit was settled in December 2023.

The Biodiversity Net Gain provision relates to funding confirmation received from DEFRA in March 2023. This funding will be used to fund Biodiversity projects in 2024/25.

For more information on the Accumulated Absence Account, see note 20.

19. Usable reserves

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

20. Unusable reserves

31 March 2023 £000	Description	31 March 2024 £000
2,340	Revaluation reserve	2,698
3,030	Capital Adjustment Account	3,513
2,525	Pensions Reserve	(216)
(52)	Accumulated Absences Account	(64)
7,843	**Total unusable reserves**	**5,931**

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.

2022/23 £000	Description	2023/24 £000
2,082	Balance at 1 April	2,340
321	Upward revaluation of assets	619
(48)	Downward revaluation of assets	(198)
273	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services (subtotal)	421
(15)	Difference between current value depreciation and historical cost deprecation	(63)
(15)	Amount written off to the Capital Adjustment Account (subtotal)	(63)
2,340	**Balance at 31 March**	**2,698**

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.

2022/23 £000	Description	2023/24 £000
2,330	Balance at 1 April	3,030
(3)	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
(320)	Charges for depreciation and impairment of non-current assets	(331)
(6)	Revaluation losses on property plant & equipment	145
0	Movement in the Donated Assets	84
3	Amount on Excavator w/off on disposal or sale as part of the gain/loss on disposal to CIES	0
0	Amortisation of intangible assets	0
(24)	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	(5)
15	Adjusting amounts written out of the revaluation reserve	63
(335)	Net written out amount of the cost of non-current assets consumed in the year (subtotal)	(44)

2022/23 £000	Description	2023/24 £000
(1,055)	Capital grants and contributions credited to CIES applied for capital financing	0
905	Application of grants to capital financing from Capital Grants Unapplied Account	150
150	Transfer of capital grants and contributions to Capital Grants Unapplied	(150)
64	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	35
971	Capital expenditure charges against the General Fund	492
3,030	**Balance at 31 March**	**3,513**

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.

2022/23 £000	Description	2023/24 £000
(9,008)	Balance at 1 April	2,525
12,727	Remeasurements of the net defined benefit liability/(asset)	(2,814)
(2,080)	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	(859)
886	Employer's pension contributions and direct payments to pensioners payable in the year	932

2022/23 £000	Description	2023/24 £000
2,525	**Balance at 31 March**	**(216)**

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.

2022/23 £000	Description	2023/24 £000
(62)	Balance at 1 April	(52)
0	Settlement or cancellation of accrual made at the end of the preceding year	0
62	Amounts accrued at the end of the current year	(64)
(52)	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	52
(52)	**Balance at 31 March**	**(64)**

21. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2022/23 £000	Operating activity	2023/24 £000
104	Interest received	280
(49)	Interest paid	(41)
55	**Net cash flows from operating activities**	**239**

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2022/23 £000	Non-cash movements	2023/24 £000
320	Depreciation	331
6	Impairment and downward valuations	(145)
(13)	Deferred revenue/ deferred payment agreements (IFRS 15)	(13)
147	Increase/(decrease) in creditors	(15)
(1,124)	(Increase)/decrease in debtors	1,182

2022/23 £000	Non-cash movements	2023/24 £000
(17)	(Increase)/decrease in inventories	(67)
1,194	Movement in pension liability	(73)
24	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	5
(21)	Other non-cash items charged to the net surplus or deficit on the provision of services	(89)
516	**Net non-cash movements**	**1,116**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2022/23 £000	Investing and Financing activities	2023/24 £000
1,090	Proceeds from short-term (not considered to cash equivalents)	8,000
(3)	Proceeds from the sale of property, plant and equipment	(18)
(1,087)	**Net investing and finance movements**	**7,982**

22.Cash flow statement – investing activities

2022/23 £000	Investing activity	2023/24 £000
(971)	Purchase of property, plant and equipment, investment property and intangible assets	(492)
(10)	Purchase of short-term investments	(8,026)
1,099	Proceeds from short term investments	(45)
32	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	18
150	**Net cash flows from investing activities**	**(8,545)**

23.Cash flow statement – financing activities

2022/23 £000	Financing activity	2023/24 £000
0	Cash receipts of short- and long-term borrowing	0
(28)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	0

2022/23 £000	Financing activity	2023/24 £000
(35)	Repayments of short- and long-term borrowing	(36)
(63)	**Net cash flows from financing activities**	**(36)**

24.Members' allowances

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

2022/23 £000	Member payment type	2023/24 £000
40	Allowances	37
6	Expenses	4
46	**Total**	**41**

25.Officers' remuneration

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

Job Title	Year	Salary, fees and allowances £000	Bonuses £000	Expenses allowances £000	Pension contribution £000	Total £000
Chief Executive	2022/23 2023/24	94 95	0 0	0 0	17 20	111 115
Director of Strategic Services	2022/23 2023/24	67 69	0 0	0 0	12 15	79 84
Director of Operations	2022/23 2023/24	67 69	0 0	0 0	12 15	79 84
Director of Finance	2022/23 2023/24	60 65	0 0	0 0	11 13	71 78
Head of Construction, Maintenance & Ecology	2022/23 2023/24	49 51	0 0	0 0	9 11	58 62

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

Number of employees 2022/23	**Remuneration amount band**	**Number of employees 2023/24**
0	£50,000 - £54,999	1
0	£55,000 - £59,999	0
1	£60,000 - £64,999	1
2	£65,000 - £69,999	2
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	0
0	£95,000 - £99,999	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 2022/23	Number of compulsory redundancies 2023/24	Number of other departures agreed 2022/23	Number of other departures agreed 2023/24	Total number of exit packages by cost band 2022/23	Total number of exit packages by cost band 2023/24	Total cost of exit packages in each band 2022/23 £000	Total cost of exit packages in each band 2023/24 £000
£0-£20,000	1	0	0	0	1	0	4	0
£20,001-£40,000	0	0	0	0	0	0	0	0
Total	**1**	**0**	**0**	**0**	**1**	**0**	**4**	**0**

26. 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 Authority has not paid an additional fee for the 2021/22 audit. Any additional fees in 2022/23 is subject to determination by PSAA Ltd under the terms of the contract, for further details please see note 18.

2022/23 £000	Type of external audit cost	2023/24 £000
11	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	25
12	Additional fees relating to the 2021/22 to 2022/23 audit of the Statement of Accounts	0
23	**Total**	**25**

27.Grant income

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

2022/23 £000	Grant Name	2023/24 £000
3,414	Credited to taxation and non-specific grant income: Defra National Park Grant	3,414
440	Defra Supplementary National Park Grant	0
1,055	Defra Biodiversity Capital Funding	0
25	Defra Biodiversity Net Gain Funding	0
0	Donated Asset Mutford Lock	84
4,934	**Credited to taxation and non-specific grant income (subtotal)**	**3,498**
709	Credited to serves: Heritage Lottery Fund – Landscape Partnership Scheme	156
64	Defra Access Funding	16
392	Natural England – Nature for Climate Peatland Scheme	222
57	CANAPE - ERDF	0
0	Paludiculture Exploration Fund	129
166	Defra Farming In Protected Landscapes (FiPL)	308
6	Generation Green	0
1,394	**Credited to services (subtotal)**	**645**
6,328	**Total**	**4,347**

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

2022/23 £000	Grant receipts in advance (revenue grants)	2023/24 £000
29	Defra Farming In Protected Landscapes (FiPL)	31
16	Defra Access Funding	0
0	Plug-in Norfolk Community Electric Vehicle Charging Points	38
45	**Total**	**69**

28. 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 24.

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 Alan Goodchild became a member of the Broads Authority and Navigation Committee from 1 April 2023 and is a Director of 'Goodchild Marine Services Ltd'. Goodchild Marine paid £811 navigation tolls in 2023/24. The Authority also moored two vessels at Goodchild Marine at a cost of £4,180 and made purchases of launch fuel and repairs of £9,869. No amounts were outstanding at 31 March 2024.

Mr James Knight was a member of the Broads Authority and Planning Committee until 8 May 2023 and is a Director of 'Norfolk Broads Direct'. Norfolk Broads Direct paid £159,972 navigation tolls in 2023/24 (£141,652 in 2022/23). Mr Knight took no part in the decision-making process associated with these contracts.

Mr Greg Munford is a member of the Broads Authority and Navigation Committee and is Director of 'Richardsons Leisure Ltd'. Richardsons Leisure Ltd paid £362,014 (£314,460 in 2022/23) navigation tolls to the Broads Authority in 2023/24. Richardson Leisure Ltd also paid £21,830 for planning applications. The Authority also made fuel purchases from Richardsons Leisure Ltd of £289 (nil in 2022/23). No amounts were outstanding at 31 March 2024 (nil in 2022/23).

Mr Simon Sparrow is a member of the Navigation Committee and was a member of the Broads Authority until 11 May 2023 and is Director of 'Hippersons Boatyard Ltd' and 'HE Hipperson Ltd'. Hippersons Boatyard Ltd paid £6,854 (£5,861 in 2022/23) navigation tolls to the Broads Authority in 2023/24. The Authority also made fuel purchases from HE

Hipperson Ltd of nil (£1,575 22/23) in 2023/24. No amounts were outstanding at 31 March 2024 (nil in 2022/23).

Mr Daniel Thwaites became a member of the Navigation committee from 1 April 2023 and is a Director of 'Barnes Brinkcraft' and 'Broads Tourism Ltd'. Barnes Brinkcraft paid £154,768 navigation tolls in 2023/24. The Authority contributes towards the marketing of Love the Broads website and paid £6,720 to Broads Tourism Ltd. No amounts were outstanding at 31 March 2024.

Officers

The Chief Executive represents the Broads Authority on the board of the Whitlingham Charitable Trust. Officer remuneration is detailed in note 25.

Other Public Bodies

East Suffolk Council provided Christopher Bing, as the Monitoring Officer until 31 December 2022. East Suffolk Council recharges the Authority for this service and paid nil in 2023/24 (£7,288 in 2022/23). No amounts were outstanding at 31 March 2024 (nil in 2022/23).

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £38,812 for legal services in 2023/24 (£32,662 in 2022/23). £1,281 was outstanding at 31 March 2024 (nil in 2022/23).

Norfolk County Council also provides payroll services to the Broads Authority. The Authority paid £12,176 for this in 2023/24 (£5,860 in 2022/23). £3,227 was outstanding at 31 March 2024 (nil 2022/23).

The Authority charged Norfolk County Council for grant funding of £49,834 during 2023/24 (£24,653 in 2022/23). £3,802 was outstanding at 31 March 2024 (£3,000 in 2022/23).

Wilkin Chapman provided Jonathan Goolden as the Monitoring Officer from 1 January 2023.Prior to starting as Monitoring Officer, Jonathan provided advice to the Authority. The Authority paid £103,433 in 2023/24 (£96,371 in 2022/23). No amounts were outstanding at 31 March 2024 (nil in 2022/23).

29.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.

2022/23 £000	Description	2023/24 £000
191	Opening Capital Finance Requirement	127
971	**Capital investment:** Property, plant and equipment	492
(971)	**Sources of finance** Sums set aside from revenue: Direct revenue contributions	(492)
(64)	MRP	(35)
127	**Closing capital finance requirement**	**92**
(64)	**Explanation of movements in year** Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(35)
(64)	**Increase/(decrease) in capital financing requirement**	**(35)**

30. Leases

Authority as lessee

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 non-cancellable leases in future years are:

2022/23 £000	Time period	2023/24 £000
158	Not later than one year	164
544	Later than one year and not later than 5 years	431
181	Later than 5 years	179
883	**Total**	**774**

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

2022/23 £000	Expenditure	2023/24 £000
164	Minimum lease payments	176
164	**Total**	**176**

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:

2022/23 £000	Time Period	2023/24 £000
2	Not later than one year	2
6	Later than one year and not later than 5 years	5
2	Later than 5 years	2
10	**Total**	**9**

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

31. Termination benefits

There were nil termination benefits during 2023/24. During 2022/23 the Authority terminated the contract of one employee who was made redundant as part of the Broads Authority's organisational restructuring. In terminating these contracts the Authority incurred liabilities of £3,883, of which nil related to enhanced pension benefits. No additional liabilities relating to termination benefits were incurred during 2023/24 and no provision for any future redundancy payments was established in the year.

32. 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:

2022/23 £000	Transaction	2023/24 £000
	Comprehensive Income and Expenditure Statement Cost of services:	
1,825	• current service cost	978
0	• past service cost	0
	Financing and investment income and expenditure	
255	• net interest expense	(119)
2,080	**Total post-employment benefits charged to the surplus or deficit on the provision of services**	**859**
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
1,318	• return on plan assets (excluding the amount included in the net interest expense)	(1,612)
(99)	• actuarial gains and losses arising on changes in demographic assumptions	(178)
(17,454)	• actuarial gains and losses arising on changes in financial assumptions	(1,971)
3,508	• other experience	1,045
(12,727)	**Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement**	**(2,716)**
	Movement in Reserves Statement	
2,080	• reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	859
(886)	Actual amount charged against the General Fund balance for pensions in the year:	(932)

2022/23 £000	Transaction	2023/24 £000
	• employers' contributions payable to scheme	

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:

2022/23 £000	Type	2023/24 £000
(32,534)	Present value of the defined benefit obligation	(33,063)
35,059	Fair value of plan assets	32,847
2,525	**Net (liability)/asset arising from defined benefit obligation**	**(216)**

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

2022/23 £000	Movements	2023/24 £000
34,371	Opening fair value of scheme assets	35,059
929	Interest income	1,666
(1,318)	Remeasurement gain / (loss): • The return on plan assets, excluding the amount included in the net interest expense	1,612
0	Asset Ceiling*	(5,530)
967	Other Experience	0
886	Contributions from employer	932
265	Contributions from employees into the scheme	276
(1,041)	Benefits paid	(1,168)
35,059	**Closing fair value of scheme assets**	**32,847**

* The net defined benefit asset is the surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The Asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Currently the Authority has no right to a refund without ending its ongoing participation in the fund. The calculation above assumes that the benefit will be available as a reduction in future contributions. This is calculated as the present value of future service costs less the present value of future service contributions.

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

2022/23 £000	Movements	2023/24 £000
43,379	Balance at 1 April	32,534
1,825	Current service cost	978
1,184	Interest cost	1,547
265	Contributions from scheme participants	276
(99)	Remeasurement (gains) and losses: • Actuarial gains / losses from changes in demographic assumptions	(178)
(17,454)	• Actuarial gains / losses arising from changes in financial assumptions	(1,971)
4,475	• Other	1,045
0	• Past Service Cost	0
(1,041)	Benefits paid	(1,168)
32,534	**Balance at 31 March**	**33,063**

Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2022/23 £000				**Fair value of scheme assets 2023/24 £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
			Cash and cash equivalents:			
585.4	-	585.4	• All cash and cash equivalents	583.7	-	583.7
			Equity instruments:			
-	-	-	• Consumer	-	-	-
-	-	-	• Manufacturing	-	-	-
-	-	-	• Energy and utilities	-	-	-
-	-	-	• Financial institutions	-	-	-
-	-	-	• Health and care	-	-	-
-	-	-	• Information technology	-	-	-
-	-	-	• Other	-	-	-
			Bonds (Debt securities):			
-	-	-	• Corporate bonds (investment grade)	-	-	-
-	-	-	• Corporate bonds (non-investment grade)	-	-	-
301.3	-	301.3	• UK Government	959.0	-	959.0
			Private equity:			
-	3,349.6	3,349.6	• All private equity	-	4,832.1	4,832.1

Fair value of scheme assets 2022/23 £000				Fair value of scheme assets 2023/24 £000		
			Property:			
-	3,034.0	3,034.0	• UK property	-	2,871.3	2,871.3
-	521.1	521.1	• Overseas property	-	433.3	433.3
			Other investment funds and unit trusts:			
16,673.0	-	16,673.0	• Equities	16,322.3	-	16,322.3
6,762.6	-	6,762.6	• Bonds	7,316.0	-	7,316.0
-	3,938.3	3,938.3	• Infrastructure	-	4,376.2	4,376.2
-	-	-	• Other	-	-	-
			Derivatives			
-	-	-	• Other derivatives	-	-	-
(106.3)	-	(106.3)	• Foreign exchange	683.1	-	683.1
-	-	-	Asset Ceiling	(3,726.9)	(1,803.1)	(5,530.0)
24,216.0	**10,843.0**	**35,059.0**	**Total**	**22,137.2**	**10,709.8**	**32,847.0**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary have been:

31 March 2023	Assumption	31 March 2024
	Long term expected rate of return on assets in the scheme:	
4.75%	• Equity investments	4.85%
4.75%	• Bonds	4.85%
4.75%	• Property	4.85%
4.75%	• Cash	4.85%
	Mortality assumptions: Longevity at 65 for current pensioners:	
21.5 years	• Men	21.4 years
24.6 years	• Women	24.4 years
	Longevity at 65 for future pensioners:	
22.4 years	• Men	22.3 years
26.1 years	• Women	25.9 years
2.95%	Rate of inflation	2.75%
3.65%	Rate of increase in salaries	3.45%
2.95%	Rate of increase in pensions	2.75%
4.75%	Rate for discounting scheme liabilities	4.85%
	Take up of option to convert annual pension into retirement lump sum:	
45%	Pre- April 2008 service	45%
45%	Post- April 2008 service	45%

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

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

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

Change in assumptions at 31 March 2024	Approximate % increase to employer liability	Approximate monetary amount £000
0.1% decrease in real discount rate	2%	633
1-year increase in member life expectancy	4%	1,323
0.1% increase in the salary increase rate	0%	31
0.1% increase in the pension increase rate	2%	613

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 (55% of scheme assets) and bonds (22%). These percentages are materially the same as the previous year. The scheme also invests in properties as part of the diversification of the scheme's investments.

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

Impact on the Authority's cash flows

The objectives of the scheme are to keep employers' contributions at a constant 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 2025.

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 £891,000 to the scheme in 2024/25.

33.Contingent Liabilities

The Authority has identified two material contingent liabilities:

Postwick Tip

The Authority uses a site “Postwick Tip,” which is included in the Authority’s Fixed Asset Register, for the treatment of sediment material from dredging operations. This natural treatment process involves the drying of sediment so that mercury content is absorbed. As such there would be no clean-up costs at the end of the site’s life. However, if the Authority were to stop using the site, there would be a cost of £33,000 to surrender the license. There is currently no expectation that the Authority will cease using the site. The Authority’s use of the site is the subject of a bond / financial provision to the Environment Agency in the amount of £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.

In October 2023 the Broads Hire Boat Federation (BHBF) lodged an appeal with the Department for Transport regarding the level of navigation charges for 2023/24. The appeal was submitted under S31 Harbours Act 1964. Responses were submitted in February 2024 and a decision is awaited. If the appeal is found in the BHBF favour, there is a potential it could impact the level of future tolls that can be raised.

34. Financial Instruments

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

Financial Assets

Type	Non-Current Investments 31 March 2023 £000	Non-Current Investments 31 March 2024 £000	Non-Current Debtors 31 March 2023 £000	Non-Current Debtors 31 March 2024 £000	Current Investments 31 March 2023 £000	Current Investments 31 March 2024 £000	Current Debtors 31 March 2023 £000	Current Debtors 31 March 2024 £000	Total 31 March 2023 £000	Total 31 March 2024 £000
Amortised Cost	0	0	0	0	5,728	6,520	1,670	451	7,398	6,971
Total financial assets	**0**	**0**	**0**	**0**	**5,728**	**6,520**	**1,670**	**451**	**7,398**	**6,971**
Non-financial assets	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**5,728**	**0**	**1,670**	**451**	**7,398**	**6,971**

Financial Liabilities

Type	Non-Current Borrowings 31 March 2023 £000	Non-Current Borrowings 31 March 2024 £000	Non-Current Creditors 31 March 2023 £000	Non-Current Creditors 31 March 2024 £000	Current Borrowings 31 March 2023 £000	Current Borrowings 31 March 2024 £000	Current Creditors 31 March 2023 £000	Current Creditors 31 March 2024 £000	Total 31 March 2023 £000	Total 31 March 2024 £000
Amortised Cost	94	58	0	0	35	35	2,158	2,073	2,287	2,166
Total financial liabilities	**94**	**58**	**0**	**0**	**35**	**35**	**2,158**	**2,073**	**2,287**	**2,166**
Non-financial liabilities	0	0	0	0	0	0	0	0	0	0
Total	**94**	**58**	**0**	**0**	**35**	**35**	**2,158**	**2,073**	**2,287**	**2,166**

Income, Expense Gains and Losses

Interest Type	Surplus or Deficit on the Provision of Services 2022/23 £000	Other Comprehensive Income and Expenditure 2022/23 £000	Total 2022/23 £000	Surplus or Deficit on the Provision of Services 2023/24 £000	Other Comprehensive Income and Expenditure 2023/24 £000	Total 2023/24 £000
Interest Expense	55	0	55	45	0	45

Interest Type	Surplus or Deficit on the Provision of Services 2022/23 £000	Other Comprehensive Income and Expenditure 2022/23 £000	Total 2022/23 £000	Surplus or Deficit on the Provision of Services 2023/24 £000	Other Comprehensive Income and Expenditure 2023/24 £000	Total 2023/24 £000
Interest Income	(117)	0	(117)	(293)	0	(293)

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. These valuations are all classified as Level 2, where market prices are not available, with valuation techniques using inputs based significantly on observable market data. The following assumptions should be noted:

- Fixed interest rate of 4.82% over the 20-year PWLB loan;
- Fixed interest rate of 2% over the 5-year PWLB loan;
- No early repayment or impairment is recognised; and
- The fair value of trade and other receivables is taken to be invoices or billed amount.

The fair values calculated are as follows:

Financial Liabilities held at amortised cost:	31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000	31 March 2024 Carrying Amount £000	31 March 2024 Fair Value £000
PWLB	129	131	94	103
Finance Leases	0	0	0	0
Short Term Creditors	2,158	2,158	2,072	2,072
Total	**2,287**	**2,289**	**2,166**	**2,175**

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 2024) arising from a commitment to pay interest to lenders above the current market rate. Refinancing the loan at lower interest rates would outweigh the early repayment fee.

Financial assets held at amortised cost:	31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000	31 March 2024 Carrying Amount £000	31 March 2024 Fair Value £000
Fixed term investments	5,028	5,028	5,067	5,067
Cash at banks	700	700	1,453	1,453
Short Term debtors	1,670	1,670	451	451
Total	**7,398**	**7,398**	**6,971**	**6,971**

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

35. 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. At 31 March 2024, a small amount of invoices were overdue as at 31 March 2024. The majority of this income was received in early 2024/25 and no bad debt provision is required.

Liquidity Risk

A one-year funding agreement from DEFRA means the Broads Authority has some certainty over 2024/25. 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 2023/24 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.

36. Navigation Income and Expenditure Account

2022/23 Gross expenditure £000	2022/23 Income £000	2022/23 Net expenditure/ (income) £000	Description	2023/24 Gross expenditure £000	2023/24 Income £000	2023/24 Net expenditure/ (income) £000
3,018	(21)	2,997	Operations	2,615	(43)	2,572
615	(104)	511	Strategic Services	748	(155)	593
838	(13)	825	Finance & Support Services	974	(9)	965
54	0	54	Corporate Items	3	0	3
0	(3,811)	(3,811)	Navigation Income (Tolls)	0	(4,178)	(4,178)
4,525	**(3,949)**	**576**	**Cost of services (subtotal)**	**4,340**	**(4,385)**	**(45)**
		(9)	(Gains)/Losses on the disposal of non-current assets			(9)
		93	Financing and investment income and expenditure			(168)
		0	Donated Asset			(84)
		660	**(Surplus) or deficit on provision of services (subtotal)**			**(306)**
		(53)	(Surplus) or deficit on revaluation of fixed assets			(384)
		(5,880)	Actuarial (gains)/losses on pension assets/liabilities			1,474
		(5,933)	Other comprehensive income and expenditure (subtotal)			1,090
		(5,273)	**Total comprehensive income and expenditure**			**784**

37. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2025, management of the Authority have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

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

Date	General Fund	Navigation Fund	Earmarked reserves
31/03/24	£0.779m	£0.530m	£3.502m

Our expected General/Navigation Fund and Earmarked Reserve position has a predicted balance of £0.861 million and £0.526 million at 31 March 2026 This remains above our minimum level of balances as previously set by our Director of Finance of £0.934 million.

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

The key assumptions within this forecast include a £1,925 pay increase per full time equivalent for 2024/25, as negotiated by the National Joint Council (NJC). This is consistent with the agreed pay awards in 2022/23 and 2023/24. We have considered if a higher increase is negotiated above the £1,925, and the above projections would not be significantly affected with both minimum levels of reserves and liquidity remaining through the same period.

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

Glossary of Terms

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

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

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

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

Risk, Audit and Governance Committee

11 February 2025
Agenda item number 7

Investment Strategy and Performance Report 2024/25 and Draft Capital, Treasury and Investment Strategy 2025/26

Report by Director of Finance

Summary

This report contains two items:

i. Details of the Broads Authority's investment of surplus cash, including the investment principles adopted and performance during the nine months to 31 December 2024.

ii. The Draft Capital, Treasury and Investment Strategy 2025/26.

Recommendation

i. To note the current arrangement regarding the investment of surplus cash.

ii. To recommend the Draft Capital, Treasury and Investment Strategy to the Broads Authority for approval.

1. Introduction

1.1. It was previously agreed that a report on the performance of the Broads Authority's investments would be presented to the Audit and Risk Committee, with a fuller year-end analysis at the July meeting, and a mid-year progress report at the appropriate half year meeting.

2. Investment principles and performance

2.1. The investment of surplus cash is governed by the Authority's Treasury and Annual Investment Strategy 2024/25. Details of this strategy renewal are in paragraph 3.1.

2.2. As detailed in the strategy, the Authority's primary concern is to safeguard its capital and the liquidity of its investments. Surplus cash sums are monitored on a weekly basis by the Authority's Finance staff and transferred as and when required to appropriate institutions listed in the Strategy. Cash flow requirements can result in transfers in both directions as the year progresses. The key facts for the nine months to 31 December 2024 were as shown in Table 1.

Table 1
Investment Holdings 2024/25

Type	Opening Balance £000's	Closing Balance £000's	Highest Sum £000's	Lowest Sum £000's
Instant Access	1,239	1,179	3,539	857
32 Day Notice	539	560	560	539
95 Day Notice	2,500	2,500	2,500	2,500
DMO Fixed Deposits	2,000	2,500	2,500	1,000

2.3. Since April funds have been returned from the Debt Management Office (DMO) and reinvested. During this period there have been six transfers to the DMO for periods ranging from two weeks to six months. Transfers have been between £0.5 and £1.5 million, and all returned deposits have been reinvested depending on cashflow.

2.4. The figures for the previous year (2023/24) were as shown in Table 2.

Table 2
Investment Holdings 2023/24

Type	Opening Balance £000's	Closing Balance £000's	Highest Sum £000's	Lowest Sum £000's
Instant Access	1,097	1,239	3,155	504
32 Day Notice	513	539	539	539
95 Day Notice	2,500	2,500	2,500	2,500
DMO Fixed Deposits	2,000	2,000	3,000	2,000

2.5. It should be noted that the automatic transfer between the instant access and the current account seeks to maintain a current account balance of £1,000. This means that the balance within the instant access is not available in its entirety for investment. This is important for the Peat Restoration and Paludiculture Exploration Fund projects, which are claimed three months in arrears. Payment can then be up to a further three months after submission.

2.6. Interest earned to the end of December is £204,195.25 and is forecast to increase to £300,000 by the end of March. This is based on interest rates that range from 1.762% to 5.19%. The forecast has been updated to reflect this in January.

2.7. The amount of interest received during 2023/24 was £292,898.06 based on interest rates ranging from 1.6% to 5.51%. Forecast interest for 2023/24 was £280,000.

3. Draft Capital, Treasury and Annual Investment Strategy 2025/26

3.1. The Prudential Code requires local authorities to produce an Annual Investment and Capital Financing (borrowing) Strategy. This must be approved before the start of each financial year, by the Broads Authority.

3.2. The Treasury Strategy is on pages 7-13. Paragraph 2.22 states that the Authority does not currently use external providers as part of the treasury management process. In the past this has been based on the costs of such providers exceeding the returns on investments and the level of risk the Authority was prepared to accept.

3.3. The Annual Investment Strategy has been updated to reflect current holdings in paragraph 3.1. Paragraph 4.2 sees the forecast of the Authority’s Capital Financing Requirement (CFR) over the next three years. The CFR measures the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. Although historically reported as part of the Authority’s Statement of Accounts the Code requires its inclusion here.

3.4. The revised Prudential Code sets out the indicators relevant to the Authority and these are set out in paragraphs 4.1 and 4.2. Any capital grant from DEFRA in 2025/26 may have an impact on the total capital spent. Members will be updated once confirmation has been received.

3.5. Paragraph 4.11 discusses the liability benchmark which was a new requirement under the code in 2021. The benchmark was introduced so that the debt maturity profile of the Authority could be compared with the minimum revenue provision (MRP) and other cashflows which affect our future debt requirement. As it currently stands the benchmark matches our existing levels of debt.

3.6. The Capital Receipts Reserve balance is set out in paragraph 4.4. The reserve can be used to fund capital expenditure or the repayment of debt. The overall balance is split 59% National Park and 41% Navigation. Significant improvements to existing (new facilities) or the purchase of new sites/assets may be funded from this reserve, subject to member approval.

3.7. Members’ views are sought on the draft prior to the Broads Authority meeting on 14 March 2025.

Author: Emma Krelle

Date of report: 29 January 2025

Broads Plan strategic objectives: All

Appendix 1 – Capital, treasury and investment strategy 2025/26

Capital, treasury and investment strategy 2025/26

Contents

Capital Strategy

1. Introduction

1.1. The update of CIPFA's Prudential Code in December 2021 and Capital Finance guidance notes in September 2018 introduced the need for Local Authorities to have a Capital Strategy from 2019/20. It is intended to provide a high-level overview of how capital expenditure; capital financing and treasury management contribute to the provision of services and how the risks of these activities are managed and what impact it may have for future financial sustainability.

1.2. The Capital Strategy will be renewed annually. Monitoring and approval of the strategy will remain with the Authority.

1.3. The Capital Strategy provides a link between The Broads Plan, Strategic Priorities, the Asset Management Strategy and the Financial Strategy.

1.4. The current Broads Plan covers the period of 2022-2027. It is a partnership strategy for the whole of the Broads and sets out guiding actions not just for the Authority but all partners. Its success very much depends on a common vision, strong partnership working and the best use of shared resources. The plan is available on the website Broads Plan 2022 - 2027 (broads-authority.gov.uk). This plan will be monitored through an annual meeting with key delivery partners and to maximise joint partnership working.

1.5. 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 Broads Authority and details can also be found on the website.

1.6. The Asset Management Strategy sets out the Authority's practices and procedures which have been established to ensure that the Authority's land, property and other assets are managed and maintained as effectively as possible. It also sets out a series of key principles which will be adhered to in the management of the asset base and guidance on the procurement and disposal of land and property. A copy is also available on the website.

1.7. The annual Budget and Financial Strategy includes capital expenditure for the forthcoming year and the following two financial years. The earmarked reserves appendix identifies what capital expenditure will be funded in each year. Although the later years are based on the replacement programmes the last two financial years should be seen as estimates. These estimates maybe updated as a result of refining the costings during budget setting for those years or the receipt of capital grants.

2. Core principles

2.1. All capital expenditure and investment decisions will be affordable, proportionate, prudent and sustainable.

2.2. Decisions to invest or dispose of capital items will comply with the Authority's delegated powers, standing orders and financial regulations.

2.3. Capital expenditure will reflect the aspirations set out in the Broads Plan, Strategic Priorities and the authority's environmental and carbon policies.

2.4. New areas of major capital expenditure (£250,000 plus) will be supported by a fully costed appraisal over the lifetime of the scheme and incorporated into the annual budget. Risks will be fully considered, not just during initiation but over the lifetime of the asset including its potential disposal.

3. Capital expenditure

3.1. Whilst other Local Authorities have large capital expenditure programmes to fund housing and regeneration projects the Authority's expenditure remains modest and focuses on operational need. Items of major capital expenditure are identified through the Asset Management Strategy replacement programme and as part of the budget setting process. Items of expenditure over £5,000 that have a useful economic life of more than one financial year are classified as capital expenditure.

3.2. Capital Expenditure can be funded via a number of methods. These include revenue budgets, earmarked reserves, capital grants, leases, long-term borrowing and capital receipts. All capital expenditure on physical assets is held on the Balance Sheet under Property, Plant and Equipment. At the end of 2023/24 the value of these items was £6.3m.

3.3. Traditionally revenue budgets tend to fund the smaller items such as tools and equipment. However larger Navigation items can be funded through revenue as a result of tolls setting. For 2018/19 the level of tolls was increased to facilitate the purchase of Tree Shears. In 2017/18 the moorings maintenance programme was rescheduled to enable the purchase of Acle Bridge moorings from revenue. The ongoing maintenance of assets is funded by revenue budgets and is not capitalised. Cost estimates are made on the basis of forecast maintenance required to keep assets in operational use.

3.4. Through identification of the Asset Management Strategy annual contributions are made from the revenue budget to the earmarked reserves to cover the cost of future replacements. Balances are built up and then drawn down in future years. Expenditure from the earmarked reserves is considered annually alongside the revenue budget, with a forecast for the following two financial years. Replacement costs are regularly monitored to ensure that the contributions remain appropriate to the earmarked reserves. Where adjustments are required this will be passed to the Authority as part of the annual budget setting process.

3.5. Although long term borrowing remains an option to the Authority it is not regularly utilised for capital expenditure. At the end of 2023/24 the balance sheet contained one long term loan which had an outstanding balance of £50.75k. Further details can be found in the Treasury Management Policy Statement on borrowing principles (section 2.3).

3.6. The Authority currently holds two capital receipts. The first following the disposal of Ludham Field base in August 2018 and the second following the disposal of a JCB in March 2023. Capital receipts can be used to fund new capital expenditure or the repayment of debt. It is currently being held on the balance sheet. New long-term capital projects will consider utilising the balance.

4. Short, medium and long term capital priorities

Short and medium term priorities (1-3 Years)

4.1. The Authority's short to medium term priorities is delivering the asset replacements detailed within the Asset Management Strategy and Earmarked reserves. The focus is on continued operations but with the potential to remain flexible as new opportunities for efficient working arise or if urgent items arise. Replacement items to be funded over the next three years include vehicles, excavators, wherries and Ranger launches. All of which will be funded from the Earmarked reserves.

4.2. It is expected that during the short to medium term that the potential options around Visitor Services and facilities will be explored. As options for improvements at existing site or new sites are developed these will be brought back to members with a business case. The key issue for new sites remains initial funding which will be explored through potential funding bids and partnership. As this progresses papers highlighting risks will be taken to the Authority for members to make the final decision.

4.3. The use of reserves other than earmarked reserves will require approval from the Authority. The impact of loss of investment income will need to be offset by the benefits of such a capital project.

Long term priorities (4 years plus)

4.4. The Authority's long-term priorities will be shaped by future funding agreements received from DEFRA in the form of National Park Grant and potential toll increases. Reductions to either forms of income could impact the potential to replace assets as they near the end of their useful lives and ongoing maintenance programmes. Long term priorities will need to ensure that they will generate income to fund their upkeep and any reduction in investment income.

4.5. Larger items of equipment such as the wherries and launches can be operational anywhere between 20 and 50 years. It is essential that their ongoing maintenance is incorporated into the revenue budget and the contributions to the earmarked reserves continue.

4.6. The moorings refurbishment programme remains a key area of maintenance to ensure that moorings remain safe to use by the public. Where the Authority is responsible for future piling and upkeep it will seek to own sites or minimise rental payments in recognition for this ongoing responsibility.

5. Risk appetite

5.1. The Authority's risk appetite towards capital expenditure remains low and will be based around the core principles. Funding of capital items will continue mainly through existing resources but on occasion finance leases or other borrowing maybe appropriate. Borrowing principles are set out in the Treasury Strategy (section 2.2) and the forecast of capital expenditure and borrowing limits is in the Investment Strategy (section 4).

5.2. The Authority recognises the importance of ensuring that all staff involved in the capital strategy are equipped to undertake the duties and responsibilities allocated to them. Recruitment of vacant posts will reflect this position and training opportunities will be identified through the annual appraisal.

5.3. It is recognised decisions surrounding land and buildings carry a higher degree of risk. Where opportunities arise of acquisition or disposal the Authority will make use of its property consultants and legal advisers to ensure these risks are fully understood.

Treasury strategy

1. Introduction

1.1. Both CIPFA's Treasury Management Code of Practice (2021 Edition) and the Prudential Code requires the Authority to produce a strategy which explains the Authority's borrowing and investment activities and the effective management and control of those risks. This strategy seeks to incorporate the best practice recommendations from this guidance whilst also bearing in mind the Guidance for Smaller Public Service Organisations (2014 Edition).

2. Treasury management policy statement

2.1. The Authority defines its treasury management activities as:

- The Management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those.
- The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- The Authority acknowledges that effective treasury management will provide support towards the achievement of its strategic objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

Borrowing principles

2.2. The Authority intends to fund all of its capital expenditure from either its earmarked reserves, capital receipts or from its revenue accounts. However if any of those accounts hold insufficient funds borrowing maybe considered.

2.3. The Authority currently has one long term loan from the Public Works Loan Board (PWLB) that was utilised to purchase the dredging operation from May Gurney in November 2007 for £290,000. This is to be paid over a 20-year period at a fixed interest rate of 4.82%. Repayments are incorporated into the revenue budget. The Authority also has the option to enter into finance leases to purchase capital items. Typically this has included the purchase of large pieces of equipment such as the

JCB, the Doosan excavator and the concrete pump. International Financial Reporting Standards include these types of leases as borrowing due to the risk and reward of the asset transferring to the Authority. During 2020 the Authority took out a short-term loan from the PWLB for £105,000 to fund the purchase of a new excavator. This is to be repaid over 5 years at a fixed interest rate of 2%. This was considered the most cost-effective form of borrowing when compared to a finance lease.

2.4. If additional borrowing was deemed necessary following committee consultation then the Authority would need to minimise the costs to the revenue budgets including future year repayments and undertake new borrowing at the cheapest cost.

Investment principles

2.5. The Authority's main objective is the prudent investment of its treasury balances. Investments are made purely for treasury management purposes, not to support service and commercial purposes. The main priorities are the security of capital and the liquidity of its investments. It will be only after these have been satisfied that it will aim to achieve optimum return on its investments. The Authority will not engage in borrowing purely to invest or to on-lend to make a return. Such activity is considered unlawful.

Treasury management practices

Risk management

2.6. The Authority adopts a low-risk appetite to its treasury management but is not totally risk averse. It will invest with other institutions with appropriate credit ratings rather than just making use of government deposits. If additional borrowing should be required it will seek to borrow on a fixed rate basis to build in assurance for future year liabilities.

2.7. As part of the Authority's corporate and directorate risk registers, risks are monitored and managed on a regular basis. This includes investment risks. Corporate risks are reported to every meeting of the Risk, Audit and Governance Committee. Responsible Officers review these throughout the year and are discussed at Directorate meetings.

2.8. Risks specific to treasury management include:

- **Credit and Counterparty:** The main objective of the Authority is to secure the principal sum it invests and therefore takes a prudent approach as to whom it invests funds with. This is limited to organisations who meet minimum criteria and is covered in more detail within the investment strategy. The Authority also faces this risk through the default of its debtors. Payment terms are limited to 30 days or where appropriate payment is asked for in advance. Corrective action is taken as required to secure outstanding debts. Bad debts are kept to a minimum.

- **Liquidity:** The Authority will maintain adequate but not excessive cash balances and borrowing arrangements to enable it to achieve its strategic objectives. The Authority will only borrow in advance of need where there is a clear business case to do so and will only do so for the current capital programme. Debt repayments are included in the annual revenue budget.

- **Interest rate:** The Authority will manage its exposure to fluctuations to interest rate risks in line with its budgets. It will achieve this through the prudent use of its approved instruments, methods and techniques to create stability and certainty of costs and revenues, whilst remaining sufficient flexibility to take advantage of unexpected changes to interest rates. The Authority will limit fixed term deposits to a period of no longer than one year to limit risks to liquidity.

- **Exchange rate:** The Authority will manage its exposure to fluctuations in exchange rates to minimise any impact on its budgeted income/expenditure levels. External advice will be sought to manage this in the most appropriate way as it could have a significant impact; this is particularly important in regard to EU grants.

- **Inflation:** The Authority will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole Authority's inflation exposures.

- **Re-financing:** If the Authority was in a position to re-finance its borrowing it will ensure that such arrangements are negotiated, structured and documented and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or re-financing. These will be competitive and as favourable to the organisation that can be reasonably achieved in the light of market conditions at the time. It will manage its relationships with its counterparties to secure this objective and will avoid the over reliance on any one source of funding if this might jeopardise achievement of the above.

- **Legal and regulatory:** The Authority will ensure all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. The Authority recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as reasonable to do so, will seek to minimise any adverse risks.

- **Operational risk, including fraud, error and corruption:** The Authority will ensure that it has identified the circumstances which may expose it to the risk of loss through inadequate or failed internal processes, people and systems or from external events. It will employ suitable systems and procedures to ensure segregation of duties and will maintain effective contingency management arrangements to do so. In addition, the Authority holds Fidelity Guarantee Insurance with Zurich Municipal as part of its overall insurance management arrangements.

- **Price:** The Authority will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from such fluctuations.

Performance measurement

2.9. Treasury management will be subject to regular review of its value for money and if other alternative methods of delivery will become more appropriate. The Risk, Audit and Governance Committee will receive reports twice a year detailing performance. It will also review the Treasury Strategy prior to the Authority meeting which remains responsible for its adoption. Further details of those performance measures are included within the Investment Strategy.

Decision making and analysis

2.10. The Authority will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps have been taken to ensure that all issues relevant to those decisions were taken into account at that time.

Approved instruments, methods and techniques

2.11. The Authority will undertake its treasury management activities by only employing those instruments, methods and techniques as detailed in the Investment Strategy. The Authority does not intend to use derivative instruments to manage risk. However if it chose to do so in the future it would seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

Organisation, clarity & segregation of responsibilities, and dealing arrangements

2.12. In order for there to be effective control and risk management it is essential that there is clear segregation of duties for the reduction of the risk of fraud and error and for the pursuit of optimum performance. This will be subject to regular review by Internal Audit as part of its key control test. If at any time there is a lack of resources that does not allow this, it will be reported to the Risk, Audit and

Governance Committee. Such duties are detailed in the Finance department's job descriptions and are reviewed annually.

2.13. The Director of Finance is responsible for the development of the strategy, whilst cash flow monitoring is undertaken by the Senior Finance Assistant and reviewed by the Senior Accountant. The Director of Finance will remain responsible for identifying appropriate counter parties in line with agreed criteria. Funds to be transferred will be carried out by the Senior Finance Assistant, Financial Accountant and Senior Accountant following approval by the Director of Finance. All funds will be automatically transferred back into the Authority's main bank account. The Director of Finance will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

Reporting requirements and management information

2.14. The Director of Finance will prepare regular reports for consideration on the implementation of its policies, the effects of decisions taken and transactions executed. The reports will also consider the impact of any changes on the budget or other regulatory, economic and market factors.

2.15. The Broads Authority will receive an annual report on the strategy and the plan for the coming year. The Risk, Audit and Governance Committee will review this strategy and receive a mid-year review and an annual report on activity over the last year. Any impact on investment income will be reported throughout the year to the Broads Authority as part of its Finance Performance and Direction reports.

Budgeting, accounting and audit arrangements

2.16. The Director of Finance will prepare the annual budget which will include the costs of the treasury function as well as the investment income as deemed by statute and regulation. The Director of Finance will be responsible for exercising control over these items and will report any changes as required as detailed above.

This Authority will account for its treasury management activities, decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

Cash and cash flow management

2.17. The Director of Finance will be responsible for all monies in the hands of the Authority and will be reviewed for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis to ensure that liquidity risk is monitored. This will be undertaken on a weekly basis by the Senior Finance Assistant and reviewed by the Senior Accountant. This weekly forecast will also look at predictions for the current month. Annual cash flow predictions will be prepared by the Director of Finance following preparation of the annual budget.

Money laundering

2.18. The Authority is aware that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Further details can be found in the Authority's Counter Fraud, Bribery and Corruption policy and its Financial Regulations. Copies are available to all staff on the Intranet.

Training and qualifications

2.19. The Authority recognises the importance of ensuring that all staff involved in the treasury management are equipped to undertake the duties and responsibilities allocated to them. Recruitment of vacant posts will reflect this position and training opportunities will be identified through the annual appraisal.

2.20. The Director of Finance will ensure that the Risk, Audit and Governance Committee who have treasury management/scrutiny responsibilities have access to training relevant to their needs and responsibilities.

2.21. Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

Use of external providers

2.22. The Authority recognises that responsibility for treasury management decisions remain with the Authority at all times. It recognises that there may be value in employing external providers in order to access specialist skills and resources. However the use of external providers is not currently used based on the Authority's limited amount of surplus funds and the costs associated. If this position changed it would ensure a full evaluation had been undertaken as to the costs and benefits through the Authority's Standing Orders.

Corporate Governance

2.23. Treasury Management activities will be undertaken with openness and transparency, honesty, integrity and accountability. This together with the other arrangements detailed in the Investment Strategy are considered vital to the achievement of proper corporate governance in treasury management. The Director of Finance will monitor and report upon the effectiveness of these arrangements.

Management practices for non-treasury investments

2.24. The Authority recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

2.25. The Authority will ensure that all investments are covered in the investment strategy, and will set out, where relevant, the Authority's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management. Where the Authority holds non-treasury investments a schedule of these types of investments will be included.

Annual Investment Strategy 2025/26

This strategy builds on those principles and practices as laid out in the Treasury Management Strategy. It continues to give priority to the security of capital and liquidity before returns are considered.

The Authority will continue to invest in Sterling and will consider the bodies environmental, social and governance (ESG) practices.

1. Specified investment

1.1. These investments are made in Sterling and have a duration of 1 year or less. Typically, these are low risk investments due to being made with high credit rating bodies, examples include:

- UK government or local authorities.
- UK/European banks and building societies.
- Money Market funds (AAA rated by credit rating agency)
- Debt Management Agency deposit facility

1.2. This list is not exhaustive but highlights where the Authority is most likely to place its funds.

1.3. To mitigate against the risks of credit and counterparty the Authority will only seek investments with bodies that have at least a short-term rating of F-1 as stated by Fitch credit ratings.

1.4. The Authority will monitor these ratings monthly through online credit watches and use these to determine any new investments. This may mean those failing to meet the criteria will be removed from the list, whilst those new counterparties who do may be added. Other market information including the financial press will be monitored.

2. Non-specified investments

2.1. These investments tend to be any other type of permitted investment which have durations of more than a year. This also includes equity-type investments. At this point the Authority does not consider these types of investments as appropriate but may do so in the future if surplus funds permit.

2.2. Longer term investments will only be considered with those institutions that have a Fitch credit rating of A (+/-). In addition institutions ethical and environmental activities will also be taken into consideration to compliment the Authority's strategic objectives, including responding to climate change and sustainability.

2.3. The Authority will seek proper advice and will consider that advice when entering into arrangements on derivatives to ensure that it fully understands those products.

3. Liquidity

3.1. The Authority will seek to try and spread its investments to avoid over reliance on one institution. Funds held at Barclays are automatically swept each day into its Business Premium. This facility is instant access. Based on its cash flow forecasts the Authority anticipates that its cash balances will range between £5.5m and £8.9m.

Current Holdings as at 31/12/24

Counterparty	Holding/ Investment	Interest rate	Investment date	Maturity date
Barclays Notice Account	2,500,000	Base rate + 0.05%	n/a	95 days' notice
Barclays Notice Account	560,000	Base rate – 0.05%	n/a	32 days' notice
Debt Management Office (DMO)	1,000,000	4.755%	22/08/2024	20/02/2025
Debt Management Office (DMO)	1,500,000	4.56%	12/12/2024	12/06/2025
Barclays Premium Account	1,179,080	1.75%	n/a	Instant access

4. Capital financing (borrowing) principles

4.1. The following table shows the current forecast for capital expenditure for the next three years. Commentary is also provided below.

Prudential indicator 2025/26-2027/28

Prudential indicator	2025/26	2026/27	2027/28
Estimate of capital expenditure	£530,000	£265,000	£215,000
Authorised limit for external debt	£900,000	£900,000	£900,000
Operational Boundary	£800,000	£800,000	£800,000

4.2. The Capital Financing Requirement (CFR) is reported annually in the Authority's statement of accounts. It measures the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. The table below sets out the estimate CFR for the next three years.

Capital Financing Requirement

Movement	2025/26	2026/27	2027/28
Opening CFR 01/04	£714,050	£630,610	£574,673
Capital expenditure	£530,000	£265,000	£215,000
Capital expenditure funded from revenue	(£515,000)	(£250,000)	(£200,000)
Repayment of debt (MRP)	(£98,440)	(£70,937)	(£72,884)
Closing CFR 31/03	£630,610	£574,673	£516,789

4.3. From 2024/25 the Authority recognised Right Of Use (ROU) assets on the balance sheet through the adoption of IFRS 16. A ROU asset is typically where the Authority has the right to use an asset through a lease. Prior to 2024/25 these were recognised as operating leases and although declared in the Statement of Accounts were not recognised as an asset. The inclusion of these ROU assets, but excluding peppercorn leases, increases the Capital Financing Requirement (CFR).

4.4. The use of reserves to finance capital expenditure will have an impact on level of investments. However budgeted contributions to earmarked reserves should mitigate this as well as the sale of assets. The table below shows estimates of year end balances for each resource.

Estimated year end reserves 2025/26-2027/28

Estimated Year-End reserves	2025/26	2026/27	2027/28
General and Navigation Reserves	£1,303,000	£1,164,000	£1,055,000
Earmarked Reserves	£2,535,000	£2,524,000	£2,541,000
Capital Receipts Reserve	£422,000	£422,000	£422,000
Total Investments 31 March	£4,260,000	£4,110,000	£4,018,000

Affordability

4.5. The prudential code indicator for affordability asks the Authority to estimate the ratio of financing costs to net revenue stream. The Authority’s current borrowing consists of the Public Works Loan Board (PWLB) loans and leases. The first PWLB Loan was to finance the acquisition of the dredging operation from May Gurney, the financing costs have a zero effect on the bottom line of navigation income and expenditure as the dredging operation (financing costs and ongoing running cost including any additional capital expenditure) are less than or equal to the cost paid to contract out to May Gurney in the past. Lease interest repayments are also charged directly to the revenue budget. Whilst both of these remain less than - 0.47% of National Park Grant and Navigation income it is felt that this indicator is not appropriate for use by the Authority in this instance. Any increases to debt will require this indicator to be reviewed.

External debt

4.6. Prudential indicators in respect of external debt must be set and revised taking into account their affordability. It is through this means that the objective of ensuring that external debt is kept within sustainable, prudent limits is addressed year on year.

4.7. Therefore, the Authority will at this time only borrow long term to finance the capital expenditure incurred on the acquisition of the dredging operation from May Gurney.

4.8. Actual debt as at 31 March 2024 was £94,008 which consists of the PWLB loans.

Authorised limit

4.9. The Authority will set for the forthcoming financial year and the following two financial years an authorised limit for its total external debt, separately identifying borrowing from other long-term liabilities (excluding pension liability and government grants deferred). It should be noted that the Authority does not have any other long-term liabilities at present or plans to have any in the future. This prudential indicator is referred to as the authorised limit and is shown in the table above.

Operational Boundary

4.10. The authority will set for the forthcoming financial year and the following two financial years an operational boundary for its total external debt. This Prudential indicator is referred to as the operational boundary and is shown in the table above. The operational boundary is based on the Authority's estimate of most likely, i.e. prudent, but not worst case, scenario.

Liability Benchmark

4.11. The revision of the code in 2021 included a liability benchmark. The benchmark compares the debt maturity profile of the Authority with the minimum revenue provision (MRP) and other cashflows which affect our future debt requirement. Whilst other local authorities have high value consisting of mixed debt profiles the Authority's debt is fixed term, relatively low value and repaid in full without the need to refinance. The loan relating to the purchase of the dredging operation will be repaid in full in 2027/28. This combined with the forecast level of investment balances means that the benchmark equals the existing level of debt. Levels of debt can be found in the capital financing requirement table. If the Authority's debt structure changed then the benchmark would be revisited.

Capital expenditure

4.12. The Authority will make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years. This Prudential indicator will be referred to as estimate of capital expenditure and is included in the table above.

Treasury management

4.13. The Prudential Code requires authorities to set upper limits for its exposure to the effects of changes in interest rates. However, as explained above under paragraph 4.5, the current borrowing costs will not be an additional cost to the Authority. The Authority has borrowed at a fixed interest rate, thus reducing its exposure to changes in interest rates. This Prudential indicator is therefore not considered necessary in this instance.

4.14. There remains a small risk to the Authority in using fixed term deposits that interest rates may increase in the short term. This is minimised by the structuring of how investments are placed. By minimising fixed term deposits to a minimum of 1 year and staggering them it will allow the Authority to take advantage of any increase as funds become available for re-investment. Funds in instant access will be able to take advantage of any increase in rates.

Maturity structure of borrowing

4.15. The Prudential Code requires authorities to set upper and lower limits with respect to the maturity structure of its borrowing. However, as the Authority only has a single long-term loan this indicator is not considered relevant.

5. Non-treasury investments

5.1. Previously the Authority held one non-treasury investment in the form of an Investment Property (Ludham Field base). This was disposed of in August 2018, the proceeds of which are currently held in the Capital Receipts Reserve. There are currently no plans for additional non-treasury investments.

6. End of year investment and capital financing report

6.1. The Authority will provide a report on its investments and capital financing activity at the end of the financial year, as part of its final accounts reporting procedure.

Risk, Audit and Governance Committee

11 February 2025

Agenda item number 8

Consolidated income and expenditure – 1 April to 31 December 2024 actual and 2024/25 forecast outturn

Report by Senior Accountant

Purpose

This report provides a strategic overview of current key financial issues and items for decision.

Broads Plan context

Financial performance underpins all the strategic objectives of the Broads Plan.

Recommended decision

To note:

i. the income and expenditure figures;

ii. the latest on the pay agreement for 2024/25 in paragraph 4.2; and

iii. the prudential indicators in paragraph 6.1.

Contents

1. Introduction

1.1. This report covers three items: the consolidated income and expenditure from 1 April to 31 December 2024, an update on the pay award for 2024/25 and the quarter three prudential indicators for 2024/25.

2. Overview of actual income and expenditure

Table 1

Actual consolidated income and expenditure by directorate to 31 December 2024

Directorate	Profiled latest available budget £	Actual income and expenditure £	Actual variance £
Income	(7,194,205)	(7,510,288)	+ 316,083
Operations	3,564,173	2,880,705	+ 683,467
Strategic Services	1,431,207	1,283,465	+ 147,742
Finance & Support Services	2,029,863	2,215,301	- 185,438
Projects, Corporate Items and Contributions from Earmarked Reserves	(983,125)	(626,946)	- 356,180
Net (Surplus) / Deficit	**(1,152,088)**	**(1,757,763)**	**+ 605,675**

2.1. Core income is above the profiled budget at the end of month nine. The overall position as at 31 December 2024 is a favourable variance of £605,675 or a 52.57% difference from the profiled LAB. This is principally due to:

- An overall favourable variance of £316,083 within income:
  - National Park grant is £375,000 above the profiled budget due to the additional revenue and capital funding from DEFRA confirmed after the budget was set in January.
  - Hire Craft Tolls is £37,527 below the profiled budget.
  - Private Craft Tolls is £101,190 below the profiled budget.
  - Short Visit and Other Tolls is £10,604 above the profiled budget.
  - Investment income is £69,195 above the profiled budget.
- An underspend within Operations relating to:
  - Construction, Maintenance and Ecology salaries is £60,859 under the profiled budget due to the budgeted pay award (£1,925 per Full Time Equivalent (FTE))

being less (£1,290 per FTE) than what has been agreed by the unions. The pay award has been implemented in December and back dated to 1 April 2024.

- Equipment, Vehicles and Vessels is £286,181 under the profiled budget due to delays in expenditure from the earmarked reserves. There has also been income that has been transferred to the earmarked reserves as a result of selling old equipment, this had not been budgeted for.
- Land Management is £11,032 above the profiled budget due to timing differences on income.
- Waterways and Recreation Strategy is £46,478 under the profiled budget due timing differences on the Access for All grant money from DEFRA being received and spent.
- Ranger Services is £250,304 under the profiled budget on salaries due to the pay award and the Ranger launch replacement delayed until 2025/26. There have also been timing differences on the launch repairs.
- Safety is £27,300 under the profiled budget due to the Head of Safety Management post being underfilled for few months. The new post holder started in September and the forecast has been adjusted to reflect the vacancy.
- Premises is £13,030 under the profiled budget due to timing differences on repairs and maintenance at the Dockyard.

- An underspend within Strategic Services relating to:
  - Development Management is £15,080 under the profiled budget mainly due to the Development Manager post being underfilled to September 2024 and the pay award. There has also been additional income received from the Land Registry to support the local land charges; this has been transferred to the earmarked reserves. Planning income is also behind the profile.
  - Strategy and Projects is £140,057 under the profiled budget due to the Active Travel England Grant income being received ahead of expenditure taking place and timing and timing differences on catchment, paludiculture and restoration expenditure.
  - Human Resources is £10,360 under the profiled budget due to timing differences on staff training.
  - Volunteers is £17,681 under the profiled budget due to a reduction in Volunteer Supervisor hours and increase in administrative support. The forecast has been updated to reflect this.
  - Communications is £14,062 over the profiled budget due to a timing difference on expenditure and receipt of income for Generation Green 2.

- Visitor Services is £36,895 over the profiled budget due to delays in charging at Reedham Quay and salary costs being higher than profile.
- Strategic Services Management and Administration is £10,747 under the profiled budget due to a temporary reduction in hours. The forecast has been updated to reflect this.

- An underspend within Finance & Support Services relating to:
    - National Park Grant expenditure is £462,080 above the profiled budget due to the additional revenue and capital funding from DEFRA confirmed after the budget was set in January 2024. This is offset by the favourable income variance above.
    - Legal is £37,534 under the profile budget due to timing differences.
    - Asset Management is £27,189 under the profiled budget due to a vacancy between June and August for the Asset Officer. The forecast has been updated to reflect this. There is also a timing difference on expenditure.
    - Premises Head Office is £45,873 under the profiled budget due the Yare House downsizing project coming in under budget.
    - Finance and insurance is £62,311 under the profiled budget due to a timing difference on external audit costs and salaries as a result of the pay award and vacancies at the start of the financial year.
    - ICT is £90,873 under the profiled budget due to the pay award, minimal spend on computer hardware and the upgrade to the tolls system, which is being funded from the earmarked reserves.
- An adverse variance within reserves relating to:
    - Plant, Vessels and Equipment is under the profiled budget due to timing differences on vehicle and equipment replacements.
    - Heritage Lottery Fund reserve is under the profiled budget due to delay in spending funds within the project
    - Catchment is under the profiled budget due to timing differences on income and expenditure.
    - Computer Software is under the profiled budget due to the minimal spend so far on the upgrade to the tolls system.
    - Planning Delivery Grant is under the profiled budget due the additional income received from the Land Registry and timing differences on the Local Plan expenditure.
    - Medium Term Financial Planning is under the profiled budget due to the timing differences on Yare House.

- Property is over the profiled budget due to timing differences on the works at Hoveton Riverside Park.

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 2024/25. 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 2024/25 – surplus	Broads Authority 26/10/24 Agenda item number 10	(129,045)
Approved budget carry-forwards	Broads Authority 10/05/24 Agenda item number 10	27,080
LAB as at 31 December 2024	n/a	**(101,965)**

4. Overview of forecast outturn 2024/25

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 has been updated based on the pay award that was agreed on 22 October 2024 and has been included in table 3 below. The final agreement was less than previously budgeted for (£1,290 instead of £1,925 per spinal point per full time equivalent). Staff received this backdated to the 1 April 2024 in their December pay.

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

Table 3
Adjustments to Forecast Outturn

Item	Amount £
Forecast outturn surplus as per LAB	(101,965)
Adjustments reported 27/11/24	(241,798)
Forecast outturn surplus as at 31 December 2024	**(343,763)**

5. Reserves

5.1. The Property Reserve contains the income from land rental at Oulton Broad. The Plant, Vessels and Equipment reserves contains the income from the sale of the old vehicles, JCBs and trailers. It has also funded four vehicles. The Premises Reserve has funded the final items for Reedham Quay hut replacement, feasibility reports for the Dockyard solar project and the professional fees for Yare House alterations. The Heritage Lottery Fund, Catchment Project and UK Communications contains the income and expenditure relating to those projects. The Medium-Term Planning reserve has funded the additional expenditure for the reconfiguration of Yare House and External Funding & Partnership working.

Table 4

Consolidated earmarked reserves

Reserve name	Balance at 1 April 2024 £	In-year movements £	Current reserve balance £
Property	(1,139,087)	207,996	(931,091)
Plant, Vessels and Equipment	(639,561)	15,749	(623,812)
Premises	(431,177)	16,097	(415,081)
Planning Delivery Grant	(277,134)	(158)	(277,293)
Upper Thurne Enhancement	(249,820)	(14,888)	(264,708)
Heritage Lottery Fund	(12,391)	(105,532)	(117,923)
Catchment Partnership	(70,187)	(17,605)	(87,792)
Computer Software	(183,114)	22,273	(160,841)
UK Communications	(3,926)	771	(3,155)
Match Funding (EXPERIENCE)	(1,690)	0	(1,690)
Medium Term Planning	(495,024)	39,695	(455,330)
Total	**(3,503,111)**	**164,398**	**(3,338,714)**

6. Prudential Indicators

6.1. The Capital, Treasury and Investment Strategy 2024/25, approved 15 March 2024, included the key prudential indicators necessary for an authority that has borrowing. The prudential indicators are designed to support and record local decision making in a publicly accountable manner. At the beginning of each year, estimates for the prudential indicators are set and agreed by members. In the past actual indicators were compared to the estimates once the annual accounts are produced in May each year. The updated code requires these prudential indicators to be reported quarterly and are set out in table 5 below.

Table 5
Prudential Indicators 2024/25

Prudential Indicator	Opening 01/04/24 £	Estimate 31/03/25 £	Q3 Actual £
Capital expenditure	0	1,482,000	359,878
Authorised limit for external debt	900,000	900,000	900,000
Operational Boundary	800,000	800,000	800,000
Capital Financing Requirement	92,510	693,500	63,846
Debt balance	94,008	756,743	65,344

7. Conclusion

7.1. The forecast position for the year suggests a surplus within the National Park and the Navigation budget. This would result in a National Park Reserve balance of approximately £880,000 and a Navigation Reserve balance of £687,000 at the end of 2024/25 (before any year-end adjustments). This would mean that both reserves would be above the recommended levels, with National Park at 22.6% and Navigation at 15.9%. Year-end transfers of interest to the earmarked reserves, closure of the Heritage Lottery Fund reserve and repayment of the National Park loan will mean National Park will rise to approximately 25.9% and Navigation reduce to 13.1%. This will be highly dependent on the level of interest received.

Author: Izabela Foley

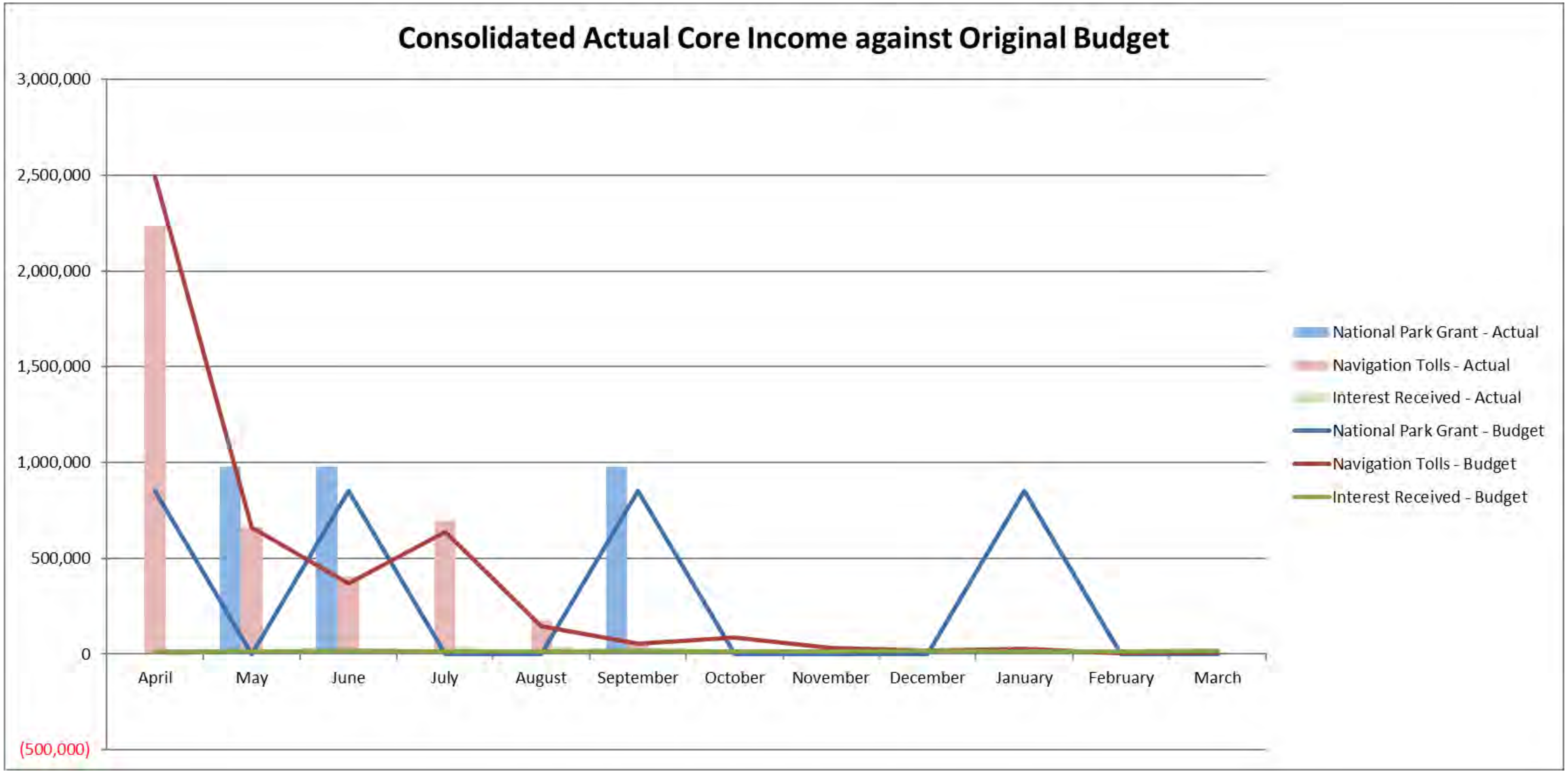
Date of report: 27 January 2025

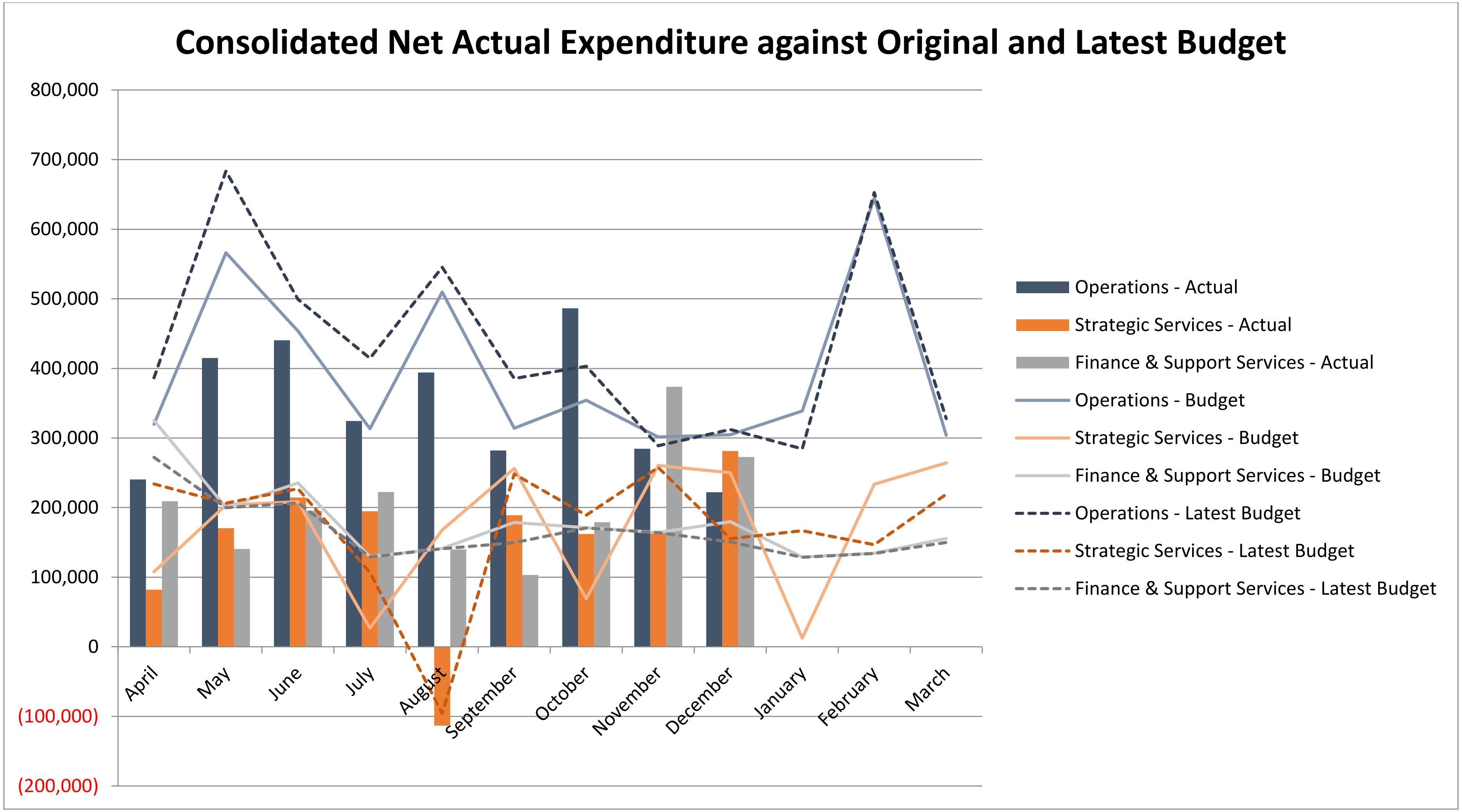
Broads Plan strategic objectives: All

Appendix 1 – Consolidated actual income and expenditure charts to 31 December 2024

Appendix 2 – Financial monitor: Consolidated income and expenditure 2024/25

Appendix 1 – Consolidated actual income and expenditure charts to 31 December 2024





Consolidated Net Actual Expenditure against Original and Latest Budget
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
(100,000)
(200,000)
April
May
June
July
August
September
October
November
December
January
February
March
Operations - Actual
Strategic Services - Actual
Finance & Support Services - Actual
Operations - Budget
Strategic Services - Budget
Finance & Support Services - Budget
Operations - Latest Budget
Strategic Services - Latest Budget
Finance & Support Services - Latest Budget

Appendix 2 – Financial monitor: Consolidated income and expenditure 2024/25

Table 1
Income

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Total Income	**(8,129,008)**	**0**	**(8,129,008)**	**(8,558,225)**	**429,217**
National Park Grant	(3,414,078)	0	(3,414,078)	(3,914,078)	500,000
Hire Craft Tolls	(1,436,000)	0	(1,436,000)	(1,403,559)	-30,864
Private Craft Tolls	(3,006,000)	0	(3,006,000)	(2,907,850)	-99,919
Short Visit Tolls	(60,000)	0	(60,000)	(60,000)	0
Other Toll Income	(32,930)	0	(32,930)	(32,930)	0
Interest	(180,000)	0	(180,000)	(240,000)	60,000

Table 2
Operations

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Total Operations	**4,940,486**	**34,580**	**4,975,066**	**4,716,980**	**258,086**
Construction and Maintenance Salaries	**1,662,930**	**0**	**1,662,930**	**1,610,110**	**52,820**
Salaries	1,662,930	0	1,662,930	1,610,110	52,820
Expenditure	0	0	0	0	0
Equipment, Vehicles & Vessels	**615,400**	**0**	**615,400**	**615,400**	**0**
Income	(1,200)	0	(1,200)	(1,200)	0
Expenditure	616,600	0	616,600	616,600	0
Water Management	**80,500**	**0**	**80,500**	**80,500**	**0**
Expenditure	80,500	0	80,500	80,500	0
Land Management	**(20,885)**	**0**	**(20,885)**	**(20,885)**	**0**
Income	(78,235)	0	(78,235)	(78,235)	0
Expenditure	57,350	0	57,350	57,350	0
Practical Maintenance	**693,965**	**27,080**	**721,045**	**621,045**	**100,000**
Income	(26,425)	(38,025)	(64,450)	(64,450)	0
Expenditure	720,390	65,105	785,495	685,495	100,000
Waterways and Recreation Strategy	**56,660**	**0**	**56,660**	**55,800**	**860**

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Income	(82,851)	0	(82,851)	(82,851)	0
Salaries	50,260	0	50,260	49,400	860
Expenditure	89,251	0	89,251	89,251	0
Ranger Services	**1,423,906**	**0**	**1,423,906**	**1,349,440**	**74,466**
Income	0	0	0	0	0
Salaries	1,053,156	0	1,053,156	978,690	74,466
Expenditure	370,500	0	370,500	370,500	0
Pension Payments	250	0	250	250	0
Safety	**147,170**	**0**	**147,170**	**121,210**	**25,960**
Income	(500)	0	(500)	(500)	0
Salaries	92,170	0	92,170	61,210	30,960
Expenditure	55,500	0	55,500	60,500	-5,000
Premises	**123,920**	**7,500**	**131,420**	**131,420**	**0**
Income	(2,600)	0	(2,600)	(2,600)	0
Expenditure	126,520	7,500	134,020	134,020	0
Operations Management and Administration	**156,920**	**0**	**156,920**	**152,940**	**3,980**
Salaries	150,820	0	150,820	149,440	1,380

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast outturn variance (Consolidated) £
Expenditure	6,100	0	6,100	3,500	2,600
Project Funding	**0**	**0**	**0**	**0**	**0**
Expenditure	0	0	0	0	0

Table 3

Strategic Services

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Strategic Services	**1,937,140**	**0**	**1,937,140**	**1,909,968**	**27,173**
Development Management	**488,080**	**0**	**488,080**	**483,318**	**4,763**
Income	(90,500)	0	(90,500)	(90,500)	0
Salaries	514,580	0	514,580	483,530	31,050
Expenditure	64,000	0	64,000	90,288	-26,288
Pension Payments	0	0	0	0	0
Strategy and Projects Salaries	**323,370**	**0**	**323,370**	**318,870**	**4,500**
Income	(711,758)	0	(711,758)	(811,758)	100,000
Salaries	370,740	0	370,740	373,610	-2,870
Expenditure	664,388	0	664,388	757,018	-92,630
Biodiversity Strategy	**8,520**	**0**	**8,520**	**8,520**	**0**
Income	0	0	0	0	0
Expenditure	8,520	0	8,520	8,520	0
Human Resources	**175,850**	**0**	**175,850**	**174,140**	**1,710**
Income	0	0	0	0	0
Salaries	107,750	0	107,750	106,040	1,710

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	68,100	0	68,100	68,100	0
Volunteers	**83,620**	**0**	**83,620**	**69,520**	**14,100**
Salaries	67,120	0	67,120	53,020	14,100
Expenditure	16,500	0	16,500	16,500	0
Communications	**381,460**	**0**	**381,460**	**376,080**	**5,380**
Income	(250)	0	(250)	(250)	0
Salaries	312,660	0	312,660	307,280	5,380
Expenditure	69,050	0	69,050	69,050	0
Visitor Centres and Yacht Stations	**336,160**	**0**	**336,160**	**349,460**	**-13,300**
Income	(251,000)	0	(251,000)	(231,000)	-20,000
Salaries	459,840	0	459,840	453,140	6,700
Expenditure	127,320	0	127,320	127,320	0
Strategic Services Management and Administration	**140,080**	**0**	**140,080**	**130,060**	**10,020**
Salaries	135,680	0	135,680	127,510	8,170
Expenditure	4,400	0	4,400	2,550	1,850
Strategy and Projects	**0**	**0**	**0**	**0**	**0**
Expenditure	0	0	0	0	0

Table 4

Finance & Support Services

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Total Finance & Support Services	**2,143,815**	**283,889**	**2,427,704**	**2,901,844**	**-474,140**
National Park Grant	**0**	**0**	**0**	**500,000**	**-500,000**
Expenditure	0	0	0	500,000	-500,000
Legal	**145,000**	**0**	**145,000**	**145,000**	**0**
Income	(5,000)	0	(5,000)	(5,000)	0
Expenditure	150,000	0	150,000	150,000	0
Governance	**261,710**	**0**	**261,710**	**259,620**	**2,090**
Salaries	201,710	0	201,710	197,410	4,300
Expenditure	60,000	0	60,000	62,210	-2,210
Chief Executive	**135,700**	**0**	**135,700**	**133,900**	**1,800**
Salaries	134,700	0	134,700	132,900	1,800
Expenditure	1,000	0	1,000	1,000	0
Asset Management	**130,090**	**0**	**130,090**	**115,370**	**14,720**
Income	(25,300)	0	(25,300)	(25,300)	0
Salaries	56,590	0	56,590	41,870	14,720
Expenditure	98,800	0	98,800	98,800	0

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Premises – Head Office	**148,000**	**283,889**	**431,889**	**451,889**	**-20,000**
Income	0	0	0	0	0
Expenditure	148,000	283,889	431,889	451,889	-20,000
Finance and Insurance	**578,070**	**0**	**578,070**	**563,200**	**14,870**
Salaries	285,300	0	285,300	270,430	14,870
Expenditure	292,770	0	292,770	292,770	0
Collection of Tolls	**228,380**	**0**	**228,380**	**220,270**	**8,110**
Salaries	215,880	0	215,880	207,770	8,110
Expenditure	12,500	0	12,500	12,500	0
ICT	**516,865**	**0**	**516,865**	**512,595**	**4,270**
Income	0	0	0	0	0
Salaries	249,480	0	249,480	245,210	4,270
Expenditure	267,385	0	267,385	267,385	0

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) £
Total Projects and Corporate Items	**(83,175)**	**0**	**(83,175)**	**(83,175)**	**0**
Partnerships / HLF	**(91,875)**	**0**	**(91,875)**	**(91,875)**	**0**
Income	(121,875)	0	(121,875)	(121,875)	0
Salaries	11,010	0	11,010	11,010	0
Expenditure	18,990	0	18,990	18,990	0
Corporate Items	**8,700**	**0**	**8,700**	**8,700**	**0**
Expenditure	8,700	0	8,700	8,700	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) £
Total Contributions from Earmarked Reserves	**(938,303)**	**(291,389)**	**(1,229,692)**	**(1,229,692)**	**0**
Earmarked Reserves	**(938,303)**	**(291,389)**	**(1,229,692)**	**(1,229,692)**	**0**
Expenditure	(938,303)	(291,389)	(1,229,692)	(1,229,692)	0

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	**(129,045)**	**27,080**	**(101,965)**	**(342,301)**	**240,336**

Risk, Audit and Governance Committee

11 February 2025

Agenda item number 9

Standing Orders Relating to Contracts

Report by Director of Finance

Summary

This report sets out the revised Standing Orders Relating to Contracts.

Recommendation

To approve the updated Standing Orders Relating to Contracts.

1. Introduction

1.1. The Standing Orders Relating to Contracts (SORC) are the rules that the Authority follows in procuring goods, services and works. The SORC was last considered by this committee in July 2023. Since then, it has been updated internally following changes required to the thresholds as set out in Procurement Policy Notes (PPN) issued under the Public Contracts Regulations 2015 (PCR).

1.2. The PCR had an EU focus and following Brexit there was a commitment to update the rules with new legislation. This has been achieved through the new Procurement Act 2023 and The Procurement Regulations 2024. These new rules are due to come into effect from 24 February 2025.

1.3. The new Procurement Act and regulations will change the way the public sector buys goods and services. As a contracting authority this will impact the way we do business with our suppliers, so if we commission services, goods or works, we will need to comply with these changes for all new procurement projects.

1.4. The aim of the new regulations is to create increased flexibility, innovation, transparency (acting with integrity), value for money, improved access for smaller businesses and wider society benefits in public procurement.

1.5. As a result of the changes the SORC have been updated and can be found in appendix 1 with tracked changes.

2. Amendments

2.1. The main change to SORC is that contracts will now be assessed based on Most Advantageous Tender (MAT), previously Most Economically Advantageous (MEAT). This is to signify to suppliers that contracts are not awarded only on lowest price but other factors over the life of the contract. Details can be found in section 10.

2.2. Previously the Authority advertised its opportunities via Contract Finder (of Find a Tender Service for above threshold) but this is being replaced with a central platform where all notices will be published in one place. All notices must be published on the platform prior to advertising anywhere else. References to Contract Finder have been updated throughout.

2.3. The SORC sets out what contracts they apply to and its exemptions, these have been updated to reflect the Act, details can be found in section 3 and 5. The SORC waiver form has also been updated, see appendix 2.

2.4. The Broads Authority conducts most of its procurement in below threshold contracts. These thresholds are:

- Goods/Services £214,904 (including VAT)
- Works £5,372,609 (including VAT)

2.5. Where contracts are above these thresholds the transparency aspects increase considerably. Although extremely rare that the Authority would exceed these limits a new section has been added to highlight to officers the importance of gaining advice (section 17).

2.6. The new regulations require mandatory terms to be adopted for all new contracts, this includes implied payment and termination conditions. These can be found sections 29 and 30.

3. Conclusion

3.1. Updating of the SORC is the first stage of complying with the new rules. Once adopted the next step will be to update internal guidance, contract templates and the Procurement Strategy. The strategy will be brought back to the committee in due course.

Author: Emma Krelle

Date of report: 29 January 2025

Broads Plan strategic objectives: All

Appendix 1 – DRAFT Standing Orders Relating to Contracts

Appendix 2 – Form to Waive Standing Orders relating to Contracts

Broads Authority

Standing Orders Relating to Contracts

Note: These Standing Orders should be read in conjunction with the "Standard Terms for Contracts" which provide standard wording for use in tender documentation. All tenders must be reviewed by the Director of Finance, Senior Accountant or Financial Accountant and the appropriate Director prior to being issued. After consultation with Management Team legal advice may be obtained from the Authority's Legal provider.

Contents

Application and exceptions

1. Purpose of Standing Orders

The overall purpose of these Standing Orders is as follows:

(a) to ensure transparency and fairness in the procurement of works, supplies and services;

(b) to ensure that the Authority gets best value from its procurements; and

(c) to protect those involved in the procurement process.

2. Duty to achieve best value

Every contract or official order made for works, supply and disposal of goods, materials and services must be for the purpose of achieving the Authority's statutory and approved objectives and must ensure best value, to secure continuous improvement in the exercise of all its functions, having regard to a combination of economy, efficiency and effectiveness.

3. Application

(a) These Standing Orders apply to every contract made by or on behalf of the Authority except contracts for:

(i) the acquisition or disposal of any interest in land; or

(ii) ~~insurance or~~ the lending or borrowing of money;

~~(ii)~~(iii) exempt legal services (judicial or dispute resolution); or

~~(iii)~~(iv) the employment of any employee.

The engagement of consultants and other professional advisers must be in accordance with these Standing Orders unless the Authority or appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the appropriate committee, directs otherwise.

4. Compliance with UK Public Sector Regulations

Every contract must comply with The ~~Public Contracts~~ Procurement Regulations and with any relevant directives being in force in the United Kingdom. These Standing Orders have effect subject thereto.

5. General exemptions

(a) The Authority or the appropriate committee may authorise exemption from any of the following provisions of these Standing Orders where they are satisfied that the exemption is justified in special circumstances.

(b) The Chief Executive may approve contracts under £150,000 (unless stated otherwise under general or specific exemptions) and where budgetary provision already exists. Contracts above this value require Broads Authority approval.

(c) The Chief Executive may authorise exemption from any of the following Standing Orders by certifying that there is an extreme emergency.

(d) Every exemption authorised under these Standing Orders must be reported to the Authority and the report must specify the emergency or other special reason justifying it.

6. Specific exemptions

Quotations or tenders need not be invited in the case of a contract:

(a) for the supply of goods or services where there is only one or two suppliers and no acceptable alternative;

(b) for goods or materials to be purchased at an auction or second hand;

(c) for goods or services to be purchased through any consortium, association or similar body (including the other UK National Parks) of which the Authority is a member, or under any other framework arrangement not negotiated by the Crown Commercial Services (CCS) for the benefit of public bodies;

(d) for works of art, museum specimens or historical documents;

(e) which constitutes an extension of an existing contract (such an extension to be approved by the Chief Executive in cases where the variation is up to 10% of the original price for goods or services, or 15% for works, ~~or £25,000 (whichever is higher, but less than 50% of the original price);~~ above that figure extensions ~~(but less than 50% of the original contract)~~ can only be approved by the Broads Authority~~)~~;

(f) for the execution of work or for the supply of goods or materials certified by the Chief Executive as being required so urgently as to preclude the invitation of quotations or tenders;

(except where it is readily practicable to invite quotations or tenders) for repairs to, or the supply of, parts of existing proprietary or patented articles, including machinery or plant;

(g) in relation to time-limited grant funding from an external body, where the time limitations will not allow a competitive procurement process to be completed and where the grant conditions allow this;

(h) for which it is not considered reasonably practicable in the Authority's interest so to do, subject to a report to the Broads Authority;

(i) on behalf of another body for which the Authority is acting as agent, provided any rules or standing orders of that body are complied with; or

(j) where the Authority is undertaking work in partnership with another public sector organisation, and the work is being funded either entirely or more than 50% by that organisation, the Authority need not necessarily seek competitive quotations or tenders if that other organisation or another public body has already undertaken such a process, subject to the Authority being satisfied that the process was fair and robust and that the expenditure represents good value in the use of public money.

Pre-estimate

7. Pre-estimate

Before any procurement is begun the budget holder (within their authorised limits) must estimate the value of the contract in order to determine which procurement route should be followed. The contract value estimation should be **inclusive of VAT.**

8. Hire of goods or services for an indeterminate period

(a) In the case of contracts for:

(i) the hire of goods for an indeterminate period; or

(ii) the provision of services for a period in excess of four years or for an indeterminate period;

the estimated value for both these types of contracts must be the estimated monthly costs multiplied by 48 or, the estimated annual cost multiplied by four.

(b) In the case of contracts for the supply of goods where the Authority enters into a series of contracts or a renewable contract, the estimated value of the contract is either:

(i) the aggregate value of similar contracts over the previous 12 months (adjusted for any known changes in demand);

(ii) the estimated value of similar contracts over the next 12 months; or

(iii) if the contract is for a definite term of more than 12 months, the estimated value for the period of the contract.

(c) Where (a) or (b) do not apply the estimated value for all supplies, services and works the total estimated value will be the period covered by the contract

(d) In the event that the contract estimate is incorrect, and quotations are received which would have resulted in a different procurement process being applied, the procurement process should either be re-run following the appropriate process, or a Waiver of Standing Orders be completed, depending upon circumstances.

Contracts below £6,000 (inclusive of VAT)

9. Contracts below £6,000

Where the estimated value of a contract is below £6,000 (inclusive of VAT), it is good practice but not mandatory to obtain more than one quotation.

Contracts of £6,000 and above (inclusive of VAT)

10.Award and evaluation criterion

(a) Before any quotations or tenders are sought where the estimated value of the contract is £6,000 or above (inclusive of VAT), the budget holder (within their authorised limits) must decide and record the award criterion to be used when the quotations or tenders are received. This must be ~~either~~:

(i) the most advantageous tender (MAT).

~~the lowest price (where the Authority is to pay the supplier); or~~

~~the highest price (where the supplier is to pay the Authority); or~~

~~the most economically advantageous quotation or tender.~~

(b) ~~If the chosen award criterion is the 'most economically advantageous,'~~ T~~t~~he Chief Executive or a Director must then decide and record in a list the evaluation criteria (in descending order of significance) upon which the quotations or tenders will be so evaluated. The criteria must relate to the contract, be proportionate, sufficiently clear, measurable and specific and comply with rules around technical specification. Each contract must consider value for money over the life of the contract and how barriers can be reduced for SME's so they can apply. ~~Normally it is recommended that at least 50% of the award criterion should be based on the price for the product or service.~~ The award criteria should be weighted by percentage, and displayed in a grid, as set out in the following example.

Award Criteria	Weighting
Price (including maintenance costs)	50%
Technical specification/expertise	20%
Trade references	10%
Environmental sustainability	10%
Timescale for completion of work	10%
Total	100%

Note: The above is an example only for a service contract. ~~Tenders must be drawn up carefully having regard to the needs of the particular project.~~ The Procurement Strategy and the Carbon Reduction Project Manager can provide further guidance on environmental consideration criteria. Careful consideration on how each of the award criteria will be evaluated must be provided, to minimise as far as possible the element of subjectivity in the process.

The Chief Executive or a Director must notify all those invited to submit quotations or tenders which award criterion is being used in the case of the contract in question and, where applicable, the evaluation criteria.

(c) For contacts below £30,000 the quotation which best meets the award criterion must be accepted, except where otherwise agreed in writing by the Chief Executive or a

Director, stating why the quotation which best meets the award criterion has not been accepted.

(d) Where the quotation has been otherwise agreed above, these cases will be reported to the Broads Authority or appropriate committee as an exception to Standing Orders.

Contracts between £6,000 and £30,000 (inclusive of VAT)

11.Quotations

Where the estimated value of the contract is between £6,000 and £30,000 inclusive of VAT the Chief Executive or a Director must, unless impracticable, invite at least three written quotations.

Contracts Above £30,000 (inclusive of VAT) but below threshold[1]

12.Tenders

(a) Where the estimated value of a contract exceeds £30,000 (inclusive of VAT) but is below the ~~Find a Tender Service (FTS)~~ ~~limit~~threshold, and in any other cases where the Authority or the appropriate committee determines, tenders must be invited in accordance with either one of Standing Order 13, 14, 15 or 16.

~~(b) If the estimated value of any contract is above the FTS limit, then legal advice must be sought regarding the procedures which will need to be followed in letting the contract as public notice limits increase in these circumstances. The current threshold at January 2024 (inclusive of VAT) for works contracts is £5,372,609 and for supply, services and design contracts (estimated over 48 months) £214,904.~~

13.Open tendering

(a) This Standing Order applies where the tenders for a contract are to be obtained by open competition.

(b) At least 14 days public notice must be given in:

(i) On ~~contract finder~~Find a Tender Service (FTS) and the Authority's website. Further notices can also be placed in other purchasing platforms such as the Crown Commercial Services and one or more relevant professional or trade list/source, or the local newspapers; and

(ii) wherever the estimated value of the contract exceeds £100,000, in one or more newspapers or journals circulating among persons or bodies who undertake such contracts.

[1] The current threshold at January 2024 (inclusive of VAT) for works contracts is £5,372,609 and for supply, services and design contracts £214,904.

(c) The notice must state what the contract is for and where further details may be obtained, invite tenders for its execution and state the last date and time when tenders will be received.

14.Restricted tendering - Ad hoc list

(a) This Standing Order applies where the Authority or appropriate committee has decided that invitations to tender for a contract are to be made to some or all of those persons or bodies who have replied to a public notice.

(b) Public notice must be given:

(i) On ~~contract finder~~FTS and the Authority's website. Further notices can also be placed in other purchasing platforms such as the Crown Commercial Services and one or more relevant professional or trade list/source, or the local newspaper; and

(ii) where the estimated amount or value of the contract exceeds £100,000, in at least one newspaper or journal circulating among such persons or bodies who undertake such contracts; and

(iii) at the discretion of the Authority or appropriate committee to all or a selected number of persons or bodies named in the list maintained under Standing Order 15.

(c) The public notice must:

(i) specify what the contract is for;

(ii) invite interested persons or bodies to submit a request to participate including information to be provided for selection; and

(iii) specify a time limit, of at least 14 days, within which such applications must be submitted to the Authority.

(d) After the expiry of the period specified in the public notice invitations to tender for the contract must be sent to:

(i) at least three of the persons or bodies who applied for permission to tender, selected by the Chief Executive or a Director;

(ii) where fewer than three persons or bodies have applied or are considered suitable, those persons or bodies which the Chief Executive or a Director considers suitable.

(iii) Specify a time limit, of at least 14 days, within which full tenders must be submitted to the Authority.

15. Restricted Tendering - Standing List

(a) This Standing Order applies where the Authority or appropriate committee has decided that invitations to tender for a contract are to be limited to those persons or bodies whose names are included in a list compiled and maintained for that purpose.

(b) This list must:

(i) be compiled and maintained by the Chief Executive or Director;

(ii) contain the names of all persons or bodies who wish to be included and who are approved by the Authority or appropriate committee; and

(iii) indicate in respect of a person or body whose name is so included, the categories of contract and the maximum values or amounts in respect of those categories for which approval has been given.

(c) At least four weeks before a list is first compiled, notices inviting applications for inclusion in it must be published:

(i) On ~~contract finder~~FTS and the Authority's website. Further notices can also be placed in at least one relevant professional or trade list/source, or the local newspaper; and must state the purpose of the list.

(ii) include information that the persons or bodies must provide to be considered for selection; and

(iii) specify a time limit, of at least 14 days, within which such applications must be submitted to the Authority.

(d) The list must be amended as required from time to time and must be reviewed at intervals not exceeding three years. At least four weeks before each review, everyone on the list must be asked whether they wish to remain there and notices inviting new applications for inclusion in the list must be published in the manner provided by paragraph 15. (c) of this Standing Order.

(e) At each review the list must be reported to the appropriate committee with particulars showing those invited to tender, those responding and those successful, since the last review.

(f) Where a standing list relates to Fen Management Contractors these will be allocated to contractors based on a specific area for the duration of the list.

(g) Invitations to tender for a contract, that does not relate to Fen Management, must be sent to:

(i) at least three of those persons or bodies selected by the Chief Executive or a Director from among those approved for a contract of the relevant category and amount or value; or

(ii) where fewer than three persons or bodies are approved for a contract of the relevant category and amount or value, all those persons or bodies.

Specify a time limit, of at least 14 days, within which full tenders must be submitted to the Authority.

16. Framework arrangements

(a) A Framework Arrangement is a formal tendered arrangement which sets out terms and conditions under which specific purchases can be made throughout the term of the agreement, and supplies, services or works are procured from the successful tenderer in predicted quantities at various times during the period that the agreement is in force.

(b) Finance hold and publish on the intranet a list of frameworks that the Authority can access, this currently includes the Crown Commercial Services (CCS). These frameworks cover a wide variety of areas from postage, to vehicles and Insurance. Public sector organisations have already tendered for these frameworks and completed the appropriate background checks. The individual frameworks provide details of the procedure to be followed.

(c) If at any time the Authority proposes to enter into a Framework Arrangement for the provision of goods or services that is not on the list in b), then the Director of Finance will agree and update the l~~o~~ist and advise on the procedures which need to be followed in using the framework.

17. Post-tender negotiations

(a) The Chief Executive may (following the closing date for receipt of tenders but before acceptance of any tender) carry out post-tender negotiations to attempt to secure an improvement in the contract price or other conditions only in one or more of the following circumstances:

(i) where the ~~lowest submitted tender or the~~ most ~~economically~~ advantageous tender ~~(where this is the award criterion)~~ exceeds the estimated value of the contract;

(ii) where the Chief Executive considers that the price of the lowest tender submitted abnormally low;

(iii) where tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items; or

(iv) where ~~the lowest submitted tender or~~ the most ~~economically~~ advantageous tender ~~(where this is the award criterion)~~ contains conditions, trading terms, specification, performance, guarantees, or service delivery less favourable than in other tenders, or than stipulated for, and this defect appears capable or being remedied by post-tender negotiations.

(b) In carrying out Post Tender Negotiations, the Authority shall follow the procedures set out in the Appendix to these Standing Orders.

Contracts above threshold

18. Tender Process

(c) Where a contract is considered above threshold (works contracts is £5,372,609 and for supply, services and design contracts £214,904) then the procedures applicable under the Procurement Act 2023 and Procurement Regulations 2024 must be followed for covered procurements. Contracts can be procured via an open tender procedure, a competitive flexible tender procedure, frameworks or dynamic markets. The Authority does not traditionally procure contracts of this value, however if needed contact the Director of Finance who can advise on the appropriate method and notices required.

Tenders

~~18.~~19. Invitations to tenders

(a) Every invitation to tender must specify the latest day and hour and the place appointed by the Chief Executive for the receipt of tenders and must state the effect of Standing Order 17.

(b) On receipt, envelopes containing tenders must be date and time stamped and kept by the Chief Executive until they are opened.

(c) The invitation to tender should make clear that:

(i) tenders may be submitted electronically, on a CD or other appropriate media posted to the Authority in the supplied tender envelopes; and

(ii) tenders submitted by email will only be accepted when sent exclusively to tenders@broads-authority.gov.uk with the subject clearly indicating the name of the tender. Any tenders not conforming to these requirements, or sent to an alternative email address, will be invalidated.

~~19.~~20. Invalid tenders

(a) An invalid tender must not be accepted, unless otherwise agreed by the Authority or appropriate committee, or by the Chief Executive in conjunction with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.

(b) A tender will only be valid if it has been delivered to the place appointed by the Chief Executive not later than the appointed day and hour either sealed in the pre- printed envelope provided by the Authority for this purpose or the tender mailbox.

(c) A tender will not be valid if the envelope bears any name or mark indicating the sender.

~~20.~~21. Opening of tenders

(a) Tenders received under one of Standing Order 13, 14, 15 or 16 must be opened at the same time and only in the presence of at least two officers of the Authority designated for the purpose by the Chief Executive, one of whom must be the budget holder, Director of Finance, Senior Accountant or Financial Accountant. The officers present at the opening must sign and date a summary of tenders received.

(b) Any tender received at the appointed place later than the day and hour specified under Standing Order 18 may be opened and recorded on the summary of tenders stating the circumstances. The tender must be rejected unless it is subsequently approved by the appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.

(c) The Director of Finance must retain all tenders received, including any invalid tenders, and their envelopes for a period of two years from the return date. The accepted tender must be retained for six years after the final contract payment.

(d) Any tender opened in error before the date and time set for opening tenders shall be immediately resealed and a record made of the event signed by the Director of Finance in the Register of Tenders held by the Director of Finance.

(e) If it is necessary to extend the date for receiving tenders, this shall be recorded by the Director of Finance in the Register of Tenders, setting out the reason for extending the deadline.

(f) Any tender documents which are received electronically to the tender mailbox shall only be accessible by the Director of Finance, Senior Accountant and the Financial Accountant. They will make arrangements for a copy of the tender to be printed for the designated officer to open the tenders at the same time as those received by post under Standing Order 2~~0~~1. (a) (either a Director, Director of Finance, Senior Accountant or Financial Accountant).

~~21.~~22. Acceptance of tenders

(a) The Chief Executive or a Director may only accept the tender which best meets the award criteria except where otherwise agreed by the Authority or appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.

(b) Acceptance of tenders must be in writing and signed by the Chief Executive or an officer designated by the Chief Executive for that purpose.

(c) A contract award notice will be made on ~~Contract Finder~~ FTS no later than 30 days after the award of the successful tenderer including the amount. Unsuccessful tenderers must also be notified via email at the same time as the successful tenderer including the reasons for the decision.

(d) It is good practice to include a standstill period of at least ~~14~~ 8 working days prior to official contracts being signed for contracts below the FTS thresholds. Contracts above must have the standstill period incorporated.

~~22.~~23. Errors or Discrepancies in Tenders

(a) Where examination of tenders reveals errors or discrepancies which would affect the tender figure in an otherwise successful tender, the tenderer must be provided with written details of each error and discrepancy. The tenderer will be afforded the opportunity either:

- to confirm in writing and accept the error if it is in the Authority's favour; or
- to correct the error(s) and to revise the tender downwards. Any revisions must be confirmed in writing; or
- to withdraw the tender. This must be confirmed in writing.

(b) Tenders must not be revised upwards.

(c) Errors and discrepancies in unsuccessful tenders must not be revised even if, after correction, they would make the tender successful.

(d) If the tenderer withdraws, the next tender in competitive order is to be examined and then dealt with in the same way.

(e) Any exception to this procedure may be authorised only by the Authority or appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.

~~23.~~24. Contract variations

(a) All requests to suppliers to amend any contract or requirement must be made in writing and must include authorisation at the same level as the original instruction or at a higher level if the level of expenditure exceeds the original authorisation level.

(b) When the Purchase Order has been issued, any changes in the requirement must be notified to the supplier in writing by an amendment to the Purchase Order and if relevant a Contract Variation.

Miscellaneous matters

~~24.~~25. Register of contracts

A register of all contracts placed by the Authority must be kept and maintained by the Director of Finance. For each contract the register must specify the name of the contractor, the works to be executed or the goods to be supplied and the contract value. It must be open to inspection by any member of the Authority.

~~25.~~26. Document Retention

Please refer to the Authority's Data retention and information management policy, in particular the Finance and Contracts and Procurement records section. This is available on

the intranet,
http://basps/sites/gov/Governance%20documents/Data%20retention%20and%20information%20management%20policy.doc -Finance will organise the storage of these documents.

~~26.~~27. Financial interests of officers

The Head of HR must record in the Register of Officers' Interests details of any notice given to the Authority by an officer under Section 117 of the Local Government Act 1972 of a financial interest in a contract. The Register must be open during office hours for inspection by any member of the Authority.

~~27.~~28. Supervision of contracts by third parties

(a) It must be a condition of any contract between the Authority and any person (not being an officer of the Authority) who is required to supervise a contract on behalf of the Authority that in relation to that contract the requirements of these Standing Orders must be complied with as if that person were the Chief Executive.

(b) Such person must:

(i) at any time during the carrying out of the contract produce to the Chief Executive on request all records maintained in relation to that contract;

(ii) on completion of the contract transmit all records to the Chief Executive.

~~28.~~29. Nominated sub-contractors and suppliers

Where a sub-contractor or supplier is to be nominated to a main contractor, the following rules apply:

(a) Where the estimated amount of the sub-contract or the estimated value of the goods to be supplied by the nominated supplier does not exceed £30,000, quotations must be invited for the nomination in accordance with Standing Order 9 or 11 unless the Chief Executive considers in respect of any particular nomination that it is not reasonably practical to obtain competitive quotations.

(b) Where the estimated amount of the sub-contract or the estimated value of the goods to be supplied by the nominated supplier exceeds £30,000, tenders must be invited in accordance with one of Standing Order 13, 14, 15 or 16 unless the Authority or appropriate committee decides in respect of any particular nomination that it is not reasonably practicable to obtain competitive tenders.

(c) Standing Orders 18 to 22 apply to tenders received under this Standing Order.

(d) Sub-contractors or suppliers must send with their tender an undertaking that if they are selected they will:

(i) be willing to enter into a contract with the main contractor; and

(ii) indemnify the main contractor in respect of the sub-contracted works or materials;~~.~~ and

~~(ii)~~(iii) have implied payment terms that a contractor or subcontractor will be paid within 30 days of invoice, unless it is invalid or disputed.

(e) The Chief Executive must nominate to the main contractor the person whose quotation or tender best meets the award criterion. Where it is proposed to award the quotation or tender to a person whose quotation or tender does not best meet the award criterion, the circumstances must:

(i) in the case of quotations under paragraph 2~~6~~8. (a) above, be reported to the Authority or appropriate committee; or

(ii) in the case of tenders under paragraph 2~~6~~8. (b) above, be agreed, before any nomination is made, by the Authority or appropriate committee or, in cases of emergency, by the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.

~~29.~~30. Contract conditions

(a) Every contract which exceeds £6,000 in value or amount must:

(i) be in writing and signed by the Chief Executive or an officer designated by the Chief Executive for the purpose;

(ii) specify the goods, materials or services to be supplied and the work to be executed, the price to be paid together with a statement as to the amount of any discounts or other deductions, the periods within which the contract is to be performed and such other conditions and terms as may be agreed between the parties; and

(iii) in appropriate cases, where a contract exceeds £100,000 in amount or value, provide for the payment of liquidated damages by the contractor for failure to complete the contract within the time specified;

(iv) include a clause prohibiting the contractor from transferring or assigning or sub-letting to any person any portion of the contract without the written permission of the Authority signed by the Chief Executive;

(v) where applicable, require the contractor to indemnify the Authority against claims in respect of employers' liability and/or public liability. The amount normally required for public liability insurance cover is £5,000,000;

(vi) where applicable, for example where professional advice is being given, require the contractor to indemnify the Authority against claims in respect of matters relating to the advice or service provided. The amount normally required for professional indemnity insurance is £5,000,000;

(vii) where appropriate include a clause giving tenderers the opportunity to state how much the required insurance would cost (for the duration of the contract) if they do not have it already in place. This must then be added to the cost of the tender;

(viii) state that all goods, materials and work must comply with any relevant British Standards Specification, ~~or~~ Code of Practice or non-UK equivalent in force at the date of the quotation or tender;

(ix) state that the Authority can ~~cancel~~ terminate the contract and recover any resulting losses if the contractor or the contractor's employees or agents, with or without the contractor's knowledge:

- the contract was awarded or modified in breach of the Procurement Act 2023 or regulations made under it~~does anything improper to influence the Authority to give the contractor the contract~~; or
- has become an excluded or excludable supplier/subcontractor as defined by section 78 (2) of the Procurement Act 2023~~commits an offence under the Prevention of Corruptions Acts 1889 to 1916 or Section 117(2) of the Local Government Act 1972~~.

(x) where the contract relates to the processing of personal data, state they must comply with GDPR legislation.

~~(x)~~(xi) State that all valid, undisputed invoices will be paid within 30 days of the invoice.

(b) Where it is considered that the total amounts of insurance, as set out in paragraphs ~~27~~30. (v) and ~~27~~30.(vi), are not considered to be appropriate or necessary, the Chief Executive may approve deviations to this figure.

(c) It is good practice to ask tenderers for a certified copy of the public liability and / or professional indemnity insurance, especially from new or unknown contractors.

(d) Every contract over £100,000 must be under seal.

(e) The Authority may also require a contractor to give sufficient security for completing the contract.

~~30.~~31. VAT

All the financial limits contained within these Standing Orders include VAT where it is payable.

~~31.~~32. Review

The Authority will review these Standing Orders at intervals not exceeding three years.

~~32.~~33. Interpretation

In these Standing Orders, unless the context otherwise requires:

(a) "appropriate committee" means the committee or sub-committee to which the power to make the contract has been delegated;

(b) "most ~~economically~~ advantageous" normally means the outcome that achieves value for money across the life of the contract. As part of the economy, efficiency and effectiveness; quality, social value and public benefit should be considered. ~~lowest if payment is to be made by the Authority and the highest if payment is to be made to the Authority, but should also take into account quality and other measures, which will be set out in the evaluation criteria and which should be specified in advance of the contract evaluation. In such cases t~~The method of scoring such measures and the weighting of evaluation will be clearly set out in the contract specification.

(c) "Person" includes a partnership, body corporate or unincorporated association.

Note: All references to the Chief Executive in this document apply to that person and his / her nominated representative, who are, a Director, and any other officers who are authorised to act in particular circumstances in accordance with the Scheme of powers Delegated to the Chief Executive other authorised officers.

Appendix – Post tender negotiations

Procedural Rules

1. In Post Tender Negotiations carried out under Standing Order 17:

    ~~a. Where price is the award criterion the tenderers submitting the lowest tender and all those the value of which is within 5% of the lowest tender or, if there is no such tender, the tenderer submitting the second lowest, may be invited to participate in Post Tender Negotiations.~~

    ~~b.~~a. Where the most ~~economically~~ advantageous tender is the award criterion the tenderers submitting the most ~~economically~~ advantageous tender and the second most ~~economically~~ advantageous tender may be invited to participate in Post Tender Negotiations.

2. Post Tender Negotiations may only be authorised by the Chief Executive. In the case of contracts with an estimated value exceeding £30,000 the Chief Executive must also consult the Legal provider who must thereafter be notified of the time and venue of all negotiations carried out and who will be entitled to be represented at any such negotiations.

3. In the case of all Post Tender Negotiations the senior officer carrying out the negotiations must record in writing the objective to be secured by such negotiations and forward a copy of this record to the Director of Finance and, for contracts with an estimated value exceeding £30,000, the Legal provider.

4. Unless other arrangements are specifically agreed by the Chief Executive, all negotiations must take place at the Authority's premises with both the tenderer and the relevant officers of the Authority present.

5. During negotiations with the tenderer there must always be present at least two officers of the Authority.

6. A note of the negotiations will be made by one of the officers present recording those present, the time and location of the negotiations, details of the discussion and any agreement reached. The note shall be signed by all officers present and will be kept on file with a copy sent to the Director of Finance and, for all contracts with an estimated value exceeding £30,000, the Legal provider.

7. At no time must a tenderer be informed of the detail of any other tender submitted or as to whether or not the tender submitted was the ~~lowest or the~~ most ~~economically~~ advantageous tender ~~(where this is the award criterion)~~.

8. Acceptance of tenders following Post Tender Negotiations must be in accordance with Standing Orders except that the Chief Executive must also inform the Legal provider and Monitoring Officer of the name of the successful tenderer and of the tender price regardless of the estimated value of the contract.

9. The Director of Finance will maintain a record of all post tender negotiations relating to contracts with an estimated value in excess of £30,000. This record must show the date of the tender, the date of any Post Tender Negotiations, the names of tenderers involved in negotiations, the original price, the revised price, the revised specification, the names of the officers involved and details of the contract awarded.

10. Legal advice should be sought where the officer dealing with this matter is under any uncertainty regarding the procedure to be followed.

Standing Orders relating to Contracts

Request for Approval to waive Standing Orders

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

- for contracts where the estimated value is below £6,000, it is good practice but not mandatory to obtain more than one quotation;
- for contracts between £6,000 and £30,000, three written quotations must be received;
- for contracts above £30,000, a quotation must be sought by means of a public notice placed on ~~contract finder~~Find a Tender and the Authority's website; and
- in all cases for contracts of £6,000 and above, the Authority must accept the most ~~financially~~ advantageous quotation.

There are a number of exceptions set out in the Standing Orders relating to contracts (sections 5 and 6). Differing processes are required depending on the specific exemption however all waivers will be recorded and reported to committee.

Waivers that the Chief Executive can approve under the value of £150,000 (unless otherwise stated below) and where budgetary provision already exists:

- where the Chief Executive certifies that there is an extreme urgency;
- where there are only one or two suppliers for the supply of goods or services, and no other acceptable alternatives;
- where goods or materials are to be purchased via an auction or second-hand, including historical documents;
- for extensions to existing contracts, providing that the variation is not more than 10% of the original contract sum for goods or services, or 15% for works, ~~or £25,000 (whichever is higher, but less than 50% of the original price);~~ above that figure extensions ~~(but less than 50% of the original contract)~~ can only be approved by the Broads Authority~~)~~;
- for repairs to, or supply of, parts to existing machinery or plant;
- where it is not considered reasonably practicable, or in the interests of the Authority, to do so, subject to a report to the next meeting of the appropriate committee; and
- where the Authority acts as an agent for another body or in 50% partnership where the other bodies own Standing Orders have been complied with.

All waivers that exceed the above require Committee approval.

All requests must be set out on the attached form which should be completed (including the comments of the appropriate director) and submitted to the Director of Finance. This form must be used for all contracts over £6,000 where three quotes have not been received.

Request for Approval to waive Standing Orders

Details of project/work to be carried out:
Estimated cost (inclusive of VAT):
Budget ~~line~~code:
Proposed supplier/provider:
Reasons for seeking approval to waive Standing Orders (please include specific exemption):

Submitted by:	Date:

Comments of appropriate Director

Comments of Director of Finance:

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

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

Comments of Chief Executive:

Request approved: Yes/No	Date:

Risk, Audit and Governance Committee

11 February 2025
Agenda item number 11

Implementation of internal audit recommendations summary of progress

Report by Senior Acocuntant

Summary

This report gives a summary of progress in implementing Internal Audit recommendations arising out of audits carried out during 2020/21, 2022/23, 2023/24 and 2024/25.

Recommendation

To note the report.

Contents

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 2020/21, 2022/23, and 2023/24, 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. The recommendation 3 Pilotage (Port Marine Safety Code - June 2021) has been updated to 20th February 2025 as the Authority is now in the consulation period which ends on that day.

2.2. The recommendation 1 on the Health & Safety at Work policy from July 2022 - Corporate Health and Safety was implemented December 2024.

2.3. We are unable to progress with the actions to Port Marine Safety Code – November 2023 until the Marine and Coastguard Agency (MCA) opens up a compliance window which will be launched six months after the publication of the Code. These have been updated in the appendix.

2.4. The actions on the Corporate Governance and Risk Management from February 2024 have been updated in table 4.

3. Internal Audit Programme 2024/25

3.1. Since this report to the Committee in November 2024 two audits have been undertaken. The Cyber Security audit has taken place from August 2024 and the Authority is awaiting a feedback from the auditors, the results of which will be reported to the July committee. The Key Controls audit has taken place in October 2024 – December 2024 and a final report was isused in January 2025 with a “substantial assurance” audit opinion.

4. Key Controls

4.1. This audit looked at the fundamental systems that feed into the statement of accounts to provide assurance on the key financial controls. The areas reviewed as part of this audit were: Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Toll Income, Control Accounts, Payroll and Follow Up of Internal Audit Recommendations. This resulted in a “substantial assurance” audit opinion with no formal recommendations raised.

4.2. Adequate controls were found to be in place for Treasury Management/Investments; Asset Management; Budgetary Control; Control Accounts; Accounts Receivable; Toll Income; Payroll; Journals; Cash and Bank. Good practice was noted in relations to these.

4.3. A previous recommendation for the Asset Management Strategy (AMS) has been implemented with the Authority’s updated version effective from the 12th April 2024. This AMS will be reviewed every three years or more frequently if significant changes arise.

4.4. The budget for 2024/25 was approved on the 26th January 2024. The proposed navigation charges for 2024/2025 in the navigation area and adjacent waters was approved on the 24th November 2023.

4.5. Notices of contraventions (unpaid tolls) are monitored and adequately documented on both the Tolls Management System (TMS) and SharePoint with audit trails maintained of recovery action. Recovery action was/and is being promptly taken.

4.6. Data analysis was undertaken on the full population (596) of purchase orders (POs) raised since 1st April 2024 to date to verify that all POs were authorised within the users' delegated authorisation limits. The review confirmed that all POs adhered to the delegated limits as outlined in the Broads Authority's authorised signatory list with no instances of non-compliance identified.

4.7. The Broads Authority changed payroll provider from Norfolk County Council to Durham County Council on the 1st April 2024. Checks and measures are in place, including segregation of duties, to ensure the accuracy of payroll including those for joiners/leavers, third-party payments, expenses, and mileage claims, before payments are made. Monthly pay runs are authorised in accordance with the Broads Authority's List of Authorised Signatures; there are only four officers that can authorise the payroll.

Author: Izabela Foley

Date of report: 27 January 2025

Broads Plan strategic objectives: All

Appendix 1 – Summary of actions and responses to Internal Audit 2020/21

Appendix 2 – Summary of actions and responses to Internal Audit 2022/23

Appendix 3 – Summary of actions and responses to Internal Audit 2023/24

Appendix 1 – Summary of actions and responses to Internal Audit 2020/21

Table 1

Port Marine Safety Code – June 2021

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
3. Pilotage Finalise the arrangements for General Directions for larger vessels. 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	Important	Head of Ranger Services	General Directions are rarely used by Broads Authority - most directions are 'Special'. This requirement will require legal inputs and cost benefit analysis to assess its viability. Current requirements are met using Special Directions. 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. Update: The factors driving this work have changed since the paper went to committee in 31/10/2021. Updated to 28/02/2023. Updated to 31/12/2023 Audit and Risk Committee, 14 March 2023, agenda item number 12 6 Recommendations Priority rating Responsible Officer(s) BA response/action Timetable 2019, with COVID-19 and the long-term closures of	By 31/10/2021 Updated to 28/02/2023 Updated to 31/12/2023 Updated to 31/03/2024. Updated to 31/10/24. Updated to 31/01/2025. **Updated to 20/02/2025**

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			bridges on the lower Yare both affecting this. Control measures remain in place to control the risk through Special Directions which can be given ahead of each vessel movement. With very limited vessel movement over the last few years the requirement to put in place a General Direction to cover all larger vessel movements is now less of a priority against other projects. The Pilotage Policy is currently being reviewed as part of the wider Safety Management System review. Update: Full review of Pilotage undertaken by Marico Marine. A paper was taken to Navigation committee and Broads Authority, both in January accepting recommendation that a General Direction be put in place to restrict vessel size subject to a risk assessment being carried out to determine if the vessel size subject to a risk assessment being carried out to determine if the vessel can be safely accommodated on the system. Legal advice is currently being sought on this proposal and what a general direction would need to include. Update: we are continuing with legal advice. A draft General Direction has been produced. Once legal advice is received the	

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			general direction will need a six-month/42-day consultation period. As the Navigation Committee are one of the Statutory Consultees this will go to the meeting in Jan 2025. **Update: we are in the consultation period which ends 20th February 2025**	

Appendix 2 – Summary of actions and responses to Internal Audit 2022/23

Table 2

Corporate Health and Safety – July 2022

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
1. Health & Safety at Work policy 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 1st April 2023. Update: The review date has been updated to December 2023. Update: The Health & Safety Policy is still in its draft stage as it needs to incorporate the BA's SMS. Update: The Health & Safety Policy review begun in December, but the Head of Safety Management then retired, and the document was not completed. A new date for completion has been set for March 2025	By 01/04/2023 Updated to 31/12/2023 Updated to 30/06/2024 Updated to 31/03/2025 **Completed.**

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			to allow for the recruitment and induction of a new Head of Safety Management. Update: The revised Health, Safety and Wellbeing policy was presented to the Broads Authority on 20 September 2024. Subject to a minor amendment it will be reconsidered by the Broads Authority on 29 November 2024. **Update: new Broads Authority Health, Safety and Wellbeing policy was approved the Broads Authority on 29 November 2024, it has subsequently been signed off by John Packman and is now available and published.**	

Appendix 3 – Summary of actions and responses to Internal Audit 2023/24

Table 3

Port Marine Safety Code – November 2023

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
4. Review and Audit Action to be taken to ensure that an appropriate compliance statement is made by the Duty Holder when this is next required by the MCA (likely to be in March 2024). This includes ensuring that appropriate reporting mechanisms are in place in line with the recommendations above, to enable the Duty Holder to make such a statement.	Important	Head of Safety Management	We will contact the MCA and discuss the compliance report, the timing and format to ensure we are consistent with other PMSC duty holders. Update: The MCA still needs to open the window to allow compliance to be reported. RR registered with the MCA, and when the reporting window opens, will be notified and able to document the Authority's compliance with the code. **The DfT said the new edition PMSC sits with the Minister and awaits Ministerial sign-off and is expected to be published during February or early March. The code will be renamed as the Port and Marine Facilities Safety Code to emphasise the inclusion of non statutory harbour authority facilities into the code requirements.** **The MCA detailed the updates to the Guide to Good Practice which they suggested will align better with the structure of the revised Code and said this should be published alongside the Code. However, in**	By 31/07/2024 Update: TBA and the Authority will be notified by the MCA

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			terms of the Duty Holder and Designated Person the key principles of the Code will remain as they currently are now. **It is anticipated that the 2025 PMSC Compliance Exercise will be launched six months after the publication of the Code so that ports and their Duty Holder shall have time to consider the new edition Code and associated GtGP and any changes that maybe necessary to make to enhance code compliance**	

Table 4

Corporate Governance and Risk Management – February 2024

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
1. The Local Government Act 1972 Add expectations for attendance and consequences for non-attendance to the Members' Code of Conduct.	Needs Attention	Senior Governance Officer	This will be reviewed as part of the next members code of conduct update. The next review is due within the next 12 months. Governance will continue to monitor absence and notify members where they maybe in risk of breaching the 6-month rule. It will continue to be highlighted to new members via the terms and conditions. **Update: The Code of Conduct is being reviewed by the Standards Committee on 20 February 2025. As part of the review, SGO consulted the Authority's Monitoring Officer and his view is that it would not be appropriate to include this in the Code of Conduct. His recommendation is that we include in the Members' Handbook.** **SGO confirms that the Broads Authority do monitor attendances, advise members as necessary and the requirement is included in members' appointment letters.**	By 31/03/2025

Risk, Audit and Governance Committee

11 February 2025
Agenda item number 12

Code of Practice on good governance for Statutory Officers

Report by Senior Governance Officer

Summary

A Code of Practice on Good Governance for Statutory Officers has been produced and this report assesses how the Authority meets the recommended requirements.

Recommendation

To note the Authority’s compliance with the Code of Practice on Good Governance for Local Authority Statutory Officers and determine if any action is required.

1. Introduction

1.1. A Code of Practice on Good Governance for Local Authority Statutory Officers has been produced by SOLACE (Society of Local Authority Chief Executives), CIPFA (Chartered Institute of Public Finance and Accountancy) and LLG (Lawyers in Local Government).

1.2. The Code sets out expectations for the three highest profile statutory roles of Head of Paid Service; Chief Finance Officer and the Monitoring Officer. These roles are carried out by the Chief Executive; Director of Finance (as Section 17 Officer) and Jonathan Goolden of Wilkin Chapman, respectively.

1.3. The law requires that:

- the Head of Paid Service or Chief Finance Officer may not also be the Monitoring Officer, to provide balance and independence and avoid any conflicts of interest;
- the authority is to provide each with such staff, accommodation and other resources as are sufficient, in their opinion, to allow them to perform their duties and
- there are to be employment protections in respect of these roles.

1.4. Through working together, the three roles ensure good administrative, financial and ethical governance of the Authority in the exercise of its functions. For this reason, they are often referred to collectively as the governance “Golden Triangle.”

2. The Code of Practice

2.1. A copy of the Code of Practice can be found in Appendix 1.

2.2. The object of the Code is to assist the three officers and their authority in maximising joint working arrangements to best effect, by assisting them in the exercise of their discretion; their relationship with each other, Authority members and key organisations such as external audit.

2.3. Members will be aware of the Seven Principles of Public Life ("Nolan Principles") which apply to all public office holders. The expectations of the statutory officers go further and so seven standards of the Golden Triangle have been produced:

i. Understand Governance: roles and responsibilities

ii. Act Wisely: A duty of enquiry and the exercise of statutory functions

iii. Lead Ethically: The Seven Principles of Public Life

iv. Act Effectively: Robustness in working arrangements

v. Resource the Roles: Get the tools to do the job

vi. Build Resilience: Deputies and development

vii. Deliver sound decision making: The outcome of good governance

2.4. The Code sets out direct requirements associated with each standard.

3. Compliance with the Code

3.1. The Code is aimed at local authorities and as Members will appreciate, the Broads Authority has unique governance arrangements which means not all elements of the Code are applicable (e.g. references to political environment).

3.2. Officers have reviewed the Code and assessed how the Authority complies with each of the requirements under the seven standards listed above.

3.3. Overall, notwithstanding the comment above (para. 3.1), it is considered that the Authority is in conformity with the requirements.

3.4. The Authority adopted a Monitoring Officer Protocol in September 2023. This sets out the responsibilities of the role and their working arrangements which includes maintaining an effective working relationship with the other statutory officers. Many of the requirements listed in the Code are covered by the MO Protocol.

3.5. The Scheme of powers delegated to the Chief Executive and other authorised officers clearly sets out which officers have powers to make decisions and take appropriate action. This includes specific functions delegated to the three statutory officers.

3.6. The adopted Protocol on Member and Officer Relations requires Members to consult with the Monitoring Officer or Chief Financial Officer if they have any concerns of legality, maladministration, financial impropriety or probity or they have any doubts about an Authority decision being within policy, budget or law. The Protocol also includes a summary of the role of the statutory officers.[1]

3.7. The Authority has adopted a Whistleblowing Policy for its employees, volunteers and contractors and a similar one for its members. The Director of Finance has the day-to-day operational responsibility for these policies.

3.8. Each year the Authority is required to publish an Annual Governance Statement (AGS) to accompany the Statement of Accounts. The AGS is guided by the "Delivering Good Governance in Local Government Framework" and encapsulates internal and external audit reports as well as the Code of Corporate Governance (CCG). The CCG helps the Authority to develop its governance framework based on best practice and external guidance. The AGS also includes an annual action plan to address any weaknesses identified by internal or external audits.

3.9. The Head of Paid Service and Director of Finance are members of the Management Team and this meets on a weekly basis. The Code recommends that the Monitoring Officer should also be a full and active member of the authority's most senior leadership team. There are significant advantages in Wilkin Chapman providing the Monitoring Officer service. It gives the Authority access to a high level of expertise, advice and scrutiny. It is not practical or necessary for Jonathan Goolden to attend the weekly meetings of the Management Team. There is regular dialogue between the three statutory officers and the Chief Executive and Director of Finance do not hesitate in seeking advice from the Monitoring Officer if they feel it is required.

3.10. In addition, the Chief Executive meets the Chair of the Authority on a weekly basis and the Chairs' Group (comprising all Chairs/Vice-Chairs of committees) meets bi-monthly with key officers to discuss items of mutual interest and concern.

3.11. Regarding deputies, there is a Deputy Monitoring Officer (Estelle Culligan) and, whilst there is not currently a Deputy S17 officer, there are processes in place for the Senior Accountant to fill this role once their studies are completed.

4. Risk implications

4.1. The Authority already complies with its statutory obligations but the Code of Practice is a useful tool to assess if any improvements can be made to how the statutory officers work collaboratively in the governance of the Authority.

[1] The Broads Authority has four statutory posts but the post of Navigation Officer (required under the Broads Act 1988) does not come within the realm of the governance "Golden Triangle".

5. Conclusion

5.1. It is considered that no further action is required. Compliance with the Code will be monitored on an ongoing basis.

Author: Sara Utting

Date of report: 28 January 2025

Background papers: n/a

Appendix 1 – Code of Practice on Good Governance for Statutory Officers

Code of Practice on Good Governance for

Local Authority Statutory Officers

Code of Practice on Good Governance for

Local Authority Statutory Officers

PAGE	CONTENTS TITLE

Introduction

This Code of Practice for Good Governance provides advice and sets expectations for local government's three highest profile statutory roles of Head of Paid Service, Chief Finance Officer, and Monitoring Officer. The aim of the Code is to enable them to effectively work together in what is known as the 'Golden Triangle' to best advise their authority, implement its decisions, and help achieve good outcomes.

These three roles are senior, critical, and influential positions within a local authority, and have collective responsibility for governance. For the individuals concerned, it is our privilege to undertake the work, delivering positive results with a tangible impact. When done well, the postholders can leave an authority with a lasting, inspiring legacy. Best practice in working arrangements will enable the postholders to perform to the best of their ability. However, as recent failures have clearly and repeatedly demonstrated, where the posts do not operate effectively as a team, their advice is not afforded proper respect, where there is a poor culture, or what they have to say is not heard or understood, governance and decision making suffers and the consequences for local communities can be severe.

It is therefore important that these statutory officer posts, their roles and why they exist are understood, respected, and given the support required for their duties to be undertaken to the full. Additionally, it is important for those in, or aspiring to be in, these roles to understand the power that they wield, its potential impact on others and the responsibility that comes with it. The roles have a unique part to play in modelling good behaviour in governance, calling out poor behaviour, and actively demonstrating the Nolan Principles in practice.

There are other statutory officer posts within a local authority with specific responsibilities for governance within their service areas. However, the term 'statutory officers' used within this Code refers only to the three posts of Head of Paid Service, Chief Finance Officer, and Monitoring Officer.

The roles:

The '**Head of Paid Service**' (referred to directly as 'Chief Executive' in Wales) is the formal designation that forms one of three overlapping elements describing the core role of the chief executive role, being to act as lead advisor to the authority, as managerial leader and in fulfilling the functions of this statutory role. The Head of Paid Service holds the power to formally report to the full authority on their preferred design for the delivery, co-ordination, and integration of the authority's functions. In addition to the responsibilities entrusted to them by the elected members, the Head of Paid Service is statutorily responsible for the numbers, grades, roles, appointment, and discipline of all staff other than chief officers, deputy chief officers and any group's political assistants. They are also chief advisor to the authority and responsible for ensuring the best advice is available to it at all tiers.

The '**Chief Finance Officer**' (often referred to as the 'Section 151 Officer' by a council or 'Section 73 Officer' by some combined authorities) is responsible for the proper administration of the authority's financial affairs. They are responsible for managing the budget and must report to the authority on the robustness of the estimates for expenditure and income within the budget, and the adequacy of the proposed financial reserves. They have a duty to act in respect of unlawful expenditure or when it appears to them that the authority's expenditure incurred in a financial year is likely to exceed the resources available to meet it.

The '**Monitoring Officer**' is responsible for ensuring lawfulness and fairness in the operation of the local authority's decision-making process. They are responsible for the maintenance and interpretation of the authority's constitution, have a key role in promoting and maintaining high standards of conduct and should (according to the statutory Guidance) also be the 'proper officer' for the purposes of publication of decisions and access to information. The Monitoring Officer maintains a register of members' interests and makes determinations on member's sensitive interests. They have a duty to act when it appears to them that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to a contravention of any enactment or rule of law or amounts to maladministration.

The law requires that:

- the Head of Paid Service or Chief Finance Officer may not also be the Monitoring Officer, to provide balance and independence, and avoid any conflicts of interest;
- the authority is to provide each with such staff, accommodation and other resources as are sufficient, in their opinion, to allow them to perform their duties; and
- there are to be employment protections in respect of these roles.

The Golden Triangle

Through working together, the three roles of Head of Paid Service, Chief Finance Officer and Monitoring Officer ensure good administrative, financial, and ethical governance of a local authority in the exercise of its functions. The statutory officers are expected to advise clearly with impartiality and integrity. This can mean delivering challenging messages, which makes it more important the three work closely together to connect properly with key stakeholders across the authority. For this reason, they are often referred to collectively as the governance 'Golden Triangle'.

The object of this Code is to assist the three officers and their authorities in maximising joint working arrangements to best effect. They must take their responsibilities seriously and apply their thinking in practice to a host of new situations, variables, and grey areas. This Code aims to assist the officers in the exercise of their discretion and their relationship with each other, the authority and its elected members, and key agencies such as the external auditor. Working together is key.

In supporting their members, Solace, CIPFA and LLG have distinct sets of professional standards and guidance to assist the Head of Paid Service, Chief Finance Officer, and the Monitoring Officer respectively. For example[1]:

- The CIPFA / SOLACE Framework for Good Governance that has been adopted by most local authorities.
- Solace has established the 'Local Government Chief Executives' Development Framework' and Hub as part of the chief executive training and development programme.
- CIPFA has issued a 'Statement on the role of the Chief Finance Officer in Local Government' and an accompanying briefing on 'Balancing local authority budgets and section 114 notices; and
- LLG has produced a 'Monitoring Officer Protocol', adopted by many local authorities, and published a 'Monitoring Officer Handbook' alongside other relevant materials such as the 'Code of Governance on the Governance of Council Interests in Companies'[2], and have developed' LLG Inspire' to develop the Monitoring Officers of the future.

This Code is recognised by Solace, CIPFA and LLG. Members are expected to uphold the seven standards, which set out requirements for individual officers and their authorities.

The Code should be read alongside the best value standards and intervention: a statutory guide for best value authorities 2024.

LLG, CIPFA and Solace

June 2024

1 *Please be aware that some of these documents either require or are in the process of updating.*
2 *For committee structure see https://llg.org.uk/media/u52hzruo/council-interests-in-companies-code-of-governance-committee-structure.pdf*

The Seven Standards of the Golden Triangle

While the Seven Principles of Public Life, or Nolan Principles, apply to all public office holders and indeed all those in other sectors delivering public services, expectations of the three governance-related statutory officers in local authorities go further. To support these officers, we have set out seven standards of the Golden Triangle alongside more direct requirements associated with each standard. The standards are intended to provide guidance to the three officers concerned, explain the roles more clearly to those operating closely with these statutory officers, and provide context for conversations about the roles, the requirements, and actions to be undertaken.

The seven standards of the Golden Triangle are:

1. Understand Governance: Roles and responsibilities.
2. Act Wisely: A duty of enquiry & the exercise of statutory functions.
3. Lead Ethically: The Seven Principles of Public Life.
4. Act Effectively: Robustness in working arrangements.
5. Resource the Roles: Get the tools to do the job.
6. Build Resilience: Deputies and development.
7. Deliver sound decision making: The outcome of good governance.

1. Understand Governance: Roles and Responsibilities

The Standard

1.1 The three postholders must work collaboratively to achieve high standards of corporate governance and uphold the Seven Principles of Public Life. This requires them to hold sufficient expertise in the governance requirements necessary for the good administration of a local authority and to have acquired the skills, knowledge and experience to be able to enquire and challenge effectively, advise on governance and to ensure that their advice is heard and understood in turn by their authority's members and others.

The statutory officers are better able to deliver the intentions and legitimate decisions of the authority where they understand and navigate the political environment in which they operate. To be able to do so successfully, however, that environment is one in which they are freely able to uphold their duties and speak truth to power and where they are sufficiently supported and protected by the organisation to properly, without fear:

- ensure decisions are informed by risk awareness and management;
- conduct robust financial management;
- report on issues of governance, performance, and quality assurance; and
- enforce regulations and codes of conduct.

1.2 **Requirements of the three statutory officers:**

A) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer must understand their own statutory roles and what is required to adequately perform them. They must inform themselves of the role of the other statutory officers and understand the subject matter of governance, their collective part in delivering good governance for their authority and in performing their statutory duties.

B) They should each ensure arrangements are in place to allow all three to independently perform their roles to the full.

C) They should prepare and give their advice comprehensively, professionally, and impartially and encourage other officers to do the same.

D) They must provide mutual trusted support wherever possible but also recognise the separation of powers and duties between the three roles, so that each is able to demonstrate independence, challenge, and balance across the golden triangle to deliver better governance outcomes across the authority.

(E) They should seek to build and maintain healthy, constructive relationships with each other through regular dialogue, recognising the dangers of conflict within the group and seek to resolve it in a positive way.

(F) They should also seek to build constructive relationships with other key members and officers in the discharge of their important responsibilities, particularly in respect of the other statutory roles within the authority, such as safeguarding and data protection, and to impart knowledge and training on governance to members of their authority, fellow officers, and others.

(G) They must seek to understand the political environment in which they operate and the manner in which their respective advice will be received, requiring the building of relationships with the members of their authority, government, business, and community groups in the area.

(H) The statutory officers should make full use of the other practices and processes available to them to monitor and deliver good governance, including the Code of Corporate Governance as adopted by the authority, the annual governance statement, performance management systems, complaints systems and feedback, the audit framework and other governance arrangements that reflect best practice.

2. Act Wisely: A duty of enquiry & the exercise of statutory functions

The Standard

2.1 To be effective and bring about the positive impact and disciplines inherent in the three highest profile statutory roles, the postholders must actively collaborate when decisions are being made; engaging effectively with other officers, to ensure that decisions are informed by all relevant advice, and with members, to ensure that members are appropriately supported to make those decisions.

The duties of Head of Paid Service, Chief Finance Officer, and Monitoring Officer are integral to the governance of a local authority and a part of its strategic leadership. The roles cannot be undertaken effectively where they are seen or treated either as an administrative addition or as secondary to another role. Especially in the case of the Chief Finance Officer and Monitoring Officer, the intention of the statutory duties form the primary function of the roles and responsibilities is to be undertaken by the officers and should be central to all they do.

The Head of Paid Service, Chief Finance Officer, and Monitoring Officer need to have strategic influence and be present when discussions of significance take place. They each, from their individual perspectives, have a personal and organisational duty to enquire about and give advice on the proposals, activities, intentions, actions, or omissions of their authority that may be taking place with significant financial or legal implications. To do otherwise is a dereliction of that duty.

The exercise of the statutory functions, and the reporting duties placed upon the Chief Finance Officer and the Monitoring Officer require them to decide whether circumstances trigger their personal duty to act. Whilst recognising that it is a matter for the individual statutory officer to decide whether or how quickly they must act in the exercise of their statutory duties, it is in the authority's interest for the statutory officers to be enabled to take time to consider the matter, explore what further options or assistance may be available and to seek alternative means to achieve the objectives for which the duties were enacted, rather than exercising their duty immediately.

2.2 **Requirements**

A) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer should be seen as playing an important role in key decisions and policy making undertaken by a local authority and play a positive and influential role in ensuring the proper functioning and good management of the local authority and its strategic leadership.

B) The roles of the three statutory officers should be articulated within the local authority's constitution, clearly stating the rights of the Head of Paid Service, the Chief Finance Officer, and the Monitoring Officer to attend meetings, have access to documents, to give advice in writing and in person, and to produce reports for the consideration of their authority's decision-making bodies.

C) The three statutory officers, or their senior staff, should ensure that they are consulted by other officers across the local authority at an early stage on new policy proposals and on matters which have potential significant financial, legal, or ethical implications. The arrangements should require that the relevant chief officer should always consult with them.

D) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer should not allow themselves, or each other, to be placed in a position where, in the statutory officer's opinion, workloads or other factors prevent them from exercising their duties, including that of enquiry.

E) The three statutory officers must have access to support services, networks, and have access to whistleblowing allegations and complaints (unless about them and it leads to a conflict of personal interests) relevant to their functions.

F) The Monitoring Officer and Chief Finance Officer, together with the Head of Paid Service, must, if they feel able to do so in the circumstances, always seek to resolve issues before they become reportable by exploring legitimate alternatives and avoid issuing a statutory report where permissible.

3. Lead Ethically: The Seven Principles of Public Life

The Standard

3.1 Like all public office holders, the Seven Principles of Public Life (sometimes known as the Nolan Principles) apply to these roles and are central to the ethical framework and standards in which they operate.

Consequently, the Nolan Principles are an inherent part of all roles within an authority but, in their leadership and statutory roles, the Head of Paid Service, Chief Finance Officer, and Monitoring Officer have an enhanced set of responsibilities in establishing, promoting, and maintaining the values and behaviours of the authority.

Theirs is a particular responsibility for leadership in governance and, in exercising that responsibility, they should model their behaviour for the rest of the organisation, should lead by example in following the Nolan Principles and call out poor behaviour where they see it. In doing so, however, this does not in any way reduce the application of the Nolan Principles or the responsibility to lead in the same manner for other senior officers, members and those all involved in delivering public services.

The seven principles of public life are:

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

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

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

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

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

Honesty - Holders of public office should be truthful.

Leadership - Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

3.2 Requirements

A) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer must recognise in their working arrangements that they hold a particular responsibility for embedding the Nolan Principles across the work of their organisation and the wider public service system.

B) The statutory officers should provide the means by which the organisational culture values, develops, and maintains the Nolan Principles across the authority.

C) The statutory officers are to lead and fulfil their responsibilities in accordance with the Nolan Principles.

D) The statutory officers must take active steps to assist elected members to understand, promote and act in accordance with the values and behaviours contained in the Nolan Principles and their code of conduct.

4. Act Effectively: Robust working arrangements

The Standard

4.1 The statutory officers' duties concern any proposal, decision, course of action or omission of the authority. To fulfil these duties effectively they need to have access to all data, reports, persons, and parts of the organisation that will provide that information, as an early warning system or as they happen, to be able to form their opinions as they are required to do.

4.2 **Requirements**

A) There must be regular meetings between the Head of Paid Service, Chief Finance Officer, and Monitoring Officer (statutory officer meetings), which should include the Head of Internal Audit on a regular basis, to review current and likely future issues that will raise political, financial, legal, staffing or other issues that may impact on their statutory duties. Minutes should be kept of all meetings to evidence when issues were reported and discussed, and any advice given.

B) The statutory officers should also make time for discussion between each other and their chief officer colleagues, their deputies and audit to consider financial, legal, constitutional, or ethical implications or other matters that may arise.

C) The Chief Finance Officer and Monitoring Officer should be a full and active member of the authority's most senior leadership team.

D) The Chief Finance Officer and Monitoring Officer should have a clear and direct relationship to the Head of Paid Service (chief executive), normally through line management or other equivalent arrangement.

E) Line management arrangements for the Head of Paid Service (politically or where not the chief executive), the Chief Finance Officer and the Monitoring Officer must permit them the autonomy to fulfil their statutory role.

F) The statutory officers should ensure that each other, colleagues, and the authority are kept up to date on changes in professional practices and the laws which are relevant to the carrying out of the authority's activities via training, reports or briefing notes to officers and members.

G) The statutory officers should maintain a constructive working relationship with the Head of Internal Audit and the external audit service, including access to internal and external audit reports. The Head of Internal Audit should have unfettered access to the statutory officers, including regular attendance at statutory officer meetings, and regular liaison should take place with the authority's external auditor.

H) The statutory officers must have access to brief the Leader (or directly elected Mayor), other leading members of the authority and political group leaders, to discuss options, potential policies, decisions, and the required steps to deliver good governance.

I) The Head of Paid Service, the Chief Finance Officer, and the Monitoring Officer must, as the statutory officers, have authority: -

(i) to attend meetings, both formal or informal, between chief officers and elected members, including pre-meetings or briefings with cabinet or committee chairs, and the chief officers should provide advance notice of any financial, procedural, vires or other constitutional issues which are expected to arise;

(ii) to attend meetings of the senior leadership team (or equivalent term) with advance notice of the agenda and reports;

(iii) to see all documents and information held by or on behalf of the authority, or held by any officer, member, or contractor. (This right does not extend to documents and information held by or on behalf of any political group or which relates to an individual member issue);

(iv) to require any officer of the authority, member, related entity, or contractor to provide an explanation of any matter under investigation;

(v) to report to the authority, and its executive or committees, including an ability to present written reports and to attend and advise orally;

(vi) to have access to one another, to leading members and to the internal and external auditor;

(vii) after consultation with one another, to notify the police, the authority's auditors, or other regulatory agencies of concerns in respect of any matter and to provide them with information and documents in order to assist them with their statutory functions; and

(viii) to obtain, at the authority's expense, financial, legal, or other advice, either internally or from an independent external lawyer or consultant on any matter which it is believed may be a reportable incident.

H) The three statutory officers have a positive duty to report illegality, fraud, or corruption to the relevant authorities. In the rare occasion that a statutory office believes another statutory officer to be guilty of a misdemeanour, relevant governance routes should be followed.

5. Resource the Roles: Get the tools to do the job

The Standard

5.1 The authority is required to provide the Head of Paid Service, Chief Finance Officer, and Monitoring Officer with staff, accommodation, and resources sufficient to allow their individual statutory duties to be performed.

All of the statutory officers will need to establish regular access to a set of resources, both from across their authority and externally. This is to enable them:

- to properly understand their roles and the application of their duties;
- to perform those roles across the authority and throughout its various functions; and
- to obtain the requisite knowledge and skills that they consider necessary to fulfil their duties to the various circumstances and matters that may arise.

The Chief Finance Officer is required by legislation to be a member of a recognised chartered accountancy body. Chief Executives and Monitoring Officers should be appropriately qualified and experienced and are advised to be members of an appropriate professional body to provide access to up-to-date resources, peer networking, and training.

This requires consideration by them, and by their authority, of the skillset and knowledge of the individual, and the working arrangements by which they can be informed, participate, and engage across the authority. It also covers the specific resources needed with respect to the duty to report.

5.2 **Requirements**

A) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer must be competent and possess the knowledge and skills required to deliver good governance for their authority and to be able to perform their statutory duties. The statutory officers should be supported by the local authority to undertake continuous professional development and given access to developmental resources to build and maintain that knowledge and skillset.

B) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer must make clear (and satisfy themselves) as to what staff, accommodation and other resources are necessary to perform their duty.

C) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer should ensure that they have ready access to the resources that they individually consider are needed to support their role and, when those accessing resources from within their own authority, they should ensure that the staff acting in support of their roles are adequately trained and up to date.

D) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer must ensure they and their authority understand and can apply the regulatory, developmental, and ethical requirements that are associated with their roles.

E) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer should seek to be prudent in stating the staff, accommodation, and other resources they require, acting in accordance with the duty to achieve best value and to be aware of the wider financial, organisational and political environment within which they operate.

6. Build Resilience: Deputies and development

The Standard

6.1 The statutory duties of the Chief Finance Officer and Monitoring Officer are to be performed personally. In doing so they are to make proper provision for where they may be absent or ill by nominating a deputy. The appointment of the deputy is a matter for the individual statutory officer, not the authority.

There is no equivalent requirement for the Head of Paid Service, but it is practical for similar arrangements to be put in place.

Good governance is a wider responsibility, and these three statutory officers should ensure that there is an understanding and a shared approach to good governance embedded within the organisation, with skills developed across the authority. This wider understanding will assist in building resilience.

Equally, the three statutory officers should be mindful of the statutory obligations placed on other officers.

6.2 **Requirements**

A) The Chief Finance Officer and Monitoring Officer must each nominate a member of their staff to act as their deputy in the event of their absence or illness.

B) The Head of Paid Service, or the authority, should make arrangements for the deputisation of their role. The role of civil contingencies leadership requires co-ordination of cover twenty-four hours a day.

C) In nominating deputies, the three statutory officers should ensure that those individuals will have sufficient skill, expertise, and knowledge to perform their roles, that they are sufficiently supported and that they and their supporting officers are provided with opportunities to develop those governance skills, expertise, and knowledge.

D) All three statutory officers should seek to ensure robust arrangements are made to embed strong governance awareness across the authority and develop staff in a manner which ensures a sustainable approach.

7. Deliver sound decision making: The outcomes of good governance

The Standard

7.1 A focus on decision making is at the heart of the statutory officer responsibilities.

An authority exists as a body of members and its officers, created, and empowered by statute, to make decisions that meet the requirements of statutes, law, and good governance.

Decisions need to be understandable, lawful, and implementable, set out in plain English wherever possible. It is to be recognised they are made in public or are matters of public record, to be based on the principles of transparency and openness. It is the role of the statutory officers to ensure this happens, and to act swiftly where the authority falls short.

To ensure this happens, the statutory officers need to actively collaborate together when decisions are being made, engaging effectively with other officers to ensure that decisions are informed by all relevant advice, and with elected members to ensure that they are appropriately supported to make those decisions in accordance with the Nolan Principles.

At various points, the decisions, or statements of elected members, as decision makers or as commentators, will be at variance with the advice or statements of officers of the authority. The statutory officers should ensure that those within and outside of the authority understand this, that this is a normal and proper manner of conducting public debate and business and that, where the decisions of the authority are understandable, lawful and implementable, it is the duty of the authority, and of the statutory officers, to arrange itself in a manner that delivers those decisions.

Where a company or separate legal entity is effectively under the control of a local authority, or where a partnership body is under the influence of a local authority, and for which the local authority may be the financial accountable body, the legislation and controls for the conduct of local authorities are to also apply to that entity.

It is a responsibility of the statutory officers to understand, and to ensure that their authority understands:

(a) the need for the company or entity;

(b) the arrangements for a local authority's interest in the company or entity;

(c) that the business case for establishing or acquiring them was sufficient;

(d) that business plans and delivery remain relevant to that business case;

(e) that the financial and social objectives remain relevant to that business case; and

(f) that there are proper and transparent governance arrangements for control of the authority's interests, including the identification and management of conflicts of interest, and proper arrangements for scrutiny and accountability.

An external company in which the authority holds an interest must also have independent governance arrangements in place, and the directors of that company must meet their obligations to act on its behalf.

7.2 Requirements

A) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer must be satisfied that the authority has appropriate procedures in place, and they should be able themselves to be satisfied that the report writer and decision maker have correctly asked themselves the necessary questions and received sufficient professional advice and evidence to be able to make, and have made, a lawful decision.

B) All draft reports to the authority and its cabinet or committees for decision should, as a matter of routine, be cleared with the Monitoring Officer and Chief Finance Officer, or their senior staff, to ensure they contain and are informed by the correct content and comments on legal, financial and other relevant matters, including risk awareness and management, statutory considerations such as equality duties and capturing viable alternative options.

C) The statutory officers should ensure that attention has been paid to resident and stakeholder consultation and engagement in report writing and decision making where appropriate. External perspectives are highly relevant in informing good decision making and preventing injustice.

D) The statutory officers should engage with elected members and stakeholders and seek to satisfy themselves that the quality of reports and advice has resulted in elected members and other decision makers feeling they have been provided with robust, impartial, appropriate, and clear advice on matters for their consideration.

E) The Head of Paid Service, Monitoring Officer, and Chief Finance Officer must be aware of the local authority's interests in external companies or bodies and the decisions of those bodies that are to be reserved to the authority as a member or investor. They must ensure that there are reporting mechanisms in place for issues of financial, legal, or ethical concern in relation to those external companies or bodies.

F) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer should keep up to date with performance against the business plan and on the social and financial returns on investment in respect of those external companies or bodies that the local authority holds an interest in and take appropriate action where this highlights matters of concern. The statutory officers should seek to have a regular and independent review of the governance and existence of the authority's companies and partnership bodies undertaken, having regard where appropriate to the LLG example "code of governance for local authority interests in companies" and the Local Partnerships' "Local Authority Company Review Guidance".

G) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer should recognise the need for independent governance arrangements within a company or entity under the control or influence of the authority, and the obligation of a company's directors to act on its behalf.

H) The Head of Paid Service, Chief Finance Officer, and Monitoring Officer must assist those involved in the affairs of the authority and the authority's companies, bodies, or entities to understand those conflicts of interest that will arise between them from time to time; especially where an officer or elected member of the authority is also a director of, or working for, the company or body.

I) The three statutory officers must not hold directorships on authority owned companies but retain their role to avoid conflicts of interest and act in the public interest and in the interests of the authority. Where a statutory officer undertakes work for or on behalf of an external entity or authority owned company, including where acting as an officer of that entity (such as its company secretary), the statutory officer must be mindful of the potential for conflict of interest, their professional standards and regulatory requirements, and at all times act in accordance with proper practices, in the public interest and in the interests of the authority.

J) Statutory officers should be mindful of the complexities and conflicts of interests that can arise in shared service arrangements with other authorities or public bodies. The statutory officers must seek to resolve those conflicts where they arise and provide support to those involved.

K) Effective performance management and governance arrangements do not apply only to wholly owned entities for which the authority is directly responsible. The statutory officers should ensure that appropriate review of the effectiveness of the authority's governance, controls and risk management takes place across its partnership and other delivery bodies. Whilst holistic performance management is a task of the wider management team, not just the three statutory officers, the Head of Paid Service, Monitoring Officer, and Chief Finance Officer should be aware of their multi-faceted roles across all directorates, delivery services and partnerships to help bring this about.

In times of difficulty:

From time to time, local authorities may find themselves in financial difficulty, governance or service failures or suffering the results of a poor culture, bad administration or inadequate standards of decision making. In such situations, it is the role of the statutory officers to work together to flag concerns as early as possible as highlighted within this Code.

Whilst there are often themes of weaknesses that occur in an authority's governance, or culture, to which the Code and other resources seek to assist preventing, they do arise and, be they individual or systemic, they will almost always be multi-faceted and individual to the circumstances that the authority finds itself in.

When this occurs, there are bodies and support mechanisms to rely upon. CIPFA, LLG and Solace offer support to the individual in a sensitive and confidential way. These professional bodies can offer peer support from colleagues who have encountered similar situations. Other bodies that can help include the authority's own auditors, professional advisors, other statutory officers' associations and professional bodies, and the Local Government Association (LGA).

As stated in the "Best value standards and intervention: a statutory guide for best value authorities" (08/5/2024),

"Government expects local authorities to participate in the sector-led improvement initiatives available to them, to take up any offers of sector support or seek their own bespoke support if they require, and to be open to challenge."

LGA advisors can highlight the assistance available where difficult situations arise.

On occasion, conflict may also arise between the statutory officers themselves. This too is difficult, especially where a statutory officer feels they need to act in respect of wrongdoing of another. Whilst internal mechanisms may help, including access to external audit support where appropriate, again it is through the LGA, professions or access to independent professional advice which may assist the most.

Chief Finance Officers considering issuing a section 114 report should refer to relevant Guidance issued by CIPFA.

Monitoring Officers considering issuing a section 5 report should refer to relevant guidance issued by LLG.

solace CIPFA LLG

Contributors:

LLG

CIPFA

solace

With thanks to:

Bevan Brittan

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Risk, Audit and Governance Committee

11 February 2025
Agenda item number 13

Corporate Risk Register

Report by Senior Governance Officer

Summary

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

Recommendation

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

1. Introduction

1.1. The Risk, Audit and Governance 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 the Management Team and this committee. If new mitigation measures are implemented which 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 Risk, Audit and Governance 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 content of the CRR was reviewed by Management Team in January, following a review of the DRRs, and the updated register is at Appendix 1.

2.2. Changes to the register are made using tracked changes., Any changes to the risk scores are identified with the relevant arrow, e.g. ↔ ↓↑

2.3. As requested at the last meeting, the register now includes the definitions of likelihood and severity.

2.4. Overall, no new risks have been added, but one risk is proposed to be deleted: risk 9 (disruption to key project partnerships), as the initial score is still 2, and nothing for the near future is likely to affect this. The risk will be kept under review and re-instated to the register as and when necessary, as per the Risk Management Policy. Partnership risks are listed within the Strategic Services Directorate Risk Register and none have a revised risk score above 16 (high risk) which would refer the risks to the CRR. The partnerships currently listed in the Strategic Services Directorate Risk Register are: Farming in Protected Landscapes, FibreBroads, and Landscape Connections. At the last meeting, Members asked that this risk be retained, but the Management Team considered that, until such time as new significant partnership projects came on board, there was little benefit in duplicating low risks below the CRR threshold on the live CRR. When the Landscape Connections is further advanced, the risks are expected to increase, and it is anticipated that the signing of the funding agreement with the Lottery (if we are successful) would trigger the inclusion of this risk to the CRR.

2.5. Risk 2 (harmful actions undermining public confidence in the Broads Authority) – a Member had previously commented that this should include harmful actions from people outside the Authority. Following comments at the last meeting, Management Team had reviewed the risk and concluded that this aspect was covered in the Strategic Services risk register. An extract is provided below:

Area impacted by risk (people, finance, assets, performance, reputation)	**Risk no.**	**Risk name** (Risk that may affect the BA)	**Risk description** (Impact on delivery of BA objectives, its reputation and service delivery)	**Date entered on risk register**	**Initial likelihood (score 1 to 5)**	**Initial severity (score 1 to 5)**	**Initial risk score (likelihood x severity)**	**Operational tasks to mitigate risk** [controls/safeguards/ precautions] (What we have done to date, noting any other factors that may influence the risk)	**Revised likelihood** (score 1 to 5)	**Revised severity** (score 1 to 5)	**Revised risk score** (likelihood x severity)	**Additional actions required (What we plan to do)**	**Risk owner** (Job role ultimately responsible for the risk)
Reputation	Comms 1	Negative media coverage	Negative press or social media coverage resulting from a publicly unpopular BA decision, officer or member action, or another incident.	30/12/19	4	4	High risk 16	Media and social media monitored to enable quick reactions. Timely responses provided to media requests and social media posts. Statements checked with relevant officer to check factual detail. Media statements approved by member of Management Team. Staff briefed not to talk to media and to refer any requests through the Comms team.	3	3	Medium risk 9	Review appropriate actions to each incident Continue to send out positive stories in a proactive way	Head of Comms

2.6. The risks are moderated through daily media and social media monitoring, timely responses to media requests and process in place to check statements published by the Broads Authority. Staff are also briefed not to talk to media and refer any requests through the comms team. In terms of additional actions required, a review is done after each significant negative media coverage, and we continue to send out positive stories to the media in a proactive way.

2.7. Risk 5 (large-scale public health crisis) – initial likelihood reduced from 5 to 3 to reflect current circumstances.

2.8. Risk 6 (failure to meet statutory purposes or requirements of other relevant legislation). The Management Team has given consideration as to whether there is a risk under this heading because of the gap between Government's ambitions in areas such as conservation, biodiversity and sustainability and the capacity of the Broads Authority to deliver. The Authority owns very little land and much of its work to deliver its statutory purposes is through partnerships with other organisations. While reinstatement of National Park Grant to previous levels would enable the Authority to deliver much more towards the Government's targets, the Team felt that there was not a significant risk of it failing to deliver its statutory purposes at a level consistent with the resources available.

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 and subsequently adopted at the 15 March 2024 Authority meeting. It is next due for review in March 2026.

Author: Sara Utting

Date of report: 23 January 2025

Background papers: None

Appendix 1 – Corporate Risk Register (January 2025)

Broads Authority Corporate Risk Register

(Updated ~~November 2024~~January 2025)

Contents

Explanatory Notes

Risk name: risk that may affect the Broads Authority

Risk description: impact on delivery of BA objectives, service delivery, reputation

Primary impact areas: people, assets, finance, performance, reputation

Risk owner: ultimately responsible for risk

Workplan ref. the relevant item in the directorate workplan contained within the current Annual Business Plan

Risk scores: Likelihood x Severity (likelihood and severity are within range of 1-5)

Risk score matrix

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
	Severity					

Likelihood definitions

Rating	**Definition**	**Value**
Highly likely	The event is expected to occur	5
Probable	The event will probably occur	4
Possible	The event may occur at some time	3
Unlikely	The event is not expected to occur in normal circumstances	2
Rare	The event may occur only in exceptional circumstances	1

Severity definitions

Schedule	**Cost**	**Performance and quality**	**Value**
<2 weeks delay	<1% of budget	Cosmetic impact only	1 Insignificant
2 weeks to 1 month's delay	1%-<2%	Some minor elements of objectives affected	2 Minor
1 month to <2 months delay	2%-<8%	Significant areas of some objectives affected	3 Moderate
2 months to <4 months delay	8%-<12%	Wide area impact on some objectives	4 Major
>4 months delay	>12% of budget	Significant failure resulting in the project not meeting its objectives	5 Extreme

Arrows (↔ ↓↑) indicate the direction of travel in the score since last review

Tasks to mitigate risk: controls/safeguards/precautions to date; noting any other factors that may influence the risk

Additional actions required: what we plan to do within the next 12 months

Risk 1 Loss of key staff

Risk description: Loss of working knowledge, expertise and/or close partnership associations due to key staff leaving Authority or being unavailable for long periods.

Primary impact areas: People, performance

Risk owner: Chief Executive

Date first entered on register 19/08/2019

Workplan ref: FD4; FD9; OD3; 0D6; OD11; OD13; OD18; SD1; SD2; SD3; SD4; SD15; SD16; SD17; SD18; SD20; SD22; SD23; SD24; SD27

Initial likelihood	4	**Initial severity**	4	**Initial risk score**	16

Tasks to mitigate risk: Resilience plan in place for handover period when key staff leave Authority or are unavailable for significant periods. HR policies and procedures in place to monitor absence and to support staff retention. Electronic data storage under review to allow access to any officer's files. Business Continuity Plan in place with systems back up. Plan reviewed annually (or following significant incident). Remote server enables office-based staff to work from home if required (e.g. period of quarantine).

Revised likelihood	4	**Revised severity**	3	**Revised risk score**	12↔

Additional actions required: Implement MS Teams to share data across Authority more effectively.
Monitor the implementation of hybrid working which was introduced to increase flexible working options.
Annual review of Directorate resilience plans.
Business Continuity Plan is reviewed annually.

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Risk 2 Harmful actions undermining public confidence in Broads Authority

Risk description: 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.

Primary impact areas: Reputation

Risk owner: Chief Executive

Date first entered on register 19/08/2019

Workplan ref: FD1; FD2; FD3; OD11; OD12; OD13; OD15; OD16; SD8; SD13; SD14; SD15; SD16; SD18; SD19; SD27; SD29

Initial likelihood	4	Initial severity	4	Initial risk score	16

Tasks to mitigate risk:

Code of Conduct for Members in place containing Nolan Principles of Conduct, and training given to all Members.
Code of Practice for Members of the Planning Committee and officers (July 2023).
Code of Conduct for Officers included with HR policies.
Director and Senior Governance Officer trained in Data Protection and GDPR; staff have specific data protection training, refreshed annually.
Protocol on Member and Officer Relations in place (updated 2021).
Scheme of Powers Delegated to CEO and other authorised officers (updated Sept 2023).
Proactive communication policies relating to local and social media in place.
Monitoring Officer and Deputy Monitoring Officer in place (service agreement with Wilkin Chapman LLP), with specialisms in Local Authority governance and Code of Conduct issues.
Monitoring Officer Protocol adopted by the Authority in September 2023.
In January 2023, Members received findings and recommendations of an independent investigation into a formal complaint about a planning matter.
All the recommendations from the VWV report have been implemented. Of particular significance is amending the ToR for the Risk, Audit & Governance Committee and establishing a Standards Committee.

Revised Standing Orders adopted by the BA in Nov. 2024 for implementation wef 1 Jan. 2025

Revised likelihood	3	Revised severity	2	Revised risk score	6↔

Additional actions required:

~~Review Standing Orders – to be adopted by BA by 31 March 2025~~

Review Member Code of Conduct by May 2025

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Risk 3 Assets

Risk description: 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).

Primary impact areas: loss of physical assets

Risk owner: Director of Operations

Date first entered on register 19/08/2019

Workplan ref: FD7; OD1; OD7; OD8; OD9; OD14; OD17; SD21

Initial likelihood	3	Initial severity	4	Initial risk score	12

Tasks to mitigate risk:

Asset Management Strategy in place. Integrated Access Strategy and Moorings Strategy in place (Adopted by the Authority March 2024)~~under review 2023 with consultation~~).
Rail bridges: Legal undertaking in place with Network Rail regarding bridge ~~maintenance and~~ operations.BA in contact with key Network Rail Officers to respond to bridge issues.
Insurance in place for equipment and buildings over £250 - cover includes business interruption for Yare House and Dockyard.

Integrated Access Strategy reviewed and adopted in March 2024.
Landowner negotiations processes in place.
Programmed inspection regime in place and regular maintenance carried out.

Revised likelihood	3	Revised severity	2	Revised risk score	6↔

Additional actions required:

Review of contributions to reserves to ensure they remain appropriate for future purchases and repairs.
~~Working with Network Rail Contractors (Murphy's) to facilitate access and works licensing required for swing bridge capital project 2024/25.~~
~~Review of integrated access strategy scheduled for 2023/24.~~
Property consultants to review repair and maintenance liability every 10 years, next scheduled for 2026/27.

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Risk 4 Reduction in income and increase in costs

Risk description: Uncertainty about National Park and/or Navigation funding, as any reduction would affect our ability to deliver our duties, e.g.

- Awaiting NPG funding confirmation from Defra
- Loss of toll income due to changes to/ impacts on local tourism industry)
- Loss of money as a result of fraud incident against the BA, including cybercrime

Primary impact areas: Finance

Risk owner: Director of Finance

Date first entered on register 19/08/2019

Workplan ref: FD5; FD6; FD8; FD10; SD28

Initial likelihood	4	Initial severity	5	Initial risk score	20↑

Tasks to mitigate risk:

Regular contact with Government (DEFRA) regarding Comprehensive Spending Review.
Consideration of external funding opportunities to plug any gaps.
Regular input to Government consultations.
Prudent budgeting for Navigation and National Park expenditure. Reserves in place to mitigate against sudden drop in income.
Significant blocks of work delivered through external funds won by Authority.
Annual training in cybercrime given to all staff.
Review of minimum reserves undertaken and reviewed by MT prior to 2023/24 budget setting.
Energy insights used in budget setting process to determine impact of potential changes in the price cap.
Change of splits between National Park and Navigation recommended as part of 2023/24 toll and budget setting.
Finance monthly review of actuals compared to the latest available budget to assist budget holders to take appropriate action.
Reducing expenditure to reflect reduced/declining income.

Revised likelihood	3	Revised severity	3	Revised risk score	9↑

Additional actions required:

Model expenditure options depending on proposed grant set lement and toll increases (Aug 2025).
Make provision for reduction in tolls income.
Explore options on income generation.
Toll/Budget workshop to be held with members Autumn 2025.
Training for all staff to be delivered via ELMs on Counter fraud, bribery and corruption ~~during~~ annually~~2024/25~~.

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Risk 5 Large-scale public health crisis

Risk description: 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).

Primary impact areas: people; performance

Risk owner: Chief Executive

Date first entered on register 02/07/2020

Workplan ref: FD10; OD2; OD3; OD4; OD5; OD6; OD7

Initial likelihood	3~~5~~	Initial severity	5	Initial risk score	15↓~~25~~

Tasks to mitigate risk:

~~Strict adherence to Government guidance and mitigation measures in place for staff, volunteers and members.~~

COVID Testing kits are freely available to staff to test and take the appropriate actions if found to be infected with a COVID-19 virus strain.

Yare House, TICs and remote offices and facilities risk assessed and WFH measures in place for staff (where role allows). Key services (Safety Management) maintained within executive area.
Clear and concise internal and external communications in place.
Business continuity/disaster recovery plan and incident reporting system in place and reviewed regularly. Incident response team meet as required to determine appropriate actions, services and measures to respond to crisis.
Broads Authority convened to establish emergency powers and delegated powers needed to run the Authority.
Communication links in place with relevant Government departments to assess measures, clarify advice and safeguard funding.
Key services, budgets and reserves reviewed to safeguard delivery of Broads Plan priorities and externally funded projects.

Revised likelihood	2	Revised severity	4	Revised risk score	8↔

Additional actions required: Regular monitoring through the Public Sector Leaders Board

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Risk 6 Failure to meet statutory purposes or requirements of other relevant legislation

Risk description: 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)

Primary impact areas: performance

Risk owner: Chief Executive

Date first entered on register 19/08/2019

Workplan ref: FD2; FD4; OD2; OD4; OD7; OD9; OD15; SD5; SD6; SD17

Initial likelihood	3	Initial severity	5	Initial risk score	15

Tasks to mitigate risk:

Provision of external legal services and Monitoring Officer (MO) in place.
Monitoring Officer Protocol adopted by the Authority in September 2023.
Constitutional documents in place and regularly reviewed.
Strategic plans (incl. Broads Plan) and Broads Local Plan subject to review and to Sustainability Appraisal/SEA and Habitats Regulations Assessment.
Detailed environmental practices in place, including Environmental Standard Operating Procedures.
Collaborative working in place with key stakeholders to understand and address issues and risks.
Officer level project boards in place with Wildlife Trusts, Natural England and Environment Agency to monitor progress and ensure compliance with statutory regulations.
Scientific research and monitoring ongoing to assess impacts, and mitigation measures developed if potential harm identified.

Revised likelihood	2	Revised severity	2	Revised risk score	4↔

Additional actions required:

Monitor external legal and MO services on an annual basis.

Continue review of Broads Local Plan.

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Risk 7 Safety-related incidents (operational works) resulting in death or serious injury

Risk description: Death or serious injury to officer, volunteer or member of public in relation to the carrying out of operational works.

Primary impact areas: People

Risk owner: Director of Operations

Date first entered on register 19/08/2019

Workplan ref: OD2; OD3; OD4; OD5; 0D7; OD8; OD17; SD26

Initial likelihood	5	Initial severity	5	Initial risk score	25

Tasks to mitigate risk:

Health and safety policies in place and reviewed regularly by H&S Committee and risk owners.
H&S Committee monitors and reviews incident reports; risk assessments are reviewed and updated regularly.
All staff and volunteers trained in key H&S issues; regular toolbox talks given before carrying out tasks.
Health Screening and Assessments for Noise and hand-arm vibration are~~were~~ provided to the appropriate staff.
Safety observations ~~ONS~~ system in place to record~~catch~~ near misses and learn from incidents that nearly happened. All accidents are investigated; regular audits are used to check control measures.
Insurance is in place for legal expenses.
Quarterly reports on H&S monitoring assessed by the Management Team.
Safety system externally audited to ensure fit for purpose and compliance.
External review of Hazard logs under the PMSC carried out in 2023, using the Boat Safety Management Group (next scheduled review in 2026).

The Health, Safety & Wellbeing Policy was reviewed and adopted by the Authority in September 2024.

Revised likelihood	2	Revised severity	5	Revised risk score	10↔

Additional actions required:

Monitor changes in H&S legislation.

Continuous ~~M~~monitoring of industry best practice and implement changes where required.

Report on Health & Safety, Audit results from PMSC and internal H&S Audit programme due to Navigation Committee in 2025.

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Risk 8 Safety-related incidents (boating) resulting in death or serious injury

Risk description: 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.

Primary impact areas: Reputation

Risk owner: Director of Operations

Date first entered on register 18/06/2021

Workplan ref: OD10; OD11; OD12; OD13; OD14; 0D15; OD16

Initial likelihood	5	Initial severity	5	Initial risk score	25

Tasks to mitigate risk:

Safety videos were provided to boat hirers in advance of the holiday.
Improved safety information provided by Broads Authority webpages.
Ranger services in place providing advice to waterways users.
Survey of HBO handover procedures carried out to assess efficacy.
Broadcaster, pre-visit training videos and other safety information provided to boat hirers.
Joint training for fast water locations provided by Rangers and safety partners at GYYS. Hire Boat licensing and audit of licensees in place. A program of spot checks and handover observations carried out.
Boat Safety Scheme and inspections in place.
Compulsory 3rd party insurance in place for boats.
Implemented the new Hire Boat Code, which includes the Quality Boatyard Accredited scheme, as well as HB licencing requirements for hirers of paddle craft (introduced in 2022).

Refresher training for Hire Operator staff on fast tidal waters by Rangers and safety partners delivered in 2024 at GYYS.

Revised likelihood	3	Revised severity	5	Revised risk score	15↔

Additional actions required:

Refresher training for Hire Operator staff on fast tidal waters by Rangers and safety Partners to be reviewed in 2025 at GYYS.

Review of safety incident data from 2024/25 so trends and key areas to review can be determined Spring~~due early~~ 2025.

Program of summer 2025 spot check HB operators to be developed.

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Risk 9 Disruption to key project partnerships

Risk description: Failure to deliver Defra and other funded schemes and partnership projects on time, with available resources and within budget, leading to potential financial issues, legal issues, lack of service delivery or adverse publicity.

Primary impact areas: Reputation; performance

Risk owner: Chief Executive

Date first entered on register 19/08/2019

Workplan ref: SD1; SD3; SD4; SD5; SD7; SD9; SD10; SD11; SD12; SD21; SD25

Initial likelihood	2	**Initial severity**	1	**Initial risk score**	2↓

Tasks to mitigate risk: Contractual arrangements in place for key partnerships (see Partnerships Register).
Projects risk register maintained for Fibreboards 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.

Revised likelihood	1	**Revised severity**	1	**Revised risk score**	1↓

Additional actions required: Partnerships Register reviewed regularly (Nov ~~2024~~2025).

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Risk 10 A Cyber security event or a loss of service

Risk description: Failure by staff to follow IT processes or protocols, resulting in in-built security being bypassed and allowing data loss or data breach.

Primary impact areas: performance; reputation

Risk owner: Director of Finance

Date first entered on register 19/08/2019

Workplan ref: FD8

Initial likelihood	4	Initial severity	4	Initial risk score	16

Tasks to mitigate risk:

Data/IT systems are secured through firewalls, anti-virus software, password and security policies, online training for staff and HR policy. Microsoft 365 security features implemented.

Cloud back-ups.~~–~~
Bi-annual internal audit of IT systems and processes carried out, including Cyber Security.

ICT security protocols were reviewed in light of staff working from home to ensure compliance.
ICT protocols on automatic deletion were instigated within Microsoft Office 365 as well and the removal of the autofill email tool to reduce message-sending errors.

Disaster recovery plan outlines potential disaster scenarios and associated recovery procedures.

Patching and upgrade policy.

Revised likelihood	3	Revised severity	4	Revised risk score	12↑

Additional actions required:

Review existing policies on a regular basis to ensure they follow most up to date security measures

Ongoing at ach simulation training targeting higher risk roles including user education and awareness

Implement additional security policies – e.g. conditional access / app protection policies to control access via unmanaged or personal devices

Implementation of any actions identified through the cyber security audit.

Migration of on-premise system and data to cloud

Cost/benefit review of network security scanning

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Risk 11 A breach in data security or data protection

Risk description: Failure by staff to follow GDPR processes or protocols, allowing data breach.

Primary impact areas: performance; reputation

Risk owner: Director of Operations (Data Protection Officer)

Date first entered on register 19/08/2019

Workplan ref: FD8

Initial likelihood	4	**Initial severity**	4	**Initial risk score**	16

Tasks to mitigate risk:

Certified GDPR Data Protection Officer(s) and GDPR Compliance Plan in place, and data protection training given to all staff.
All new staff to the Authority are inducted on Data Protection and the principles of GDPR.

All new staff are required to complete a Data Security induction with the DPO.

Regular ELMS training in Data Security

Revised likelihood	2	**Revised severity**	4	**Revised risk score**	8↔

Additional actions required:

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.

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