

# Risk, Audit and Governance Committee

## Agenda 27 November 2024

10.00am

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

John Packman, Chief Executive – Wednesday, 20 November 2024

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

### Introduction

1. To receive apologies for absence
2. **Appointment of Chair**  
Nominations for Chair have been received for:  
Tristram Hilborn, proposed by Tony Grayling, seconded by Siân Limpenny
3. **Appointment of Vice-Chair**  
Nominations for Vice-Chair have been received for:  
Siân Limpenny, proposed by Tony Grayling, seconded by Tristram Hilborn
4. 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)
5. To note whether any items have been proposed as matters of urgent business
6. **To receive and confirm the minutes of the Risk, Audit and Governance Committee meeting held on 23 July 2024** (Pages 4-11)

### Financial direction

7. **External Auditors Completion Report 2022/23** (Pages 12-59)  
Report by EY and Director of Finance
8. **Statement of Accounts 2022/23** (Pages 60-151)  
Report by Director of Finance
9. **Consolidated income and expenditure – 1 April to 30 September 2024 actual and 2024/25 forecast outturn** (Pages 152-170)  
Report by Director of Finance

10. **Financial Management Code - Update** (Pages 171-193)  
Report by Director of Finance

## Audit and Governance

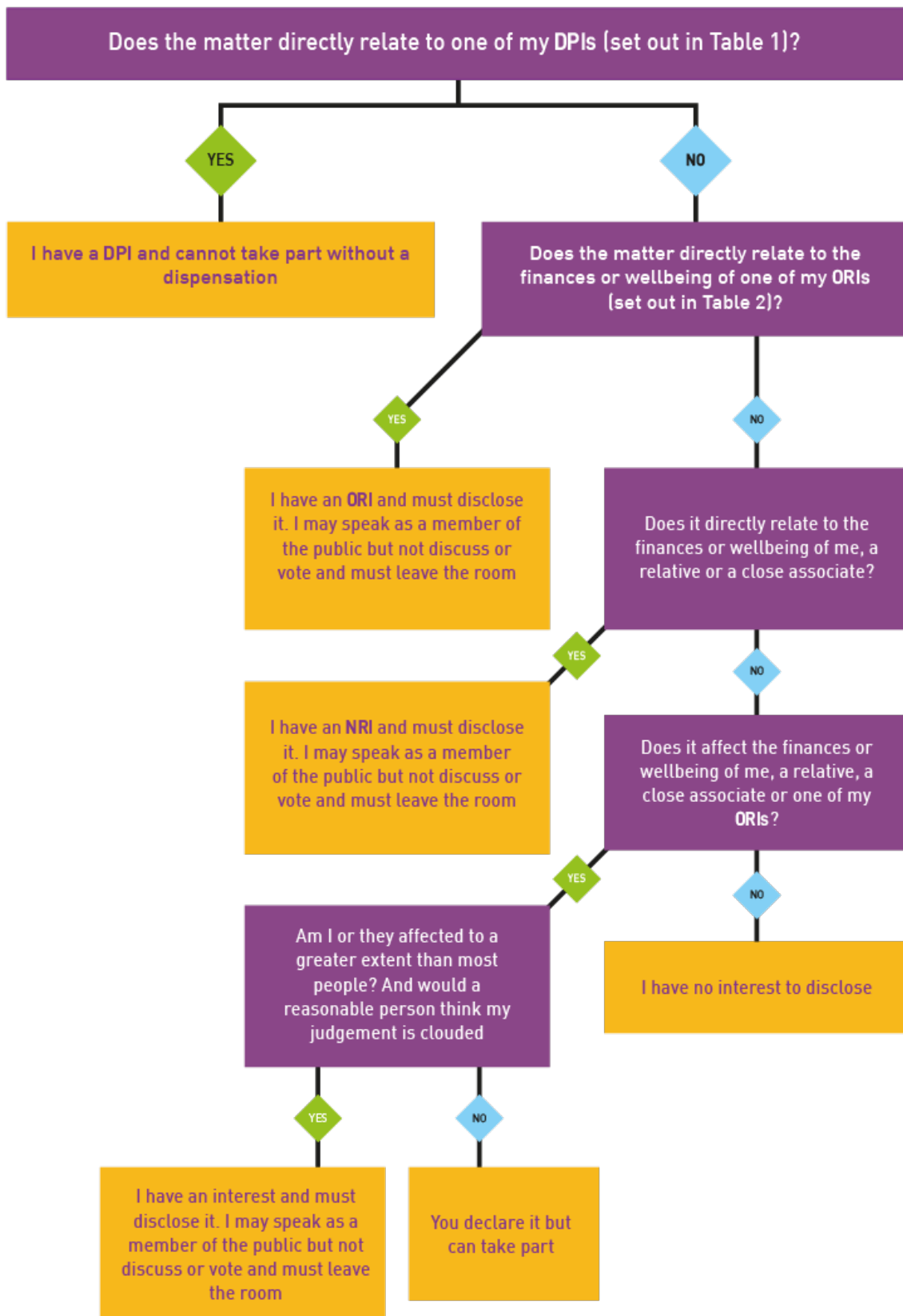
11. **Implementation of internal audit recommendations – Summary of progress**  
(Pages 194-204)  
Report by Senior Accountant
12. **Review of Standing Orders for the regulation of Authority proceedings** (Pages 205-206)  
Report by Senior Governance Officer
13. **Corporate Risk Register** (Pages 207-221)  
Report by Senior Governance Officer
14. **Corporate Partnerships Register** (Pages 222-237)  
Report by Senior Governance Officer

## Other Matters

15. Other items of business  
Items of business which the chairman decides should be considered as a matter of urgency pursuant to Section 100B (4)(b) of the Local Government Act 1972
16. To answer any formal questions of which due notice has been given
17. **To note the date of the next meeting – Tuesday 11 February 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



# Risk, Audit and Governance Committee

## Minutes of the meeting held on 23 July 2024

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### Present

Siân Limpenny – in the Chair, Bill Dickson, Tony Grayling, Paul Hayden, Kevin Maguire and Matthew Shardlow.

### In attendance

Jason Brewster – Governance Officer, Emma Krelle – Director of Finance, Izabela Foley – Senior Accountant, John Packman – Chief Executive, David Riglar – Ernst & Young External Auditor, Teresa Sharman – Head of Internal Audit and Sara Utting – Senior Governance Officer.

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

## 1. Apologies and welcome

The Chair welcomed everyone to the meeting. The Chair noted that this was Bill Dickson's last meeting as his appointment as Chair of the Authority, in which capacity he attended these meetings, would end when his successor was appointed at the Authority's annual meeting on 26 July 2024. She thanked him for his contribution to this committee and welcomed the opportunity to give him a proper send-off at the annual meeting.

**Apologies** were received from Alan Goodchild, Tristram Hilborn 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. She added that the law permitted any person to film, record, photograph or use social media in order to report on the proceedings of public meetings of the Authority. This did not extend to live verbal commentary. The Chair needed to be informed if anyone intended to photograph, record or film so that any person under the age of 18 or members of the public not wishing to be filmed or photographed could be accommodated.

## 2. Introductions and declarations of interest

No additional declarations of interest were declared.

## 3. Items of urgent business

There were no items of urgent business.

## 4. Minutes of last meeting

The minutes of the meeting held on 12 March 2024 were approved as a correct record and signed by the Chair.

## 5. Draft Statement of Accounts 2023/24

The Director of Finance (DoF) thanked those who attended an online briefing on the Statement of Accounts on 16 July 2024; those unable to attend had been provided access to a recording of the briefing. The DoF introduced the Senior Accountant who had recently joined the Authority.

The DoF introduced the report that provided an update on the Broads Authority's Statement of Accounts and its audit for the year ended 31 March 2024, and confirmed that there was no significant change to the format compared with previous years. Since the deficit was reported to members at the Authority 10 May 2024, the DoF confirmed that it had increased by £20,100 due to a correction of some external audit adjustments that had been posted incorrectly to provision rather than revenue on the balance sheet. The deficit would be financed out of the National Park (general) reserves and the Navigation reserves.

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

The DoF highlighted Table 1 Summary Income and Expenditure 2023/24, Table 2 Summary of adjustments and Table 3 Detailed adjustments of the report and then explained the most significant adjustments.

The staff pension fund accounted for the majority of the figure shown under Employee expenses. This adjustment might vary between the draft and final versions of the Statement of Accounts due to Norfolk Pension Fund being audited during the intervening period resulting in the finalisation of these figures.

The figure under Other Services expenses related to capital expenditure which had previously been reported as expenditure throughout the year, via the Authority's Financial Performance and Direction reports; at year end this was transferred to the balance sheet. The capital expenditure included the purchase of Hulver Ground which was financed with the remainder of the Defra capital grant from 2022/23. Debt repayments was also transferred to the balance sheet to reduce the amount of debt owed.

The DoF referred to a new contingent liability relating to an appeal under S31 of the Harbours Act 1964 lodged by the Broads Hire Boat Federation (BHBF) which, if the appeal found in favour of the BHBF, could have implications for the setting of future levels of tolls.

In response to a question, the DoF indicated that the aim was to maintain reserve thresholds at their minimum level and then budget accordingly. Given the uncertainty regarding revenue from tolls and the National Park grant this meant monitoring income throughout the year and using this information to inform spending decisions.

Members thanked the DoF and the finance team for their hard work and due diligence in producing the Statement of Accounts.

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

## **6. Investment Strategy and Performance Annual Report 2023/24**

The Director of Finance (DoF) introduced the report setting out details of the Authority's investment of its unallocated cash, including the investment principles adopted and performance during the twelve months to 31 March 2024.

The DoF indicated that there was an error in Table 1 of the report relating to the lowest sum for the 32 Day Notice account which should read £513,000 (not £539,000).

The amount of interest received for 2023/24 was at a record high for the Authority. As interest rates were expected to fall in the next six months there was expected to be a corresponding fall in the amount of interest for 2024/25.

The DoF confirmed that replacement staff resource for the finance team had been recruited and training was underway. The work to restore the finance team to full capacity had meant that the work to engage a Treasury Management provider to help formulate the Authority's next investment strategy had not started.

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

In relation to reviewing the Authority's banking providers from an ethical perspective, the DoF had confirmed that Local Authority regulations restricted this provision to just two providers, one of which was the Authority's current provider. The DoF had received information from the Authority's current banking provider regarding their ethical/climate friendly investments and she could share this information with Members if required.

The Chair noted the reduced options regarding the review of banking providers and stressed the need for the advice of a Treasury Management provider given the fiscal constraints faced by the Authority.

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

## 7. Internal Audit Annual Report and Opinion 2023/24

The Head of Internal Audit (HoIA) gave a summary of the report, highlighting an overall 'reasonable' opinion (positive) on the framework of governance, risk management and control at the Authority and confirmed that Internal Audit was compliant with the Public Sector Internal Audit Standards.

The HoIA highlighted the performance of the contractors delivering the internal audits and indicated that they had not met their targets, in relation to the Authority's audits, resulting in the audit terms of reference documentation being delivered late. In response to a question, the HoIA indicated that steps were being taken to improve the performance of the internal audit contractors and these included a change in personnel and an increase in the number of contractors.

The HoIA highlighted the low number of responses, one out of four, with respect to KPI 8 that measured average feedback scores from key clients. She indicated that the associated questionnaire would be simplified to improve future response numbers.

The HoIA discussed the ongoing Quality Assurance and Improvement Programme (QAIP) and the introduction of new Global Internal Audit Standards (GIAS) that would become effective from 1 January 2025. The intention was to undertake a self-assessment against the GIAS and the HoIA expected there to be gaps in conformance as the GIAS differed from the previous standards. An action plan would be created to document the work required to resolve these gaps in conformance and this information would be reported to the committee early in 2025.

There was an outstanding action from the quinquennial External Quality Assessment, last performed in October 2022, and the HoIA confirmed that Assurance Maps would be factored into the next iteration of internal audit plans.

**The report was noted with particular consideration given to:**

- i. The opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control, together with the summary of the work supporting the opinion.**

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

- ii. **The statement of the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Association Note (LGAN) and the results of the Quality Assurance and Improvement Plan (QAIP) that support the statement**

## 8. External Audit

The External Auditor (EA) provided a verbal update on the 2023/24 audit and the outstanding 2022/23 audit.

The EA explained that the 2023/24 audit had been rephased following a change in personnel resulting from two resignations within the audit team. These roles had subsequently been replaced and good progress was being made on the 2023/24 audit. There were no significant findings or issues to report from the audit of the 2023/24 Statement of Accounts reported at item 5.

The EA reminded Members of the proposed reset of the local audit system and the proposed first phase of this proposal to clear the backlog of historical audit opinions up to and including financial year 2022/23. This phase of the reset required legislation to be passed by the government which had been delayed by the general election. The EA expected this secondary legislation to continue as before under the new administration, although the time delay could result in the proposed back stop dates being amended.

In response to a question, the EA confirmed that the 2023/24 accounts could not be signed off until the 2022/23 accounts had been disclaimed/modified under the proposed legislation.

**The update was noted.**

## 9. Annual Governance Statement 2023/24 and Code of Corporate Governance 2024

The Senior Governance Officer introduced the report that demonstrated how the Authority was complying with the principles of good governance and included the Annual Governance Statement 2023/24 and Code of Corporate Governance 2024.

**It was resolved to recommend the Annual Governance Statement 2023/24 to the Broads Authority for adoption and to note, subject to the implementation of improvements identified in the action plan, that the Authority's systems of governance and internal control are considered to be adequate and effective.**

## 10. Implementation of Internal Audit Recommendations: Summary of progress

The Director of Finance (DoF) introduced the report summarising progress in implementing Internal Audit recommendations arising from audits performed during 2020/21, 2021/22, and 2022/23. Since the previous meeting, the remaining two Corporate Governance and Risk Management recommendations had been completed (one from 2020/21 which the committee had agreed to delete at its meeting on 12 March 2024 and the other from



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2022/23), two of the recommendations from the Port Marine Safety Code audit and one of the recommendations from the Key Controls audit, all in 2023/24, had been completed. The DoF explained that the first two audits from the 2024/25, Cyber Security and Farming in Protected Landscapes (FiPL) grant programme, were due to commence imminently and the results would be reported at a future meeting.

In response to a question, the DoF confirmed that the Authority had requested the audit of the FiPL grant programme. The Chief Executive (CE) indicated that this programme was of importance to Defra and given that FiPL was due to end March 2025 the audit was well-timed. A Member asked whether there would be some form of communication regarding FiPL and its outcome. The DoF indicated that information was provided on the Authority's website (under [looking after/projects](#)) and the CE agreed to consider further communication on this programme following guidance from Defra.

Members noted that the updated Health & Safety at Work policy, an action identified during the 2022/23 audit, was outstanding and not due to complete until 31 March 2025. The Chief Executive indicated that work had commenced on this activity but had been delayed when the Head of Safety Management (HoSM) retired earlier this year. A replacement had been recruited and was due to start in June 2024 however they failed to join the Authority. The role had since been re-advertised and four candidates had been shortlisted and were due to be interviewed. Given the unforeseen delay in replacing the HoSM, work on updating the Health & Safety at Work policy had resumed and the intention was for this policy to be issued for review no later than the Broads Authority meeting on 29 November 2024.

Members noted that the arrangements for General Directions on larger vessels had not been finalised, the Pilotage action identified during the 2020/21 audit, and requested an update. The CE explained that this related to the provision of a pilot for large vessels when entering the Broads navigation. As a pilot had not been required for over twenty years the proposal, as endorsed by the Navigation Committee earlier in 2024, was to restrict access to large vessels and only permit entry once a risk assessment had been undertaken to confirm the vessel could safely navigate the Broads without a pilot. The Authority had engaged NP Law to confirm that the Authority's General Directions, which govern the responsibilities of the Authority as a port, could be updated to accommodate this proposal. NP Law had no inhouse expertise in this specific area of law and were looking to secure access to this specialist knowledge on behalf of the Authority. The CE believed it would take some time to resolve this matter and, in the meantime, it would not have an impact to the Broads navigation and questioned why the priority of this action was important.

**The report was noted.**

## 11. 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. The SGO confirmed that, since the last meeting and other than a change in layout, no new risks

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had been added or existing risks deleted and highlighted that there had been no change to any risk scores.

A Member questioned the continuing inclusion on the register of risk of items that had reduced their risk scores to levels that were below the reporting threshold and unlikely to improve further. The Head of Internal Audit suggested that the Authority could agree risk score targets for each of the risks and once the target had been achieved, they could be removed from the CRR.

The Chief Executive (CE) proposed splitting Risk 10 relating to a breach in data security or data protection, or loss of data into two discrete risks to reflect the two sources for this risk corresponding to inside and outside the organisation. There was a discussion regarding the rising risk to public IT systems from cyberattacks and their resulting impacts ranging from temporary loss of access to the irrevocable loss of data. A Member recommended not splitting this item as it was useful at the corporate level to group these factors within a single risk item. He added that splitting Risk 10 would be inconsistent with the other existing risks, as you could justify sub-dividing all the other existing risks in a similar fashion.

The CE provided an update on the factors associated with Risk 4 relating to a reduction in income and increase in costs. A recent analysis of tolls indicated that the 2024 tolls revenue was down on the expected value, predicted using numbers for the equivalent period last year, despite the increase in tolls for 2024/25. While the current Hire Boat tolls revenue was very close to the final figure for 2023/24 (a shortfall of £30,000), private tolls revenue was below predictions by about 5%. The poor weather, increased mortgage costs and the ongoing cost of living crisis were all contributory factors. A similar analysis of short visit tolls so far this year resulted in a revenue of £3,823.95, approximately 40% down on the same period in 2023/24. The CE and Director of Finance planned to re-assess the situation in August and if required propose reductions in expenditure on navigation in 2024/25 for discussion at the next Navigation Committee meeting (5 September 2024). The aim was to mitigate the extrapolated revenue shortfall, as predicated on the current analysis, and alleviate some of the pressure for further tolls increases in 2024/25.

A Member noted that Risk 2, Harmful actions undermining public confidence in Broads Authority, had focused on harm resulting from actions by officers and Members of the Authority and suggested that this should be updated to include harmful actions from people outside the Authority.

**The updated Corporate Risk Register (appendix 1 of the report) was noted.**

## 12. Other items of business

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

## 13. Formal questions

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

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

## 14. Date of next meeting

Since the meeting, it had been agreed to cancel the meeting scheduled for 17 September 2024. The next Audit and Risk Committee meeting would be on **Wednesday 27 November 2024** at Yare House, 62-64 Thorpe Road, Norwich, commencing at 10.00am.

The meeting ended at 11:30am

Signed by

Chair

DRAFT

# Risk, Audit and Governance Committee

27 November 2024

Agenda item number 7

## External Auditors Completion Report for 2022/23

Report by Director of Finance

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### Summary

This report appends Ernst & Young LLP (EY) completion report for the 2022/23 Statement of Accounts

### Recommendation

- i. That the Completion Report for 2022/23 is noted.
  - ii. That the Letter of Representation in connection with the Financial Statements for 2022/23 be signed by the Director of Finance and the Chair of Risk, Audit and Governance.
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## 1. Introduction

- 1.1. Members will recall the issues surrounding Local Government Audit and the Government's proposals to tackle outstanding audits and reset the system. This has been addressed through backstop legislation<sup>1</sup> which came into force on 30 September 2024. The first phase of the reset is that outstanding audits covering financial years up until 2022/23 need to be approved by 13 December 2024.
- 1.2. Appendix 1 contains the EY's Completion Report for 2022/23 Statement of Accounts. The report covers:
  - Audit Plan Risks (page 12-13)
  - Audit findings and Value for Money summary (audit results report, pages 17-19, 23-27)
  - Overall messages (Auditor's Annual Report, pages 20-21).
- 1.3. The audit report confirms that EY is looking to issue a disclaimed opinion. At the time of writing there are two outstanding areas that need to be addressed before signing. These are:

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<sup>1</sup> [The Accounts and Audit \(Amendment\) Regulations 2024](#)

- Parliamentary approval for the new NAO Code of Audit Practice, which brings in the Reset agenda (expected 14 November); and
  - NAO confirmation that Whole of Government Accounts (WGA) procedures are complete, allowing us to certify closure of the audit (expected on 21 November).
- 1.4. David Riglar, Partner from EY will be in attendance to present this item and answer any questions.
- 1.5. Appendix 2 to this report is the draft Letter of Representation in connection with the Financial Statements for 2022/23. It is presented for consideration and approval by the Committee and to be signed and sent to the External Auditors.

## 2. Financial implications

- 2.1. Appendix 1 page 33 sets out the fees due for 2022/23 and the impact of the reset may have on the fees.

Author: Emma Krelle

Date of report: 07 November 2024

Background papers: Statement of Accounts 2022/23

[Broads Plan](#) strategic objectives: All

Appendix 1 – [Audit Completion Report for Those Charged with Governance 2022/23](#)

Appendix 2 - [Letter of Representation 2022/23](#)

# Broads Authority Completion Report for Those Charged with Governance

Year ended 31 March 2023

Report issued - 6 November 2024



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

6 November 2024

Dear Risk, Audit & Governance Committee

**Broads Authority 2022/23 - Completion Report for Those Charged With Governance**

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Risk, Audit & Governance Committee of Broads Authority (the Authority) with a detailed complete report covering our approach and outcomes of the 2022/23 audit.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 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).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the year ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

In completing our work for this audit year, we have taken into account Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice (including recent 2024 updates), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. Against this backdrop, we have also considered the Committee's service expectations.

The Risk, Audit & Governance Committee, as the 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 & 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.

We draw Risk, Audit & Governance Committee members and officers attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix E).

This report is intended solely for the information and use of the Risk, Audit & 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

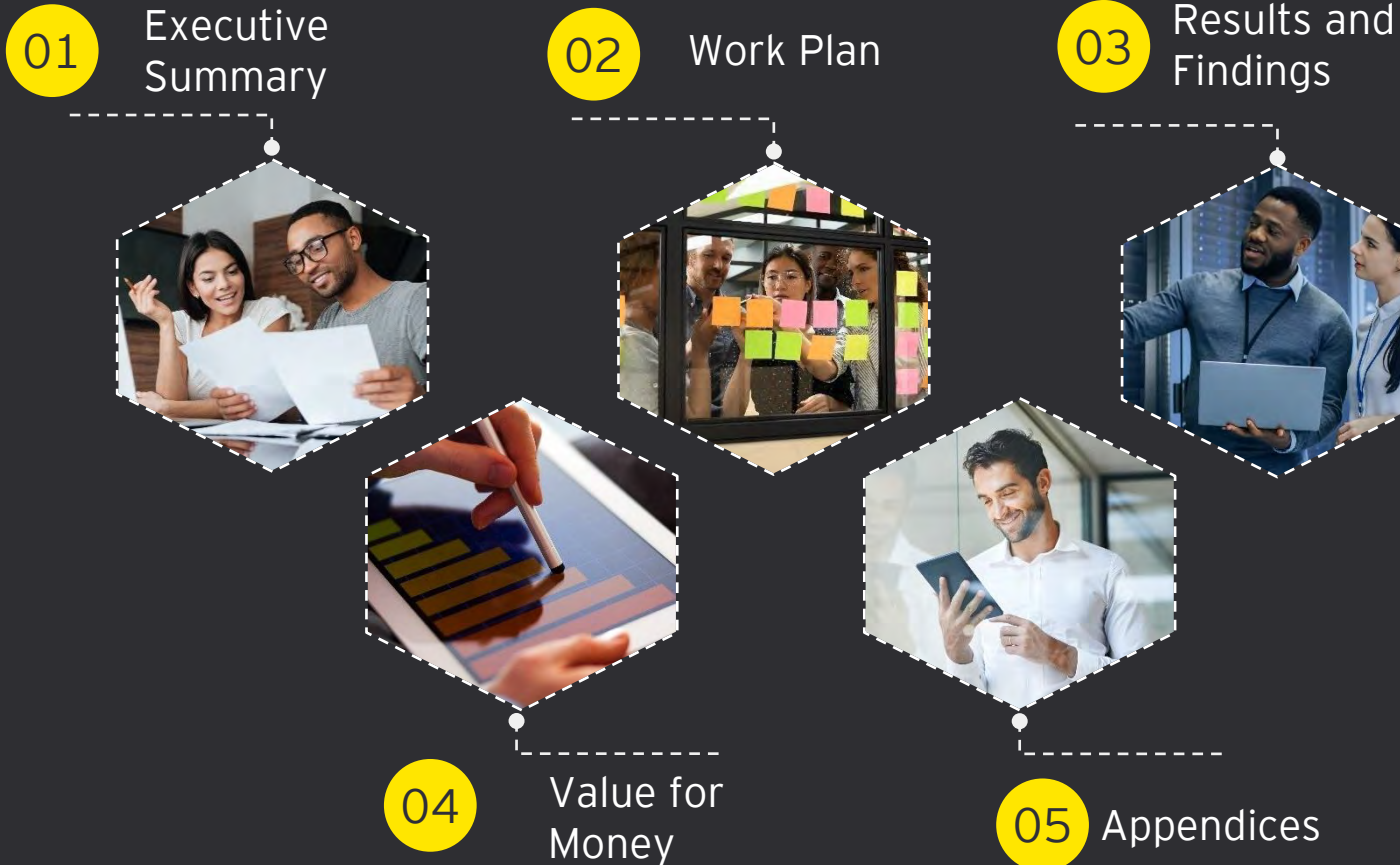
Partner

For and on behalf of Ernst & Young LLP

Enc



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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. 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 (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) 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 & Governance Committee and management of Broads Authority**. Our work has been undertaken so that we might state to the **Risk, Audit & 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 & 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



# Executive Summary – Report structure and work completed

## Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 1 - Executive Summary - this section setting out the national and local context and the structure of our report.

Section 2 - Work Plan - We have completed the following planning tasks:

- ▶ Required independence procedures.
- ▶ Set a level of materiality.
- ▶ Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.
- ▶ Updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meeting,
- ▶ Identified significant, inherent and other areas of higher risk or focus.
- ▶ Considered any other matters that may require reporting to regulators or which may result in a modification to the audit report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.


Section 3 - Results and findings - Work completed to issue the disclaimer, findings and results:

- ▶ Review of the financial statements.
- ▶ Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, which we report as appropriate.
- ▶ Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 4 - Value for money reporting

- ▶ The value for money report covering the year to 31 March 2023.

Section 5 - Appendices



# Executive Summary – System wide context

## Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) 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 professions
- ▶ 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

DLUHC has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. Statutory Instrument (2024) No. 907 - “The Accounts and Audit (Amendment) Regulations 2024” (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, which have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)), consist 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 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.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

As a result of the system wide implementation of backstop dates we anticipate issuing a disclaimed audit opinion on the Authority’s 2022/23 accounts. The proposed disclaimer of the Authority’s 2022/23 accounts impacts the audit procedures that we have planned and undertaken to gain assurance on the 2022/23 financial statements and the form of the audit report.

## Local Background and Context

Broads Authority has been in a position to present draft statements of account for audit within the regulatory timeframe in recent years. Due to audit resource constraints, we were unable to schedule the 2021/22 audit in order to meet the reporting timeline of 30 November 2022, and instead completed the audit in December 2022. We then did not have the audit resource necessary to perform the 2022/23 audit for the Authority before the back stop date.



# Executive Summary - Local context

## Local Background and Context

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We completed the audit of the 2021/22 financial statements in December 2022 and issued our audit opinion on 21 December 2022.

The backstop date and the wider requirements of the local audit system reset, meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.



# 02

## Work Plan

# Work Plan – Audit Scope

## Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Authority give a true and fair view of the financial position as at 31 March 2023 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 4.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

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

Given that Statutory Instrument (2024) No. 907 - The Accounts and Audit (Amendment) Regulations 2024 imposes a backstop date of the 13 December 2024 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).

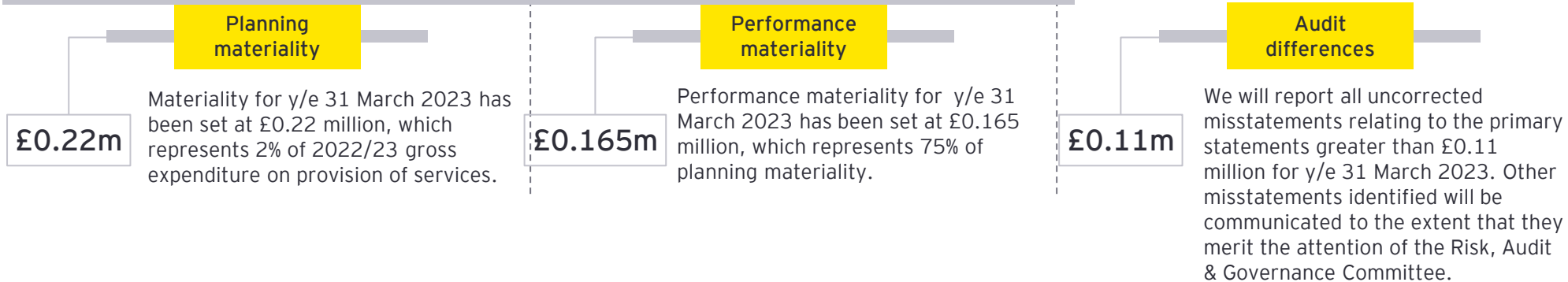
This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

# Work Plan - Materiality

## Materiality



In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the 2022/23 draft financial statements. These levels are being used to assess our response to any issues identified in the Authority's financial statements.



# Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year

## Audit risks and areas of focus

Risk/area of focus	Applicable Year	Risk identified	Change from PY	Details
Misstatement due to fraud or error	31 March 2023	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively (Management Override).
Inappropriate capitalisation of revenue expenditure	31 March 2023	Fraud Risk	No change in risk or focus	Linking to our fraud risk identified above, we have determined that a way in which management could override controls is through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements, given the extent of the Authority’s capital programme.
Pension Valuation and Other Disclosures	31 March 2023	Inherent risk	No changes in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Authority’s current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority’s Balance Sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the Pension Fund Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.

# Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year

## Audit risks and areas of focus

Risk/area of focus	Applicable Year	Risk identified	Change from PY	Details
Valuation of Land and Buildings	31 March 2023	Inherent risk	No change in risk or focus	<p>The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Authority’s accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end Land &amp; Buildings balances recorded in the Balance Sheet.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>

# Work Plan - Independence

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

## Required communications

### Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.

### Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

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

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

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

# Work Plan - Independence

## Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of David Riglar, your Audit Engagement Partner and the audit engagement team have not been compromised.

## Self interest threats

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

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

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, there are no non-audit fees that require additional safeguards.

## Self review threats

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

## Management threats

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

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

## Other threats

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

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

## EY Transparency Report 2024

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 28 June 2024 and can be found here: [EY UK 2024 Transparency Report | EY - UK](#).



## 03 Results and findings



# Results and findings

## Status of the audit

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

- ▶ Completion of subsequent events procedures;
- ▶ Receipt of a signed management representation letter

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion, a current draft of which is included later in this section.

## Value for Money

Our value for money (VFM) work is complete and reported in Section 4 of this report. We had identified no risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. See Section 4 of the report for further details.

## Audit differences

We have not identified any audit differences from our work, either adjusted or unadjusted by Management.

## Other Reporting Issues

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

The Comptroller and Auditor General has confirmed that he plans to issue his opinion and certificate on the 2022-23 Whole of Government Accounts on 22 November 2024. Given we expect to issue our 2022/23 audit report after that date but before the statutory backstop of 13 December 2024, we therefore expect to be able to certify completion of the audit as part of our final 2022/23 audit report.

We did not receive any questions or objections to the Authority's financial statements from any member of the public following the inspection period.

## Other powers and duties

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

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



# Results and findings

## 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 the Broads Authority. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

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 & Governance Committee or Management.

## Control observations

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

## Independence

Further to our review of independence in Section 2 of this report we have not identified any issues to bring to your attention..



# Results and findings

## 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.



## Draft audit report

## Our opinion on the financial statements

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

#### Disclaimer of opinion

We were engaged to audit the financial statements of the Broads Authority ('the Authority') for the year ended 31 March 2023. The financial statements comprise the:

- Authority Movement in Reserves Statement,
- Authority Comprehensive Income and Expenditure Statement,
- Authority Balance Sheet,
- Authority Cash Flow Statement
- the related notes 1 to 36 including a summary of significant accounting policies and including the Expenditure and Funding Analysis.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We completed the audit of the 2021/22 financial statements in December 2022 and issued our audit opinion on 21 December 2022.

The backstop date and the wider requirements of the local audit system reset, meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

#### Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)

we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

#### Responsibility of the Director of Finance

As explained more fully in the Statement of the Director of Finance's Responsibilities set out on page 13, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in January 2023, as to whether the Broads Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Broads Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on

## Draft audit report

## Our opinion on the financial statements

whether, in all significant respects, the Broads Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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

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

### Certificate

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

### Use of our report

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

..... Date:..... November 2024

David Riglar (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Cambridge

### Footnote:

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated [xxxx], available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.



# 04 Value for Money



# VFM - Executive Summary

## Purpose

Auditors are required to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this commentary is to explain the work we have undertaken during the period 1 April 2022 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2022/23.

The report sets out the following areas which have been assessed:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report.

## Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Authority committee reports;
- meetings with the relevant Finance Officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Authority management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Authority's VFM arrangements.

# VFM - Executive Summary (continued)

## Reporting

Our commentary for 2022/23 is set out over pages 25 to 27. The commentary on these pages summarises our conclusions over the arrangements at the Authority in relation to our reporting criteria (see table below) throughout 2022/23.

The detailed arrangements and processes underpinning the reporting criteria were reported in March 2024 in the Interim VFM Report. These were reported in our 2021/22 Auditor’s Annual Report and have been updated for 2022/23.

In accordance with the NAO’s 2020 Code, we are required to report a commentary against three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether we have concluded that there is a significant weakness in the body’s arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Authority plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
<b>Governance:</b> How the Authority ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
<b>Improving economy, efficiency and effectiveness:</b> How the Authority uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified

# Value for Money Commentary

**Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services**

**No significant weakness identified**

During 2022/23 the Authority continued to manage the impact on finances of a number of issues such as general inflation, pay increases and uncertainties in relation to the amount of National Park Grants to be received in the future.

The final outturn position for general income and expenditure for the 2022/23 year was a deficit of £317,000 (£186,000 National Park and £131,000 Navigation).

During the year, the Authority have continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services through budget monitoring reports to each Broads Authority meeting. The Authority recognises the financial challenges ahead. In 2022/23, the budget setting exercise for 2023/24 forecast a £0.119 million surplus over the 3 year MTFS period to 2025/26.

The Authority also performed budget sensitivity analysis against key assumptions to remain aware of the downside savings requirements for 2023/24. This shows an additional potential deficit of £0.228 million for a 1% adverse change in these assumptions.

The Authority has faced a number of inflationary pressures in the current economic environment. As at 31st March 2023, the authority has a total of £3.712 million in the consolidated earmarked reserves (£2.241 million National Park and £1.471 million Navigation). This is adequate to absorb the adverse variance in 2022/23. This also provides a strong level of resources if future savings are not identified or achieved in each of the 3 financial years of the Medium Term Financial Strategy, to allow the Authority to continue to deliver services.

The Authority should continue its scenario assessment of the savings requirement and continue to identify relevant schemes to achieve the annual savings requirements to minimise the use of reserves where possible.

**Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.**

# Value for Money Commentary (continued)

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

No significant weakness identified

The Authority has continued to manage governance considerations including partnership working. The Authority reviewed the 2022/23 Budget Setting Report and Medium Term Financial Strategy in January 2022, with further updates during 2022/23. The documents were taken to the Broads Authority Committee for approval, which ensures that all Members are kept well informed of the process.

The Authority's Annual Governance Statement sets out the core governance arrangements for the year, including an Action Plan, which demonstrates how the Authority's Code of Governance reflects the seven principles of good governance. The Head of Internal Audit concluded that for the 2022/23 financial year, reasonable assurance may be awarded over the adequacy and effectiveness of the Authority's overall internal control environment.

The risk register and risk management policy were also updated in 2022/23 to focus on both strategic risks through the Corporate Risk Register and operational risks through the Directorate Risk Register. Risks on the Corporate Risks Register are reviewed at every Risk, Audit and Governance Committee meeting with elevation to full Authority meetings for significant risks identified.

The Authority published their draft 2022/23 financial statements for audit on the 31 May 2023, in line with the Audit and Accounts regulations, and advertised and held an inspection period for members of the public in line with these regulations. We confirm that the 2022/23 draft financial statements were arithmetically correct, agreed to the data in the general ledger, and prepared in line with the content required by the CIPFA Code. The Authority has carried out bank reconciliations during the year. Therefore, appropriate arrangements for financial reporting were in place during 2022/23.

**Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2022/23 to enable it to make informed decisions and properly manage its risks.**

# Value for Money Commentary (continued)

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

No significant weakness identified

The *'Broads Plan'* for 2022 to 2027 has been introduced in the previous year, which sets the vision, principles, and strategic objectives for the Authority.

An Annual Business Plan integrating strategic priorities based on the *'Broads Plan'* is agreed each year by the full Authority. Performance reporting is maintained against the identified strategic priorities, with regular reporting on performance and finances taken to the full Authority throughout the year to continuously monitor performance.

**Conclusion:** Based on the work performed, the Authority had proper arrangements in place in 2022/23 to enable it to use information about its costs and performance to improve the way it manages and delivers services.





# 05

# Appendices

# Appendix A – Management representation letter

## Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

## Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

### Ernst & Young

This letter of representations is provided connection with your audit of the [consolidated and parent] Authority financial statements of [name of entity] (“the [Group and] authority”) for the year ended [balance sheet date]. 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 [Group and] authority financial position of [name of entity] as of [balance sheet date] and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the [Group and] the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (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 [consolidated and parent] 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 [Group and the parent] Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (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 [Group and] authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the [consolidated and parent] 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 [Group and parent] Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (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 [Group and] authority financial statements are appropriately described in the [Group and] authority financial statements.
4. As members of management of the [Group and] authority, we believe that the [Group and] authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [applicable financial reporting framework] for the Group and [applicable financial reporting framework] for the Authority that are free from material misstatement, whether due to fraud or error.

# Appendix A – Management representation letter

## Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

## Management Rep Letter

5. *[When there are unadjusted audit differences in the current year]* 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 consolidated and parent Authority financial statements taken as a whole. We have not corrected these differences because *[specify reasons for not correcting misstatement]*.
6. *[When the comparative figures have been restated]* The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements. *[Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.]* There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended *[date]* are solely the result of reclassifications for comparative purposes.
7. We confirm the *[Group and]* authority does not have securities (debt or equity) listed on a recognized exchange.
8. We have confirmed to you any changes in service organizations within the *[Group and]* authority since the last audited financial year.

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

1. We acknowledge that we are responsible to determine that the *[Group and]* 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 *[consolidated and parent]* Authority financial statements may be materially misstated as a result of fraud.
4. *[When management is aware of the occurrence of non-compliance with laws or regulations, or has received allegations of non-compliance with laws and regulations.]* 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 laws and regulations, including fraud, known to us that may have affected the *[Group or]* Authority (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), 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 *[consolidated and parent]* Authority financial statements
  - Related to laws or regulations that have an indirect effect on amounts and disclosures in the *[consolidated and parent]* Authority financial statements, but compliance with which may be fundamental to the operations of the *[Group and]* authority's business, its ability to continue in business, or to avoid material penalties

# Appendix A – Management representation letter

## Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

## Management Rep Letter

- Involving management, or employees who have significant roles in internal control, or others
- 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 [consolidated and parent] Authority financial statements.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (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: [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 [Group and] 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 [period] end. These transactions have been appropriately accounted for and disclosed in the [consolidated and parent] 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 [applicable financial reporting framework].
6. We have disclosed to you, and the [Group and] authority has complied with, all aspects of contractual agreements that could have a material effect on the [consolidated and parent] 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) unauthorized 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 unauthorized access to our information technology systems is reasonably likely to have a material effect on the [consolidated and parent] 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.

# Appendix A – Management representation letter

## Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

## Management Rep Letter

8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the [consolidated and parent] Authority financial statements, including disclosures.
- 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 [consolidated and parent] Authority 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 [X] to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.
- E. Going Concern**
1. Note [X] 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**
1. Other than the events described in Note [X] to the [consolidated and parent] 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. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent Authority, subsidiary undertakings and associated undertakings.

## H. Other information

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

## I. 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 and the [Group and] authority have reflected these in the consolidated and parent financial statements.

*Yours faithfully,*

\_\_\_\_\_  
(Chief Financial Officer/Finance Director)

\_\_\_\_\_  
(Chairman of the Audit Committee)

# Appendix B – 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.

A breakdown of our fees is shown in the table to the right.

The original fees for these years were based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Authority;
- ▶ The Authority has an effective control environment; and
- ▶ The Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.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 which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full in Appendix E.

Due to the reset, the above clearly will not be achieved and we will be liaising with PSAA Ltd to discuss and agree fees.

	Current Year - 2022/23	Prior Year - 2021/22
	£'s	£'s
Scale Fee - Code Work	22,736	10,736
Determined Scale Fee Variation	Note 1	24,224
<b>Total audit</b>	<b>Note 1</b>	<b>34,960</b>
Other non-audit services not covered above	0	0
<b>Total other non-audit services</b>	<b>0</b>	<b>0</b>
<b>Total fees</b>	<b>TBC</b>	<b>34,960</b>

*All fees exclude VAT*

Note 1 - As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Authority have to pay for the 2022/23 audit.

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.

# Appendix C – Required communications with the Audit Committee

We have detailed the communications that we must provide to the audit committee.

## Our Reporting to you

Required communications	What is reported?	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	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> <li>▶ The planned scope and timing of the audit</li> <li>▶ Any limitations on the planned work to be undertaken</li> <li>▶ The planned use of internal audit</li> <li>▶ The significant risks identified</li> </ul> <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	This Completion report for Those Charged with Governance
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> <li>▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit)</li> </ul>	This Completion report for Those Charged with Governance

# Appendix C – Required communications with the Audit Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	This Completion report for Those Charged with Governance
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	This Completion report for Those Charged with Governance
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:                             <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ 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</li> <li>▶ Any other matters related to fraud, relevant to Audit Committee responsibility</li> </ul>	This Completion report for Those Charged with Governance



# Appendix C – Required communications with the Audit Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	This Completion report for Those Charged with Governance
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> <li>▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:                             <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> </li> </ul> <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	This Completion report for Those Charged with Governance

# Appendix C – Required communications with the Audit Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	This Completion report for Those Charged with Governance
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ 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</li> <li>▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of</li> </ul>	This Completion report for Those Charged with Governance
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>	This Completion report for Those Charged with Governance
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	This Completion report for Those Charged with Governance

# Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

## Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the Authority), either intentional or unintentional, which are contrary to the prevailing laws or regulations

### Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

### Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics \(IESBA Code\)](#) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

### Examples of Non-Compliance with Laws and Regulations (NOCLAR)

#### Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

#### Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

# Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

**What are the implications of NOCLAR matters arising?**  
 Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.  
 This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



## Management response:

- Timely communication of the matter to auditors (within a couple of days)
- Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both
- Scope the investigation, in discussion with the auditors
- Evaluate findings and agree next steps
- Determine effect on financial statements including disclosures
- Prepare a paper, summarising the outcome of the investigation and management's conclusions
- Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

- ### Key Reminders:
- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
  - ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
  - ▶ Engage external specialists where needed
  - ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
  - ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

## Audit response:

- Initial assessment of the NOCLAR matter and its potential impact
- Initial consultation with risk team to determine responsive procedures and the involvement of specialists
- Understand and agree scope of management's investigation with support from specialists as needed
- Evaluate findings and undertake appropriate audit procedures
- Determine audit related impact including accounting and disclosure and audit opinion implications
- Document and consult on the outcome of our procedures
- Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

# Appendix E – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Authority should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

## ***Preparation of the statement of accounts***

*26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.*

*27. In preparing their statement of accounts, audited bodies are expected to:*

- › prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- › ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- › assign responsibilities clearly to staff with the appropriate expertise and experience;*
- › provide necessary resources to enable delivery of the plan;*
- › maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- › ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- › ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- › during the course of the audit provide responses to auditor queries on a timely basis.*

*28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.*

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

Date TBC

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 2023. 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 2023 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 2022/23 (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 2022/23 (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 2022/23 (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 2022/23 that are free from material misstatement, whether due to fraud or error.
5. We confirm the authority does not have securities (debt or equity) listed on a recognized exchange.
6. We have confirmed to you any changes in service organizations within the authority since the last audited financial year.

**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
  - 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 shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through 2022/23 to the most recent meeting on the following date: 20 September 2024.
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 2022/23 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 2022/23.
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) unauthorized 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 unauthorized 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.
8. We have disclosed to you and provided you with full access to information and any internal investigations relating to unauthorized access to our information technology systems that has a material effect on the Authority financial statements, including disclosures.

#### **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 Authority 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**

1. 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**

1. 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**

1. 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.
2. We confirm that the content contained within the other information is consistent with the financial statements.

**I. 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 and the authority have reflected these in the financial statements.

Yours sincerely

\_\_\_\_\_  
(Director of Finance)

\_\_\_\_\_  
(Chair of Risk, Audit and Governance)

VERSION SUPERSEDED

# Risk, Audit and Governance Committee

27 November 2024

Agenda item number 8

## Statement of Accounts 2022/23

Report by Director of Finance

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### Summary

This report provides an update on the Broads Authority's Statement of Accounts and its audit for the year ended 31 March 2023.

### Recommendation

To note the current position regarding the Draft Statement of Accounts for 2022/23.

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## 1. Introduction

- 1.1. The draft Statement of Accounts for 2022/23 were last presented to this committee on 25 July 2023. At the meeting it was indicated that the audit may take place in early 2024 but due to the delays within Local Government Audit a full audit did not take place. At the 12 March 2024 meeting an update was provided on how the Government was proposing to tackle the backlog and an interim Value for Money report was issued for 2022/23.
- 1.2. Following the amendments to the Accounts and Audit Regulations<sup>1</sup> EY has confirmed that a full audit will not be conducted and a disclaimed opinion is likely to be issued, see agenda item 7. It should be noted that the disclaimed opinion is not a reflection on the Authority's Finance Team but due to a lack of external audit resources to complete the work in full.

## 2. Changes to the 2022/23 Accounts

- 2.1. The draft deficit previously reported has increased by £77,238 giving an overall consolidated deficit of £443,275. This is mainly due to additional accruals being identified.
- 2.2. The impact of these adjustment is that the deficit for National Park and Navigation has moved to £49,685 and £27,553 respectively.

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<sup>1</sup> [The Accounts and Audit \(Amendment\) Regulations 2024](#)

2.3. There has also been an adjustment to the pension asset which has increased by £58,000. This is as a result of the year-end report being updated by the actuary following the final valuation of assets.

2.4. Table 1 below shows the total adjustments made.

**Table 1**

Summary Income and Expenditure 2022/23

<b>Income and Expenditure</b>	<b>Operations £000's</b>	<b>Strategic Services £000's</b>	<b>Finance &amp; Support Services £000's</b>	<b>HLF &amp; CANAPE £000's</b>	<b>Corporate Amounts £000's</b>	<b>Total £000's</b>
Fees, charges, interest and other service income	(223)	(1,292)	(35)	(689)	(3,928)	(6,167)
Contribution from reserves	0	0	0	0	(44)	(44)
Government Grants	0	0	0	0	(4,785)	(4,785)
<b>Total Income</b>	<b>(223)</b>	<b>(1,292)</b>	<b>(35)</b>	<b>(689)</b>	<b>(8,757)</b>	<b>(10,996)</b>
Employee expenses	2,558	1,665	972	172	148	5,515
Other service expenses	2,130	1,297	2,116	381	0	5,924
<b>Total Expenditure</b>	<b>4,688</b>	<b>2,962</b>	<b>3,088</b>	<b>553</b>	<b>148</b>	<b>11,439</b>
<b>Net Expenditure</b>	<b>4,465</b>	<b>1,670</b>	<b>3,053</b>	<b>(136)</b>	<b>(8,609)</b>	<b>443</b>

**Table 2**

Summary of adjustments

<b>Adjustments</b>	<b>Amounts £000's</b>
Net Expenditure	443
Amounts in the Comprehensive Income and Expenditure Statement (CIES) not reported to management	1,255
Amounts included in Table 1 not in the CIES	3,017
<b>Cost of Services in the CIES</b>	<b>4,715</b>

- 2.5. Items in the amounts included in the CIES not reported to management include year-end adjustments for the pension scheme. The Accounts are adjusted to reflect the difference between the actual costs 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.
- 2.6. The main adjustments in the third line, which is in the analysis above but not the Comprehensive Income and Expenditure Statement, is the removal of the DEFRA grant, interest and investment income and interest payable. These items are added back in the lines under the cost of services. Further adjustments relate to the accounting treatment of capital expenditure and reserve expenditure.
- 2.7. Table 3 below analyses these adjustments in more detail and agrees back to the Comprehensive Income and Expenditure Statement on page 17 in the Statement of Accounts.

**Table 3**

Detailed adjustments

<b>Income and Expenditure type</b>	<b>Service Analysis £000's</b>	<b>Not reported to Management £000's</b>	<b>Not included in the CIES £000's</b>	<b>Net Cost of Services £000's</b>	<b>Other operating expenditure, finance &amp; investment income and Government Grant £000's</b>	<b>Deficit on the Provision of Services £000's</b>
Fees, charges and other service income	(6,051)	0	0	(6,051)	0	(6,051)
Interest and investment income	(117)	0	117	0	(117)	(117)
Contribution from reserves	(43)	0	(809)	(852)	0	(852)
Government Grants	(4,785)	0	4,785	0	(4,935)	(4,935)
<b>Total Income</b>	<b>(10,996)</b>	<b>0</b>	<b>4,093</b>	<b>(6,903)</b>	<b>(5,052)</b>	<b>(11,955)</b>

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 & investment income and Government Grant £000's	Deficit on the Provision of Services £000's
Employee expenses	5,515	929	0	6,444	255	6,699
Other services expenses	5,924	0	(1,076)	4,848	0	4,848
Depreciation, amortisation & revaluation	0	326	0	326	0	326
Interest payments	0	0	0	0	56	56
Gain on disposal of Assets	0	0	0	0	(8)	(8)
<b>Total Operating Expenditure</b>	<b>11,439</b>	<b>1,255</b>	<b>(1,076)</b>	<b>11,618</b>	<b>303</b>	<b>11,921</b>
<b>(Surplus) / Deficit on the Provision of Services</b>	<b>443</b>	<b>1,255</b>	<b>3,017</b>	<b>4,715</b>	<b>(4,749)</b>	<b>(34)</b>

### 3. Balance Sheet

3.1. Following the adjustments for the pension liability and the additional year-end adjustments, the net asset position has moved from £13,346,000 to £13,323,00. The main adjustment being to the Pension asset which has increase by £58,000, this has been offset by the additional accruals for legal services and Yare House utilities. The impact of these adjustment has meant the General (National Park) reserve has decreased by £50,000 and Navigation reserve has decreased by £28,000. The balance sheet can be found on page 20 in appendix 1.

- 3.2. The bottom section of the Balance Sheet on page 20 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 (£4k) 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 41. The year end balances of the reserves are:
- National Park £561,387;
  - Navigation £584,048;
  - Earmarked £3,763,078 of which £1,503,317 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 28 July 2023 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 not be completing a full audit on the 2022/23 accounts as set out in paragraph 1.2. The auditors will cover this under agenda item 7.

## 6. Financial Implications

- 6.1. The Statement of Accounts for 2022/23 shows revenue reserves of £1,145,435 (National Park (general) reserves £561,387, Navigation reserves £584,048) that are considered to be adequate. The National Park reserve at the end of 2022/23 stands at 11% of net expenditure, while the Navigation reserve is 14.4%.
- 6.2. The outturn figures for 2022/23 and 2023/24, plus the impact of boat numbers and the 2024/25 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 2025/26.

Author: Emma Krelle

Date of report: 08 November 2024

[Broads Plan](#) strategic objectives: All

Appendix 1 – [Final Statement of Accounts 2022/23](#)



# Broads Authority

## Statement of Accounts 2022/23

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# Narrative report

## Introduction

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

## About the Broads Authority

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

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

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

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

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

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

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

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

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

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

The Broads Plan is the key management plan for the Broads. It sets out a long-term vision for the benefit of the natural and cultural environment, local communities and visitors. Although the Authority is responsible for its production it is a plan for the whole of the Broads, and its success very much depends on a common vision, strong partnership working and the best use of shared resources. The 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 \(broads-authority.gov.uk\)](https://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 2022/23 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 was considered and approved by the Authority on 28 July and is available via the link below:

[Broads Authority - 28 July 2023 \(broads-authority.gov.uk\)](#)

In 2018 the Government commissioned a review of National Parks and Areas of Outstanding Natural Beauty (AONBs) looking at coverage of designations, how designated areas deliver their responsibilities, how designated areas are financed, and whether there is scope for

expansion. The review team, led by Julian Glover, visited the Broads in November 2018. The team's report "Landscapes Review" was published in September 2019. The Government's response was published on 15 January 2022. The Authority held a member workshop on 24 February and the Authority's formal response was considered in March 2022. A link to the committee report can be found below. The report also contains a link to the final report and the Government's response.

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

## Operational model

The Authority consists of three Directorates; Finance and Support Services, Operations and Strategic Services. The total number of staff employed by the Authority gives a head count of 155 or 139.1 Full Time Equivalents (FTE) as at 31 March 2023. This is split 28 (22.9 FTE) Finance and Support Services, 75 (71.3 FTE) Operations, 52 (44.9 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 Discovery Grant from the Nature for Climate Peatland Scheme, Defra support for FiPL, NHLF and ERDF.

## Risks

Uncertainty exists about future years' settlements and their duration. Cuts to the National Park Grant in years 2010/11 to 2015/16 has meant the Authority has already restructured to make savings and in 2022/23 has used its reserves to balance the budget. For the 2023/24 budget allocations between National Park and Navigation were reassessed to ensure the correct charges are applied. This will help minimise the impact of any future reductions to the National Park Grant beyond 2024/25. 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 Audit and Risk Committee receive detailed reports on the current risks with details of the individual risks, risk owner and actions. A link to the latest report can be found below.

[Corporate Risk Register - review \(broads-authority.gov.uk\)](https://broads-authority.gov.uk/corporate-risk-register-review)

### Review of Corporate Risk Register

Following a recommendation from internal audit's Corporate Governance and Risk Management review the risk register and policy was reviewed and updated during 2022/23. The risk register is now split between the Corporate Risk Register, focusing on risks that are strategic, and Directorates' risk registers, focusing on operational day to day risk. The Corporate Risk Register is reviewed at every Audit and Risk Committee meeting with the option for significant risks being reported to the Broads Authority.

## Opportunities

External funding opportunities continue to be investigated and supported by National Parks Partnership LLP (NPP). NPP continues to promote corporate partnerships for the UK National Parks with the aim to make a significant, sustainable and discernible contribution to the improved quality of UK National Parks and the benefits they offer for generations to come. The UK National Parks also continue to investigate efficiencies through joint procurement and services and to create resilience amongst the Parks. 2019/20 saw the creation of the UK National Parks Communication Team hosted by the Broads Authority. This service is jointly funded by 14 UK National Parks and seeks to promote a shared sense of identity.

The National Parks will continue to work with DEFRA and its appointed consultant, Philanthropy Company, to explore opportunities to increase income to the Parks.

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.

June 2022 saw the Authority return to the Norfolk Show, 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 2023.

2022/23 has seen the Authority benefit from two additional funding pots from DEFRA. The first in November related to Access for All funding in Protected landscapes. This work has helped fund footpath improvements at both Hoveton Riverside Park and Horsey Wind Pump. Then in December 2022, the Authority received notification that for the first time, it would receive capital funding of £1,257,112 to purchase new equipment and land and support the repair of a drainage structure at Strumpshaw. All of which would improve biodiversity in the Broads. Despite the tight deadline to spend the money, all purchases were completed, with the exception of the land purchase, by 31 March 2023.

At the very end of the financial year Defra allocated a further £440k to each of the English National Parks. The Authority is giving careful consideration as to how to make the most of the opportunity presented by this one-off payment

The EXPERIENCE funding continued to support visitor experiences and during March 2023 Thurne phone box was transformed into the Broads smallest visitor centre with a wind-up audio player that helps identify bird song in the area. Signs on the platforms were also installed at Norwich train station welcoming visitors to the Broads National Park.

### **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 2023 is £67,138.



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 2023 is £63,276.

## Performance

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

### General (National Park) Income and Expenditure

The Authority received National Park Grant of £4,934k from Defra (£3,414k in 2021/22). This included one-off additional funding for 2022/23, this was made up of capital funding for Biodiversity of £1,055k, £440k supplementary core grant funding and £25k for Biodiversity Net Gain (£nil in 2021/22). In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £2,151k (£1,401k in 2021/22). Total income for 2022/23 was £7,085k (£4,815k in 2021/22).

The Authority set a budget for 2022/23 with a forecast deficit of £221k (£124k deficit for 2021/22). 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 the year 2022/23 indicated an anticipated deficit of £200k. The actual outturn saw a deficit of £270k (an adverse variance of £70k). The Authority has a policy for carrying forward requests in respect of underspends. These were considered and approved by the Authority on 12 May for £29k (nil for 2021/22) and added to the 2023/24 budget.

### Navigation Income and Expenditure

Income from tolls was £3,721k (£3,632k in 2021/22), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £238k, (£322k in 2021/22) and interest was £58k (£6k in 2021/22). Total income for 2022/23 was £4,017k (£3,954k in 2021/22).

The Authority set a budget with a forecast deficit of £206k for 2022/23 (deficit of £299k for 2021/22). 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 2022/23, which took account of approved budget changes, indicated an anticipated deficit of £172k. The actual outturn saw a deficit of £173k (an adverse variance of £1k). The Authority has a policy for carrying forward requests in respect of underspends. These were considered and approved by the Authority on 12 May but due to the requests being funded from the earmarked reserves the net effect on the revenue budget for 2023/24 was £nil (£75k for 2021/22).

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 17 and the EFA on page 16.

## Outlook

2022/23 continues to focus on the successful delivery of the Nature for Climate Peatland Scheme discovery phase before exploring if the Authority will submit a bid for the restoration phase. Our two external funded projects from the NHLF and ERDF will see the completion of the practical works before the submission of the final claims in 2023 and 2024. Although the projects are claimed in arrears the impact on the Authority's cash flows is minimal. As the ERDF project is coming to an end, there is little uncertainty remaining on future exchange rates for the ERDF grant which is contracted in Euros. The use of a prudent exchange rate during the application phase has minimised any negative impact. The budget for Navigation is projecting a deficit of £55k in 2023/24 (after considering carry forward requests), with reserves at 12.7% of net expenditure at the end of the year. For General (National Park) funding there is a projected surplus of £37k in 2023/24, with reserves at 24.4% of net expenditure. The Navigation deficit will be balanced using reserves.

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

There are a significant number of variables – and some unknown quantities, such as future inflation, cost of utilities and salary increases – which could impact on these figures. The Financial Strategy will therefore be reviewed and updated by the Authority, having regard to any changes in circumstances and the annual outturn figures, at its meeting in January 2024. The annual toll increase for 2023/24 was set at 13% 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. 2023/24 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 2022/23 Accounts

There have been no key changes to the Statement of Accounts in 2022/23.

## The accounting statements

The Broads Authority's accounts for the year 2022/23 are set out on pages 13 to 82. 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 81.

# 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 2022/23 (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 2023 and its income and expenditure for the year ended 31 March 2023.

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 (insert date).

Signed on behalf of The Broads Authority:

(Chair of meeting approving the accounts)

Date

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

## Expenditure and Funding Analysis

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

2021/22 Net expenditure chargeable to the General and navigation fund balances £000	2021/22 adjustments between the funding and accounting basis £000	2021/22 Net expenditure in the comprehensive income and expenditure statement £000	Function	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
1,294	306	1,600	Operations	1,220	257	1,477
1,152	283	1,435	Strategic Services	1,330	262	1,592
774	84	858	Finance & Support Services (previously known as Chief Executive)	1,799	(808)	991
76	0	76	Corporate Amounts	79	0	79
(333)	627	294	Broads Navigation Account	43	533	576
<b>2,963</b>	<b>1,300</b>	<b>4,263</b>	<b>Net cost of services (subtotal)</b>	<b>4,471</b>	<b>244</b>	<b>4,715</b>
(3,380)	271	(3,109)	Other income and expenditure	(4,837)	88	(4,749)
<b>(417)</b>	<b>1,571</b>	<b>1,154</b>	<b>(Surplus) or Deficit</b>	<b>(366)</b>	<b>332</b>	<b>(34)</b>
<b>(1,787)</b>			Opening general and navigation fund balance	<b>(1,669)</b>		
<b>(417)</b>			Less/plus surplus or (deficit) on general and navigation balance in year	<b>(366)</b>		
<b>535</b>			Transfer (to)/from earmarked reserves	<b>890</b>		
<b>(1,669)</b>			<b>Closing general and navigation fund balance at 31 March</b>	<b>(1,145)</b>		

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



## Comprehensive Income and Expenditure statement

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

2021/22 Gross expenditure £000	2021/22 Income £000	2021/22 Net expenditure/ (income) £000	Description	Note	2022/23 Gross expenditure £000	2022/23 Income £000	2022/23 Net expenditure/ (income) £000
2,061	(461)	1,600	Operations		2,286	(809)	1,477
2,344	(909)	1,435	Strategic Services		2,848	(1,256)	1,592
880	(22)	858	Finance & Support Services		1,013	(22)	991
76	0	76	Corporate Items		79	0	79
4,241	(3,947)	294	Broads Navigation Account	36	4,525	(3,949)	576
<b>9,602</b>	<b>(5,339)</b>	<b>4,263</b>	<b>Cost of services (subtotal)</b>		<b>10,751</b>	<b>(6,036)</b>	<b>4,715</b>
		(1)	(Gains)/Losses on the disposal of non-current assets				(8)
		306	Financing and investment income and expenditure	11			193
		(3,414)	Taxation and non-specific grant income and expenditure	12			(4,934)
		<b>1,154</b>	<b>(Surplus) or deficit on provision of services (subtotal)</b>				<b>(34)</b>
		(211)	(Surplus) or deficit on revaluation of fixed assets				(273)
		(5,352)	Actuarial (gains)/losses on pension assets/liabilities				(12,727)
		(5,563)	Other comprehensive income and expenditure (subtotal)				(13,000)
		<b>(4,409)</b>	<b>Total comprehensive income and expenditure</b>				<b>(13,034)</b>

## Movement in reserves statement

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

<b>2021/22</b>	<b>General fund and navigation fund balance £000</b>	<b>Capital receipts reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Earmarked reserves £000</b>	<b>Total useable reserves £000</b>	<b>Unusable reserves £000</b>	<b>Total Authority reserves £000</b>
Balance at 31 March 2021 (A)	1,787	405	0	2,338	4,530	(8,650)	(4,120)
Total comprehensive income and expenditure	(1,154)	0	0	0	(1,154)	5,563	4,409
Adjustments between accounting basis and funding basis under regulations (Note 9)	1,571	0	0	0	1,571	(1,571)	0
Transfers to or from Earmarked reserves (Note 10)	(535)	0	0	535	0	0	0
Increase or (decrease in 2021/22 (B) (subtotal)	(118)	0	0	535	417	3,992	4,409
<b>Balance at 31 March 2022 (=A+B)</b>	<b>1,669</b>	<b>405</b>	<b>0</b>	<b>2,873</b>	<b>4,947</b>	<b>(4,658)</b>	<b>289</b>

<b>2022/23</b>	<b>General fund and navigation fund balance £000</b>	<b>Capital receipts reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Earmarked reserves £000</b>	<b>Total useable reserves £000</b>	<b>Unusable reserves £000</b>	<b>Total Authority reserves £000</b>
Balance at 31 March 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
<b>Balance at 31 March 2023 (=A+B)</b>	<b>1,145</b>	<b>422</b>	<b>150</b>	<b>3,763</b>	<b>5,480</b>	<b>7,843</b>	<b>13,323</b>

## Balance sheet

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

As at 31 March 22 £000	Category	Note	As at 31 March 23 £000
4,603	Property, plant & equipment	13	5,497
<b>4,603</b>	<b>Long term assets (subtotal)</b>		<b>5,497</b>
5,006	Short term investments		5,029
125	Inventories	14	141
794	Short term debtors	15	1,906
1,152	Cash and cash equivalents	16	702
<b>7,077</b>	<b>Current assets (subtotal)</b>		<b>7,778</b>
(35)	Short term borrowing		(35)
(2,017)	Short term creditors	17	(2,158)
(119)	Provisions	18	(99)
(23)	Grant receipts in advance	27	(45)
<b>(2,194)</b>	<b>Current liabilities (subtotal)</b>		<b>(2,337)</b>
(130)	Long term borrowing		(94)
(9,067)	Other long-term liabilities	30, 32	2,479
<b>(9,197)</b>	<b>Long term liabilities (subtotal)</b>		<b>2,385</b>
<b>289</b>	<b>Net assets (liabilities)</b>		<b>13,323</b>
-	<b>Useable reserves</b>	-	-
822	General account fund balance		561
847	Navigation account fund balance		584
405	Capital receipts reserve		422
-	Capital Grants Unapplied Account		150
2,873	Earmarked reserves	10	3,763
-	<b>Unusable reserves</b>	20	-
2,082	Revaluation reserve		2,340
2,330	Capital adjustment account		3,030
(9,008)	Pension reserve		2,525
(62)	Accumulated absence reserve		(52)
<b>289</b>	<b>Total reserves</b>		<b>13,323</b>

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2023 and its income and expenditure for the year 31 March 2023. These Financial Statements replace those certified by the Director of Finance on 4 April 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.

<b>2021/22 £000</b>	<b>Revenue activities</b>	<b>Note</b>	<b>2022/23 £000</b>
(1,154)	Net surplus or (deficit) on the provision of services		34
2,132	Adjustments to net surplus or deficit on the provision of services for non-cash movements		516
(3)	Adjust for items in the net surplus or deficit on the provision of services that are investing and financing activities		(1,087)
975	Net cash flows from operating activities (subtotal)	21	(537)
(2,119)	Investing activities	22	150
(78)	Financing activities	23	(63)
(1,222)	Net increase or (decrease) in cash and cash equivalents (subtotal)		(450)
2,374	Cash and cash equivalents at the beginning of the reporting period		1,152
<b>1,152</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	16	<b>702</b>

# Notes to the Statement of Accounts

## 1. Accounting policies

### i. General principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. 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 2022/23 and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### ii. Accruals of Income and Expenditure

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

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

### iii. Cash and cash equivalents

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

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

**iv. Exceptional items**

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

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

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

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

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

**vi. Charges to revenue for non-current assets**

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

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

**vii. Employee Benefits**

**Benefits payable during employment**

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

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

### **Termination benefits**

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

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

### **Post-employment benefits**

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

### **viii. Events after the balance sheet date**

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

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

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



## **ix. Fair value measurement**

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

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

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

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

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

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

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

## **x. Financial instruments**

### **Financial liabilities**

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

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

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

### **Financial assets**

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

There are three main classes of financial assets measured at:

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

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

### **Financial assets measured at amortised cost**

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

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

### **Expected Credit Loss Model**

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

The Authority has not made any material loans.

#### **xi. Foreign currency translation**

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

#### **xii. Government Grants and Contributions**

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

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

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

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

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

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

#### **xiii. 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 2022/23, 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 2022/23 Code of Practice on Local Authority Accounting adopts the following amendments to International Accounting Standards and International Financial Reporting Standards, which will be required from 1 April 2023:

- The implementation of IFRS 16 Leases will take effect from 1 April 2023. This will be a significant change in Local Authority Accounting. Its introduction will remove the distinction between operating and finance leases for lessees. The standard will require assets to be recognised on the balance sheet as well as the liability for outstanding lease payments. This will apply where the right to use the asset exceeds 12 months and it is not considered low value. This will be a significant change to the Authority as it holds a number of operating leases relating to land that is used for moorings.

## **3. Critical judgements in applying accounting policies**

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

- Despite the one-year settlement from DEFRA for 2023/24 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 £52,000 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 £585,000. 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 2022/23 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 2024. 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

2021/22 Adjustments for capital purposes (Note 1) £000	2021/22 Net change for the pension's adjustments (Note 2) £000	2021/22 Other differences (Note 3) £000	2021/22 Total adjustments £000	Description	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
88	215	3	306	Operations	75	187	(5)	257
31	257	(5)	283	Strategic Services	27	235	0	262
1	84	(1)	84	Finance & Support Services	(890)	83	(1)	(808)
0	0	0	0	Corporate Items	0	0	0	0
157	472	(2)	627	Broads Navigation Account	103	434	(4)	533
277	1,028	(5)	1,300	Net Cost of Services (subtotal)	(685)	939	(10)	244
0	271	0	271	Other income and expenditure from the Expenditure and Funding analysis	(167)	255	0	88
<b>277</b>	<b>1,299</b>	<b>(5)</b>	<b>1,571</b>	Difference between General and Navigation Fund surplus or deficit and comprehensive Income and Expenditure Statement Surplus of Deficit on the Provision of Services	<b>(852)</b>	<b>1,194</b>	<b>(10)</b>	<b>332</b>

## Note

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

Income received on a segmental basis is analysed below:

<b>Service</b>	<b>2021/22 Income from services (£000)</b>	<b>2022/23 Income from services (£000)</b>
Operations	(461)	(809)
Strategic Services	(909)	(1,256)
Finance & Support Services	(22)	(22)
Corporate items	0	0
Specialist ringfenced account (navigation)	(3,947)	(3,949)
<b>Total income analysed on a segmental basis</b>	<b>(5,339)</b>	<b>(6,036)</b>

## 8a. Expenditure and income analysed by nature

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

<b>Expenditure</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>
Employee benefits expenses	6,326	6,699
Other services expenses	3,589	4,850
Depreciation, amortisation, impairment	475	326
Interest payments	46	55
Expenditure in relation to investment properties	0	0
Loss/(gain) on the disposal of assets	(1)	(8)
<b>Total expenditure</b>	<b>10,435</b>	<b>11,922</b>

<b>Income</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>
Fees, charges and other service income	(5,343)	(6,051)
Interest and investment income	(12)	(117)
Contributions from reserves	(592)	(853)
Government grants and contributions	(3,414)	(4,935)
Total income (subtotal)	(9,361)	(11,956)
<b>Surplus or deficit on the provision of services</b>	<b>1,154</b>	<b>(34)</b>

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

## 8b. Revenue from contracts with service recipients

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

<b>Contract Revenue</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>
Revenue from contracts with service recipients	123	130
<b>Total included in comprehensive income and expenditure</b>	<b>123</b>	<b>130</b>

Amounts included in the Balance Sheet for contracts with service recipients

<b>Outstanding Revenue</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>
Receivables, which are included in debtors (Note 15)	0	0
<b>Total included in net assets</b>	<b>0</b>	<b>0</b>

## 9. Adjustments between accounting basis and funding basis under regulations

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

2021/22 General fund and navigation fund £000	2021/22 Capital receipts reserve £000	2021/22 Movement in unusable reserves £000	Adjustments	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
			<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
			<b>Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:</b>				
0	0	0	Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(3)	3	0	0
352	0	(352)	Charges for depreciation and impairment of non-current assets	320	0	0	(320)
113	0	(113)	Revaluation losses on property, plant and equipment	6	0	0	(6)
9	0	(9)	Amortisation of intangible assets	0	0	0	0
2	0	(2)	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	10	14	0	(24)
			<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
(78)	0	78	Statutory provision for the financing of capital investment	(64)	0	0	64
(121)	0	121	Capital expenditure charged against the General Fund	(66)	0	(905)	971
			<b>Adjustments involving the Capital Resources:</b>				
0	0	0	Application of Capital Grant to finance Capital Expenditure	(905)	0	905	0
0	0	0	Transfer of Capital Grants and contributions to Capital Unapplied Grant	(150)	0	150	0
			<b>Adjustments involving the Pensions Reserve:</b>				
2,108	0	(2,108)	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)	2,080	0	0	(2,080)
(809)	0	809	Employer's pension contributions and direct payments to pensioners payable in the year	(886)	0	0	886
			<b>Adjustments involving the accumulated Absences Account:</b>				
(5)	0	5	Adjustments in relation to short-term compensated absences	(10)	0	0	10
<b>1,571</b>	<b>0</b>	<b>(1,571)</b>	<b>Total adjustments</b>	<b>332</b>	<b>17</b>	<b>150</b>	<b>(499)</b>



## 10. Transfers to/from earmarked reserves

This note presents details of the amounts set aside in earmarked reserves to provide financing for future expenditure and the amounts posted back from earmarked reserves to meet expenditure in 2022/23. A description of each of the earmarked reserves follows in the table below.

Reserve Name	Balance at 31 March 2021 £000	Transfers in 2021/22 £000	Transfers out 2021/22 £000	Balance at 31 March 2022 £000	Transfers in 2022/23 £000	Transfers out 2022/23 £000	Balance at 31 March 2023 £000
Property	(731)	(173)	24	(880)	(94)	42	(932)
Plant, vessels and equipment	(346)	(217)	78	(485)	(220)	69	(636)
Premises	(212)	(82)	0	(294)	(88)	6	(376)
Planning delivery grant	(228)	(17)	0	(245)	(16)	0	(261)
Upper Thurne Enhancement Scheme	(165)	(22)	0	(187)	(27)	0	(214)
Section 106 Agreements	(34)	0	34	0	0	0	0
Heritage Lottery Fund	(32)	(345)	369	(8)	(636)	473	(171)
Catchment Partnership	(75)	(32)	22	(85)	(48)	48	(85)
CANAPE	(391)	(210)	125	(476)	(67)	80	(463)
Computer Software	(31)	(98)	0	(129)	(24)	0	(153)
UK National Park Communications	(47)	(152)	161	(38)	(88)	121	(5)
Match Funding	(46)	0	0	(46)	0	29	(17)
Medium Term Financial Planning	0	0	0	0	(450)	0	(450)
<b>Total</b>	<b>(2,338)</b>	<b>(1,348)</b>	<b>813</b>	<b>(2,873)</b>	<b>(1,759)</b>	<b>869</b>	<b>(3,763)</b>

Included in the closing balance of £3,763k, £1,503k relates to Navigation funded reserves.

Earmarked reserves

**Property**

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

**Plant, Vessels and Equipment**

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

**Premises**

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

**Planning Delivery Grant**

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

**Upper Thurne Enhancement Scheme**

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

**Section 106 Agreements**

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

**Heritage Lottery Fund**

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

**Catchment Partnership**

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

**CANAPE**

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

**Computer Software**

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

**UK National Parks Communications**

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

**Match Funding**

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

**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

2021/22 £000	Expenditure and income detail	2022/23 £000
46	Interest payable and similar charges	55
271	Net interest on the net defined benefit liability (asset)	255
(11)	Interest receivable and similar income	(117)
<b>306</b>	<b>Total</b>	<b>193</b>

## 12. Taxation and non-specific Grant income

2021/22 £000	Income detail	2022/23 £000
	<b>Credited to Taxation and non-specific Grant income</b>	
3,414	DEFRA National Park Grant	3,414
0	DEFRA Supplementary National Park Grant	440
0	DEFRA Biodiversity Capital Grant	1,055
0	DEFRA Biodiversity Net Gain funding	25
<b>0</b>	<b>Total</b>	<b>4,934</b>

### 13. Property, plant and equipment

#### Movements on balances 2021/22

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 2021	3,139	3,222	315	323	128	7,127
Additions	21	100	0	0	0	121
Revaluation increases/(decreased) recognised in the Revaluation reserve	22	(851)	0	0	0	(829)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition-disposals	0	(3)	0	0	0	(3)
Reclassification	0	128	0	0	(128)	0
<b>At 31 March 2022</b>	<b>3,182</b>	<b>2,596</b>	<b>315</b>	<b>323</b>	<b>0</b>	<b>6,416</b>

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

<b>Net Book Value</b>	<b>Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment</b>
<b>At 31 March 2022</b>	<b>3,123</b>	<b>1,128</b>	<b>29</b>	<b>323</b>	<b>0</b>	<b>4,603</b>
At 31 March 2021	3,089	1,153	45	323	128	4,738

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)
<b>At 31 March 2023</b>	<b>3,379</b>	<b>3,433</b>	<b>315</b>	<b>323</b>	<b>92</b>	<b>7,542</b>

<b>Accumulated depreciation and impairment</b>	<b>Land and Buildings £000</b>	<b>Vehicles Plant, Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment £000</b>
At 1 April 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)
<b>At 31 March 2023</b>	<b>83</b>	<b>1,661</b>	<b>301</b>	<b>0</b>	<b>0</b>	<b>2,045</b>

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

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.

<b>Financial Year</b>	<b>Land and buildings £000</b>	<b>Vehicles, plant, furniture &amp; equipment £000</b>	<b>Infrastructure assets £000</b>	<b>Community assets £000</b>	<b>Assets under construction £000</b>	<b>Total £000</b>
Carried at historical cost	0	73	2	323	0	398
Valued at current value as at 31 March 2023	1,632	985	0	0	92	2,709
31 March 2022	318	235	0	0	0	553
31 March 2021	538	260	0	0	0	798
31 March 2020	808	92	12	0	0	912
31 March 2019	0	127	0	0	0	127
<b>Total cost or valuation</b>	<b>3,296</b>	<b>1,772</b>	<b>14</b>	<b>323</b>	<b>92</b>	<b>5,497</b>

## 14. Inventories

Description	Consumable stores 2021/22 £000	Consumable stores 2022/23 £000	Maintenance materials 2021/22 £000	Maintenance materials 2022/23 £000	Total 2021/22 £000	Total 2022/23 £000
Balance outstanding at start of year	39	40	73	85	112	125
Purchases	31	34	142	212	173	246
Recognised as an expense in year	(30)	(36)	(130)	(194)	(160)	(230)
Written off balances	0	0	0	0	0	0
<b>Balances outstanding at year end</b>	<b>40</b>	<b>38</b>	<b>85</b>	<b>103</b>	<b>125</b>	<b>141</b>

## 15. Debtors

31 March 2022 £000	Debtor types	31 March 2023 £000
45	Trade receivables	708
637	Prepayments and accrued income	833
112	Other receivable amounts	365
<b>794</b>	<b>Total</b>	<b>1,906</b>

## 16. Cash and cash equivalents

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

31 March 2022 £000	Cash and cash equivalent types	31 March 2023 £000
2	Cash held by the Broads Authority	2
1,150	Bank current accounts	700
<b>1,152</b>	<b>Total cash and cash equivalents</b>	<b>702</b>

## 17. Creditors

31 March 2022 £000	Creditor types	31 March 2023 £000
258	Trade payables	228
1,552	Accruals and income in advance	1,798
207	Other payable amounts	132
<b>2,017</b>	<b>Total</b>	<b>2,158</b>

## 18.Provisions

2021/22 Accumulated absences provision £000	2021/22 Whitlingham Dilapidation s provision £000	2021/22 Audit Fees provision £000	2021/22 Total £000	Description	2022/23 Accumulated absences provision £000	2022/23 Audit Fees provision £000	2022/23 Biodiversity Net Gain Provision £000	2022/23 Total £000
67	47	40	154	Balance at 1 April	62	57	0	119
62	0	29	91	Additional provisions made in year	53	0	26	79
(67)	(47)	(12)	(126)	Settlements or cancellation of provision made at end of proceeding year	(62)	(37)	0	(99)
<b>62</b>	<b>0</b>	<b>57</b>	<b>119</b>	<b>Balance at 31 March</b>	<b>53</b>	<b>20</b>	<b>26</b>	<b>99</b>

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

The Audit Fee provision relates to the additional fees EY would like the Authority to pay relating to the 2022/23 audit. The additional fee relating to the 2020/21 audit was settled in September 2022. The Authority has not received an additional fee for the 2021/22 audit.

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 2023/24.

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 2022 £000	Description	31 March 2023 £000
2,082	Revaluation reserve	2,340
2,330	Capital Adjustment Account	3,030
(9,008)	Pensions Reserve	2,525
(62)	Accumulated Absences Account	(52)
<b>(4,658)</b>	<b>Total unusable reserves</b>	<b>7,843</b>

### Revaluation reserve

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

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

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

2021/22 £000	Description	2022/23 £000
1,887	Balance at 1 April	2,082
234	Upward revaluation of assets	321
(24)	Downward revaluation of assets	(48)
210	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services (subtotal)	273
(15)	Difference between current value depreciation and historical cost depreciation	(15)
(15)	Amount written off to the Capital Adjustment Account (subtotal)	(15)
<b>2,082</b>	<b>Balance at 31 March</b>	<b>2,340</b>

### Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2021/22 £000	Description	2022/23 £000
2,591	Balance at 1 April	2,330
0	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(3)
(352)	Charges for depreciation and impairment of non-current assets	(320)
(113)	Revaluation losses on property plant & equipment	(6)
0	Amount on Excavator w/off on disposal or sale as part of the gain/loss on disposal to CIES	3
(9)	Amortisation of intangible assets	0
(2)	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	(24)
15	Adjusting amounts written out of the revaluation reserve	15
(461)	Net written out amount of the cost of non-current assets consumed in the year (subtotal)	(335)
0	Capital grants and contributions credited to CIES applied for capital financing	(1,055)

2021/22 £000	Description	2022/23 £000
0	Application of grants to capital financing from Capital Grants Unapplied Account	905
0	Transfer of capital grants and contributions to Capital Grants Unapplied	150
79	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	64
121	Capital expenditure charges against the General Fund	971
<b>2,330</b>	<b>Balance at 31 March</b>	<b>3,030</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22 £000	Description	2022/23 £000
(13,061)	Balance at 1 April	(9,008)
5,352	Remeasurements of the net defined benefit liability/(asset)	12,727
(2,108)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,080)
809	Employer's pension contributions and direct payments to pensioners payable in the year	886
<b>(9,008)</b>	<b>Balance at 31 March</b>	<b>2,525</b>

### Accumulated Absences Account

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

2021/22 £000	Description	2022/23 £000
(67)	Balance at 1 April	(62)
67	Settlement or cancellation of accrual made at the end of the preceding year	0
(62)	Amounts accrued at the end of the current year	62
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(52)
<b>(62)</b>	<b>Balance at 31 March</b>	<b>(52)</b>

### 21. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2021/22 £000	Operating activity	2022/23 £000
(10)	Interest received	104
47	Interest paid	(49)
<b>(37)</b>	<b>Net cash flows from operating activities</b>	<b>55</b>

### 22. Cash flow statement – investing activities

2021/22 £000	Investing activity	2022/23 £000
(121)	Purchase of property, plant and equipment, investment property and intangible assets	(971)
(2,001)	Purchase of short-term investments	(10)
0	Proceeds from short term investments	1,099
3	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	32
<b>(2,119)</b>	<b>Net cash flows from investing activities</b>	<b>150</b>



## 23. Cash flow statement – financing activities

2021/22 £000	Financing activity	2022/23 £000
0	Cash receipts of short- and long-term borrowing	0
(44)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(28)
(34)	Repayments of short- and long-term borrowing	(35)
<b>(78)</b>	<b>Net cash flows from financing activities</b>	<b>(63)</b>

## 24. Members' allowances

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

2021/22 £000	Member payment type	2022/23 £000
40	Allowances	40
6	Expenses	6
<b>46</b>	<b>Total</b>	<b>46</b>

## 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	2021/22	92	0	0	17	109
	2022/23	94	0	0	17	111
Director of Strategic Services	2021/22	65	0	0	12	77
	2022/23	67	0	0	12	79
Director of Operations	2021/22	65	0	0	12	77
	2022/23	67	0	0	12	79
Director of Finance *	2021/22	20	0	0	4	23
	2022/23	60	0	0	11	71

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

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

<b>Number of employees 2021/22</b>	<b>Remuneration amount band</b>	<b>Number of employees 2022/23</b>
0	£50,000 - £54,999	0
1	£55,000 - £59,999	0
2	£60,000 - £64,999	1
0	£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	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 2021/22	Number of compulsory redundancies 2022/23	Number of other departures agreed 2021/22	Number of other departures agreed 2022/23	Total number of exit packages by cost band 2021/22	Total number of exit packages by cost band 2022/23	Total cost of exit packages in each band 2021/22 £000	Total cost of exit packages in each band 2022/23 £000
£0-£20,000	0	1	0	0	0	1	0	4
£20,001-£40,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>4</b>

## 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.

<b>2021/22 £000</b>	<b>Type of external audit cost</b>	<b>2022/23 £000</b>
11	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	11
56	Additional fees relating to the 2019/20 to 2022/23 audit of the Statement of Accounts	12
<b>67</b>	<b>Total</b>	<b>23</b>

## 27. Grant income

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

2021/22 £000	Grant Name	2022/23 £000
3,414	Credited to taxation and non-specific grant income: Defra National Park Grant	3,414
0	Defra Supplementary National Park Grant	440
0	Defra Biodiversity Capital Funding	1,055
0	Defra Biodiversity Net Gain Funding	25
<b>3,414</b>	<b>Credited to taxation and non-specific grant income (subtotal)</b>	<b>4,934</b>
344	Credited to serves: Heritage Lottery Fund – Landscape Partnership Scheme	709
0	Defra Access Funding	64
77	Natural England – Nature for Climate Peatland Scheme	392
209	CANAPE - ERDF	57
11	Defra Environment Land Management Scheme	0
3	Water Environment Grant	0
257	Defra Farming In Protected Landscapes (FiPL)	166
41	Generation Green	6
<b>942</b>	<b>Credited to services (subtotal)</b>	<b>1,394</b>
<b>4,356</b>	<b>Total</b>	<b>6,328</b>

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

### Current liabilities

2021/22 £000	Grant receipts in advance (revenue grants)	2022/23 £000
23	Defra Farming In Protected Landscapes (FiPL)	29
0	Defra Access Funding	16
<b>23</b>	<b>Total</b>	<b>45</b>

## 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 Andrew Hamilton is a member of the Navigation Committee and is Director of 'Eastwood Whelpton Ltd'. Eastwood Whelpton Ltd paid £13,807 (£12,713 2021/22) navigation tolls to the Broads Authority in 2022/23.

Mr James Knight is a member of the Broads Authority and Planning Committee and is a Director of 'Waveney River Centre (2003) Ltd'. In October 2021 all of the assets were transferred from Waveney River Centre to Tingdene. Waveney River Centre (2003) Ltd paid nil (£9,616 2021/22) navigation tolls to the Broads Authority in 2022/23. The Authority also made fuel purchases of nil (£323 in 2021/22), services to lift a pontoon of nil (£690 2021/22) and used mooring facilities of nil during 2022/23 (£2,250 2021/22). No amounts were outstanding at 31 March 2023. Mr Knight is also Director of 'Norfolk Broads Direct' who paid £141,652 navigation tolls in 2022/23 (£133,561 in 2021/22). Mr Knight took no part in the decision-making process associated with these contracts.

Mr Greg Munford is a member of the Broads Authority, Navigation Committee and was a member of Audit & risk Committee until 26 July 2022 and is Director of 'Richardsons Leisure Ltd'. Richardsons Leisure Ltd paid £314,460 (£336,681 2021/22) navigation tolls to the Broads Authority in 2022/23.

Mr Simon Sparrow is a member of the Broads Authority and Navigation Committee and is Director of 'Hippersons Boatyard Ltd' and 'HE Hipperson Ltd'. Hippersons Boatyard Ltd paid £5,861 (£5,282 2021/22) navigation tolls to the Broads Authority in 2022/23. The Authority

also made fuel purchases from HE Hipperson Ltd of £1,575 (nil 2021/22) in 2022/23. No amounts were outstanding at 31 March 2023.

#### 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 Hilary Slater who served as Monitoring Officer to the Broads Authority until 14 May 2021. Christopher Bing, also from East Suffolk Council, started as the Monitoring Officer on the 15 May 2021, but left on the 31 December 2022. East Suffolk Council recharges the Authority for this service and paid £7,288 in 2022/23 (£11,811 in 2021/22). No amounts were outstanding at 31 March 2023 (£365 in 2021/22).

The Authority recharged Broadland District Council for staff time of £4,260 during 2021/22 and no amounts were recharged in 2022/23. No amounts were outstanding at 31 March 2023 (Nil 2021/22).

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £32,662 for legal services in 2022/23 (£31,596 in 2021/22). No amounts were outstanding at 31 March 2023 (£3,083 2021/22).

Norfolk County Council also provides payroll services to the Broads Authority. The Authority paid £5,860 for this in 2022/23 (£11,435 in 2021/22). No amounts were outstanding at 31 March 2023 (Nil 2021/22).

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 £96,371 in 2022/23 (£12,208 2021/22). No amounts were outstanding at 31 March 2023 (nil 2021/22).

## 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.

2021/22 £000	Description	2022/23 £000
269	Opening Capital Finance Requirement	191
121	<b>Capital investment:</b> Property, plant and equipment	971
(121)	<b>Sources of finance</b> Sums set aside from revenue: Direct revenue contributions	(971)
(78)	MRP	(64)
<b>191</b>	<b>Closing capital finance requirement</b>	<b>127</b>
(78)	<b>Explanation of movements in year</b> Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(64)
<b>(78)</b>	<b>Increase/(decrease) in capital financing requirement</b>	<b>(64)</b>

## 30. Leases

Authority as lessee

### Finance Leases

The Authority previously held finance leases for vehicles, plant and office equipment acquired under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2021/22 £000	Asset Type	2022/23 £000
0	Other Land and Buildings	0
43	Vehicles, Plant, Furniture and Equipment	0
<b>43</b>	<b>Total</b>	<b>0</b>

The Authority was committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:



<b>2021/22 £000</b>	<b>Time periods</b>	<b>2022/23 £000</b>
29	Finance lease liabilities (net present value of minimum lease payments): Current	0
0	Non-current	0
1	Finance costs payable in future years	0
<b>30</b>	<b>Minimum lease payments</b>	<b>0</b>

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

Time periods	Minimum lease payments 31 March 2022 £000	Minimum lease payments 31 March 2023 £000	Finance lease liabilities 31 March 2022 £000	Finance lease liabilities 31 March 2023 £000
Not later than one year	30	0	29	0
Later than one year and not later than 5 years	0	0	0	0
Later than 5 years	0	0	0	0
<b>Total</b>	<b>30</b>	<b>0</b>	<b>29</b>	<b>0</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23, no contingent rents were payable by the Authority (2021/22 nil).

### Operating Leases

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

2021/22 £000	Time period	2022/23 £000
103	Not later than one year	158
94	Later than one year and not later than 5 years	544
195	Later than 5 years	181
<b>392</b>	<b>Total</b>	<b>883</b>

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

2021/22 £000	Expenditure	2022/23 £000
165	Minimum lease payments	164
<b>165</b>	<b>Total</b>	<b>164</b>

Authority as Lessor

### Finance Leases

The Authority has no leased-out property on a finance lease.

### Operating Leases

The Authority leases out land and property under operating leases for the following purposes:

- For the provision of community services, such as tourism services; and
- For an outdoor education and study centre.

The future minimum lease payments receivable under non-cancellable operating leases in future years are:

2021/22 £000	Time Period	2022/23 £000
2	Not later than one year	2
6	Later than one year and not later than 5 years	6
0	Later than 5 years	2
<b>8</b>	<b>Total</b>	<b>10</b>

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

### 31. Termination benefits

The Authority terminated the contract of one employee who was made redundant at the beginning of 2022/23 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 2022/23 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:

2021/22 £000	Transaction	2022/23 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
1,837	• current service cost	1,825
0	• past service cost	0
	Financing and investment income and expenditure	
271	• net interest expense	255
<b>2,108</b>	<b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>2,080</b>
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
(2,162)	• return on plan assets (excluding the amount included in the net interest expense)	1,318
(208)	• actuarial gains and losses arising on changes in demographic assumptions	(99)
(3,065)	• actuarial gains and losses arising on changes in financial assumptions	(17,454)
83	• other experience	3,508
<b>(5,352)</b>	<b>Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(12,727)</b>
	Movement in Reserves Statement	
	• reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	
2,108		2,080
	Actual amount charged against the General Fund balance for pensions in the year:	
(809)	• employers' contributions payable to scheme	(886)

### 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:

2021/22 £000	Type	2022/23 £000
(43,379)	Present value of the defined benefit obligation	(32,534)
34,371	Fair value of plan assets	35,059
<b>(9,008)</b>	<b>Net (liability)/asset arising from defined benefit obligation</b>	<b>2,525</b>

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

2021/22 £000	Movements	2022/23 £000
31,452	Opening fair value of scheme assets	34,371
630	Interest income	929
2,162	Remeasurement gain / (loss): <ul style="list-style-type: none"> <li>The return on plan assets, excluding the amount included in the net interest expense</li> </ul>	(1,318)
0	Other Experience	967
809	Contributions from employer	886
241	Contributions from employees into the scheme	265
(923)	Benefits paid	(1,041)
<b>34,371</b>	<b>Closing fair value of scheme assets</b>	<b>35,059</b>

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

2021/22 £000	Movements	2022/23 £000
44,513	Balance at 1 April	43,379
1,837	Current service cost	1,825
901	Interest cost	1,184
241	Contributions from scheme participants	265
(208)	Remeasurement (gains) and losses: <ul style="list-style-type: none"> <li>• Actuarial gains / losses from changes in demographic assumptions</li> </ul>	(99)
(3,065)	<ul style="list-style-type: none"> <li>• Actuarial gains / losses arising from changes in financial assumptions</li> </ul>	(17,454)
83	<ul style="list-style-type: none"> <li>• Other</li> </ul>	4,475
0	<ul style="list-style-type: none"> <li>• Past Service Cost</li> </ul>	0
(923)	Benefits paid	(1,041)
<b>43,379</b>	<b>Balance at 31 March</b>	<b>32,534</b>

## Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2021/22 £000				Fair value of scheme assets 2022/23 £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
486.7	-	486.7	Cash and cash equivalents: <ul style="list-style-type: none"> <li>All cash and cash equivalents</li> </ul>	585.4	-	585.4
-	-	-	Equity instruments: <ul style="list-style-type: none"> <li>Consumer</li> <li>Manufacturing</li> <li>Energy and utilities</li> <li>Financial institutions</li> <li>Health and care</li> <li>Information technology</li> <li>Other</li> </ul>	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
347.0	-	347.0	Bonds (Debt securities): <ul style="list-style-type: none"> <li>Corporate bonds (investment grade)</li> <li>Corporate bonds (non-investment grade)</li> <li>UK Government</li> </ul>	301.3	-	301.3
-	2,773.4	2,773.4	Private equity: <ul style="list-style-type: none"> <li>All private equity</li> </ul>	-	3,349.6	3,349.6

Fair value of scheme assets 2021/22 £000				Fair value of scheme assets 2022/23 £000		
-	3,139.0	3,139.0	Property:	-	3,034.0	3,034.0
-	483.8	483.8	• UK property	-	521.1	521.1
			• Overseas property			
14,459.1	-	14,459.1	Other investment funds and unit trusts:	16,673.0	-	16,673.0
9,928.4	-	9,928.4	• Equities	6,762.6	-	6,762.6
-	2,746.0	2,746.0	• Bonds	-	3,938.3	3,938.3
-	-	-	• Infrastructure	-	-	-
			• Other			
-	-	-	Derivatives	-	-	-
7.6	-	7.6	• Other derivatives	(106.3)	-	(106.3)
			• Foreign exchange			
<b>25,228.8</b>	<b>9,142.2</b>	<b>34,371.0</b>	<b>Total</b>	<b>24,216.0</b>	<b>10,843.0</b>	<b>35,059.0</b>



### Basis for estimating assets and liabilities

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

The principal assumptions used by the actuary have been:

31 March 2022	Assumption	31 March 2023
	Long term expected rate of return on assets in the scheme:	
2.70%	• Equity investments	4.75%
2.70%	• Bonds	4.75%
2.70%	• Property	4.75%
2.70%	• Cash	4.75%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.70 years	• Men	21.5 years
24.10 years	• Women	24.6 years
	Longevity at 65 for future pensioners:	
22.90 years	• Men	22.4 years
26.00 years	• Women	26.1 years
3.20%	Rate of inflation	2.95%
3.90%	Rate of increase in salaries	3.65%
3.20%	Rate of increase in pensions	2.95%
2.70%	Rate for discounting scheme liabilities	4.75%
	Take up of option to convert annual pension into retirement lump sum:	
50.00%	Pre- April 2008 service	45.00%
75.00%	Post- April 2008 service	45.00%

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

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

basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below are consistent with those adopted in the previous period.

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

<b>Change in assumptions at 31 March 2023</b>	<b>Approximate % increase to employer liability</b>	<b>Approximate monetary amount £000</b>
0.1% decrease in real discount rate	2%	585
1-year increase in member life expectancy	4%	1,301
0.1% increase in the salary increase rate	0%	56
0.1% increase in the pension increase rate	2%	538

#### 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 (57% of scheme assets) and bonds (20%). These percentages are materially the same as the previous year. The scheme also invests in properties as part of the diversification of the scheme's investments.

Further details of the Fund's investment approach are outlined in the Statement of Investment Principles and Funding Strategy Statement that are published on the Fund's website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

#### Impact on the Authority's cash flows

The objectives of the scheme are to keep employers' contributions at 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 £861,000 to the scheme in 2023/24.

### **33. Contingent Liabilities**

The Authority has identified one material contingent liability:

#### **Postwick Tip**

The Authority uses a site "Postwick Tip," which is included in the Authority's Fixed Asset Register, for the treatment of sediment material from dredging operations. This natural treatment process involves the drying of sediment so that mercury content is absorbed. As such there would be no clean-up costs at the end of the site's life. However, if the Authority were to stop using the site, there would be a cost of £33,000 to surrender the license. There is currently no expectation that the Authority will cease using the site. The Authority's use of the site is the subject of a bond / financial provision to the Environment Agency in the amount of £8.9m. This covers the estimated cost of restoration which could arise if there were to be a catastrophic event at the site. Defra are the guarantors for this bond and the Authority would not itself anticipate making any payment under the terms of this agreement.

### 34. Financial Instruments

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

#### Financial Assets

Type	Non-Current Investments 31 March 2022 £000	Non-Current Investments 31 March 2023 £000	Non-Current Debtors 31 March 2022 £000	Non-Current Debtors 31 March 2023 £000	Current Investments 31 March 2022 £000	Current Investments 31 March 2023 £000	Current Debtors 31 March 2022 £000	Current Debtors 31 March 2023 £000	Total 31 March 2022 £000	Total 31 March 2023 £000
Amortised Cost	0	0	0	0	6,156	5,728	550	1,670	6,706	7,398
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,156</b>	<b>5,728</b>	<b>550</b>	<b>1,670</b>	<b>6,706</b>	<b>7,398</b>
Non-financial assets	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,156</b>	<b>5,728</b>	<b>550</b>	<b>1,670</b>	<b>6,706</b>	<b>7,398</b>

## Financial Liabilities

Type	Non-Current Borrowings 31 March 2022 £000	Non-Current Borrowings 31 March 2023 £000	Non-Current Creditors 31 March 2022 £000	Non-Current Creditors 31 March 2023 £000	Current Borrowings 31 March 2022 £000	Current Borrowings 31 March 2023 £000	Current Creditors 31 March 2022 £000	Current Creditors 31 March 2023 £000	Total 31 March 2022 £000	Total 31 March 2023 £000
Amortised Cost	130	94	0	0	64	35	1,988	2,158	2,182	2,287
<b>Total financial liabilities</b>	<b>130</b>	<b>94</b>	<b>0</b>	<b>0</b>	<b>64</b>	<b>35</b>	<b>1,988</b>	<b>2,158</b>	<b>2,182</b>	<b>2,287</b>
Non-financial liabilities	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>130</b>	<b>94</b>	<b>0</b>	<b>0</b>	<b>64</b>	<b>35</b>	<b>1,988</b>	<b>2,158</b>	<b>2,182</b>	<b>2,287</b>

## Income, Expense Gains and Losses

Interest Type	Surplus or Deficit on the Provision of Services 2021/22 £000	Other Comprehensive Income and Expenditure 2021/22 £000	Total 2021/22 £000	Surplus or Deficit on the Provision of Services 2022/23 £000	Other Comprehensive Income and Expenditure 2022/23 £000	Total 2022/23 £000
Interest Expense	29	0	29	55	0	55

<b>Interest Type</b>	<b>Surplus or Deficit on the Provision of Services 2021/22 £000</b>	<b>Other Comprehensive Income and Expenditure 2021/22 £000</b>	<b>Total 2021/22 £000</b>	<b>Surplus or Deficit on the Provision of Services 2022/23 £000</b>	<b>Other Comprehensive Income and Expenditure 2022/23 £000</b>	<b>Total 2022/23 £000</b>
Interest Income	(22)	0	(22)	(117)	0	(117)

### Fair Values of Assets and Liabilities

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

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

The fair values calculated are as follows:

<b>Financial Liabilities held at amortised cost:</b>	<b>31 March 2022 Carrying Amount £000</b>	<b>31 March 2022 Fair Value £000</b>	<b>31 March 2023 Carrying Amount £000</b>	<b>31 March 2023 Fair Value £000</b>
PWLB	165	175	129	131
Finance Leases	29	29	0	0
Short Term Creditors	1,988	1,988	2,158	2,158
<b>Total</b>	<b>2,182</b>	<b>2,192</b>	<b>2,200</b>	<b>2,202</b>

The fair value of borrowings is higher than the carrying amount because the authority's PWLB loan is at a fixed interest rate where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions as at 31 March 2023) arising from a commitment to pay interest to lenders above the current market rate. Refinancing the loan at lower interest rates would outweigh the early repayment fee.

<b>Financial assets held at amortised cost:</b>	<b>31 March 2022 Carrying Amount £000</b>	<b>31 March 2022 Fair Value £000</b>	<b>31 March 2023 Carrying Amount £000</b>	<b>31 March 2023 Fair Value £000</b>
Fixed term investments	5,006	5,006	5,028	5,028
Cash at banks	1,150	1,150	700	700
Short Term debtors	550	550	1,670	1,670
<b>Total</b>	<b>6,706</b>	<b>6,706</b>	<b>7,398</b>	<b>7,398</b>

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 2023, a large amount of invoices were overdue as at 31 March 2023 (DEFRA £467k and Natural England £184k). The majority of this income was received in early 2023/24 and no bad debt provision is required.

#### **Liquidity Risk**

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

2021/22 Gross expenditure £000	2021/22 Income £000	2021/22 Net expenditure/ (income) £000	Description	2022/23 Gross expenditure £000	2022/23 Income £000	2022/23 Net expenditure/ (income) £000
2,764	(26)	2,738	Operations	3,018	(21)	2,997
645	(204)	441	Strategic Services	615	(104)	511
781	(14)	767	Finance & Support Services	838	(13)	825
51	0	51	Corporate Items	54	0	54
0	(3,703)	(3,703)	Navigation Income (Tolls)	0	(3,811)	(3,811)
<b>4,241</b>	<b>(3,947)</b>	<b>294</b>	<b>Cost of services (subtotal)</b>	<b>4,525</b>	<b>(3,949)</b>	<b>576</b>
		0	(Gains)/Losses on the disposal of non-current assets			(9)
		144	Financing and investment income and expenditure			93
		0	Donated Asset			0
		<b>438</b>	<b>(Surplus) or deficit on provision of services (subtotal)</b>			<b>660</b>
		(228)	(Surplus) or deficit on revaluation of fixed assets			(53)
		(2,456)	Actuarial (gains)/losses on pension assets/liabilities			(5,880)
		(2,684)	Other comprehensive income and expenditure (subtotal)			(5,933)
		<b>(2,246)</b>	<b>Total comprehensive income and expenditure</b>			<b>(5,273)</b>

### 37.Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (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	Naviga on Fund	Earmarked reserves
31/03/23	£0.611m	£0.612m	£1.223

Our expected General/Naviga on Fund and Earmarked Reserve posi on has a predicted balance of £0.873 million and £0.558 million at 31 March 2025 This remains above our minimum level of balances as previously set by our Director of Finance of £0.888 million.

Our cash fl w forecasting and assessment of the adequacy of our liquidity posi on demonstrates posi ve cash balances throughout the going concern period, and no expecta on of external borrowing.

The key assump ons within this forecast include a £1,925 per FTE pay increase for 2024/25, as nego ated by the Na onal Joint Council (NJC), this is consistent with the award in 2022/23 and 2023/24. We have considered if a higher increase is nego ated above £1,925, and the above projec ons would not be signifi antly a ected with both minimum levels of reserves and liquidity remaining through the same period.

On this basis, the Authority have a reasonable expecta on that it will have adequate resources to con nue in opera onal existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we con nue to adopt the going concern basis in preparing these nancial 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

27 November 2024

Agenda item number 9

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

Report by Director of Finance

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### Purpose

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

### Recommended decision

To note the income and expenditure figures and the prudential indicators in paragraph 6.1.

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# 1. Introduction

1.1. This report covers two items: the Consolidated income and expenditure from 1 April to 30 September 2024 and the quarter two prudential indicators for 2024/25.

# 2. Overview of actual income and expenditure

**Table 1**

Actual consolidated income and expenditure by directorate to 30 September 2024

<b>Directorate</b>	<b>Profiled latest available budget £</b>	<b>Actual income and expenditure £</b>	<b>Actual variance £</b>
Income	(7,010,976)	(7,288,597)	+ 277,621
Operations	2,568,500	1,753,662	+ 814,838
Strategic Services	850,502	676,187	+ 174,315
Finance & Support Services	1,514,873	1,378,732	+ 136,141
Projects, Corporate Items and Contributions from Earmarked Reserves	(889,707)	(350,515)	- 539,193
<b>Net (Surplus) / Deficit</b>	<b>(2,966,808)</b>	<b>(3,830,530)</b>	<b>+ 863,722</b>

2.1. Core income is above the profiled budget at the end of month six. The overall position as at 30 September 2024 is a favourable variance of £863,722 or a 29.11% difference from the profiled LAB. This is principally due to:

- An overall favourable variance of £277,621 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 £59,787 below the profiled budget.
  - Private Craft Tolls is £96,802 below the profiled budget.
  - Short Visit and Other Tolls is £24,018 above the profiled budget.
  - Investment income is £35,192 above the profiled budget.
- An underspend within Operations relating to:
  - Construction, Maintenance and Ecology salaries is £69,629 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 will be implemented in December and back dated to 1 April 2024.

- Equipment, Vehicles and Vessels is £284,773 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.
- Practical Maintenance is £113,564 under the profiled budget partly due to timing differences and the delays of work at Potter Heigham and Martham. The forecast has been updated for this.
- Waterways and Recreation Strategy is £25,368 under the profiled budget due to timing differences on the Access for All grant money from DEFRA being received and spent.
- Ranger Services is £287,620 under the profiled budget on salaries due to the pay award. The vehicle replacements have been delayed but are scheduled for delivery in November. The Ranger launch replacement has been delayed until 2025/26. There have also been timing differences on the launch repairs.
- Safety is £26,973 under the profiled budget due to delays in the Head of Safety Management post being filled. The new post holder started in September and the forecast has been adjusted to reflect the vacancy.
- An underspend within Strategic Services relating to:
  - Development Management is £41,933 under the profiled budget mainly due to the delays in Development Manager post being filled and the pay award. The new post holder started in September. 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.
  - Strategy and Projects is £82,605 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 and paludiculture expenditure.
  - Biodiversity Strategy is £11,741 under the profiled budget due to additional grant income being received from the LAPSIP (Lowland Agricultural Peat Small Infrastructure Project) and LAPWDP (Lowland Agricultural Peat Water Discovery Project).
  - Human Resources is £11,875 under the profiled budget due to timing differences on staff training.
  - Volunteers is £11,615 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.

- An underspend within Finance & Support Services relating to:
  - Legal is £34,519 under the profile budget due to timing differences.
  - Asset Management is £22,937 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.
  - Finance and insurance is £29,290 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 £27,102 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.
  - Catchment is over 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.

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
<b>LAB as at 30 September 2024</b>	n/a	<b>(101,965)</b>

## 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. 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)
Increase to National Park Grant income	(500,000)
Decrease to Hire Craft Tolls	32,441
Decrease to Private Craft Tolls	98,150
Increase to investment income	(60,000)
Decrease to Salary costs following vacancies and pay award	(281,437)
Decrease to Practical maintenance expenditure due to postponing works at Potter Heigham & Martham	(100,000)
Increase to income for Active Travel England Grant	(100,000)
Increase to expenditure for Active Travel England Grant	100,000
Increase to Development Management Consultants to cover vacancies	26,288
Increase to National Park revenue expenditure	250,000
Increase to National Park capital expenditure	250,000
Increase to subscriptions - UK Communications Team hosted by Peaks	2,210
Decrease to mobile costs due to new contract	(4,450)

Item	Amount £
Increase to Yare House expenditure due to delayed lease	20,000
Decrease to yacht station income due to delayed lease at Reedham	20,000
Increase to oil spill exercise costs	5,000
<b>Forecast outturn surplus as at 30 September 2024</b>	<b>(343,763)</b>

## 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 two vehicles, a welfare unit and dipper extension for the JCB. 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)	(1,129)	(1,140,216)
Plant, Vessels and Equipment	(639,561)	(24,683)	(664,244)
Premises	(431,177)	16,097	(415,080)
Planning Delivery Grant	(277,134)	(6,109)	(283,243)
Upper Thurne Enhancement	(249,820)	(21,000)	(270,820)
Heritage Lottery Fund	(12,391)	34,717	22,326
Catchment Partnership	(70,187)	2,963	(67,224)
Computer Software	(183,114)	9,900	(173,214)
UK Communications	(3,926)	771	(3,155)
Match Funding (EXPERIENCE)	(1,690)	0	(1,690)
Medium Term Planning	(495,024)	266,318	(228,706)
<b>Total</b>	<b>(3,503,111)</b>	<b>277,845</b>	<b>(3,225,266)</b>

## 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 £	Q2 Actual £
Capital expenditure	0	1,482,000	77,159
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	74,606
Debt balance	94,008	756,743	76,104

## 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: Emma Krelle

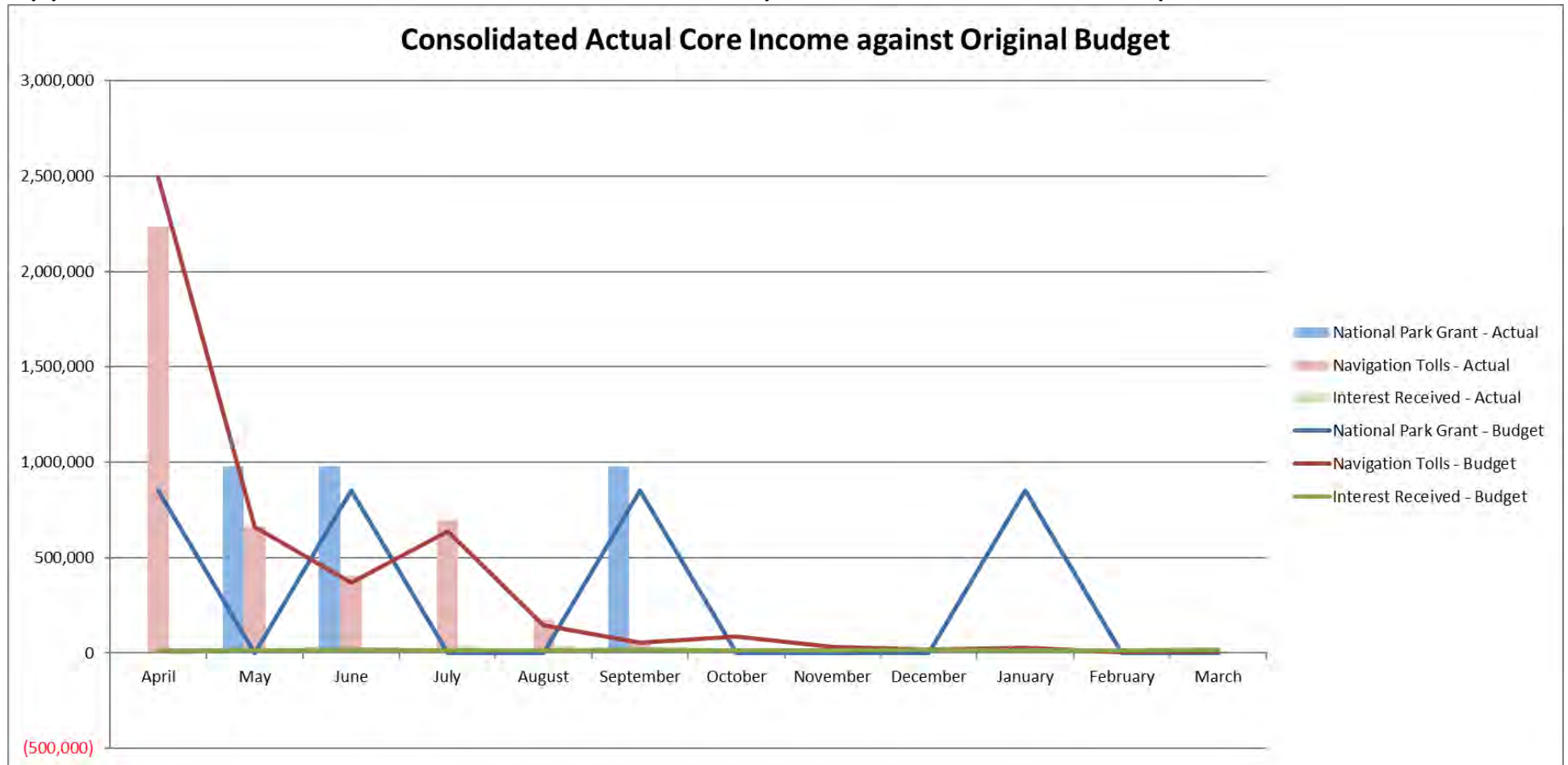
Date of report: 13 November 2024

[Broads Plan](#) strategic objectives: All

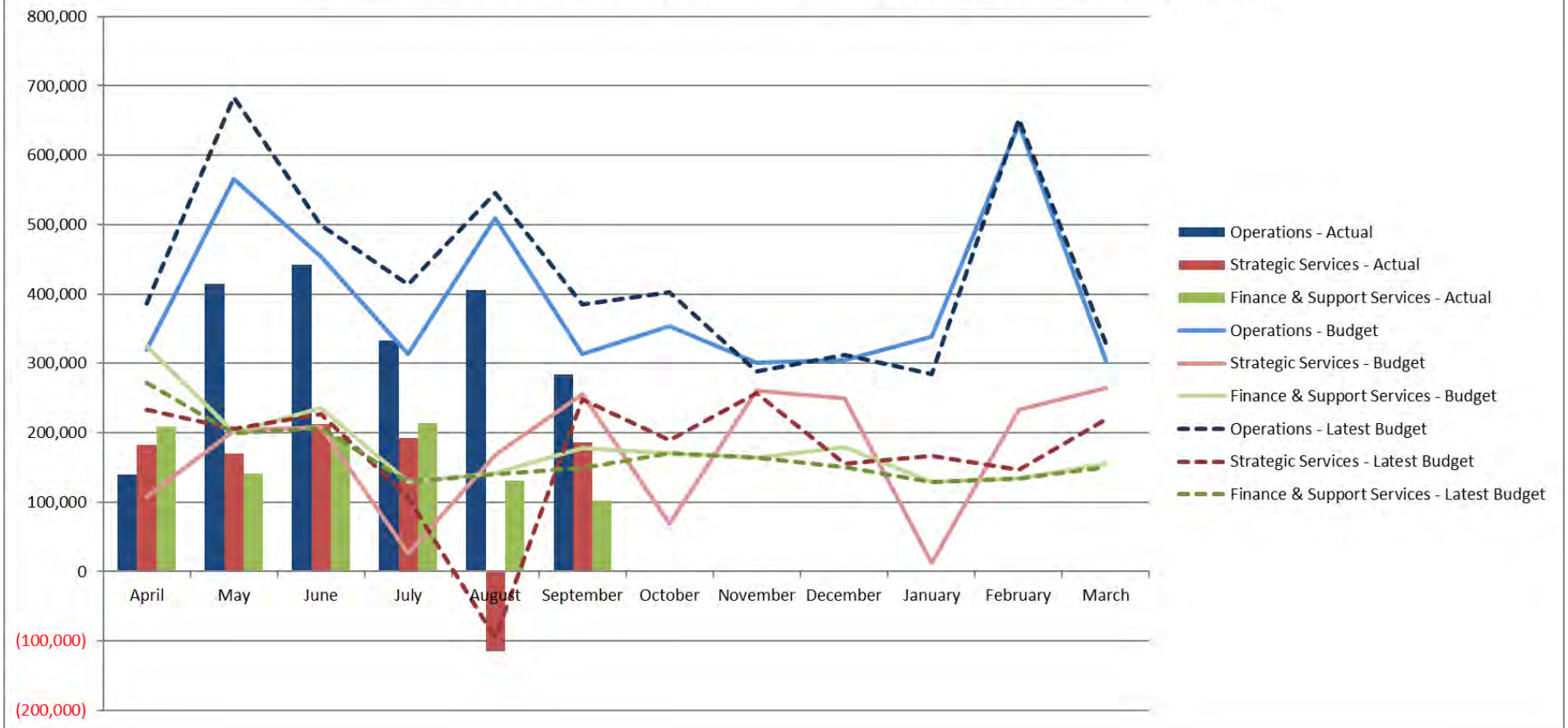
Appendix 1 – Consolidated actual income and expenditure charts to 30 September 2024

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

## Appendix 1 – Consolidated actual income and expenditure charts to 30 September 2024



### Consolidated Net Actual Expenditure against Original and 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) £
<b>Total Income</b>	<b>(8,129,008)</b>	<b>0</b>	<b>(8,129,008)</b>	<b>(8,558,417)</b>	<b>429,409</b>
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)	-32,441
Private Craft Tolls	(3,006,000)	0	(3,006,000)	(2,907,850)	-98,150
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) £
<b>Total Operations</b>	<b>4,940,486</b>	<b>34,580</b>	<b>4,975,066</b>	<b>4,716,980</b>	<b>258,086</b>
<b>Construction and Maintenance Salaries</b>	<b>1,662,930</b>	<b>0</b>	<b>1,662,930</b>	<b>1,610,110</b>	<b>52,820</b>
Salaries	1,662,930	0	1,662,930	1,610,110	52,820
Expenditure	0	0	0	0	0
<b>Equipment, Vehicles &amp; Vessels</b>	<b>615,400</b>	<b>0</b>	<b>615,400</b>	<b>615,400</b>	<b>0</b>
Income	(1,200)	0	(1,200)	(1,200)	0
Expenditure	616,600	0	616,600	616,600	0
<b>Water Management</b>	<b>80,500</b>	<b>0</b>	<b>80,500</b>	<b>80,500</b>	<b>0</b>
Expenditure	80,500	0	80,500	80,500	0
<b>Land Management</b>	<b>(20,885)</b>	<b>0</b>	<b>(20,885)</b>	<b>(20,885)</b>	<b>0</b>
Income	(78,235)	0	(78,235)	(78,235)	0
Expenditure	57,350	0	57,350	57,350	0
<b>Practical Maintenance</b>	<b>693,965</b>	<b>27,080</b>	<b>721,045</b>	<b>621,045</b>	<b>100,000</b>
Income	(26,425)	(38,025)	(64,450)	(64,450)	0
Expenditure	720,390	65,105	785,495	685,495	100,000
<b>Waterways and Recreation Strategy</b>	<b>56,660</b>	<b>0</b>	<b>56,660</b>	<b>55,800</b>	<b>860</b>

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
<b>Ranger Services</b>	<b>1,423,906</b>	<b>0</b>	<b>1,423,906</b>	<b>1,349,440</b>	<b>74,466</b>
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
<b>Safety</b>	<b>147,170</b>	<b>0</b>	<b>147,170</b>	<b>121,210</b>	<b>25,960</b>
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
<b>Premises</b>	<b>123,920</b>	<b>7,500</b>	<b>131,420</b>	<b>131,420</b>	<b>0</b>
Income	(2,600)	0	(2,600)	(2,600)	0
Expenditure	126,520	7,500	134,020	134,020	0
<b>Operations Management and Administration</b>	<b>156,920</b>	<b>0</b>	<b>156,920</b>	<b>152,940</b>	<b>3,980</b>
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
<b>Project Funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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) £
<b>Total Strategic Services</b>	<b>1,937,140</b>	<b>0</b>	<b>1,937,140</b>	<b>1,908,698</b>	<b>28,443</b>
<b>Development Management</b>	<b>488,080</b>	<b>0</b>	<b>488,080</b>	<b>483,318</b>	<b>4,763</b>
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
<b>Strategy and Projects Salaries</b>	<b>323,370</b>	<b>0</b>	<b>323,370</b>	<b>317,600</b>	<b>5,770</b>
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	755,748	-91,360
<b>Biodiversity Strategy</b>	<b>8,520</b>	<b>0</b>	<b>8,520</b>	<b>8,520</b>	<b>0</b>
Income	0	0	0	0	0
Expenditure	8,520	0	8,520	8,520	0
<b>Human Resources</b>	<b>175,850</b>	<b>0</b>	<b>175,850</b>	<b>174,140</b>	<b>1,710</b>
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
<b>Volunteers</b>	<b>83,620</b>	<b>0</b>	<b>83,620</b>	<b>69,520</b>	<b>14,100</b>
Salaries	67,120	0	67,120	53,020	14,100
Expenditure	16,500	0	16,500	16,500	0
<b>Communications</b>	<b>381,460</b>	<b>0</b>	<b>381,460</b>	<b>376,080</b>	<b>5,380</b>
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
<b>Visitor Centres and Yacht Stations</b>	<b>336,160</b>	<b>0</b>	<b>336,160</b>	<b>349,460</b>	<b>-13,300</b>
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
<b>Strategic Services Management and Administration</b>	<b>140,080</b>	<b>0</b>	<b>140,080</b>	<b>130,060</b>	<b>10,020</b>
Salaries	135,680	0	135,680	127,510	8,170
Expenditure	4,400	0	4,400	2,550	1,850
<b>Strategy and Projects</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Expenditure	0	0	0	0	0

**Table 4**

## Finance &amp; Support Services

Row labels	Original budget (Consolidated) £	Budget adjustments (Consolidated) £	Latest available budget (Consolidated) £	Forecast outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Finance &amp; Support Services</b>	<b>2,143,815</b>	<b>283,889</b>	<b>2,427,704</b>	<b>2,901,844</b>	<b>-474,140</b>
<b>National Park Grant</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500,000</b>	<b>-500,000</b>
Expenditure	0	0	0	500,000	-500,000
<b>Legal</b>	<b>145,000</b>	<b>0</b>	<b>145,000</b>	<b>145,000</b>	<b>0</b>
Income	(5,000)	0	(5,000)	(5,000)	0
Expenditure	150,000	0	150,000	150,000	0
<b>Governance</b>	<b>261,710</b>	<b>0</b>	<b>261,710</b>	<b>259,620</b>	<b>2,090</b>
Salaries	201,710	0	201,710	197,410	4,300
Expenditure	60,000	0	60,000	62,210	-2,210
<b>Chief Executive</b>	<b>135,700</b>	<b>0</b>	<b>135,700</b>	<b>133,900</b>	<b>1,800</b>
Salaries	134,700	0	134,700	132,900	1,800
Expenditure	1,000	0	1,000	1,000	0
<b>Asset Management</b>	<b>130,090</b>	<b>0</b>	<b>130,090</b>	<b>115,370</b>	<b>14,720</b>
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) £
<b>Premises – Head Office</b>	<b>148,000</b>	<b>283,889</b>	<b>431,889</b>	<b>451,889</b>	<b>-20,000</b>
Income	0	0	0	0	0
Expenditure	148,000	283,889	431,889	451,889	-20,000
<b>Finance and Insurance</b>	<b>578,070</b>	<b>0</b>	<b>578,070</b>	<b>563,200</b>	<b>14,870</b>
Salaries	285,300	0	285,300	270,430	14,870
Expenditure	292,770	0	292,770	292,770	0
<b>Collection of Tolls</b>	<b>228,380</b>	<b>0</b>	<b>228,380</b>	<b>220,270</b>	<b>8,110</b>
Salaries	215,880	0	215,880	207,770	8,110
Expenditure	12,500	0	12,500	12,500	0
<b>ICT</b>	<b>516,865</b>	<b>0</b>	<b>516,865</b>	<b>512,595</b>	<b>4,270</b>
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) £
<b>Total Projects and Corporate Items</b>	<b>(83,175)</b>	<b>0</b>	<b>(83,175)</b>	<b>(83,175)</b>	<b>0</b>
<b>Partnerships / HLF</b>	<b>(91,875)</b>	<b>0</b>	<b>(91,875)</b>	<b>(91,875)</b>	<b>0</b>
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
<b>Corporate Items</b>	<b>8,700</b>	<b>0</b>	<b>8,700</b>	<b>8,700</b>	<b>0</b>
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) £
<b>Total Contributions from Earmarked Reserves</b>	<b>(938,303)</b>	<b>(291,389)</b>	<b>(1,229,692)</b>	<b>(1,229,692)</b>	<b>0</b>
<b>Earmarked Reserves</b>	<b>(938,303)</b>	<b>(291,389)</b>	<b>(1,229,692)</b>	<b>(1,229,692)</b>	<b>0</b>
Expenditure	(938,303)	(291,389)	(1,229,692)	(1,229,692)	0

**Table 7**

Net (Surplus) / Deficit

<b>Row labels</b>	<b>Original Budget (Consolidated) £</b>	<b>Budget Adjustments (Consolidated) £</b>	<b>Latest Available Budget (Consolidated) £</b>	<b>Forecast Outturn (Consolidated) £</b>	<b>Forecast Outturn Variance (Consolidated) £</b>
<b>Grand Total</b>	<b>(129,045)</b>	<b>27,080</b>	<b>(101,965)</b>	<b>(343,763)</b>	<b>241,798</b>

# Risk, Audit and Governance Committee

27 November 2024

Agenda item number 10

## Financial Management Code- Update

Report by Director of Finance

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### Summary

To provide an update on the Authority's progress the Chartered Institute of Public Finance and Accountancy's (CIPFA) Finance Code.

### Recommendation

To note the update.

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## 1. Introduction

1.1. This committee last received an update on Financial Management Code on 25 July 2023. At that meeting it was agreed that an update would be provide to the next meeting and then every two years after. Unfortunately, the November 2023 meeting was cancelled and then other work pressures and vacancies within the team have meant that this is the first opportunity to provide an update on progress.

## 2. Progress

2.1. Of the 14 outstanding actions reported 4 have been completed. Good progress has been made on 3, 4 remain on going and a further 3 are not due yet. Appendix 1 has been updated to reflect progress in [blue](#).

2.2. Appendix 2 contains the updated assessment against the full standard.

2.3. Whilst a number of the actions have been completed these should not be seen as a single task and will continue to be actioned within each financial year and reviewed to ensure they remain appropriate. For example, the use of external surveys (A1 and C3) will be reviewed as part of the annual budget setting. Actions around the budgeting process will continue as good practice (E, N and Q).

## 3. Conclusion

3.1. As previously stated in July 2023 it was anticipated that the Authority's assessment would be reviewed by audit, but to date this has not happened. When the Code was introduced, it was designed as a one size fits all. However, it recognised that

arrangements between different authorities would mean that proportionality would be required. Members comments on progress are welcome.

Author: Emma Krelle

Date of report: 14 November 2024

Background papers: Financial Management Code 25 July 2023

[Broads Plan](#) strategic objectives: All

Appendix 1 – Review of Action Plan for improvements

Appendix 2 – CIPFA Financial Management Standards Full Assessment

## Appendix 1 – Review of Action Plan for improvements

Table 1

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
A	Assess the Value For Money (VFM) of another Stakeholder survey.	MT	31/01/2022  Completed. In addition to the stakeholder survey review previous report in April 2001 about the future of the Hire Boat Industry.	MT discussed on 17 January 2022, when it was agreed that the cost of the Stakeholder Survey and capacity of staff meant it would be difficult to carry out the survey in 2022. MT will consult members in the Autumn 2023 as part of the tolls review when considering the budget for 2024/25.  <a href="#">The cost of another stakeholder survey was considered prohibitive for 2024/25 budget. The Broads Hire Boat Federation and British Marine did not support an external review of Hire Boat Industry, but rather advocated joint working with the Authority in 2025.</a>
A	KPI's are being discussed at a national level by the ten English National Parks.	DEFRA/NPE	31/03/2021  Awaiting further guidance from DEFRA.  <a href="#">Partially complete</a>	Defra is setting national targets for all protected landscapes. The targets will align with new Management Plan guidance. We are awaiting information from Defra.  <a href="#">Protected Landscapes Targets and Outcome Framework - GOV.UK (www.gov.uk)</a>  Of the 10 targets set, 3 required local apportionment. These will be considered by the Broads Authority on 29 November for adoption. There is still some work on the

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
				national targets to be completed in order for a baseline to be provided.
B	Review of Finance Team structure including Finance systems. Review to include resilience around Chief Financial Officer (CFO) as currently no qualified deputy.	Director of Finance	31/08/2021  <del>Partially complete, updated to 2024/25 for Finance system.</del> Complete: Dimensions 3 went live 13/11/24. Potential to add additional modules to further automate processes in two years and if budget allows.	New Senior Accountant started <del>23/05/22</del> 18/06/24 and study support being provided to complete qualifications in order to provide deputy cover to Director of Finance. AAT study support is <del>also being provided to Senior Finance Assistant</del> offered to all of the team to increase team resilience. Senior Accountant manages day to day finance activities. <del>Options for new system alongside tolls system will be considered if appropriate. If no change to system, then migration to new cloud version scheduled for early 2025.</del>
C	Best Companies survey to be completed.	Head of HR	31/03/2022  2021/22 survey completed. Next survey <del>2023/24</del> scheduled for Autumn 2025.	Last survey conducted 21/22 with next survey due <del>23/24</del> 2025. Results from 21/22 communicated to staff in September 2022, with the list of actions and activities which have been introduced in response to the survey findings.
E	As part of the update of the tolls on-line system review planned for next year any changes will need to take account of	Collector of Tolls	Initial scoping by 31/03/2022  Update to 31/03/2024 for initial market engagement on how to progress internal	Paper to Navigation committee 08/06/23 looking at payment methods for future users. Toll system continues to be a strategic priority for 2023/24.

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
	the different needs of boat owners.		and external system development. Partially complete	The upgrade of the internal tolls system to the latest software version has been completed and testing is ongoing. The replacement online payment system is being tested. Existing user accounts will be migrated to the new platform and work is underway to improve the sign-up process for owners wanting to pay online. The initial application will provide the key functionality required to renew a toll online. It will utilise the latest security technologies such as one-time passcodes for logon thereby simplifying the current process. We plan for the above works to be completed in time for the 2025/26 tolls season.
E	MT to receive a report on savings >£10k where, individually or cumulatively, where forecast savings are made.	Director of Finance	Monthly from 01/08/2021  Updated to monthly from 01/08/2023.  Ongoing	Not done. However, savings incorporated into 23/24 budget which was set by MT, instead of reviewing requests from budget holders. Although not formally reported savings have been used to offset 2024/25 shortfall in toll income and to minimise the impact on 2025/26 charges.
F	The last review of property and buildings by the property consultants was conducted in	Asset Officer	31/08/2027	Not due yet.

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
	2016/17 to help determine contributions to the earmarked reserves. This exercise should be completed every 10 years, with the next to be scheduled for 2026/27.			
I	Asset strategy puts the responsibility for planning future replacements onto certain members of staff. Longer term planning to be incorporated into 2021/22 budget.	Head of Construction, Maintenance and Ecology (CME)	31/08/2021  Review scheduled to be completed by 31/08/2023.  Completed.	Purchase of assets with DEFRA funding in 22/23 means that future priorities need to be reassessed prior to 24/25 budget setting.
I	See F about suggestion of refreshing property maintenance liability.	Asset Officer	31/08/2027	Not due yet.
L	MT to review last stakeholder survey to determine the cost/benefit for a new stakeholder survey (see A).	MT	31/01/2022  Completed. In addition to the stakeholder survey review previous report in April 2001 about the future of the Hire Boat Industry.	See A.



Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
M	DoF to review IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (2013) in conjunction with CIPFA's own guide to undertaking an option appraisal: Option Appraisal: A Practical Guide for Public Service Organisations (2017 Edition). Review will indicate whether we need to develop own appraisal methodology and mechanisms to address uncertainty. Appraisal options mainly use Net Present Value but also need to take into consideration economic, cost-benefit, multi-criteria and impact assessments.	Director of Finance	08/03/2022  <del>Updated to 12/03/2024</del> Ongoing	Guidance has not been reviewed as yet.  To be revisited for new major capital projects (as defined in the Capital, Treasury and Investment Strategy) as and when needed.
N	Working on producing reports quicker, however, may require different	Director of Finance	31/08/2021	Although new post in place monthly reporting timescales remain roughly the same. Options for new system alongside tolls system will be

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
	resource (see B above on restructure and system).		Updated to <del>2024/25</del> 2026/27.	considered if appropriate. If no change to system, then migration to new cloud version scheduled for early 2025. <a href="#">See B, whilst the system has been updated it is too early to judge.</a>
N	Already agreed above that adjustments in forecast above £10k will come to MT (see E).	Director of Finance	Monthly from 01/08/2021  Updated to monthly from 01/08/2023.  <a href="#">Ongoing</a>	See E.
Q	Refresher training for budget holders to be provided in 2021 to remind budget holders the importance of the reviews and responding in a timely manner to help support future strategic decisions.	Director of Finance	31/08/2021.  Updated to Summer 2023.  <a href="#">Complete</a>	Procurement training delivered 04/11/22 with Senior Accountant to deliver general budget holder refresher training over the summer 2023. <a href="#">Refresher training delivered to budget holders September 2023.</a>

## Appendix 2 - CIPFA Financial Management Standards Full Assessment

Table 1

### The Responsibilities of the Chief Financial Officer and Leadership Team

Standard	Code Guidance	What we do	What we can improve
<p>A. The leadership team is able to demonstrate that the services provided by the authority provide value for money.</p> <p>VFM can be a subjective concept and has four ‘pillars’ known as the four ‘Es’.</p> <p><b>Economy</b> ‘Spending less’. Economy is a measure of the resources that the authority puts into the delivery of a given activity or service.</p> <p>To be economical, the authority should procure these inputs at the lowest possible cost, subject to maintaining appropriate standards of quality.</p> <p>For example, an economical highways development scheme will procure the necessary resources (labour, materials, plant hire, etc) at the lowest possible unit cost.</p> <p><b>Efficiency</b> ‘Spending well’. Efficiency is about how well the authority translates these inputs into the outputs of an activity or a service.</p> <p>To be efficient, the authority should use the minimum possible level of inputs to produce each output, again subject to maintaining appropriate standards of quality.</p> <p>For example, an efficient highways development scheme will minimise the volume of resources required to construct each mile of road, e.g., through proactive scheduling and minimisation of waste.</p> <p><b>Effectiveness</b> ‘Spending wisely’. Effectiveness considers the extent to which the outputs that the authority has generated lead to the outcomes that it wants to achieve.</p>	<p>CIPFA key questions:</p> <p>Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?</p> <p>Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?</p> <p>Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?</p> <p>From the guidance note we need to consider:</p> <ul style="list-style-type: none"> <li>the way in which the authority’s leadership team is able to demonstrate that its services provide value for money.</li> </ul>	<p>The Authority has a clear governance structure, as outlined in the Annual Governance Statement (AGS). This and the Code of Corporate Governance are reviewed annually.</p> <p>Internal audit (externally provided) undertakes an annual risk-based approach to the service audits undertaken in addition to Key Controls and Corporate Governance. External Audit issue a Value For Money (VFM) conclusion annually in the Statement of Accounts (SoA).</p> <p>The delivery of the strategic priorities are supported by the Broads Plan (BP), Annual Business Plan and Financial Strategy. All of these are approved by the Broads Authority. Regular updates on the finances and progress against the BP are provided to committee.</p> <p>The Authority complies with the transparency regulations and details of expenditure over £250 can be viewed by the public on the website.</p> <p>Each Directorate has workplans that set out how this is to be delivered. These plans are supported by the annual budget.</p> <p>The Authority has Financial Regulations, Standing Orders Relating to Contracts, Procurement Strategy that support the principle of VFM. The sustainable/environmental impact is also taken into consideration.</p> <p>The Authority has a Corporate Risk Register and Directorate registers which identify mitigating actions and responsible officers. These are reviewed on a six-monthly basis. All reports to committee ask the Author</p>	<p>Assess the VFM of another Stakeholder survey.</p> <p>Implement the new Protected Landscapes Targets and Outcome Framework.</p>

Standard	Code Guidance	What we do	What we can improve
<p>To be effective, the authority’s actions should have the desired positive impact on people’s lives, such as greater opportunity, improved skills or changed behaviours.</p> <p>For example, an effective highways development scheme will have a clear rationale for the road under construction and will construct the right road, in the right place and at the right time.</p> <p><b>Equity</b> ‘Spending fairly’. Equity is about the extent to which the outcomes generated by the authority have been made accessible to all those who could benefit from them.</p> <p>To be equitable, the authority should ensure that it takes account of the ability of different individuals and groups to access its services and that it makes arrangements to ensure that these services are accessible to all who could benefit from them.</p> <p>For example, an equitable highways development scheme would be accessible to all forms of traffic – including pedestrians and cyclists – and might also feature suitable pedestrian crossing points (with facilities for visually-impaired pedestrians and wheelchair users) and appropriate street furniture.</p>		<p>to consider the risk implications. New risks can be added at any time.</p> <p>The Authority took part in a peer review in May 2018. There has been some benchmarking activities with other National Parks in specific areas such as back-office costs in January 2017.</p> <p>Contract management arrangements: The authority has in place specific arrangements regarding the management of contracts with third-party suppliers, to ensure that the goods or services to which the contract applies are delivered as agreed. Contract management arrangements are proportional to the value and significance of the contract.</p> <p>Accessibility to sites and websites has been considered.</p> <p>Impact assessments on key policy decisions are carried out.</p>	
<p>B. The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016).</p>	<p>CIPFA Key questions:</p> <p>Is the authority’s CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?</p> <p>Does the CFO lead and champion the promotion and delivery of good financial management across the authority?</p> <p>Is the CFO suitably qualified and experienced?</p> <p>Is the finance team suitably resourced and fit for purpose?</p>	<p>The Director of Finance (previously CFO) is a member of MT and attends Broads Authority, Navigation and Audit and Risk committees on a regular basis.</p> <p>The Senior Accountant attends monthly section heads meetings to discuss budget variances and any new areas that require financing. Issues are reported to the DoF. Training is provided to all new budget holders.</p> <p>The DoF manages Finance, Asset Officer and the Head of ICT/Tolls who are responsible for securing the Authority’s income, recording of expenditure and asset management.</p>	<p>Review Finance system <a href="#">improvements via new cloud-based system</a></p>

Standard	Code Guidance	What we do	What we can improve
	<p>Compliance with the FM Code requires that each of these principles is demonstrated reliably and consistently across the authority.</p> <ul style="list-style-type: none"> <li>• Principle 1: The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.</li> <li>• Principle 2: The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered and aligned with the authority's overall financial strategy.</li> <li>• Principle 3: The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.</li> <li>• Principle 4: The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.</li> <li>• Principle 5: The CFO in a local authority must be professionally qualified and suitably experienced.</li> </ul>	<p>DoF Job Description was created to follow CIPFAs guidelines for CFO's. This is acknowledged in the AGS. The DoF's line management was moved from Director of Planning to CEO and Asset Officer reports to DoF.</p> <p>Inputs to key decisions and reports to the board.</p> <p>Since the last assessment the Finance Team has been strengthened through the introduction of the new role the Senior Accountant. Training to support posts via AAT and ACCA is in place to provide resilience.</p>	

**Table 2**

Governance and financial management style

Standard	Code Guidance	What we do	What we can improve
<p>C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p> <p>The seven Nolan principles are Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>• Does the leadership team espouse the Nolan principles?</li> <li>• Does the authority have in place a clear framework for governance and internal control?</li> <li>• Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?</li> <li>• Does the leadership team espouse high standards of governance and internal control?</li> <li>• Does the leadership team nurture a culture of effective governance and robust internal control across the authority?</li> </ul>	<p>Where a planning application comes from within the authority it must go to Planning Committee for decision making.</p> <p>The Authority’s core values reflect the Nolan principles and are adopted by all staff.</p> <p>Gifts register is maintained as per the employee code of conduct, section Gifts and Hospitality.</p> <p>Members code of conduct set outs Nolan Principles and behaviours expected by members.</p> <p>MT has been through the process of reviewing all constitution documents to ensure they are up to date and fit for purpose. Documents reviewed include Scheme of Powers delegated to officers including CEO, terms of reference for committees, guidance on Local Authority appointees/outside bodies, code of conduct and complaints, standing orders for the regulation of Authority proceedings, social media policy, guidance on public question time and scheme of operation. These documents are under continuous review to ensure they remain relevant and up to date with input from the MO and deputy MO.</p> <p>All committees produce agendas and minutes. Declaration of interests are asked in relation to specific agenda items in addition to the annual register held. Members can ask for specific items to be discussed in advance and have an opportunity to ask questions/clarification.</p> <p>Partnerships are monitored through the partnership register. However, it should be noted that the Authority does not have partners who deliver any of the Authority’s services via an outsourcing arrangement.</p> <p>Internal audit undertakes an annual programme of service reviews, considering new risks, emerging issues</p>	<p>Best Companies survey to be completed during 2025.</p>

Standard	Code Guidance	What we do	What we can improve
		<p>and any other changes. This always includes an annual review of Key Controls and Corporate Governance as this helps determine the adequacy and effectiveness of the Authority's framework of governance, risk management and control, which informs the Head of Internal Audit (HoIA) Annual Opinion.</p> <p>Audit and Risk terms of reference reflect CIPFA's latest guidance.</p> <p>Where recommendations are made (by internal or external audit) these are followed up and implemented promptly.</p> <p>MT is consulted on all new policies/strategies and provides constructive challenge.</p> <p>Decision making is based on a thorough review of the current situation and available resources. Professional advice is gained where appropriate. Option appraisal is used for significant capital developments.</p> <p>MT strives for continuous improvement by complying with new codes of practice when they are issued.</p> <p>Best companies index participation.</p>	
<p>D. The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).</p> <p>The seven core principles of the framework are:</p> <ul style="list-style-type: none"> <li>• Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</li> <li>• Ensuring openness and comprehensive stakeholder engagement.</li> <li>• Defining outcomes in terms of sustainable economic, social and environmental benefits.</li> </ul>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>• Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements?</li> <li>• Does the authority have in place a suitable local code of governance?</li> <li>• Does the authority have a robust assurance process to support its AGS?</li> </ul>	<p>The AGS is guided by the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework and has been since its introduction in 2016.</p> <p>The AGS is supported by the Code of Corporate Governance which was last reviewed in May 2023.</p> <p>The AGS is reviewed by internal and external audit. The HoIA annual opinion forms part of the AGS. The Internal Audit service is Public Sector Internal Audit Standards (PSIAS) compliant.</p>	

Standard	Code Guidance	What we do	What we can improve
<ul style="list-style-type: none"> <li>• Determining the interventions necessary to optimise the achievement of the intended outcomes.</li> <li>• Developing the entity’s capacity, including the capability of its leadership and the individuals within it.</li> <li>• Managing risks and performance through robust internal control and strong public financial management.</li> <li>• Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</li> </ul>			
<p>E. The financial management style of the authority supports financial sustainability.</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>• Does the authority have in place an effective framework of financial accountability?</li> <li>• Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?</li> <li>• Does the authority’s finance team have appropriate input into the development of strategic and operational plans?</li> <li>• Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?</li> <li>• Has the authority sought an external view on its financial style, for example through a process of peer review?</li> <li>• Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?</li> </ul>	<p>Budget holders are clearly assigned (Authorised signature list) levels of approval in relation to expenditure (&lt;£5k or &gt;£5k) within their annual budgets. All new budget holders are provided induction training and refresher training is provided periodically, with Procurement to be rolled out shortly. Instructions are available on the intranet to help monitor individual budgets.</p> <p>Monthly reporting requires budget holders to provide details of variances +/-£5k within their budgets. Budget holder also provide updates to the forecast so that increased income or expenditure savings are reflected throughout the year and are reported to members.</p> <p>Finance undertakes an annual review of procurement where expenditure has exceeded £5k to see if contracts can be set up to secure better rates. This is reviewed by MT.</p> <p>Where plans are discussed at MT or Section Heads finance has appropriate input into strategic and operational plans.</p> <p>Members receive code of conduct training upon appointment and an induction to the Authority to help</p>	<p>As part of the new tolls system any changes will need to be equitable for all.</p> <p>MT to receive a report on savings &gt;£10k where individually or cumulatively where forecast savings are made.</p> <p>All budget holders to have an IPR objective linked to their budget management.</p>



Standard	Code Guidance	What we do	What we can improve
		<p>understand both the governance and finance arrangements in the Authority.</p> <p>Scheme of delegated powers (see C for update), JD's sets out required skills and IPR's identify training needs.</p> <p>The Authority sits on the hierarchy of Financial Management Styles (page 43) at delivering accountability with some supporting performance when required.</p>	

**Table 3**  
Medium to long-term financial management

Standard	Code Guidance	What we do	What we can improve
F. The authority has carried out a credible and transparent financial resilience assessment	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>• Has the authority undertaken a financial resilience assessment?</li> <li>• Has the assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?</li> <li>• Has the authority taken appropriate action to address any risks identified as part of the assessment?</li> </ul>	<p>The budget process looks at the financial resilience of the Authority. It incorporates future projects, key risks and assumptions (in particular around toll increases/boat numbers, NPG and pay). This is broken down to budget holder level and is split between income and expenditure. Budget holders receive monthly links to the monitor which measures actual against, LAB and forecast.</p> <p>As part of the tolls working group the annual pattern of boat numbers is reviewed to determine on going future trends.</p> <p>The Authority is not demonstrating any symptoms of financial stress, these include: running down reserves, failure to address financial pressures, shortened planning horizons, lack of investment in infrastructure resources, gaps in savings plans and unplanned overspends.</p> <p>The use of reserves (including earmarked) is part of the budget and are highlighted to members. They are not considered a sign of financial stress but part of a strategy to rebalance income and expenditure over the life of the strategy. Earmarked reserves help with the smoothing of capital purchases as the replacement programmes are not even throughout the strategy.</p>	The last review of property and buildings by the property consultants was conducted in 2016/17 to help determine contributions to the earmarked reserves. This exercise should be completed every 10 years, with the next to be scheduled for 2026/27.

Standard	Code Guidance	What we do	What we can improve
		<p>The Capital, Treasury and Investment and Asset Management Strategy look at the longer-term planning horizons for replacement of capital items. This is then linked to the Medium-Term Financial Plan.</p> <p>MT review the Fixed Asset Register once a year. Property consultants have previously costed repairs over the short to long term which has resulted in regular contributions being made to the earmarked reserves.</p> <p>The Authority's overall assessment is compared through the NPA family indicators. These are reviewed annually by MT.</p>	
<p>G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>• Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?</li> <li>• Does the authority have a strategic plan and long-term financial strategy that adequately address these risks?</li> <li>• Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g., using a technique such as scenario planning)?</li> <li>• Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making?</li> </ul>	<p>Key assumptions are set out in the budget papers. Whilst a 3-year rolling strategy is published it is part of a 5 year forward look. Staffing remains the largest part of the Authority's budget (73% for 23/24). The pension deficit contribution (based on the latest actuary triennial valuation) is also incorporated with projected increases for both pay and contributions. Whilst there is a 20-year plan by the fund to reduce the deficit the liability remains the largest in the Authority's balance sheet.</p> <p>During 2020/21 the Authority faced the significant risk to reduced tolls income because of the pandemic. Expenditure was reviewed and reprioritised to match forecast levels of income whilst maintaining service levels.</p> <p>The review of the reserve balances during 2022/23 indicated the Authority's levels remained appropriate and in line with other National Parks. Broadland Futures Initiative (BFI) is a partnership with the EA focusing on the long-term risks of climate change, including adaptation. This is a key risk that will impact the Authority in future years.</p> <p>The Corporate and Directorate risk registers identify risks and are classified as people, reputation, assets, finance and performance.</p>	<p>Look at external funding and pipeline of projects where external funding would be relevant.</p>

Standard	Code Guidance	What we do	What we can improve
		The Capital, Treasury and Investment strategy sets out the requirement for prudence, especially in terms of the Prudential Code and the authority's borrowing arrangements.	
H. The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	<p>CIPA Key questions:</p> <ul style="list-style-type: none"> <li>• Has the authority prepared a suitable capital strategy?</li> <li>• Has the authority set prudential indicators in line with the Prudential Code?</li> <li>• Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?</li> </ul>	The Authority produces an annual Capital, Treasury and Investment strategy. This includes the prudential indicators that the Authority uses. These indicators are estimate of capital expenditure, authorised limit for external debt and operational boundary for debt. The capital financing requirement is calculated as part of the strategy refresh and is reported as a note to the SoA. Whilst affordability is monitored internally these are not published due to being below 1%. The indicators are reviewed annually as part of the strategy renewal. Six monthly updates on the investment performance are provided to RAG.	<del>Although not currently classified as capital Yare House could be considered under a right to use asset as part of IFRS16. This was due to be implemented in 21/22 (CIPFA delayed implantation due to COVID).</del>
I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>• Does the authority have in place an agreed medium-term financial plan?</li> <li>• Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?</li> <li>• Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?</li> <li>• Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?</li> <li>• Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?</li> </ul>	<p>The Authority publishes it MTFP as part of the annual budget. This is produced on a 3-year rolling basis. It considers known commitments, estimates future levels of income required (NPG and tolls) and inflationary pressures.</p> <p>The MTFP links the Strategic priorities, the business plan, the Broads Plan and the capital strategy.</p> <p>One of the key cost drivers identified is salary increases which is determined through NJC pay awards which the Authority has little control over. The number of visitors visiting the broads is also another key driver which has led to the increase in Ranger services. Covid-19 will no doubt increase the UK's staycation appeal.</p> <p>The budget report provides details of the key assumptions and what those variations may mean in terms of budget impact.</p> <p>The Authority has an Asset Strategy in place that is supported by the Capital, Treasury and Investment Strategy.</p>	See F about suggestion of refreshing property maintenance liability.

**Table 4**

The annual budget

Standard	Code Guidance	What we do	What we can improve
<p>J. The authority complies with its statutory obligations in respect of the budget setting process</p>	<p>CIPA Key questions:</p> <ul style="list-style-type: none"> <li>Is the authority aware of its statutory obligations in respect of the budget-setting process?</li> <li>Has the authority set a balanced budget for the current year?</li> <li>Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?</li> </ul>	<p>Previously MT reviewed the budget holder requests prior to the budget being produced to ensure they are in line with the Broads Plan and Strategic Priorities. However, for the 2023/24 and 2024/25 this was prepared by MT to reduce underspends and balance income and expenditure. The Authority approves the annual budget and the DoF provides commentary on the estimates made and the adequacy of the reserves. The budget sets out expected income and expenditure for the forthcoming year. This is monitored and reported to committee(s) throughout the year.</p> <p>The budget forms part of the three-year MTFP. Whilst only three years are reported to members workings cover five years.</p> <p>During the COVID-19 pandemic an emergency savings plan was formulated with budget holders and MT to mitigate the impact of lost toll income. A temporary recruitment freeze was also implemented.</p> <p>The budget is currently balanced through the use of reserves. This is considered acceptable given that reserves remain above the recommended minimum but will require intervention in future years to create further savings if income does not rise.</p> <p>The Authority is aware that a s114 notice would be issued if expenditure is likely to exceed the resources available to it or has failed to heed previous warnings from the DoF or the DoF has failed to warn of the risks. It is seen as the last resort.</p>	<p>MT to consider draft priorities for the following year over the Summer.</p>
<p>K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?</li> <li>Does this report accurately identify and consider the most significant estimates used to</li> </ul>	<p>Same as J - The budget report includes commentary on the estimates (assumptions) made and the adequacy of the reserves.</p> <p>Same as J - The budget is currently balanced through the use of reserves. This is considered acceptable given that reserves remain above the recommended minimum but will require intervention in future years to create further savings if income does not rise.</p>	<p>Where reserves are being used to balance the budget, we should include a statement of what alternatives have been considered and how the longer-term impact of the revenue shortfall is being addressed.</p>

Standard	Code Guidance	What we do	What we can improve
	<p>prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?</p> <ul style="list-style-type: none"> <li>Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?</li> <li>Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall?</li> </ul>	<p>Although not included in the budget report, the report on setting the tolls for the forthcoming year provides details of the fleets over three years and how they have changed.</p> <p>Budget reports make clear that all staff posts are 100% filled for the financial year and that vacancies creates savings. All posts are considered when a vacancy arises and if there should be a replacement.</p> <p>The Authority's reserves remain above the set minimum, and this is detailed within the report.</p>	

**Table 5**  
Stakeholder engagement and business cases

Standard	Code Guidance	What we do	What we can improve
L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?</li> <li>How effective has this engagement been?</li> <li>What action does the authority plan to take to improve its engagement with key stakeholders?</li> </ul>	<p>Broads Plan engages with a wide variety of stakeholders.</p> <p>Stakeholder survey last completed in 2015. The results were reported, and an action plan drawn up and used for assisting toll setting.</p> <p>Navigation committee represents the views of toll payers when considering the level of tolls and the activities that maybe funded as a result of any increase.</p> <p>Management team engages with strategic partners at least annually. This includes the hire boat federation, Environment Agency, Natural England, RSPB, wildlife trusts and the LEP. Officers engage in the BFI, catchment partnership, upper Thurne and Broads Tourism which is fed back to management.</p> <p>The Authority previously held six monthly parish forums, post covid these will be reintroduced.</p> <p>The CEO and Chair meet with Norfolk leaders to discuss strategic issues every other month.</p>	<p>MT to review last stakeholder survey to determine the cost/benefit for a new stakeholder survey.</p> <p>Review previous report in April 2001 about the future of the Hire Boat Industry.</p>

Standard	Code Guidance	What we do	What we can improve
		Safety survey for Hire Boat companies on handover to help determine future resources for safety.	
M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal?</li> <li>Does the authority offer guidance to officers as to when an option appraisal should be undertaken?</li> <li>Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?</li> <li>Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?</li> <li>Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?</li> </ul>	<p>When the Authority was considering the Acle Bridge project an external consultant was used to consider the business case for the site and different operating methods. This was reported to the Authority for consideration and highlighting the need for external investment to help fund the build.</p> <p>The Treasury strategy outlines that projects costing more than £250k will require a costed appraisal, this is not just for the project initiation but over the life of the capital expenditure.</p>	<p>DoF to review IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (2013) in conjunction with CIPFA's own guide to undertaking an option appraisal: Option Appraisal: A Practical Guide for Public Service Organisations (2017 Edition). Review will indicate whether we need to develop own appraisal methodology and mechanisms to address uncertainty.</p> <p>Appraisal options mainly use NPV but also need to take into consideration economic, cost-benefit, multi-criteria and impact assessments.</p>

**Table 6**

Monitoring financial performance

Standard	Code Guidance	What we do	What we can improve
N. The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability?</li> <li>Do the reports cover both forward and backward-looking information in respect of financial and operational performance?</li> </ul>	Finance produces a monthly monitor from the beginning of July onwards. As well as budget holders being able to access and review the spreadsheet MT can as well. Variances are identified by the Senior Accountant and discussed at the monthly section head meetings. Where there are significant variances, these are brought to the attention of MT. A summary version of the monitor is reported to every committee meeting.	<p>Working on producing reports quicker, however, may require different resource (see B above on restructure and system).</p> <p>Already agreed above that adjustments in forecast above £10k will come to MT.</p>

Standard	Code Guidance	What we do	What we can improve
	<ul style="list-style-type: none"> <li>• Are there mechanisms in place to report the performance of the authority’s significant delivery partnerships such a contract monitoring data?</li> <li>• Are the reports provided to the leadership team in a timely manner and in a suitable format?</li> <li>• Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?</li> </ul>	<p>One of the key assumptions in the budget preparation is the pay increase. Regular updates are provided as negotiation with the NJC progress.</p> <p>Budget holders are asked to provide updates on the “forecast” which looks forward to the end of the financial year. This is updated and included within the monitor. This has been particularly important for tolls during COVID-19 and budget setting, regarding the number of hire boats likely to be available in 21/22 season.</p> <p>No services are delivered by partnership agreement. Although there are no significant delivery partnerships, six monthly updates on the Broads Plan are produced and reported to the committee.</p> <p>External funded partnership projects (CANAPE/HLF/Peat) provide 6 monthly updates to MT and updates to members.</p>	
<p>O. The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>• Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?</li> <li>• Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?</li> <li>• Is the authority taking action to mitigate any risks identified?</li> <li>• Does the authority report unplanned use of its reserves to the leadership team in a timely manner?</li> <li>• Is the monitoring of balance sheet risks integrated into the authority’s management accounts reporting processes?</li> </ul>	<p>The pension liability within the balance sheet remains the Authority’s single largest liability. Norfolk Pension fund is subject to a triannual valuation process (conducted by the actuary Hymans Roberston LLP) which determines the Authority’s contributions for the next three years. This includes those paid over as part of monthly payroll costs and the annual payment to reduce the deficit. The fund operates a twenty-year strategy to bring the fund back to a surplus position and the liability would only crystallise if it left the scheme. The actuary produces an annual report to include a snapshot of the information into the balance sheet.</p> <p>Whilst debt remains a small part of the Authority, new arrangements require MT sign off so that the long-term affordability is considered against future NPG and Tolls.</p> <p>Fixed Assets are monitored on a quarterly basis with MT reviewing the FAR at year end. The asset strategy makes provision for maintaining the assets in a suitable condition and plans for their replacement. Assets depreciation</p>	

Standard	Code Guidance	What we do	What we can improve
		<p>estimation techniques reviewed and amended during 2022/23.</p> <p>Investments/surplus cash is governed by the Treasury and Investment strategy to secure capital before returns are considered.</p> <p>Debtors/Creditors are reviewed monthly and corrective action is taken accordingly.</p> <p>As part of the regular reporting to members levels of usable reserves are reported highlighting the impact of any variations against budget. If identified unplanned use of reserves would be reported to MT and members.</p>	



**Table 7**

External financial reporting

Standard	Code Guidance	What we do	What we can improve
<p>P. The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>• Is the authority’s CFO aware of their responsibilities in terms of the preparation of the annual financial statements?</li> <li>• Are these responsibilities included in the CFO’s role description, personal objectives and other relevant performance management mechanisms?</li> <li>• Have the authority’s financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?</li> </ul>	<p>The DoF is aware of their responsibilities in terms of the preparation of the SoA. This involves reviewing CIPFA’s Code guidance in any one year and the Accounts and Audit Regulations 2015 (or as amended).</p> <p>These responsibilities are included in the JD and are included in the annual IPR as an objective setting out the relevant timescales.</p> <p>The SoA are prepared on time and in accordance with the code. Any delays in audit have been due to external audits capacity and not the Finance team.</p>	
<p>Q. The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> <li>• Is the authority’s leadership team provided with a suitable suite of reports on the authority’s financial outturn and on significant variations from budget?</li> <li>• Is the information in these reports presented effectively?</li> <li>• Are these reports focused on information that is of interest and relevance to the leadership team?</li> <li>• Does the leadership team feel that the reports support it in making strategic financial decisions?</li> </ul>	<p>A final monitor is produced for the year and reported to members highlighting variances +/- £10k. This is then used in producing the budget for the following financial year. Significant variations are considered alongside budget requests. Consistent underspends are challenged.</p>	<p>Refresher training for budget holders to be provided in 2023 to remind budget holders the importance of the review and responding in a timely manner to help support future strategic decisions.</p>

# Risk, Audit and Governance Committee

27 November 2024

Agenda item number 11

## Implementation of internal audit recommendations- Summary of progress

Report by Senior Accountant

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### Summary

This report gives a summary of progress in implementing Internal Audit recommendations arising out of audits carried out during 2020/21, 2022/23, 2023/24 and 2024/25.

### Recommendation

To note the report.

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## 1. Introduction

- 1.1. This report gives an update on implementing the Authority's Internal Audit report recommendations, focusing on outstanding recommendations and timescales to complete outstanding work.
- 1.2. Appendices 1, 2, 3 and 4 give details of the audits carried out in 2020/21, 2022/23, 2023/24 and 2024/25, in particular:
  - Recommendations not yet implemented;

- Recommendations implemented since the last meeting; and
- New recommendations since the last meeting.

## 2. Summary of Progress

2.1. Since the report to this committee in July 2024, most of the recommendations remain as scheduled. The routine recommendation from Farming in Protected Landscapes audit has been implemented in August 2024 during the audit. Recommendation 5 from the Port Marine Safety Code 2023/24 has also been completed. The impact of workloads has meant that some of the other actions have been further delayed. These have been updated in the appendix.

## 3. Internal Audit Programme 2024/25

3.1. Since this report to the Committee in July 2024, the first audit from the plan for the Farming in Protected Landscapes (FiPL) grant programme has taken place in July – August 2024. The report was completed in August 2024. The cyber security audit started in October 2024. The Key Controls audit is scheduled to start on 11 November 2024. It should be noted that the priority rating provided by internal audit was previously stated as action that “needs attention” it is now “routine”.

## 4. Farming in Protected Landscapes

4.1. The objective of the audit was to review the Broads Authority controls in place for the grant programme for farmers, land managers and people in National Parks and Areas of Outstanding Natural Beauty (AONBs) whether these are operating adequately, effectively and efficiently. The audit covered the compliance with DEFRA guidance and other relevant laws & regulations to obtain assurance whether the grant conditions are being met. This resulted in a “substantial assurance” audit opinion with one “routine” recommendation raised.

4.2. Good practice was noted relating to sound controls that are in place and operating consistently. Those relating to Farming in Protected Landscapes arrangements for decision making were:

- The Broads Authority promptly notifies applicants of any rejected applications. This includes providing detailed feedback outlining the reasons for rejection, offering valuable insights to the applicants on how and what they can do to improve and resubmit their project application.
- Monitoring forms are maintained with comprehensive records of all FiPL grant applications (approved/declined), assessments, and monitoring activities. These forms are sent to DEFRA on a monthly basis for financial reporting which includes details of spend and progress on individual projects and an overview of FiPL spend broken down for projects, spend on administration, advice, and guidance.

- The National FiPL Framework details that Protective Landscape (PLs) organisations are scheduled to receive their allocations quarterly in advance to support cash flows, payments are expected in June, September, December, and March. However, the Broads Authority has encountered significant delays in receiving these allocations from DEFRA for example, the Broads Authority did not receive funds for the Quarter 1 2023, (April - June) until 18 September 2023, and for Quarter 2 – Quarter 4 funds were not received until 28 March 2024. The Authority has actively pursued the funding. This delay in funding is an ongoing issue and one the Authority is actively pursuing.
- No issues were identified with testing of grants for compliance with DEFRA guidance throughout the duration of the FiPL programme to date, including both accepted and rejected applications. All the requisite information had been thoroughly recorded including the approval/consents, application form, quotes, maps, Rural Payment Agency (RPA) checks, and claims.

Author: Izabela Foley

Date of report: 06 November 2024

[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 4 – [Summary of actions and responses to Internal Audit 2024/25](#)

## 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
<p><b>3. Pilotage</b> 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</p>	Important	Head of Ranger Services	<p>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.</p> <p>Update: Due to the lack of large vessels navigating our waters the need for a General Direction has not arisen for a number of years and if it did, we could deal with it under Special Directions. This item has been deferred to allow for a review of what is appropriate which will need specialist maritime legal advice.</p> <p>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</p>	<p>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</p>

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			<p>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.</p> <p>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.</p> <p>Update: we are continuing with legal advice. A draft General Direction has been produced. Once legal advice is received the</p>	

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			<p>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.</p>	

## 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
<p><b>1. Health &amp; Safety at Work policy</b>                      The Health and Safety at Work Policy be reviewed and updated, if necessary, in line with the defined cyclical timescales. This will mitigate the risk of Health and safety issues arising due to outdated policy.</p>	Needs Attention	Head of Safety Management	<p>Agreed. Whilst reading documentation for the H&amp;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&amp;S policy needs to achieve. The task has been identified as a priority IPR objective in 2022/23 performance year.</p> <p>Update: Currently being reviewed with the aim that the policy will be implemented on 1st April 2023.</p> <p>Update: The review date has been updated to December 2023.</p> <p>Update: The Health &amp; Safety Policy is still in its draft stage as it needs to incorporate the BA's SMS.</p> <p>Update: The Health &amp; 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</p>	<p>By                      01/04/2023                      Updated to                      31/12/2023                      Updated to                      30/06/2024                      Updated to                      31/03/2025</p>



Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			<p>to allow for the recruitment and induction of a new Head of Safety Management.</p> <p>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.</p>	

## 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
<p><b>4. Review and Audit</b> 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.</p>	Important	Head of Safety Management	<p>We will contact the MCA and discuss the compliance report, the timing and format to ensure we are consistent with other PMSC duty holders.</p> <p>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.</p>	<p>By 31/07/2024 Update: TBA and the Authority will be notified by the MCA</p>
<p><b>5. Plan</b> Action be taken to ensure that the Authority complies with the requirement for a marine safety plan and associated reporting process, either in the form of a separate safety plan, or through relevant provisions being added to the MSMS and/or associated policies.</p>	Important	Head of Safety Management	<p>Because of the statute and the way safety and improvements are planned within the Broads, the details within a Marine Safety Plan are included within the Broads Plan.</p> <p>Update: Regular safety reports are scheduled to go to Committees as and when, and we have a standing H&amp;S agenda item added to the full Authority's agenda to allow reporting and updating of Members.</p> <p>Completed.</p>	31/10/2024

**Table 4**

Corporate Governance and Risk Management – February 2024

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<b>1. The Local Government Act 1972</b> 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.	By 31/03/2025

## Appendix 4 – Summary of actions and responses to Internal Audit 2024/25

**Table 5**

Farming in Protected Landscapes – August 2024

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p><b>2. Review and Audit</b>                      The Authority to ensure that hyperlinks on the website for the Broads Authority Plan and Norfolk Coast Management Plan on Farming in Protected Landscapes Grant Programme (FiPL) are working as intended.                      Risk: Applicants being unable to access essential guidance on the required expectations/outcomes of their project, leading to misaligned project applications.</p>	Routine (previously 'needs attention')	N/A	Implemented - Website link fixed on 13/08/24 Audit comment – Access has been verified with no further action required.	N/A

# Risk, Audit and Governance Committee

27 November 2024

Agenda item number 12

## Review of Standing Orders for the regulation of Authority proceedings

Report by Senior Governance Officer

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### Summary

To consider the proposed revisions to the Authority's Standing Orders for the regulation of Authority proceedings and recommend their adoption by the Authority.

### Recommendation

To recommend the Broads Authority adopt the revised Standing Orders for the regulation of Authority proceedings.

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## 1. Introduction

- 1.1. At its meeting on 20 September, the Broads Authority received a [report](#) proposing revisions to the Authority's Standing Orders for the regulation of Authority proceedings ("Standing Orders").
- 1.2. In accordance with Standing Order 17, it was agreed that the proposed revisions stand adjourned without discussion to the next ordinary meeting of the Authority on 29 November.
- 1.3. This Committee's role includes general oversight of the Authority's governance arrangements. Therefore, it was considered appropriate to refer the proposed revisions for review at this meeting prior to consideration at the Authority meeting.
- 1.4. At the September Authority meeting, Members were invited to contact the Senior Governance Officer with any suggestions or comments on the proposed revisions and I can confirm that none were received. No further changes have been made to the Standing Orders since those originally proposed.
- 1.5. A copy of the proposed revisions was attached to the Broads Authority report, together with a "clean" version of the new Standing Orders and can be accessed using this [link](#).
- 1.6. It is suggested that the revised Standing Orders will come into effect from 1 January 2025.

## 2. Risk implications

- 2.1. The Authority and its decisions could be at risk of challenge, including judicial review, if its Standing Orders are not reviewed to ensure the conduct of Authority proceedings is in accordance with best practice and enables meetings to be conducted efficiently and effectively.

Author: Sara Utting

Date of report: 05 November 2024

# Risk, Audit and Governance Committee

27 November 2024

Agenda item number 13

## Corporate Risk Register

Report by Senior Governance Officer

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### Summary

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

### Recommendation

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

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## 1. 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 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 early November, 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. Overall, there have been no new risks added to, or any risks deleted from, the register. However, it is proposed to delete risk 9 (disruption to key project partnerships) as the initial score has been reduced to 2 and there is nothing for the foreseeable future which is likely to affect this. The risk will be kept under review and re-instated to the register as and when necessary.
- 2.4. In addition, following comments from the last meeting, risk 10 has been amended to separate risks relating to data security and breaches between IT and data protection. A number of detailed IT risks relating to specific issues have been added to the DRR and these have also been summarised into risk 11 of the CRR. The majority of these have an initial risk score of either 9 or 12 and based on the risk scores overall, for the purposes of the CRR we have assessed the initial risk score to be 16.

### 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.

Author: Sara Utting

Date of report: 14 November 2024

Appendix 1 – [Corporate Risk Register \(November 2024\)](#)



# Broads Authority Corporate Risk Register

(Updated ~~July~~ November 2024)

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## 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
Severity						

**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; OD6; OD11; OD13; OD18; SD1; SD2; SD3; SD4; SD15; SD16; SD17; SD18; SD20; SD22; SD23; SD24; SD27

<b>Initial likelihood</b>	4	<b>Initial severity</b>	4	<b>Initial risk score</b>	16
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**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).

<b>Revised likelihood</b>	4	<b>Revised severity</b>	3	<b>Revised risk score</b>	12↔
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**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.  
~~Recruit Development Manager.~~

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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

<b>Initial likelihood</b>	4	<b>Initial severity</b>	4	<b>Initial risk score</b>	16
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**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.

<b>Revised likelihood</b>	3	<b>Revised severity</b>	2	<b>Revised risk score</b>	6↔
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**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

<b>Initial likelihood</b>	3	<b>Initial severity</b>	4	<b>Initial risk score</b>	12
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**Tasks to mitigate risk:** Asset Management Strategy in place. Integrated Access Strategy and Moorings Strategy in place (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.  
 Landowner negotiations processes in place.  
 Programmed inspection regime in place and regular maintenance carried out.

<b>Revised likelihood</b>	3	<b>Revised severity</b>	2	<b>Revised risk score</b>	6<=>
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**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

<b>Initial likelihood</b>	<del>34</del>	<b>Initial severity</b>	5	<b>Initial risk score</b>	1520↑
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**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.  
~~Work ongoing to minimise costs as a result of reduced income.~~  
~~Reducing expenditure to reflect reduced/declining income.~~

<b>Revised likelihood</b>	<del>23</del>	<b>Revised severity</b>	3	<b>Revised risk score</b>	6↔9↑
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**Additional actions required:** Model expenditure options depending on proposed grant set lement and toll increases (Aug ~~2024~~2025).  
~~Make provision for reduction in tolls income.~~  
 Explore options on income generation ~~prior to 2025/26 budget setting.~~  
 Toll/Budget workshop to be held with members Autumn ~~2024~~2025.  
 Training for all staff to be delivered via ELMs on Counter fraud, bribery and corruption during 2024/25.  
~~Regular review of impacts of additional delays to Yare House downsizing.~~  
~~Move to smaller office space planned for summer 2024.~~

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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

<b>Initial likelihood</b>	5	<b>Initial severity</b>	5	<b>Initial risk score</b>	25
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**Tasks to mitigate risk:** Strict adherence to Government guidance and mitigation measures in place for staff, volunteers and members.  
 Yare House, TICs and remote offices and facilities risk assessed and WFH measures in place for staff (where role allows). Key services (Safety Management) maintained within executive area.  
 Clear and concise internal and external communications in place.  
 Business continuity/disaster recovery plan and incident reporting system in place and reviewed regularly. Incident response team meet as required to determine appropriate actions, services and measures to respond to crisis.  
 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.

<b>Revised likelihood</b>	2	<b>Revised severity</b>	4	<b>Revised risk score</b>	8↔
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**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

<b>Initial likelihood</b>	3	<b>Initial severity</b>	5	<b>Initial risk score</b>	15
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**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.

<b>Revised likelihood</b>	2	<b>Revised severity</b>	2	<b>Revised risk score</b>	4↔
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**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; OD7; OD8; OD17; SD26

<b>Initial likelihood</b>	5	<b>Initial severity</b>	5	<b>Initial risk score</b>	25
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**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 were provided to the appropriate staff.  
Safety observations ONS system in place to catch near misses and learn from incidents. 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).

<b>Revised likelihood</b>	2	<b>Revised severity</b>	5	<b>Revised risk score</b>	10↔
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**Additional actions required:** Monitor changes in H&S legislation.  
Monitor 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 ~~2024~~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; OD15; OD16

<b>Initial likelihood</b>	5	<b>Initial severity</b>	5	<b>Initial risk score</b>	25
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**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 licencing 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.](#)

<b>Revised likelihood</b>	3	<b>Revised severity</b>	5	<b>Revised risk score</b>	15↔
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**Additional actions required:** Refresher training for Hire Operator staff on fast tidal waters by Rangers and safety Partners [to be reviewed in 2024-2025](#) at GYYS.  
Review of safety incident data from [2023/24-2024/25](#) so trends and key areas to review can be determined due early [2024-2025](#).  
Program of summer [2024-2025](#) 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

<b>Initial likelihood</b>	<del>4</del> <u>2</u>	<b>Initial severity</b>	<del>4</del> <u>1</u>	<b>Initial risk score</b>	<del>16</del> <u>2</u> ↓
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**Tasks to mitigate risk:** Contractual arrangements in place for key partnerships (see Partnerships Register). Projects risk registers maintained for ~~Water, Mills & Marshes and Fibre~~ Broads 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.

<b>Revised likelihood</b>	<del>3</del> <u>1</u>	<b>Revised severity</b>	<del>4</del> <u>1</u>	<b>Revised risk score</b>	<del>12</del> ↔ <u>1</u> ↓
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**Additional actions required:** Partnerships Register reviewed regularly (Nov ~~2023~~2024).

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## Risk 10 A breach in data security or data protection, ~~or loss of data~~

**Risk description:** Failure by staff to follow ~~IT and/or~~ GDPR processes or protocols, ~~resulting in in-built security being bypassed and allowing data loss or~~ 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

<b>Initial likelihood</b>	4	<b>Initial severity</b>	4	<b>Initial risk score</b>	16
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**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. Additional/Refresher Accredited Data Protection Training provided by external supplier in Dec 2023. Bi-annual internal audit of IT systems and processes carried out.~~  
 Certified GDPR Data Protection Officer(s) and GDPR Compliance Plan in place, and data protection training given to all staff.  
~~ICT security protocols 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.~~  
 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.

<b>Revised likelihood</b>	2	<b>Revised severity</b>	4	<b>Revised risk score</b>	8↔
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**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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## **Risk 11 A cyber security event or 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

<b><u>Initial likelihood</u></b>	<u>4</u>	<b><u>Initial severity</u></b>	<u>4</u>	<b><u>Initial risk score</u></b>	<u>16</u>
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**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.

<b><u>Revised likelihood</u></b>	<u>3</u>	<b><u>Revised severity</u></b>	<u>4</u>	<b><u>Revised risk score</u></b>	<u>12↑</u>
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**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.  
Migration of on-premise system and data to cloud.  
Cost/benefit review of network security scanning.

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# Risk, Audit and Governance Committee

27 November 2024

Agenda item number 14

## Corporate Partnerships Register

Report by Senior Governance Officer

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### Summary

The Broads Authority maintains a register of its key partnerships with external organisations. The latest Corporate Partnerships Register (Appendix 1) is attached for the Committee's information. It will be presented to the Authority on 29 November.

### Recommendation

To note the updated Corporate Partnerships Register (Nov 2024).

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## 1. Corporate partnerships

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

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

## 2. Partnerships protocol

2.1. The Authority will only enter into a formal partnership arrangement if it is able to invest the staff time, assets, knowledge, and funding to play a full and constructive role. Before entering into a new arrangement, it will make sure that:

- the partnership's aims and objectives are clear, and it can be shown how they contribute to the Authority's statutory purposes and objectives;
- there are clear terms of reference setting out how the partnership proposes to achieve its objectives;
- the financial responsibilities of the respective parties are clearly established;
- the partnership represents value for money, and the Authority could not achieve the same outcome more cost effectively;
- there is a clear exit strategy should the partnership fail to meet its objectives;
- there is a nominated responsible officer for the Authority; and
- the need for member involvement in any Partnership Board is considered.

2.2. Management Team approval, and full Authority approval in some cases, will be obtained before entering into a new partnership agreement.

## 3. Corporate Partnerships Register

3.1. The Register gives details for each partnership including purpose, partners and lead Authority officer, perceived benefits, duration, financial arrangements, tasks and an approximation of the amount of officer time involved in each partnership.

3.2. The Management Team reviews the Register on a regular basis and may also commission an evaluation of the internal management and governance arrangements in place for any partnership.

3.3. Having reviewed the Register in early November, the Management Team considers that all live partnerships are meeting their original aims and objectives, internal management and governance arrangements are adequate and appropriate, and the partnerships represent value for money.

3.4. Since it was last published, there have been two additions to the register, and one scheme has been removed as identified in the register.

3.5. A new partnership has been added – Public Sector Co-operation Agreement. Members approved this in [November 2021](#) but it has taken until June 2024 for the

Authority to have the specific practical works example that could kick it off in earnest. The first project was due for commencement on 7 November.

- 3.6. Having reviewed the definition of a partnership, it was agreed to add Whitlingham Charitable Trust (WCT) to the list of live partnerships. The day to day involvement in the management of the Country Park ended in March 2020 but the Authority is still a Member of the Trust and appoints four Trustees.
- 3.7. Officers are reviewing the future status of the River Wensum Strategy Partnership as there has been little, if any, activity since February and no future actions identified. Once confirmation has been received, this partnership will be moved to the list of recently ended partnerships.
- 3.8. In accordance with the protocol, a review was carried out of the Fibreboards partnership, and no areas of concern or requiring remediation were identified.
- 3.9. The updated Register is at Appendix 1 to this report. It will be presented to the Authority meeting on 29 November, together with any comments from this Committee.

## 4. Risk implications

- 4.1. Associated risks and mitigation measures are noted in our Corporate Risk Register or operational level Directorate Risk Registers.

Author: Sara Utting

Date of report: 12 November 2024

Appendix 1 – [Corporate Partnerships Register \(Nov. 24\)](#)



## Appendix 1

### Corporate Partnerships Register

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

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

**Table 1**

Corporate Partnerships Register (reported to [RAG 27/11/24](#) & [BA 2429/11/2324](#))

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p><b>ASSOCIATION OF INLAND NAVIGATION AUTHORITIES (AINA)</b></p> <p><b>Purpose:</b> Represents the collective views of navigation authorities to Government, regulators, other policy makers, funders and stakeholders. Provides information, advice and good practice for managing, operating and developing inland waterways for navigation and wider use.</p>	<p>Gives collective voice greater than sum of constituent members, such as access to senior DEFRA officials and chance to influence policy and regulations.</p>	<p>Ongoing</p>	<p>BA contribution £3,400-710 in <del>2022</del>2023/2324</p>	<p>Represent issues for Broads navigation</p> <p>Officer inputs vary, but mainly reading technical papers or sharing information with AINA members</p> <p>A key organisation</p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p><b>Partners:</b> 18 partners including the Canal &amp; River Trust, Environment Agency, BA and National Park Authorities, local government authorities, private canal companies, internal drainage boards, public and charitable trusts.</p> <p><b>BA lead officer:</b> Director of Operations</p>				for the Authority to be involved in.
<p><b>BROADLAND CATCHMENT PARTNERSHIP</b></p> <p><b>Purpose:</b> Steers a catchment approach to source funding, agree targets and deliver practical projects in collaboration. It is an informally constituted partnership.</p> <p><b>Partners:</b> BA, Norfolk Rivers Trust, Environment Agency, Natural England, Water Management Alliance, Anglian Water, Essex &amp; Suffolk Water, NFU, RSPB, <del>Country Land &amp; Business Association</del>, Norfolk Farming &amp; Wildlife Advisory Group, <a href="#">NWT</a>, <a href="#">SWT</a>, <a href="#">The Otter Trust</a>, <a href="#">Norfolk County Council</a>, <a href="#">Wensum Farmers</a>, <a href="#">National Trust</a>, <a href="#">WRE</a>, <a href="#">River Waveney Trust</a>, <a href="#">UEA</a>, <a href="#">BAWAG</a></p> <p><b>BA lead officer: Catchment and Farming Officer</b></p> <p><b>BROADLAND CATCHMENT PARTNERSHIP</b></p>	Supports catchment-wide project planning and delivery. Partner activities can be co-ordinated to achieve greater impact with collective ability to meet catchment water management challenges.	Ongoing	<p>BA contribution approximately £246k p.a. in officer time</p> <p><a href="#">£15k income from CaBA in agreement with Norfolk Rivers Trust</a></p>	<p>Coordinate partnership</p> <p>0.5 FTE</p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p><b>Purpose:</b> Steers a catchment approach to source funding, agree targets and deliver practical projects in collaboration. It is an informally constituted partnership.</p> <p><b>Partners:</b> BA, Norfolk Rivers Trust, Environment Agency, Natural England, Water Management Alliance, Anglian Water, Essex &amp; Suffolk Water, NFU, RSPB, Country Land &amp; Business Association, Norfolk Farming &amp; Wildlife Advisory Group</p> <p><b>BA lead officer:</b> Catchment and Farming Officer</p>				
<p><b>BROADLAND FUTURES INITIATIVE</b></p> <p><b>Purpose:</b> To develop the future management of flood risk in the Broads area.</p> <p><b>Partners:</b> BA, Environment Agency, Natural England, NFU, RSPB, Norfolk County Council, Suffolk County Council, Water Management Alliance, Coastal Partnership East</p> <p><b>BA lead officer:</b> Director of Strategic Services</p> <p><b>BA members:</b> Matthew Shardlow (<del>Tim Jickells</del><u>Tony Grayling</u>) as reserve) on Elected Members' Forum</p>	<p>Coordination of partner activities to achieve greater impact, with collective ability to meet flood risk management challenges.</p>	<p>Ongoing</p>	<p>Small financial contribution each year to facilitate meetings.</p>	<p>Chair partnership meetings, provide comms support, review technical information, present at events and provide data and guidance. 50 hours p/a</p>
<p><b>BROADS BEAT</b></p>	<p>Operational benefits to BA Rangers through practical</p>	<p>Ongoing</p>	<p>Primarily financed by Norfolk Constabulary.</p>	<p>Mainly an information and intelligence sharing</p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p><b>Purpose:</b> Dedicated Police presence for the Broads alongside BA patrols to ensure safety and security on the Broads.</p> <p><b>Partners:</b> Norfolk Constabulary (lead partner), BA, Environment Agency</p> <p><b>BA lead officer:</b> Head of Ranger Services</p>	<p>day-to-day liaison with local Police.</p>		<p>Additional funding discretionary for all other sponsors. BA contribution £2,500 p.a. (2023/24/25) plus officer time to assist Broads Beat patrols.</p>	<p>partnership. Another key organisation to be linked into.</p>
<p><b>BROADS BIODIVERSITY PARTNERSHIP</b></p> <p><b>Purpose:</b> To steer <a href="#">nature recovery to source funding, agree targets and deliver practical projects in collaboration. It is an informally constituted partnership.</a> <del>biodiversity delivery to source funding, agree targets and deliver practical projects in collaboration. It is an informally constituted partnership.</del></p> <p><b>Partners:</b> <a href="#">Anglian Water, Buglife, British Dragonfly Society, Broads Authority, Broads Society, Butterfly Conservation, Environment Agency, Essex &amp; Suffolk Water, Freshwater Habitats Trust, Natural England, National Farmers Union, National Trust, Non-Native Species Initiative, Norfolk Biodiversity</a></p>	<p><a href="#">Monitors and consults on the Broads Nature Recovery Strategy (BNRS) and its Delivery Plan.</a></p> <p>-</p> <p><a href="#">Supports nature recovery project planning and delivery. Partner activities can be co-ordinated to achieve greater impact, with collective ability to meet nature recovery challenges</a></p> <p><del>Supports nature recovery project planning and</del></p>	<p>Ongoing</p>	<p>Small financial contribution each year to facilitate meetings. Officer time (chairing meeting, updating BBW Strategy and Action Plan)</p>	<p>Review annual action plan.</p> <p>Hold partnership meetings every 3-4 months.</p> <p>45 hours p/a</p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p><a href="#">Information Service, Norfolk County Council, Norfolk Flora Group, Norfolk Wildlife Trust, Norfolk and Norwich Naturalists' Society, Plantlife, RSPB, Suffolk County Council, Suffolk Wildlife Trust, University of East Anglia, Water Management Alliance, BA, Norfolk Rivers Trust, Environment Agency, Natural England, Water Management Alliance, Anglian Water, Essex &amp; Suffolk Water, RSPB, Norfolk Farming &amp; Wildlife Advisory Group, Norfolk Coast AONB, Norfolk Wildlife Trust, Suffolk Wildlife Trust, Butterfly Conservation, Dragonfly Society, Norfolk Flora Group</a></p> <p><b>BA lead officer:</b> Environment Policy Adviser</p>	<p>delivery. Partner activities can be co-ordinated to achieve greater impact, with collective ability to meet nature recovery challenges. Joint ownership and updating of Broads Biodiversity and Water Strategy and Action Plan.</p>			
<p><b>BROADS LANDSCAPE PARTNERSHIP</b></p> <p><b>Purpose:</b> To deliver the Water, Mills and Marshes Landscape Partnership Scheme.</p> <p><b>Partners:</b> BA, Broads Society, Broads Tourism, City College Norwich, Easton and Otley College, Farm Conservation Limited, Great Yarmouth Preservation Trust, New Anglia LEP, Natural England, Norfolk County Council, Norfolk</p>	<p>In return for proportionately small BA contribution, the area receives significant funding to make a real impact. The multi-partner, multi-project programme benefits local communities and area's local natural, cultural and social heritage.</p>	<p>To 31 Dec 2023</p>	<p>Total budget of £2.6m funded by National Heritage Lottery Fund, with additional income of £525k to be funded by third parties.</p>	<p>Administer partnership through Project Manager.</p> <p>Full time until 1 November 2023, 0.5 FTE after 1 November 2023</p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p><del>Windmills Trust, RSPB, Voluntary Norfolk, WLMA, Workers' Educational Association</del></p> <p><del>BA lead officer: Director of Operations</del></p>			<p><del>BA contribution is £300k from 2015/16-2020/21.</del></p>	
<p><b>BROADS TOURISM (Visit the Broads)</b></p> <p><b>Purpose:</b> To develop and promote a high quality and environmentally-friendly tourism industry in the Broads, fulfilling the BA's second statutory purpose and the duty to foster the economic and social well-being of those who live and work in the Broads.</p> <p><b>Partners:</b> Local tourism businesses and promoters, BA</p> <p><b>BA lead officer:</b> Head of Communications</p>	<p>Supports coordinated approach to working with tourism businesses and promoters to encourage and manage common messages and sustainable tourism in the Broads.</p>	<p>Ongoing</p>	<p>BA provides in-kind administrative support to Broads Tourism board, as well as occasionally producing publications and attending shows or other promotional events.</p> <p>Direct financial support of <del>£6,5003,40860</del> for VtB marketing activity <u>which promotes the area.</u></p> <p>Indirect financial support of £3,000 for additional advertorial pages in Broadcaster.</p>	<p>Provide admin support for meetings and comms support.</p> <p>Attend Board meetings in advisory capacity, manage website and Broads National Park social media accounts, work with DMOs, provide support to promote area to visitors.</p> <p>Estimated 650 hrs per year of officer time</p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p><b>FARMING IN PROTECTED LANDSCAPES</b></p> <p><b>Purpose:</b> The programme, developed by Defra, and delivered locally through the Broads Authority and Norfolk Coast AONB, supports farmers and land managers in carrying out projects that support the natural environment, mitigate the impacts of climate change, provide public access opportunities or support nature-friendly, sustainable farm businesses.</p> <p><b>Partners:</b> Norfolk Coast AONB.</p> <p>The Local Assessment Panel includes representatives of the farming and land-owning community, environmental NGOs, the Broads Authority, the Norfolk Coast Partnership and Natural England.</p> <p><b>BA lead officer:</b> Catchment and Farming Officer</p>	<p>The funding will pay for projects, on one landholding or across a number of holdings, which provide direct benefits to the Broads.</p>	<p>Until March 2025.</p> <p><a href="#">Funding for FiPL Officer until March 2027</a></p>	<p>Overall allocation for the Broads varies each year. Land Management Board will act as FiPL grant decision making board with specific Terms of Reference</p>	<p>Comply with the National Framework. Hold regular Local Assessment Panels. Report monthly to DEFRA. 1.2x FTE p/a</p>
<p><b>Fibreboards</b></p> <p><b>Purpose:</b> Unlock paludiculture (meaning "the profitable production of wetland crops") as a new opportunity for farmers in the Broads and Norfolk. By targeting peatland farmers and assessing where change is possible, testing novel propagation, wetland crop systems, and developing a business network around the most</p>	<p>Project is funded by Defra as a priority within the Environment Plan, with strong links to Net Zero and Peatland Action Plan.</p> <p>Funding makes significant difference to BA's ability to work with farmers and</p>	<p>From June 2023 to March 2025</p>	<p>Overall value is £495,000</p>	<p>Comply with the conditions of the grant. Employ Project Officer. Coordinate the partnership, reporting and multiple contracts.</p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p>viable products, we will help farming systems adapt to climate change and sea level rise.</p> <p><b>Partners:</b> BA (lead), Environment Agency, Natural England, Broads Internal Drainage Board, Norfolk Farming &amp; Wildlife Advisory Group, New Energy Farms, Palladium, Norwich University of the Arts (NUA), Hudson Architects, Wetland Products Foundation, Norfolk County Council</p> <p><b>BA lead officer:</b> Environment Policy Adviser</p>	<p>land managers to unlock the multiple barriers with our partners around land and water management.</p>			<p>1.2x FTE p/a</p>
<p><b>NATIONAL PARKS PARTNERSHIP</b></p> <p><b>Purpose:</b> Limited Liability Partnership (LLP) set up to pursue engagement of the UK National Parks family with the corporate sector.</p> <p><b>Partners:</b> UK National Park Authorities and BA</p> <p><b>BA lead officer:</b> Chief Executive</p>	<p>Brings in additional funding, corporate support and a raised profile to the Broads as a member of the National Parks family.</p>	<p>Ongoing</p>	<p>BA contribution is <del>£10120,000</del> in <del>2023</del><u>2024/2425</u></p>	<p>None</p>
<p><b>NATIONAL PARKS UK COMMUNICATIONS TEAM</b></p> <p><u>(Under review as at 6 Dec 2024)</u></p> <p><b>Purpose:</b> National promotion and branding of UK National Parks and BA</p> <p><b>Partners:</b> UK National Park Authorities, National Park Partnerships, <u>National Parks England</u> and BA</p>	<p>Raises the profile of National Parks with the public through a jointly funded Communications Team, hosted and employed by the <u>Broads Authority</u>, <u>Peak District NPA</u></p>	<p>Until <del>20243</del>/<u>254</u></p>	<p>Funding from 15 UK National Parks and National Parks Partnerships.</p> <p>BA contribution in 2023/24 is <u>£8,000</u><del>2,213</del>. <u>This</u></p>	<p><u>Participate in ongoing joint communications and marketing activity as required.</u></p> <p><u>Attend twice yearly Heads of Comms</u></p>



Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p>BA lead officers: <del>Chief Executive (Lead CEO for Communications)</del> and Head of Communications</p>			<p><del>replaces NPUK subscription;</del></p> <p><del>BA hosts the team on behalf of all 15 National Parks employing 2 FTE— This agreement transfers to the Peak District NPA on 8 January 2024 as new hosts of the unit.</del></p>	<p><del>meetings (1 in-person/1 online)</del></p> <p><del>Keep Chairs and Chief Executives informed of progress; host and line manage team; lead on strategic planning for team activity through Heads of Comms Steering Group. (to 8 January 2024)</del></p> <p><del>From 8 January 2024, the BA commitment of officer time will reduce to providing strategic input and collaborative team activity</del></p> <p><del>300 hrs P/A dropping to 100</del></p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
				100hrs PA <del>from</del> January 2024
<p><b>NORFOLK AND SUFFOLK BROADS CHARITABLE TRUST</b> ('The Broads Trust')</p> <p><b>Purpose:</b> Fundraising charity to stimulate and support sustainable and high qualities projects in the Broads with clear public and community benefits.</p> <p><b>Partners:</b> Trustees</p> <p><b>BA lead officer:</b> <del>Director of Strategic Services</del> <u>Partnership &amp; External Funding Manager</u></p> <p><b>BA members:</b> Paul Hayden &amp; Martyn Hooton</p>	<p>The Trust manages the 'Love the Broads' visitor giving scheme and promotes sustainable improvements to benefit the Broads.</p>	<p>Ongoing</p>	<p>Fundraising charity; in kind support from BA officers</p>	<p>Provide officer support, particularly in respect of bidding for external funding. 40 hours p/a</p>
<p><b><u>PUBLIC SECTOR CO-OPERATION AGREEMENT (PSCA)</u></b></p> <p><b><u>Purpose:</u></b> <u>To support collaborative procurement and facilitate co-operation on shared objectives related to flood risk management, maintenance,</u></p>	<p><u>To facilitate joint working on dredging re-use, food defence asset maintenance and other activities, where the standard procurement route through</u></p>	<p><u>Start: June 2024</u></p> <p><u>Ends: June 2029 (subject to review)</u></p>	<p><u>Invoices raised for individual tasks. Rates updated annually.</u></p>	<p><u>Annual rates for Authority plant, equipment and staff time are provided to the EA. Agreement programme of work is set annually.</u></p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p><u>and related activities in which the Broads Authority serves as the delivery partner.</u></p> <p><u>Partners: Broads Authority, Environment Agency</u></p> <p><u>BA lead officer: Head of Construction, Maintenance &amp; Ecology</u></p>	<p><u>Environment Agency frameworks would be a barrier to effective local working with the Authority.</u></p> <p><u>The Authority is able to invoice for certain works that would otherwise be solely funded from revenue budgets.</u></p>			<p><u>Approx. 5 hours p.a on PSCA. Additional staff time on individual tasks is variable but this time is all integrated into operational work programme priorities.</u></p>
<p><b>RIVER WENSUM STRATEGY PARTNERSHIP</b></p> <p><b>Purpose:</b> To promote the regeneration and management of the River Wensum in Norwich</p> <p><b>Partners:</b> Norwich City Council, Norfolk County Council, Environment Agency, Norwich HEART, Norwich Society, BA</p> <p><b>BA lead officer:</b> <del>Director of Strategic Services.</del> Delivery Board attended by Waterways &amp; Recreation Officer.</p>	<p>Coordinated management of River Wensum. Opens up opportunities for funding and supports partnership working on cross-party issues such as access/mooring improvements and dealing with anti-social behaviour and abandoned vessels.</p>	<p>Strategy adopted by BA in July 2018; <u>all actions assigned to BA completed by 2024.</u> <del>action plan to end 2024.</del></p>	<p><del>Project delivery underway; further funding needed for future activity. Anticipated that significant part of any project cost will be raised from external funding applications or CIL. No further action agreed at meeting. No CIL applications submitted in 2024.</del></p>	<p><u>No further actions associated to BA officer.</u> <del>Support delivery of action plan.</del> 20 hours p/a</p>

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration and type of partnership	Financial arrangements	BA tasks & officer time commitment (approx.)
<p><b>UK NATIONAL PARKS CHARITY FOUNDATION</b></p> <p><b>Purpose:</b> To provide a vehicle for charitable giving by the corporate sector.</p> <p><b>Partners:</b> UK National Park Authorities and BA, though not all have yet committed to membership.</p> <p><b>BA lead officer:</b> Chief Executive</p>	<p>National charity established in response to experience of National Park Partnerships in engaging with the corporate sector, which showed that some companies would like to contribute to National Parks but can only do so to a registered charity.</p>	<p>Ongoing</p>	<p>No assets as yet</p>	<p>None.</p>
<p><u>WHITLINGHAM CHARITABLE TRUST</u></p> <p><u><b>Purpose:</b> To secure the effective management of Whitlingham Country Park including the development of policies and provision of visitor services on site.</u></p> <p><u><b>Partners:</b> Arminghall Settlement and Broads Authority</u></p> <p><u><b>BA lead officer:</b> The Broads Authority is a member of the WCT, represented by the Chief Executive. The Authority appoints four Trustees to the Board of Trustees.</u></p>	<p><u>Whitlingham Country Park is a gateway to the Broads and helps raise the profile of the Broads with the public, particularly people living in Norwich</u></p>	<p><u>Ongoing</u></p>	<p><u>There are four members of the Trust which is limited by guarantee. In the event of the Trust being wound up each member agrees to contribute £1.</u></p>	<p><u>BA staff administer the appointment of Trustees.</u> <u>Chief Executive attends the AGM representing the Authority</u></p>

## Recently ended partnerships

Details of partnership agreement	Benefits to the BA	Details of partnership closure
<p><b><u>BROADS LANDSCAPE PARTNERSHIP</u></b></p> <p><u><b>Purpose:</b> To deliver the Water, Mills and Marshes Landscape Partnership Scheme.</u></p> <p><u><b>Partners:</b> BA, Broads Society, Broads Tourism, City College Norwich, Easton and Otley College, Farm Conservation Limited, Great Yarmouth Preservation Trust, New Anglia LEP, Natural England, Norfolk County Council, Norfolk Windmills Trust, RSPB, Voluntary Norfolk, WLMA, Workers' Educational Association</u></p> <p><u><b>BA lead officer:</b> Director of Operations</u></p>	<p><u>In return for proportionately small BA contribution, the area received significant funding to make a real impact. The multi-partner, multi-project programme benefited local communities and area's local natural, cultural and social heritage.</u></p>	<p><u>Final Partnership event held on September 17<sup>th</sup>, 2024</u></p> <p><u>Final Claim submitted to National Lottery Heritage Fund on October 19<sup>th</sup>, 2024</u></p>

Register updated: ~~0812/11/2324~~

Next update due: ~~March-February 20242025~~

Presented to ~~RAG 27/11/24 & BA 2429/11/2324~~

Contact officer: Senior Governance Officer



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Date TBC

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 2023. 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 2023 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 2022/23 (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 2022/23 (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 2022/23 (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 2022/23 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
  - 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 2022/23 to the most recent meeting on the following date: 20 September 2024.
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 2022/23 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 2022/23.
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) unauthorized 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 unauthorized 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. 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.

**F. Use of the Work of a Specialist**

1. 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.

**G. Estimates**

When we have identified a higher risk estimate, we include the following representation(s):

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 accounting estimate.
2. We confirm that appropriate specialized skills or expertise has been applied in making the Pensions liability accounting estimate.
3. We confirm that no adjustments are required to the accounting estimate(s) 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**

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 4 September 2024 issued to you by the Authority's Monitoring Officer.

**K. Going Concern**

1. 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.

**L. Subsequent Events**

1. 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.

**M. Other information**

1. 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.
2. We confirm that the content contained within the other information is consistent with the financial statements.
3. We confirm that the Annual Governance Statement for 2022/23 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2022/23 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

**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 and the authority have reflected these in the financial statements.

Yours sincerely

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(Director of Finance)

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(Chair of Risk, Audit and Governance)