

Audit Committee

Agenda

Members of the Audit Committee

Cllr G K Nurden
(Chairman)

Cllr P C Bulman
(Vice Chairman)

Cllr A D Crotch
Cllr S I Holland
Cllr K A Vincent

Substitutes
Conservatives
Cllr N J Brennan
Cllr D King
Cllr M L Murrell
Cllr N C Shaw

Liberal Democrat
Cllr S J Catchpole

Date

Thursday 26 November 2020

Time

10.00 am

Place

To be hosted remotely at
Thorpe Lodge
1 Yarmouth Road
Thorpe St Andrew
Norwich

Contact

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@BDCDemServices

If any member wishes to clarify details relating to any matter on the agenda they are requested to contact the relevant Officer.

Public Attendance

This meeting will be live streamed for public viewing via the following link:
<https://www.youtube.com/channel/UCZciRgwo84-iPyRlmsTCIng>.

If a member of the public would like to attend to ask a question, or make a statement on an agenda item, please email your request to committee.services@broadland.gov.uk no later than 5.00pm on Monday 23 November 2020.

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Trevor Holden
Managing Director

Glossary

General Terms	
AGS	<i>Annual Governance Statement</i> – This is a statement prepared by the Council each year to summarise the governance and assurance framework, and highlight any significant weaknesses in that framework
BAD DEBT PROVISION	To take account of the amount of debt which the Council estimates it will not be able to collect
CIPFA	<i>The Chartered Institute of Public Finance and Accountancy</i> – The accountancy body for public services
CREDITOR	A person or organisation which the Council owes money to for a service or goods
KPI	Key Performance Indicator
LDF	<i>Local Development Framework</i> – Outlines the management of planning in the Council
LEDGER	A module within the finance system e.g. Sales Ledger, Purchase Ledger, General Ledger
LGA	<i>Local Government Association</i> – a lobbying organisation for local councils
LGPS	<i>Local Government Pension Scheme</i> - Pension Scheme for all public sector employees
NFI	<i>National Fraud Initiative</i> – A national exercise to compare data across public sector organisation to aid identifying potential frauds
NHB	<i>New Homes Bonus</i> – Grant paid by central Government to local councils for increasing the number of homes and their use
NI	<i>National Indicator</i> – A measure used to identify how the Council is performing that is determined by central Government
NNDR/NDR	<i>(National) Non-Domestic Rates</i> – Commonly known as Business Rates
PI	<i>Performance Indicator</i> – Measure used to identify how the Council is performing
PSN	<i>Public Services Network</i> – Provides a secure private internet for organisations across central Government and the Wider Public Sector and standardised ICT infrastructure
RAD	Rent Assisted Deposit scheme
SLA	<i>Service Level Agreement</i> – An agreement that sets out the terms of reference for when one organisation provides a service to another
MTFP	<i>Medium Term Financial Plan</i> – Sets out the future forecast financial position of the Council
SUNDRY DEBTOR	A customer who owes the Council money for a service they have received prior to payment, this excludes Council Tax or NDR. The term can also refer to the system used to record money owed to the Council e.g. the Sundry Debtors system which is a module within the financial system.

Audit Terminology	
APB	<i>Auditing Practices Board</i> – The body that sets the standards for auditing in the UK
COUNT	<i>Count Once, Use Numerous Times</i> – A system used for data collection and analysing, which works to avoid duplication by assuming the principle that a piece of data should be recorded once but used several times in different ways
ISA	<i>International Auditing Standard</i> – Provides external auditors with a required framework that dictates work to be undertaken before awarding an opinion on the statement of accounts
VFM Conclusion	<i>Value for Money Conclusion</i> – The Audit Commission are required to give an annual conclusion on the Council's arrangements for providing value for money in addition to the opinion given on the statement of accounts
Accounting Terminology	
BRRS	<i>Business Rates Retention Scheme</i> – Provides a direct link between business rates growth and the amount of money councils have to spend on local people and local services (the Council retains a proportion of the income collected as well as growth generated in the area)
CFR	<i>Capital Financing Requirement</i> – A calculated figure that establishes the amount of money the Council needs to borrow
Collection Fund	A separate account statement that records the transactions relating to the collection and redistribution of Council Tax and Business Rates
GAAP	<i>Generally Accepted Accounting Practice</i> – This provides the overall framework for accounting principles prior to IFRS adoption in local government (also "UK GAAP" – specific to the United Kingdom)
IAS	<i>International Accounting Standards</i> – These were the precursors for international financial reporting standards (see below)
IFRS	<i>International Financial Reporting Standards</i> – The underlying standards for the Council's accounting policies and treatment of balances
IPSAS	<i>International Public Sector Accounting Standards</i> – These set out the accounting standards for public sector bodies, and are based on the international financial reporting standards
MRP	<i>Minimum Revenue Provision</i> – The amount of money the Council needs to set aside each year to fund activities from revenue balances
Non-current assets	Assets from which benefit can be derived by the Council for more than one year (formerly known as Fixed Assets)
RSG	<i>Revenue Support Grant</i> – One source of Council funding from central Government
SSAP	<i>Statement of Standard Accounting Practice</i> – Preceded the financial reporting standards in the UK
The Code	<i>Code of Practice on Local Authority Accounting in the UK</i> – Main guidance on accounting treatment required for the statement of accounts
Virement	The process of transferring a sum of money from one part of the Council's budget to another, subject to appropriate approval
WGA	<i>Whole of Government Accounts</i> – An exercise undertaken to consolidate all the accounting records of Government bodies

International Accounting and Financial Reporting Standards Reference Numbers	
IAS1	<i>Presentation of Financial Statements</i> – Sets out the prescribed format for statements of accounts
IAS19	<i>Employee Benefits</i> – Essentially provides the basis for accounting for the pension fund
IAS20	<i>Accounting for Government Grants</i> – Establishes the accounting treatment for receiving Government grants
IAS40	<i>Investment Property</i> – How organisations should account for properties held as an investment
IPSAS16	<i>Investment Property</i> – How public sector organisations should account for properties held as an investment
IPSAS23	<i>Revenue from non-exchange transactions (taxes and transfers)</i> – This determines how monies from taxes should be treated in the accounts

DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.

Does the interest directly:

1. Affect yours, or your spouse / partner's financial position?
2. Relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?
3. Relate to a contract you, or your spouse / partner have with the Council
4. Affect land you or your spouse / partner own
5. Affect a company that you or your partner own, or have a shareholding in

If the answer is "yes" to any of the above, it is likely to be pecuniary.

Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.

Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?

If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.

Is the interest not related to any of the above? If so, it is likely to be another interest. You will need to declare the interest, but may participate in discussion and voting on the item.

Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.

FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF

**PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER
IN THE FIRST INSTANCE**

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

What matters are being discussed at the meeting?

Do any relate to an interest I have?

A Have I declared it as a pecuniary interest?

OR

B Does it directly affect me, my partner or spouse's financial position, in particular:

- employment, employers or businesses;
- companies in which they are a director or where they have a shareholding of more than £25,000 face value or more than 1% of nominal share holding
- land or leases they own or hold
- contracts, licenses, approvals or consents

NO

YES

The interest is pecuniary – disclose the interest, withdraw from the meeting by leaving the room. Do not try to improperly influence the decision

If you have not already done so, notify the Monitoring Officer to update your declaration of interests

YES

The interest is related to a pecuniary interest. Disclose the interest at the meeting. You may make representations as a member of the public, but then withdraw from the

Does the matter indirectly affects or relates to a pecuniary interest I have declared, or a matter noted at B above?

NO

YES

The Interest is not pecuniary nor affects your pecuniary interests. Disclose the interest at the meeting. You may participate in the meeting and vote

Have I declared the interest as an other interest on my declaration of interest form? OR

Does it relate to a matter highlighted at B that impacts upon my family or a close associate? OR

NO

You are unlikely to have an interest. You do not need to do anything further.

Does it affect an organisation I am involved with or a member of? OR

Is it a matter I have been, or have lobbied on?

Pecuniary Interest

Related pecuniary interest

Other Interest

Minutes of a meeting of the **Audit Committee** held remotely on **Thursday 22 October 2020** at **10.00am** when there were present:

Cllr G K Nurden – Chairman

Cllr P E Bulman

Cllr N J Brennan

Cllr S I Holland

Cllr D King

Cllr S Catchpole also attended the meeting for its duration.

Also in attendance were the Managing Director, Director of Resources, Director of Place, Director of People and Communities, Assistant Director of Finance (Section 151 Officer), Assistant Director Governance and Business Support (Monitoring Officer), Chief of Staff, Internal Audit Director TIAA, Strategy and Programme Manager and the Democratic Services Officer (JO).

52 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Crotch and Cllr K Vincent.

53 MINUTES

The revised circulated Minutes of the meeting held on 16 July 2020 were confirmed as a correct record, save for the following amendments:

Minute No 43: Draft Statement of Accounts 2019/20

At this draft stage the *Comprehensive Income and Expenditure Accounts* showed an accounting surplus for the year of £183,000.

The Movement in Reserves Statement showed a net addition to the General Fund of £1.047m.

The Chairman also requested that draft Minutes be sent to him for approval as soon as possible after the meeting.

54 MATTERS ARISING

Minute No: 42 – Matters Arising

In respect of online Member training; the Assistant Director Governance and Business Support (Monitoring Officer) confirmed that courses for Members

provided by SkillGate, the Council's E-learning Platform, on Risk Management and Cybercrime were being assessed and would be made available on Members iPads shortly.

The Director of Resources advised the Committee that no feedback on the Broadland Growth Ltd briefing had been received, other than it having been an informative session.

The Assistant Director Finance informed the meeting that the negotiations with EY over the increase in their fee levels were still to be resolved.

The Committee were informed that a new Fraud Officer had been appointed and would be able to bring a revised Fraud Policy to a meeting in the near future.

55 DRAFT STRATEGIC RISK REGISTER

The Chief of Staff introduced the report, which presented a draft Strategic Risk Register (SRR) for the Council, which the Audit Committee were asked to review, before it went on to form part of the Council's quarterly Performance, Risk and Finance Reports to Cabinet.

The risks in the SRR had been identified through the Corporate Management Leadership Team's assessment of the risks to the Council's Strategic Plan, based on the framework set out in the Risk Management Policy, adopted by Council in September 2020.

The Risk Management Policy broke risks down into three main categories; Strategic Risks, Directorate or Operational Risks and Project Risks.

Strategic risks were large scale risks that would impact on the delivery of the Council's services and might include operational risks escalated from a particular service according to the potential scale of their impact. All of the risks in the SRR were linked to the Council's corporate priorities.

The Audit Committee were asked to review the SRR prior to being presented to Cabinet in Quarter 3.

The Chairman informed the meeting that he had concerns about the Risk Register, as it had two risks with the objective of supporting individuals and empowering the community and nine with the objective of working smartly and collaboratively. He noted that the SRR included risks such as local government reform that were not within the Council's ability to control, but none in respect of growing the economy and environmental matters. He suggested that it was, therefore, not a balanced Risk Register. He would also have liked to see more information provided in the comments column.

In response to a Member's comment, it was confirmed that the likelihood and severity controls and the numbering ascribed to them was set out in the Risk Management Policy.

In answer to the issues raised by the Chairman, the Chief of Staff confirmed that the risks had been linked to the Council's Delivery Plan and were those risks that were seen as having the greatest impact on it. However, the SRR would evolve according to circumstances and risks could be added or removed accordingly. The rationale for including local government reform in the SRR, was because of the huge potential impact it could have on the Council. It was confirmed that the comments columns would be updated for the Quarter 3 performance report.

The Chairman noted these points, but considered the environment and the economy to be higher priorities, than some of the risks in the SRR

In response, the Director of Place acknowledged that the environment was a global threat and reminded the Committee that the Council had an Environmental Strategy and a new graduate apprentice scoping it out and drafting a Delivery Plan for it, which would address many of the issues that were within the Council's control.

The Chairmen responded that he would like to see the risks of not achieving the goals and targets in the Environment Strategy set out in the SRR and the impact this might have on the reputation of the Council. He added that he wanted to see a more balanced SRR that covered all of the strategic ambitions of the Council.

Another Member also noted that some risks were not within the risk appetite and asked what measures could be put in place to move them within it. In response to this the Chief of Staff confirmed that although mitigations could be put in place, some risks would never be completely within the Council's control and therefore not within the risk appetite of the Council.

In response to a question regarding the Food Innovation Centre, it was confirmed that this would be listed under project risks and that consultants were working on a robust project management plan for this largescale capital project.

The Chairman asked that the SRR be looked at again to make it more balanced and be brought back to the 26 November 2020 Audit Committee for a final review from the Committee.

A Member also suggested that the risks listed in the SRR were too generic and that the Council had some very specific risks that were not listed.

The Assistant Director Governance and Business Support (Monitoring Officer) pointed out that many risks would be listed at an operational level, so would

not be included in the SRR; an example of this would be the Food Innovation Centre. She also asked Members to note that the matrix within the Risk Management Policy was a tool to help officers assess risk and then plot them onto the Risk Registers. Not all of the Council's ambitions and targets would be linked to the SRR; as they could be managed and mitigated at an operational level, so would not be escalated to a strategic level. She emphasised that the risks set out in the SRR were the key strategic risks that should be brought to the Committee's attention. A discussion could be had with Cabinet about the inclusion of risks that had been mitigated and whether they should remain on the SRR or come off it.

The Director of People and Communities added that a risk of not achieving environmental targets, such as recycling 60 percent of collected waste by 2025, was very much an operational matter and would not be raised to the strategic level. However, issue such as local government reform and devolution could have a profound effect on the residents of the District and beyond and, therefore, should be raised as a strategic risk.

A Member suggested that the Committee should have seen the other Risk Registers to give some context to the SRR. Officers confirmed that as per the Risk Management Policy, operational risks are managed by Officers and Members have oversight of those which are strategic in nature through the SRR.

RESOLVED

To note and request that further work be done on the draft Strategic Risk Register to make it more balanced, as suggested by the Chairman, and brought back to the Committee's meeting on 26 November 2020.

56 PROGRESS REPORT INTERNAL AUDIT

The Chairman welcomed Fiona Dodimead, the Internal Audit Director TIAA, to the meeting who was presenting the report in the absence of the Internal Audit Manager, who was on maternity leave.

The report reviewed the work performed by Internal Audit in delivering the Annual Audit Plan for 2019/20 during the period 7 July 2020 to 12 October 2020.

No significant changes occurred during the period. Two minor revisions to the plan had been to move the Service Desk Review and the Remote Access Review to the Quarter 3.

Quarter 2 was very light with only Assurance Mapping taking place; this took the form of an Officer questionnaire to identify any issues in their areas that

needed to be added to the Internal Audit Plan. Assurance Mapping was being carried out across the Consortium of Norfolk local authorities, which should provide very good coverage and ensure that no important areas were missed. This work was reaching the conclusion stage, so the Committee should get an update on this at the 26 November 2020 meeting.

Quarter 3 and 4 would be far busier; with Payroll and HR and Council Tax Audits already having commenced and a further seven audits to be completed.

The Chairman noted that the Service Desk and Remote access audits had been moved at the request of the Committee and that this should have been recorded in the Minutes.

In response to a query, the Internal Audit Director assured Members that although only four of the eight days set aside for the Assurance Mapping Audit had been carried out so far, she was confident that the other four days would be completed shortly. The delay was due to the Audit being carried out at the same time across the Consortium to obtain the best possible picture of any areas that needed looking into further. This was the only Audit in the Plan of this nature. There was now significant capacity available to complete the Audits in Quarter 3 and 4 on time, subject to any restrictions introduced to fight the pandemic.

RESOLVED

To note the progress in delivering the Internal Audit Plan of work for the 200/21 financial year.

57 FOLLOW UP REPORT INTERNAL AUDIT

The Chairman welcomed the Managing Director to the meeting and drew Members' attention to Minute 45 of the 16 July 2020 meeting, where he had noted the number of recommendations that had been given more than one extension and had suggested that Officers drew up plans of implementation and submit them to the Managing Director, so that the Committee could get a response from him if they were not implemented.

The Internal Audit Director advised the meeting that it was pleasing that there were only two outstanding recommendations raised prior to 2019/20 that were outstanding, with the majority of unimplemented recommendations being from 2019/20.

She also advised Members that progress had been made on many of the recommendations despite the due dates being revised and that some were close to implementation.

The Chairman drew Members' attention to BRD 1809, (Key Controls and Assurance Work) and reminded them that this had had numerous revised due dates. He advised the Committee that he was concerned that there was a lack of commitment by Officers to implement recommendations by their due date. He asked the Managing Director if Officers had a commitment to implement these recommendations.

The Managing Director confirmed that Internal Audit was critical for ensuring that the Council maintained its controls and procedures correctly and to further raise the profile of Internal Audit from Quarter 3, outstanding recommendations would be included on Quarterly Performance Reports to Cabinet, to ensure that the responsible Officers were managing the recommendations.

The Managing Director re-emphasised that the role of Internal Audit was valued and taken seriously and the recommendations would be addressed in a timely fashion and appropriate feedback given to the Committee.

He asked the Committee to note the exceptional circumstances of the pandemic and that according to the materiality of recommendations there might be delays in some cases, so realistic implementation deadlines should be set.

The Managing Director recommended that BRD1809 (key controls assurance work) be closed, as there was a system in place to pick up any issues on a weekly basis and to check for any recurring issues with individual Members of staff.

In response, the Internal Audit Director confirmed that there were sufficient controls in place to close the recommendation and that it could be re-visited in Quarter 4 as part of the Key Controls and Assurance Audit to confirm if any purchases were occurring without a Purchase Order being raised.

In respect of the three outstanding recommendations relating to Broadland Growth Ltd, the Managing Director suggested that they should be for the Joint Venture Company to consider as part of its own Internal Audit process, which in turn would be reported to the Council via Broadland Growth Ltd Annual Report.

In respect of BRD2003 (Monthly reconciliations to be checked by a separate officer to the person completing them) it was confidently anticipated that all controls for this would be in place by the revised due date of 31/12/20.

The Committee was advised that Broadland's reconciliation process was too manual and Officers were looking into replacing it.

BRD 2006 (SLAs with temporary accommodation providers) should be closed

as the Council had the appropriate assurance that the accommodation met the required standard from the providers that were contracted with. When the need arose to spot purchase temporary accommodation, assurances about the required standard would be confirmed on a case by case basis. Internal Audit had confirmed that this recommendation could be closed.

For BRD2010 (Planning and Development Management) it was confirmed that the reconciliations were being completed, it was just the sign off process that was being looked at to determine how to best do this electronically. It was confirmed that a Team Leader, was sufficiently senior for the sign off if it fell into their area of responsibility. It was anticipated that this recommendation would be completed by 31/12/20.

The Managing Director suggested that BRD2011 (Disaster Recovery) could be closed, as an appropriate disaster recovery plan was in place. In respect of power, an alternative power source was in place and tested on a routine basis. COVID-19 had improved the resilience of the Council, by the introduction of softphones and had fundamentally shifted the focus of disaster recovery from the offices and the systems within it. He suggested that disaster recovery should feature in a future audit, but should reflect the new environment that the Council was working in.

RESOLVED

To note the position in relation to the completion of agreed Internal Audit recommendations.

58 ANNUAL GOVERNANCE STATEMENT 2019/20

The Assistant Director Governance and Business Support (Monitoring Officer) introduced the report which the Committee was asked to review to ensure that it reflected the comments made at the 16 July 2020 meeting and subject to this giving its final approval of the Annual Governance Statement 2019/20.

The following four changes had been requested by the Committee:

Page 47 'confidentially' replaced by 'confidently'

Page 48 repeated 'limited' deleted

Page 51 reference to the COVID-19 legislation was added

Page 52 risk training for Members was added

RESOLVED

To approve the final Annual Governance Statement for 2019/20.

59 AUDIT COMMITTEE WORK PROGRAMME

The Committee was advised that an annual rolling Work Programme was to be drafted to give a fuller picture to Members of the work of the Committee over the whole year.

It was confirmed that the Committee would be considering the Risk Register three times over the course of the financial year.

The following items were added to the Work Programme

26 November 2020

- Assurance Mapping Update

11 March 2021

- Anti-Fraud Policy
- Whistle-blowing Policy

The meeting closed at 12.21pm

REVISED DRAFT STRATEGIC RISK REGISTER

Report Author: Sinead Carey
Strategy and Programmes Manager
01508 533661
sinead.carey@broadland.gov.uk

Portfolio: Transformation and Organisational Development

Wards Affected: None

Purpose of the Report:

The purpose of this report is to provide Audit Committee with the revised Strategic Risk Register following the feedback received at the last Audit Committee in October 2020.

Recommendations:

1. Review and note the proposed Strategic Risk Register for the Council.

1 SUMMARY

- 1.1 In September 2020, Cabinet agreed to the adoption of the Risk Management Policy for the Council. Following the agreement to the Policy, work has been underway to develop the draft Strategic Risk Register (SRR) for the Council.

2 BACKGROUND

- 2.1 The updated Risk Management Policy was brought through to Audit Committee for review and agreement in July and the Policy then went onto Overview and Scrutiny and Cabinets for agreement in September.
- 2.2 Since the agreement of the Policy, work has been underway to develop a new process for developing, monitoring and managing the strategic risks to the organisation, using the policy as the basis for design.
- 2.3 To facilitate the management of risk throughout the organisation, the Council should maintain a system of risk registers. The risks are identified through the Corporate Management Leadership Team's (CMLT) assessment of the risks to the Council's Strategic Plan and in year Delivery Plan. The SRR records the strategic risks faced by the Council.
- 2.4 The SRR forms part of the Councils quarterly (reported three times a year) performance, risk and finance reports, where updates on our strategic risks, delivery measures and finance position are brought through to Overview and Scrutiny and Cabinet for review.
- 2.5 In developing the SRR, CMLT are responsible for identifying, evaluating and reporting on significant strategic risk faced by the Council. Strategic risks are risks that are significant in size, impact and duration and could impact on the performance of the Council as a whole. This may include operational risks escalated from particular services to the SRR due to the potential scale of their impact.
- 2.6 To get to the position of the drafted risk register, CMLT have reviewed the outcomes we have set out to achieve in the Strategic Plan and Delivery Plan for the Council and agreed those risks which are large enough in scale and impact to be on the SRR.
- 2.7 Risks which are not considered to be strategic in nature and more operational, are managed by directors within their service areas. These are kept under review and can be escalated to the SRR if considered to be strategic, have large scale impact and require monitoring through CMLT and Members.

3 CURRENT POSITION/FINDINGS

- 3.1 A draft SRR was brought through to Audit Committee on the 22 October for initial review. Following the committee meeting, the SRR has been updated to incorporate the feedback received. This has included:

- CMLT reviewing the register and making updates to incorporate Audit Committee feedback, including adding additional risks on the environment and economy.
 - The column 'progress update' has been updated to provide the full picture of where we currently stand on progress against key actions outlined.
- 3.2 As set out in the agreed Policy, the SRR will be presented to Cabinet and Audit Committee in its entirety three times a year. Prior to review, the risk register will be monitored to ascertain if:
- Risks are still relevant
 - Emergent risks have been identified
 - Likelihood and impact of risks has changed
 - Controls are still effective

4 PROPOSED ACTION

- 4.1 Prior to the register being presented in full to Cabinet in Q3, Audit Committee are asked to review the revised draft SRR. Following recommendations from the Audit Committee, the SRR will be updated, maintained and presented in full to Cabinet in Q3 reports.

5 OTHER OPTIONS

- 5.1 None.

6 ISSUES AND RISKS

- 6.1 **Resource Implications** – each risk has associated resources aligned to each action.
- 6.2 **Legal Implications** – no implications.
- 6.3 **Equality Implications** – no implications.
- 6.4 **Environmental Impact** – no implications.
- 6.5 **Crime and Disorder** – no implications.
- 6.6 **Risks** – to effectively identify and manage the strategic risk to the organisation, a strategic risk register needs to be agreed. If we do not get an effective register in place, this will have negative impacts on how we are managing our risks as set out in the risk management policy.

7 RECOMMENDATIONS

1. Review and note the revised Strategic Risk Register for the Council.

Strategic Priority Area	Ref	Risk description	Existing Controls	Risk with existing controls				Planned mitigating actions	Risk Owner	Delivery timescales	Current risk				Comments and progress on actions
				Likelihood	Impact	Severity score	Risk Response?				Likelihood	Impact	Severity score	Within Risk Appetite?	
Moving with the times, working smartly and collaboratively	1	<p>Risk - An uncertain funding landscape for the public sector makes the Council finances unsustainable.</p> <p>Consequence - General fund expenditure exceeds budget and income targets not achieved. The Council is unable to deliver on its longer term Strategic Plan or in year Delivery Plan.</p>	<ul style="list-style-type: none"> • Medium Term Financial Plan (MTFP) budget process and scenario planning. • Budget monitoring. • Investment and Income targets. • Implementing Broadland/South Norfolk Collaboration. 	3	5	15	Reduce	<ul style="list-style-type: none"> • 1a Continued development and review of Medium Term Financial Plan (MTFP) to address budget gaps (particularly in light of the Covid-19 Pandemic and the ongoing impacts of this on our financial position). • 1b Delivery of the savings from collaboration with South Norfolk Council. • 1c Delivery of our Spark Transformation Programme to release savings and generate income. • 1d Increased Marketing Activity and Promotion of services, including reviewing options for commercialisation. • 1e Effective budget monitoring and training for staff at all levels. • 1f Regular monitoring of our current position and reporting to Members. • 1g Lobby government for adequate funding • 1h Review the Services we offer • 1i Look for further income generating opportunities 	Debbie Lorimer - Director of Resources	<p>1a - October 2020</p> <p>1b - March 2022</p> <p>1c - Ongoing</p> <p>1d - Ongoing</p> <p>1e - Q4 2021</p> <p>1f - Quarterly</p> <p>1g - Ongoing</p> <p>1h - Ongoing</p> <p>1i - Ongoing</p>	3	4	12	No	<p>1a Revised MTFP presented to cabinet in October & this will continue to be updated during the budget process for 21/22 budgets.</p> <p>1b Officers continue to work towards the savings target however due to Covid, some projects have been delayed which may in turn delay the release of some savings.</p> <p>1c The Spark transformation programme was halted during the first wave of Covid and projects have now been prioritised and are underway some of which will secure savings.</p> <p>1d Marketing of services such as garden waste have continued. The impact of Covid on the economy has meant that Members have postponed the introduction of some aspects of commercialisation such as charging for planning pre-applications.</p> <p>1e Monthly budget information is provided to budget holders with more training to follow in Q4.</p> <p>1f Q2 figures were reported to Cabinet in October.</p> <p>1g Officers continue to respond to government consultations and to work with the DCN to lobby with regards to New Homes Bonus and clarity on future funding. The Government have halted the introduction of the new fairer funding scheme and also the revaluation of business rates which would have impacted on funding.</p> <p>1h This is ongoing with Covid impacting on the services provided such as regulatory and housing.</p> <p>1i To date the main proposal has been the introduction of planning pre-applications the introduction of which have been deferred until 2021</p>

Moving with the times, working smartly and collaboratively	2	<p>Risk - The Council fails to uphold a positive and trusted reputation and fails to meet customer and stakeholder expectations. Including making an unlawful decision or failure to comply with agreed policies or legal compliance.</p> <p>Consequence - Reputation declines, negative impact on trust of residents and businesses on the Councils ability to provide effective services. This may include a negative financial impact on the Council.</p>	<ul style="list-style-type: none"> Internal and external communications. Project Management with clear milestones for delivery and communication. Freedom of Information (FOI) responses and complaints handling Provide Officer and Member training to ensure an awareness of policies 	4	4	16	Reduce	<ul style="list-style-type: none"> 2a Delivery of an effective internal and external Communications Strategy, with clear deliverables and milestones. 2b Development and delivery of a Customer Satisfaction Strategy and action plan. 2c Implement effective programme and project management approach and ensuring all external facing projects have clear communication messages and effective delivery methods. 2d Strong management and response to complaints handling, including Freedom of Information requests. Build a business case for an electronic system to manage FOIs. 	<p>2a-2c Hannah Ralph - Chief of Staff</p> <p>2d Debbie Lorimer Director of Resources</p>	<p>2a - Q2 2b - Q4 2c - Q2 2d - Q3</p>	3	3	9	Yes	<p>2a Work has been underway to develop a new internal comms strategy to support effective communication following a survey with staff.</p> <p>2b A project is currently in progress to develop a customer satisfaction strategy, The project is currently in the exploratory stage, looking at current practice within teams and models of best practice from other public and private sector bodies.</p> <p>2c A delivery plan is in place for the Council for 2020/21 that sets out the key programmes of work for the organisation. A project is currently being scoped to develop an embedded programme and project approach to support the delivery of key pieces of work.</p> <p>2d FOI requests are responded to in line with the statutory requirement, the process is currently being reviewed to ensure that this is more efficient across the One Team. The business case for an electronic FOI system is part of the business case for a Committee System which is due to be progressed towards the end of quarter 3. A review of the complaints process is due to commence, to ensure that complaints are handled in a more effective way.</p>
Supporting individuals and empowering communities	3	<p>Risk - The Council is unable to respond effectively to a wide scale disaster or business disruption, such as loss of key staff, loss of accommodation to deliver services etc.</p> <p>Consequence - Unable to support our residents and businesses as there is the potential of significant impact on service delivery and decline in reputation.</p>	<ul style="list-style-type: none"> Councils form part of the Norfolk Resilience Forum (NRF). Business Continuity Plans in place and tested. Remote working for key staff tested and in place. Covid-19 response has demonstrated flexibility of staff, providing added resilience to organisation. County and District Memorandum of Understanding (MOU) in place to provide support in an emergency. Two councils provides resilience e.g. two buildings which have two work area recovery sites. 	4	5	20	Reduce	<ul style="list-style-type: none"> 3a Continue to ensure we have effective emergency plans and business continuity plans in place, working with key partners such as the NRF where possible. 3b Test our plans through regular practice exercises where appropriate until commencement of usual exercise program. 3c Promote and expand the reach of community emergency plans work being carried out internally and with county based community resilience group to capture and engage with new and existing volunteer groups and voluntary agencies. 3d Conduct lessons learnt activities to ensure 	Phil Courtier - Director of Place	<p>3a - Ongoing 3b - Ongoing 3c - Q4 3d - Ongoing 3e - Ongoing</p>	3	4	12	No	<p>3a-d Prior to Covid-19, work had commenced on refresh and review of Business Continuity Plans in consultation with ADs. This process has inevitably been delayed by the additional burden of dealing with the pandemic. It remains a high priority and will be resumed as work priorities allow.</p>

								that we continuously adapt and improve.								
Supporting individuals and empowering communities	4	<p>Risk - The Council is unable to respond effectively to a second wave of the Covid-19 Pandemic.</p> <p>Consequence - Unable to support our residents and businesses as there is the potential of significant impact on service delivery resulting in a negative impact on our residents and businesses, decline in reputation, increase in staff absence and inability to address the Councils budget gaps in the future.</p>	<ul style="list-style-type: none">•Councils part of Norfolk Resilience Forum.•Top 5 risks reviewed in Oct 2020 as part of Multi-Agency Winter Contingency Planning.•Workforce Capacity•Local Economy•Loss of IT/Broadband•Severe Weather•Brexid•Strategic and Tactical Coordination Groups established•Business Continuity Plans/Processes in place and tested.•Recovery Plan agreed by Cabinets and Councils and in the process of being implemented.•Majority of staff enabled to work from home.•HR processes refined and in place to support staff•Emergency Management Team (EMT) arrangements in place. Has been used successfully to manage various incidents(Thorpe Lodge Flooding, COVID-19 etc) and is flexible enough to deal with any incident.•COVID Co-ordination Group re-established to co-ordinate second wave Strategic response (Chair - Hannah Ralph).•BDC/SNC Silver Group established to co-ordinate second wave tactical response (Chair-Jamie Sutterby)	4	4	16	Reduce	<ul style="list-style-type: none">• 4a Implement the organisational Recovery Plan, based on the 3 themes of: Economy, Communities and Organisation and Governance.• 4b Closely monitor and respond to the impacts of the pandemic on our economy and communities, working with key partners where possible.• 4c Continue to lobby government for adequate funding to support recovery.• 4d Implement phase 1 of the new ways of working project.	Trevor Holden - Managing Director	4a - Quarterly 4b - Ongoing 4c - Ongoing 4d - Q3		4	3	12	No	<p>4a The Councils Recovery Plan has been agreed and is being implemented. Progress is included as part of the Council's quarterly performance reports.</p> <p>4b The Council's Covid Coordination Group has been stood up alongside supporting cells in order to ensure the Council effectively responds to the impacts of a second wave.</p> <p>4c Additional funding is being provided by government to support part of this response.</p> <p>4d The New Ways of Working Programme is currently underway. This includes a roll out of laptops to all staff to enable effective home working.</p>

Moving with the times, working smartly and collaboratively	5	<p>Risk - The Council fails to take advantage and act quickly and proactively on the opportunities of Local Government Reform and Devolution.</p> <p>Consequence - Failure to achieve potential for greater devolved funding and/or decision making to the region and the benefits this would bring for residents and businesses in our area.</p>	<ul style="list-style-type: none"> • Regular Horizon Scanning. • Active Membership of different groups such as the DCN, LGA, etc • Implementing Broadland/South Norfolk Collaboration. • Quarterly review of performance and risks to the organisation. • CMLT relationship building and liaison with key stakeholders such as central Government departments and professional bodies. 	4	5	20	Reduce	<ul style="list-style-type: none"> • 5a Review the outcomes of the Devolution White Paper when it is released. • 5b Continued regular horizon scanning and policy updates to CMLT, management team and Members to ensure we stay abreast of changes and are able to have influence. 	Hannah Ralph - Chief of Staff	5a - October 2020 5b - Monthly	3	4	12	No	<p>5a The devolution white paper has currently been delayed by government following the announcement of a small number of areas who were invited to make reorganisation bids. Officers will continue to monitor any future government announcements and developments.</p> <p>5b Officers continue to horizon scan for any policy development and impacts for the council. Monthly updates are put onto Connect for staff and members to view.</p>
Moving with the times, working smartly and collaboratively	6	<p>Risk - The Council fails to anticipate and respond to changes in the external environment such as political changes in the national priorities from Central Government.</p> <p>Consequence - Lack of ability to influence external drivers for greater change and additional resources required to achieve the new priorities or changing direction of travel.</p>	<ul style="list-style-type: none"> • Regular Horizon Scanning. • Active Membership of different groups such as the DCN, LGA, etc • Quarterly review of performance and risks to the organisation. • CMLT relationship building and liaison with key stakeholders such as central Government departments and professional bodies. 	3	4	12	Reduce	<ul style="list-style-type: none"> • 6a Continued regular horizon scanning and policy updates to CMLT and management team to ensure we stay abreast of changes and are able to have influence. 	Hannah Ralph - Chief of Staff	6a - Monthly	3	4	12	No	<p>6a Regular horizon scanning updates are produced to ensure that key policy changes are addressed.</p>
Moving with the times, working smartly and collaboratively	7	<p>Risk - A major contractor or supplier fails to deliver on an agreed contract or service delivery.</p> <p>Consequence - Material impacts to our service delivery, potential large scale financial impacts, increased resources to handle and manage customer expectations/complaints</p>	<ul style="list-style-type: none"> • Procurement processes in place to develop robust contracts. • Strong communication channels between suppliers and the Council. 	3	4	12	Reduce	<ul style="list-style-type: none"> • 7a Ensure staff are equipped with the right knowledge to ensure effective and proactive management of our contracts. • 7b Ensure contract registers are up to date. • 7c Work with partners to develop and embed social value in procurement to develop a more inclusive economy. 	<p>7a and b - Debbie Lorimer - Director of Resources</p> <p>7c - Jamie Sutterby, Director of People and Communities</p>	7a - Ongoing 7b - Q2 7c - ongoing	2	3	6	Yes	<p>7a The procurement team support Officers with any issues that arise from existing contracts and also work with Officers on the larger or more complex procurements to ensure future contracts are fit for purpose.</p> <p>7b Contract registers have been updated and are reviewed by senior management on a quarterly basis.</p> <p>7c The Council currently does not have a social value policy embedded which will be addressed in 2021 due to current COVID response focus on supporting vulnerable residents</p>

Moving with the times, working smartly and collaboratively	8	<p>Risk - A major health and safety incident occurs (internal or external) of which the Council are responsible for.</p> <p>Consequence - Potential injury/harm to either staff or customers, service disruptions and potential cost implications.</p>	<ul style="list-style-type: none"> • Risk assessments and action plans in place where needed. • Lone Working Controls in place. • Contract for Health and Safety with Norfolk County Council in place. • Risks and Mitigations are reviewed and managed through the Health and Safety Committee and CMLT. 	3	4	12	Reduce	<ul style="list-style-type: none"> • 8a Ensure we have risk assessments and action plans in place where needed. • 8b Provide organisational wide Health and Safety training where applicable. 	Debbie Lorimer - Director of Resources	8a - Ongoing 8b - Q4	2	4	8	Yes	<p>8a Covid Risk Assessments are in place for each service. As part of this each service has reviewed their existing risk assessments. A corporate Risk Assessment template is available on Connect to ensure consistency of approach.</p> <p>8b Covid prevented first aid certificates which had expired being updated during the initial lockdown. As soon as lockdown was lifted this situation was remedied and all existing first aiders hold current certificates, HR are drawing up a corporate wide training plan which includes any statutory H&S training.</p>
Moving with the times, working smartly and collaboratively	9	<p>Risk - The Council is unable to take advantage of the benefits and opportunities from collaborative working with South Norfolk Council and other key partners as a result of autonomous policy decision-making.</p> <p>Consequence - Failure to achieve efficiency savings through economies of scale and increased chance of not delivering upon key priorities set out in the organisations Strategic Plan.</p>	<ul style="list-style-type: none"> • Transformation approach and initial programme of work in place. • Joint Lead Members Group (JLMG) and Service Improvement and Efficiency Committee (SIEC) established to have Member oversight and steering of the collaboration programme. • Regular updates and briefings to CMLT, JLMG (monthly) and SIEC on the collaboration. • Collaboration costs and savings tracked quarterly and reported through to JLMG and in formal finance updates quarterly. 	4	4	16	Reduce	<ul style="list-style-type: none"> • 9a Review and update the transformation programme in light of the recent Covid-19 pandemic and updated Delivery Plan and Recovery Plan. • 9b Continue to deliver transformation training to all staff. • 9c Continue to review opportunities for further collaborative working with key partners. 	Trevor Holden- Managing Director	9a - Q2 9b - Ongoing 9c - Ongoing	3	3	9	Yes	<p>9a Officers have considered and reviewed the corporate SPARK transformation programme in light of the potential implications of a second wave and reprioritised the programme in order to support the delivery of key projects.</p> <p>9b Training is taking place for the internal consultancy network on a number of areas including project management.</p> <p>9c The Council is working collaboratively with partners in a wide range of areas to support our businesses and communities.</p>

Moving with the times, working smartly and collaboratively	10	<p>Risk - The Council fails to handle and manage data adequately.</p> <p>Consequence - Potential loss of data, unlawful sharing of data, reputational damage and significant financial penalties.</p>	<ul style="list-style-type: none"> • Online GDPR training provided to all staff to raise awareness of how to handle and manage data correctly. • Remote access controls in place including two factor authentication. • Any breaches are identified internally and recorded as and when necessary. 	5	4	20	Reduce	<ul style="list-style-type: none"> • 10a Deliver the System Architecture Review project. • 10b Ensure all systems meet our data security requirements. • 10c Review of how data is managed whilst working remotely 	Debbie Lorimer - Director of Resources	10a - Q2 10b - Ongoing 10c - Q2	3	4	12	No	<p>10a A supplier has been sourced for the systems architecture review with preliminary meetings booked for December 2020.</p> <p>10b Access to all systems on our network is through secure log in when office based, or through a two factor authentication when remote working.</p> <p>10c As above with regards to remote working and staff are continually reminded in terms of safeguarding information when working from home. In addition, any breaches are recorded and actioned, with training and lessons learnt exercises undertaken.</p>
Moving with the times, working smartly and collaboratively	11	<p>Risk - Capability and capacity of the workforce is not aligned effectively to key priorities and organisational requirements.</p> <p>Consequence - Poor standards of service delivery, service disruption, slow or minimal transformation and inability to meet savings targets as a result.</p>	<ul style="list-style-type: none"> • Four year Strategic Plan developed and in place which sets out the ambitions for the Council over the coming years. • Delivery Plan for the Council developed and in place which sets out the detailed projects and BAU for the Council in the coming year to 2021. • Management/Leadership Training and Development in progress. 	3	4	12	Reduce	<ul style="list-style-type: none"> • 11a Updated the Delivery Plan for 2020/21 in light of the recent Covid-19 Pandemic to ensure it reflects our changing priorities. • 11b Scope and develop a talent management programme. • 11c Build our own talent - Develop projects to consider our use and opportunities of apprenticeships, internships, career placement, graduates etc • 11d Effective project and programme management processes and model in place to support delivery of priorities. 	11a and d Hannah Ralph - Chief of Staff 11b and c Debbie Lorimer - Director of Resources	11a - September 2020 11b - March 2021 11c - March 2021 11d - Q3	3	3	9	Yes	<p>11a The Delivery Plan has been reviewed and updated for 2020/21 to account for the impacts of Covid-19. This has been agreed by Cabinet and will be reviewed by Council in November.</p> <p>11b There has been a gap in OD resource, which has now been temporarily recruited to, the talent management programme is one of the priority pieces of work that will comments towards the end of quarter3.</p> <p>11c This is a priority piece of work for the end of quarter 3 and into quarter 4.</p> <p>11d A scope is currently being developed which looks at reviewing our project and programme management approach. This will include a phased programme of work, reviewing best practice and making recommendations to CMLT on best methods for the future to support our capacity to deliver.</p>

Growing the Economy	12	<p>Risk - The Council is unable to respond effectively to the economic impact of Covid19 and Brexit and the resultant impact upon local businesses and the local economy</p> <p>Consequence – Detrimental impact on our local economy</p>	<ul style="list-style-type: none"> • Administering grant funding to businesses • Providing an ongoing package of business support • Using all levers available to us to help our businesses retain cash in the business. E.g. business rates holiday • Re-profiling Community Infrastructure Levy payments 	3	4	12	Reduce	12a Improve the quality of business intelligence we are gaining in order to enable the Council to respond to the needs of our businesses	Phil Courtier - Director of Place	Ongoing	2	4	8	Yes	12a The Council mobilised a comprehensive multi-team approach to respond to the impacts of the pandemic on local businesses and the local economy. As we enter a second lockdown, we now have a tried and tested approach to the administration of the further business support grant programmes that have been announced.
Protecting and Improving the natural and built environment	13	<p>Risk - The Council is unable to respond effectively to the environmental challenges, including the associated regulatory and legal requirements, arising from climate change</p> <p>Consequence – Detrimental impact on the quality of our local environment</p>	<ul style="list-style-type: none"> • Five-year Environmental Strategy and Vision developed setting out the ambitions for the Council over the coming years. 	3	4	12	Reduce	<p>13a Dedicated resource in place for implementation of the Environmental Strategy</p> <p>13b Adoption of an effective Environmental Policy in the emerging Greater Norwich Local Plan</p> <p>13c Investment in Green Infrastructure and Sustainable Transport</p>	Phil Courtier - Director of Place	Ongoing	2	4	8	Yes	13a-c On 3 November, Cabinet agreed to fund an additional resource to help implement the actions set out in the recently agreed Environmental Strategy. Work has commenced to identify priorities for inclusion in the action plan in consultation with the Portfolio Holder.

Risk Scoring Matrix

Risk Scoring Matrix		1	2	3	4	5
		Insignificant	Minor	Moderate	Significant	Severe
5	Expected	Medium 5	Medium 10	High 15	Very High 20	Very High 25
4	Highly Likely	Low 4	Medium 8	High 12	High 16	Very High 20
3	Likely	Low 3	Medium 6	Medium 9	High 12	High 15
2	Not Likely	Very Low 2	Low 4	Medium 6	Medium 8	Medium High 10
1	Rare	Very Low 1	Very Low 2	Low 3	Low 4	Medium 5
Very High 20-25		Risks scored here represent a severe threat to the delivery of the Council's objectives and service delivery and are outside of the risk appetite of the Council. Risks scored at this level should be treated as a priority and should either be reduced to a score within tolerance or removed. Reporting on progress will be required at Cabinet/Audit Committee and at CMLT until risk level is reduced to tolerance.				
High/Medium High 10-16		Risks scored here represent a significant threat to the delivery of the Council's objectives and service delivery and are outside the risk appetite. Action is required to reduce the rating to a score within tolerance. Reporting on progress is required at Cabinet/Audit Committee and CMLT until risk level is reduced to tolerance.				
Medium 5-10		Risks scored here represent a moderate threat to the delivery of the Council's objectives and service delivery and are within the risk appetite of the Council with some proportionate mitigation and regular monitoring required. These risks can be managed at operational/service level but regular management review of assurance on control effectiveness should occur. Routine reviews should also be carried out to ensure there is no change.				
Low 3-4		Risks here represent a minor threat to the delivery of the Council's objectives and service delivery and are within the risk appetite. Review required to ensure risk score does not change/increase, however these risks can be managed at operational/service level.				
Very Low 1-2		Risks scored here represent an insignificant threat to the delivery of the Council's objectives/service delivery and are within the risk appetite. No further action is required.				

Audit Committee Work Programme

11/03/21	Certification of Claims & Returns Annual Report 19/20 - verbal report	External Audit	FORMAL
	Internal Audit Activity Report	Faye Haywood	FORMAL
	Strategic and Annual Internal Audit Plans 2021/22	Faye Haywood	FORMAL
	Annual Report of Audit Committee	Faye Haywood	FORMAL
	External Audit Plan 20/21	External Audit	FORMAL
	Training session for members to complete their Self Assessment	Faye Haywood	INFORMAL
	Self Assessment of the AudiCommittee	Faye Haywood	FORMAL
	Fraud Policies Review	Ian Kerrison	FORMAL
	Review of Contract Standing Orders	Rodney Fincham	FORMAL
July	Internal Audit Follow Up Report	Faye Haywood	FORMAL
	Head of Internal Audit's Annual Report and Opinion for 2019/20, including		
	Review of the Effectiveness of Internal Audit	Faye Haywood	FORMAL
	Annual Governance Statement 2020-21	Emma Hodds/Emma Goddard	FORMAL
	Annual Report on Counter Fraud Activity 2020/21 (if anything to report)	Bob Harvey	FORMAL
	Final Statement of Accounts 2020-21	Rodney Fincham/Julie Brown	FORMAL
Nov	Audit Results Report 2020-21	External Audit	FORMAL
	Review of Local Government Ombudsman 2020	Christine Baldwin	FORMAL
	Progress on Internal Audit Activity	Faye Haywood	FORMAL
	Follow-up report on Internal Audit Recommendations	Faye Haywood	FORMAL

AUDIT COMMITTEE

26 November 2020

Final Papers

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DEMOCRATIC SERVICES

Broadland District Council

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Draft Statement of Accounts 2019/2020



broadland.gov.uk

 **Broadland**
District Council
Community at heart

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NARRATIVE REPORT

1. About Broadland District Council

Broadland District Council is a district council covering an area of approximately 213 sq. miles to the North and East of Norwich. The district is split between rural areas, market towns and the urban fringe of the city of Norwich and, as the name suggests covers some of the Norfolk Broads which is considered to be an area of outstanding natural beauty.

The Council delivers services to approximately 130,579 residents (Source: ONS 2019). These services include:

- Waste and recycling
- Street cleansing
- Car parking
- Electoral registration
- Planning
- Housing benefits
- Council Tax support
- Tourism and Leisure
- Open spaces.

The Council is made up of 47 councillors and the current composition is 33 Conservatives, 12 Liberal Democrats and 2 Labour. The Cabinet consists of seven portfolio members of the Conservative Group. Broadland Council comprises 63 parishes of varying sizes.

Broadland District Council is headed by a Corporate Management Team consisting of a Managing Director, 3 Directors and 9 Assistant Directors. Each Assistant Director has overall responsibility for their service areas.

Broadland District Councils Band D Council tax for 2019/20 (excluding special expenses) was £121.14.

2. Format of Accounts

The financial statements are prepared on an accruals basis and follow best practice recommended by the Code of Practice on Local Authority Accounting. The various statements include, where relevant, comparative figures relating to the previous financial year and supporting notes.

The statements summarise the overall financial position of the Authority and include the following:

Comprehensive Income and Expenditure Statement - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices and shows how that cost has been financed from Council Tax payers, Business Rate income and Government grants.

Movement in Reserves Statement - This statement shows the movement in the year of the different reserves held by the Authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Balance Sheet – This statement shows the assets and liabilities of all the activities of the Authority and the balances and reserves at the Authority's disposal.

Cash Flow Statement – This statement shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Collection Fund – This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Authority as a billing authority in relation to council tax and non-domestic rates, and the way in which the total amount collected has been distributed to the precepting authorities and central Government.

3. Joint Working Arrangement with South Norfolk Council

On 12 July 2018, Broadland District Council and South Norfolk Council agreed collaborative working arrangements. This included the proposal to form one joint officer team across the two autonomous Councils. Consequently the authorities had a shared Corporate Management Team throughout 2019/20 and the remainder of the workforce worked jointly from 1st January 2020.

However, the authorities remain sovereign independent bodies, and keep their separate identities, retain their own Councillors and budgets, and set their own council taxes.

4. Broadland's Business Plan 2019-23

The Broadland Business Plan for 2019-23 contains key ambitions to improve the district for all who live, work or visit Broadland. Some of the major achievements against these ambitions during the year were:

- The Council continues to have good reputation locally and nationally.
- It remains strong in light of the implementation of the "one team" in January 2020 across South Norfolk and Broadland District Council.
- The positive variance against the revenue budget is a sign of the present strength of the Council's financial position which needs to be protected in the future. It is recognised that there is a strategic risk that the Council is unable to deliver priority services should revenue funding fall short of required expenditure.
- The net revenue surplus detailed below reflects the higher business rates income achieved to date due to high rates of collection and S31 grant income from central government (total net income business rates budget of £2.904m compared to actual outturn of £4,161m. The Council participated in the Norfolk 75% business rates retention pilot during 2019/20, ensuring a greater share of rates collected for the authority and a greater share on a county wide level, ensuring funding for economic development and other projects.
- Looking ahead to 20/21, Covid 19 will have a significant financial and operating impact on the Council. It will therefore be important to closely monitor performance in 20/21.

5. Financial Outturn

Revenue Income and Expenditure

The table below summarises the Authority's revenue income and expenditure and compares this to the budget for the year. It also shows how the overall Authority expenditure was funded by income from Council Tax payers, business rate income, and Government Grants. The numbers here differ to the figures shown on the Comprehensive Income and Expenditure Statement as some items of expenditure, such as depreciation, are presented differently.

	Expend £'000	Budget Income £'000	Net £'000	Expend £'000	Actual Income £'000	Net £'000
Resources / MD						
Corporate Costs	250	0	250	188	-15	173
Finance & Revenues	1,891	-217	1,674	1,836	-237	1,599
Governance & Business Support	3,476	-217	3,259	3,613	-600	3,013
Managing Director and Chief of Staff	1,187	-10	1,177	800	-4	796
	6,804	-444	6,360	6,437	-856	5,581
Place						
Economic Growth	1,615	-658	957	1,804	-834	969
Regulatory Services	2,316	-210	2,106	2,269	-259	2,010
Planning	1,921	-1,233	688	1,946	-1,353	593
	5,852	-2,101	3,751	6,018	-2,446	3,572
People & Communities						
Individuals & Families	22,401	-22,440	-39	18,970	-19,426	-457
Waste Services	5,157	-3,267	1,890	5,209	-3,355	1,853
	27,558	-25,707	1,851	24,178	-22,782	1,396
	40,214	-28,252	11,962	36,633	-26,084	10,549
Precepts - Parish Councils			3,601			3,601
Precepts - Internal Drainage Boards			238			246
Pooling of HRA Receipts			3			0
Community Infrastructure Levy			-189			-189
Interest Payable / MRP			353			141
Revenue contributions to Capital Expenditure			0			27
Interest Receivable			-246			-690
Transfers to / (from) Earmarked Reserves			99			484
Collection Fund Surplus - CTAX			-3			-3
Collection Fund Deficit - NDR			503			507
Budget Requirement			16,321			14,776
Council Tax			-9,292			-9,292
NNDR (Business Rates)			-2,904			-4,161
New Homes Bonus			-2,174			-2,174
Government Grant - Other			0			-100
Council Tax Admin Subsidy Grant			0			-96
Net Deficit / (Surplus) for the Year			1,951			-1,047

The following table then reconciles the above figures to the figures in the Statement of Accounts.

Deficit / (Surplus) on Provision of Services (From Comprehensive I&E Statement)	487
Adjustments between Accounting Basis and Funding Basis	-2,018
Net Transfer to Earmarked Reserves	484
(Increase) in General Fund Reserve	-1,047

Movement in Reserves

The Movement in Reserves Statement shows the movement in the year of the different reserves held by the Authority.

The key movements in the Authority's usable reserves are as follows.

- The General Fund Balance increased by £1,047,000 to £15,346,000.
- Earmarked reserves increased by £484,000 to £8,733,000.
- The Authority's Capital Receipts Reserve reduced by £1,907,000 as funds were used to fund the capital investment programme.

The Authorities Unusable Reserves increased by £12,658,000. This is primarily because the Revaluation Reserve increased by £4,206,000, and the pension fund deficit reduced by £6,810,000.

Capital Expenditure

Capital expenditure during 2019/20 amounted to £4.4 million. Of this sum, £2.2m was spent as capital grants to external organisations and individuals, and did not result in the acquisition of assets on the Authority's balance sheet.

Broadland can borrow via the Public Works Loans Board (PWLb) to fund capital expenditure, provided that it has fully considered the affordability and sustainability of the debt beforehand. The Authority evaluated the cost of borrowing and concluded that it was more cost effective to fund the 2019/20 capital programme from internal resources.

Financial Position at Year End

The Balance Sheet shows the Authority's assets and liabilities as at 31 March and the following table provides a summary of the Authority's key assets and liabilities.

	Value 31 March 2019 £m	Value 31 March 2020 £m
Assets		
Property, Plant and Equipment	7.1	8.4
Long Term Debtors	1.7	2.6
Assets Held for Sale	0.4	4.0
Investments	26.0	22.7
Short Term Debtors	6.1	11.8
Cash and Bank holdings	6.9	13.0
Liabilities		
Short Term Creditors	-13.0	-21.7
Pension Liability	-31.1	-24.1

The Authority, as part of the terms and conditions of employment, offers retirement benefits to staff. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

This pension liability has been accounted for under International Accounting Standard 19 Employee Benefits (IAS19) and in common with many public and private companies, who offer defined benefit pension schemes, the current IAS19 valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For Broadland the pension asset value is £56.8m and the liability £80.9m giving a net deficit of £24.1m as at 31 March 2020.

However the Authority's actual contributions to the pension fund are independently assessed by the scheme actuary on a different statutory basis to ensure that any deficit on the pension fund is made good over the period that the liabilities will arise and contributions to the fund are determined by the actuary's advice.

Cash Flow

The Cash Flow Statement shows the inflows and outflows of cash arising from transactions with third parties.

It shows that in 2019/20 the amount of cash and cash equivalents held by the Authority increased by £6.073m.

Collection Fund

The Collection Fund Statement shows the transactions of the Authority, as a billing authority, in relation to council tax and non-domestic rates.

In 2019/20 BDC raised £84.2m in Council Tax. Council Tax income is paid over to the precepting bodies (Norfolk County Council, Office of the Police & Crime Commissioner and BDC) and the amount paid over in 2019/20 (£83.7m) equals the amount that was requested as part of the 2019/20 budget setting process.

In 2019/20 BDC raised £30.3m in business rates. Business rate income is shared as follows: Central Government 50%; BDC 40%, Norfolk County Council 10%. Business rates income in excess of this figure is shared on a different basis as the Council was part of a Business Rates Pilot in 2019/20.

6. Other Matters to Report

On 23rd March 2020, the Prime Minister announced that to limit the spread of the coronavirus he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Effectively this meant that a lot of businesses became unable to carry on operating and many employees were 'furloughed' on 80% of their existing salary paid by central Government.

The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy. As the condition did exist at the 31 March 2020, this is therefore an adjusting event, for which a estimate of its financial effect on the reporting entity can be made as at 31 March 2020, particularly with regards to financial impact for 2019/20 in terms of Property Plant and Equipment valuations and impairments, the provision for impairment on receivables and Pension liability valuations as at the balance sheet date.

Expenditure incurred on additional service provision, or reduced Income from services or investments pertaining to 2020/21 will be accounted for within the 2020/21 financial statements in accordance with our accounting policies and accepted accounting practice.

The Authority has a statutory duty to assess and, where appropriate, pay housing benefit claims from residents of the district on behalf of the Department of Work and Pensions (DWP). Payments are reimbursed by the DWP. These are the largest items of expenditure and income within the Comprehensive Income & Expenditure Statement. In 2019/20, total Housing Benefits payments were £17.24m and the claim for reimbursement was £17.22m.

We also report to you the following matters:

- Apart from the matters disclosed above, there are no other significant factors affecting the Accounts that require highlighting in 2019/20.
- There are no significant changes in accounting policy to report.
- There are no significant contingencies or material write offs to report.

7. Future Plans

The outlook for the public sector in general remains uncertain, with levels of Government funding forecast to decrease in real terms. The Authority's Medium Term Financial Plan estimates a funding gap of approximately £1m. This will require either successful income generation schemes or additional efficiency savings to be made.

Furthermore, pressures on the Authority's services are increasing as the economic situation due to Covid 19 affects the district's residents and businesses.

The Council in February 2020 adopted a new Strategic Plan for 2020-2024 which sets out the following priorities for the coming years.

OUR PRIORITIES, OUR PEOPLE, OUR APPROACH



Growing the economy



**Supporting individuals and
empowering communities**



**Protecting our natural
and built environment,
whilst maximising quality
of life**



**Moving with the times,
working smartly and
collaboratively**

8. Further Information

Additional information relating to these accounts is available from:

Assistant Director – Finance
Broadland District Council
Thorpe Lodge
1 Yarmouth Road
Thorpe St. Andrew
Norwich
NR7 0DU

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- 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 Assistant Director of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

The Assistant Director of Finance's Responsibilities

The Assistant 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 (the Code).

In preparing this Statement of Accounts, the Assistant Director of Finance has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.

The Assistant Director of Finance has also:

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

I confirm that the Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of its expenditure and income for the year ended 31 March 2020.

R Fincham

Assistant Director of Finance

Date: 26 November 2020

Certificate of Approval – Chair of Audit Committee

I can confirm that these accounts were approved by the Audit Committee at the meeting held on 26 November 2020.

Signed on behalf of Broadland District Council
Chair of Audit Committee

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; which is likely to be different from the accounting cost.

2018/19 (Restated)				Note	2019/20		
Gross Expend £'000	Gross Income £'000	Net Expend £'000			Gross Expend £'000	Gross Income £'000	Net Expend £'000
			Resources / MD				
221	-141	80	Corporate Costs		571	-15	556
935	-690	245	Finance & Revenues		2,041	-237	1,804
519	-22	497	Governance & Business Support		4,011	-600	3,411
459	-2	457	Managing Director and Chief of Staff		880	-4	876
			Place				
5,080	-2,027	3,053	Economic Growth		1,841	-834	1,007
4,896	-3,335	1,561	Regulatory Services		2,590	-259	2,331
228	-19	209	Planning		2,195	-1,353	842
			People				
23,132	-21,877	1,255	Individuals & Families		20,675	-21,029	-354
4,995	-214	4,781	Waste & Recycling		5,362	-3,356	2,006
40,465	-28,327	12,138	Cost of Services		40,166	-27,687	12,479
			Other Operating Expenditure				
		3,471	Precepts - Parish Councils				3,601
		238	Precepts - Internal Drainage Boards				245
		16	Apprenticeship Levy				-
		-127	Community Infrastructure Levy				-189
		-10	(Gain)/loss on disposal of non-current assets				51
		-	Donated Assets				-127
			Financing and Investment Income and Expenditure				
		17	Interest payable and similar charges	16			789
		2,194	Pensions Net Interest Cost	31			2,196
		-1,541	Expected return on pension costs	31			-1,438
		-353	Interest receivable and similar income	16			-690
			Taxation and Non-Specific Grant Income and Expenditure				
		-9,080	Council tax income				-9,292
		-3,681	Non domestic rates income				-4,627
		-438	Revenue Support Grant				-
		-2,008	New Homes Bonus				-2,174
		-176	Non service related Government grants				-196
		0	Capital Grants and Contributions				-141
		660	(Surplus) or Deficit on Provision of Services				487
		-508	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	10			-4,251
		5,493	Remeasurements of the net defined benefit liability	31			-8,518
		4,985	Other Comprehensive Income & Expenditure				-12,769
		5,645	Total Comprehensive Income & Expenditure				-12,282

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/ Decrease before the Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2018	14,264	6,630	3,972	133	24,999	-17,126	7,873
Total Comprehensive Income and Expenditure	-660	-	-	-	-660	-4,985	-5,645
Adjustment between accounting basis and funding basis under regulations (Note 7)	2,314	-	-1,251	-	1,063	-1,063	-
Net Increase / Decrease before Transfers to Earmarked Reserves	1,654	-	-1,251	-	403	-6,048	-5,645
Transfers to / from Earmarked Reserves (Note 9)	-1,619	1,619	-	-	-	-	-
Balance at 31 March 2019	14,299	8,249	2,721	133	25,402	-23,174	2,227
Total Comprehensive Income and Expenditure	-487	-	-	-	-487	12,769	12,282
Adjustment between accounting basis and funding basis under regulations (Note 7)	2,018	-	-1,907	-	111	-111	-
Net Increase / Decrease before Transfers to Earmarked Reserves	1,531	-	-1,907	-	-376	12,658	12,282
Transfers to / from Earmarked Reserves (Note 9)	-484	484	-	-	-	-	-
Balance at 31 March 2020	15,346	8,733	814	133	25,026	-10,516	14,510

BALANCE SHEET

The Balance Sheet shows the value, as at the Balance Sheet date, of 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.

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. The second category of reserves are those that the Authority is not able to use to provide services.

	Note	31 March 2019 £,000	31 March 2020 £'000
Property, Plant and Equipment	10	7,122	8,363
Heritage Assets	11	-	-
Intangible Assets	12	158	158
Investments in Associates & Joint Ventures	13	10	10
Long Term Debtors	14	1,724	2,577
Long Term Assets		9,014	11,108
Assets Held for Sale	15	381	3,955
Short Term Investments	16	25,965	22,726
Inventories		3	3
Short Term Debtors	17	6,161	11,783
Cash & Cash Equivalents		6,908	12,981
Current Assets		39,418	51,448
Short Term Creditors	18	-12,946	-21,702
Short Term Provisions	19	-437	-491
Capital Grants Receipts in Advance	20	-14	-1
Current Liabilities		-13,397	-22,194
Other Long Term Liabilities – Pension Fund		-31,121	-24,080
Long-Term Provisions	19	-1,669	-1,509
Capital Grants Receipts in Advance	20	-18	-263
Long Term Liabilities		-32,808	-25,852
Total Net Assets		2,227	14,510
Usable Reserves			
General Fund		14,298	15,346
Earmarked Reserves	9	8,248	8,733
Usable Capital Receipts Reserve		2,722	814
Capital Grants Unapplied		133	133
Unusable Reserves	22		
Revaluation Reserve		2,217	6,423
Pension Fund Reserve		-31,121	-24,080
Capital Adjustment Account		6,950	8,323
Collection Fund Adjustment Account		-1,137	-167
Financial Instruments Adjustment Account		-143	-177
Deferred Capital Receipts – Mortgages		60	60
Accumulated Absences Account		-	-125
Pooled Investment Funds Adjustment Account		-	-773
Total Reserves		2,227	14,510

RFincham

Assistant Director of Finance

Date: 26 November 2020

Broadland District Council
Statement of Accounts 2019/20

CASHFLOW 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 taxation and grant income or from 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.

	Note	2018/19 £'000	2019/20 £'000
Net (Surplus) / Deficit on Provision of Services		660	487
Adjustment for Non cash Movements		-1,624	-3,886
Adjustment for Investment and Finance Activities		149	205
Net Cash Flows from Operating Activities	23	-815	-3,194
Investing Activities			
Purchase of PPE and intangible assets		193	929
Purchase of short- term and long-term investments		37,644	48,486
Proceeds from the sale of PPE		-10	-
Proceeds from short-term and long-term investments		-37,000	-51,000
Other receipts from investing activities		-71	-655
Net Cash Flow from Investing Activities		756	-2,240
Finance Activities			
Cash Payments for the reduction of the outstanding liabilities relating to finance leases		205	120
Billing Authorities – Council Tax & NDR adjustments		-221	-759
Other receipts from financing activities		-3	-1
Net Cash Flows from Financing Activities		-19	-640
Net Cash Flow		-78	-6,073
Cash and Cash Equivalents at 1 April		-6,829	-6,908
Cash and Cash Equivalents at 31 March		-6,908	-12,981

Analysis of Cash & Cash Equivalents		
Cash held	-1	-1
Bank current accounts	100	-373
Short Term Deposits with Banks and other intuitions	-7,007	-12,607
	-6,908	-12,981

NOTES TO THE ACCOUNTS

1. Accounting Policies

General

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit 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 2019/20 supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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.

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 of 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 case 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 amount 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.

An exception to this principle relates to utility bills and other quarterly payments, which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied and does not have a material effect on the year's accounts.

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 highly liquid investments that mature in two working 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.

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 otherwise stated) 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.

Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current 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
- Amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. These charges are therefore reversed out of the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central Government share proportionately the risks and rewards that the amount of council tax collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Authority's share of accrued income for the year. However regulations determine the amount of council tax and NDR that must be included in the Authority's general fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under statutory arrangements will not be made, the asset is written down and a charge made to the financing and investment income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly 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 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 eg time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements 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 in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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 relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pension 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 Authority are members of the Local Government Pension Scheme, administered by Norfolk County Council.

This scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Authority.

The Local Government Pension Scheme is accounted for as a defined benefits scheme: The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high quality corporate bond.

The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:-

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

The change in the net pension's liability is analysed into the following components:

Service cost, comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset) ie net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any change in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements, comprising:

- The return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset). Charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. Charged to the Pensions Reserve as Other Comprehensive Income & Expenditure.
- Contributions paid to the Pension Fund -cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with the debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events after the Reporting Period

Events after the reporting period 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.

Financial Instruments

Financial Liabilities

Financial liabilities 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 and are 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 rate 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.

The Authority's main financial liabilities consist of embedded leases within the Authority's refuse and street cleansing contract.

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 cash flow characteristics. The Authority holds financial assets measured at:

- Amortised cost, and
- Fair value through profit or loss (FVPL).

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 basic debt instrument).

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services, however, in December 2019 the Government issued guidance allowing local authorities to mitigate the effect of these gains and losses by means of a statutory override whereby any gains or losses can be reversed, so as not to effect general fund balances, and held in an unusable reserve.

Fair Value Measurement of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Authority's financial assets are based on the following techniques.

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels.

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

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 and 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 in the form of 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 either to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When 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.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure.

Heritage Assets

The Authority's heritage assets consist of bridges, culverts and a tunnel along a stretch of the Bure Valley Railway line.

The Authority values its Heritage assets at historical cost, which is nil (the original cost to the Authority). A valuation based on open market price or replacement cost would not be appropriate, as the Authority does not intend to either sell the bridges or to rebuild them in their current style or location if the need should arise. The valuation will be reconsidered at least every five years.

Intangible Assets

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

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

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

Interest in Companies and Other Entities

The Authority has an interest in one company and one joint arrangement.

- The Authority and NPS Group jointly control Broadland Growth Limited, with voting arrangements that allow for each party to participate in all decisions. This arrangement has been classified as a joint venture in accordance with the guidelines set down in CIPFA's codes of best practice in group accounting, and would therefore be consolidated by the equity accounting method if transactions are material enough to require group accounts to be prepared.

- Norse Environmental Waste Limited (NEWS) has contracted to provide recycling sorting and processing and garden waste composting to seven second tier Norfolk councils, with voting arrangements that give 7% influence to each minor body (including Broadland) and 51% to Norse Group. This relationship has been assessed as a joint venture, as the Authority has neither significant influence nor control.

Group accounts have not been prepared as the overall change between the single entity and the group statements is not material.

Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

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 years 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).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals payable under operating leases are charged to the relevant service line within the Comprehensive Income and Expenditure Statement as an expense of the services benefiting 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 (eg there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

The Authority does not currently have any finance leases for any Property, Plant or Equipment.

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.

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided 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 maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- 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 cost of assets acquired other than by purchase is deemed to be its fair value.

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

- Infrastructure, Community Assets and Assets Under Construction – depreciated historical cost.
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- 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, depreciate replacement cost (DRC) is used as an estimate of current value.

Where non-property assets 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 reflect unrealised gains. Exceptionally gains might be credited to the surplus or deficit on the provision of services 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 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 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 subsequently reversed, 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 amount over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain community assets) and assets that are not yet available for use (ie assets under construction)

Depreciation is calculated on the following bases:

- Buildings straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment a percentage of the value of each class of assets in the balance sheet.
- Infrastructure – straight- line allocation

Where an item of Property, Plant and Equipment has major component parts 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 historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and the fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

Assets that are abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie 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 Capital Receipt is transferred to the Capital Receipts Reserve, and can then only be used for new capital expenditure or. Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current 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.

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 when the Authority has an obligation, and are measured at the best estimate at the balance sheet data of the expenditure required to settle the obligation, taking account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some of all of the payment required to settle a provision is expected to be recovered from another party (eg 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 disclosed in a note 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 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.

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance.

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. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Authority

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 (ie capital grants to third parties) has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

Fair Value Measurement of Non-Financial Assets

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

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

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

When measuring the fair value of a non-financial asset, the Authority takes into account 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 – quoted 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.

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

The Code requires the Authority to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts.

This year there are three main changes being introduced in the 2020/21 Code of Practice of Local Authority Accounting:

- Amendments to IAS 19 Employee Benefits will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.
- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures. Not expected to have a material impact.
- Annual Improvements to IFRS Standards 2015–2017 Cycle. Not expected to have a material impact.

Looking further ahead, IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2021.

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 judgments made in this Statement of Accounts are:

- There is a degree of uncertainty about future funding levels for local government, with a funding review due and future changes to the Business Rates system. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision.
- Judgement is applied to decisions concerning the Authority's property, plant and equipment in matters such as determining the classification of each asset and the appropriate basis for valuation. Assets are classified according to their characteristics, after comparing them to the guidelines set out within the Code, with these classifications kept under review. Valuations are made by a professional with appropriate and relevant qualifications at intervals not exceeding five years.
- The Authority assesses any lease it enters into under the requirements of the code. The Authority's waste collection contract is deemed to contain an implied finance lease over the vehicles used in the operation of the contract. The vehicles have been added to the Authority's balance sheet and are depreciated in line with the term of the contract.
- Appeals lodged against Business Rates assessments may succeed, resulting in the need to refund all or part of the Business Rates paid by the business concerned. The Authority has considered the potential effect of the appeals outstanding as at 31 March 2020 and has made a reasoned judgement of the potential effect of these appeals. Further details are given in Note 3 to the Collection Fund Statement.
- Group Accounts - The Authority has considered the nature of its relationships with the two limited companies in which it holds interests, and has classified them according to proper accounting practice. Although there is a requirement to produce group accounts where an entity has interests in subsidiaries, associates or joint arrangements, the Authority has considered the effect of the transactions as at 31 March and has concluded that group statements would not differ materially from the single entity statements. Further details are given in Note 13.

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 these estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

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. Norfolk Pension Fund employs a firm of consulting actuaries to provide expert advice about the assumptions to be applied. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:-

Change in assumptions at year ended 31 March 2020	Approximate increase to employer liability	
	%	£'000
0.5% decrease in Real Discount Rate	10	7,884
Increase in member life expectancy of one year	Between 3% and 5%	Dependent on age group affected
0.5% increase in the salary increase rate	1	992
0.5% increase in the pension increase rate	8	6,804

Business Rates Appeals Provision

Billing authorities are required to estimate and make provisions for the liabilities likely to arise from successful appeals against Business Rates bills issued as at 31 March. The Authority has made a total provision for appeals of £4,706m, with 42.5% of this shown in its balance sheet as its share.

The estimate was calculated by a specialist organisation in the field whose modelling takes into account factors such as the type of proposal and type of hereditament before identifying similar or comparable cases on which to base its results. Yield loss figures are calculated using the relevant multipliers for each affected financial year and the potential losses in rateable value; allowances are made for Small Business Rates Relief supplement losses where this is a factor. As part of the process, certain appeal records that could potentially be withdrawn are also flagged based on the appeal history for the hereditament in the current and previous rating lists.

Should the value of appeals settlements vary by +/- 1% of the total rateable value of the district, this will result in a variation of £777,000 in the refund. This would be allocated amongst the participants as follows; £194,250 to Central Government, £330,225 to Broadland District Council and £252,525 to Norfolk County Council.

Asset Values

The outbreak of Covid-19, declared by the World Health Organisation as a global pandemic on 11 March 2020 has impacted on global financial markets. On 18 March 2020, the RICS published guidance to the profession in relation to material valuation uncertainty in response to Covid -19 impact on individual markets. Further RICS guidance – Impact of Covid-19 on Valuation - was issued on 2 April 2020.

This is an evolving and fast moving situation, as new government and regulatory requirements are announced daily alongside economic predictors & forecasts, and as an organisation the VOA are currently involved in RICS led profession discussions as to how to address the unprecedented circumstances.

5. Events after the Reporting Period

The unaudited Statement of Accounts were issued by the Assistant Director of Finance on 26 November 2020. Events taking place after this date are not reflected in the financial statement or notes.

Where events taking place before this date provided information about the conditions existing at 31 March 2020, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

The financial statement and notes would not be adjusted for events which took place after 31 March 2020 if they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Council's accounts are therefore produced under the Code and assume that the Council's services will continue to operate for the foreseeable future.

The impact of COVID-19 has substantial implications for the Council's finances. Firstly, the response to the pandemic has required additional expenditure to ensure the Council could continue to deliver its statutory responsibilities. Secondly, it has lost income primarily as a result of the restrictions on public and business activity put in place since mid-March 2020. Finally, COVID-19 is having a significant detrimental impact on the wider economy, with the expectation that there will be a consequent reduction in funding from Council Tax and Business Rates.

Government has sought to address this through the provision of non-ringfenced COVID-19 grants. The first grant of £50,643 was received in March 2020. Subsequent to this, the Council has received a further £1,574,675 in 2020/21, to support the Council's response to, and recovery from, COVID-19.

The Council's year-end reserve balances, as reported in these statements are as follows.

Date	General Fund	Earmarked Reserves
31 Mar 20	£15.3m	£8.7m

The Council has carried out an assessment of the impact of COVID-19 on future income and expenditure and is satisfied that there is no material uncertainty relating to the Council's going concern.

Through the assessment we have identified that we expect in 2020/21 reductions in revenue as follows:

	Methodology	Original Budget £'000	New Budget £'000	Change £'000
Planning	25% reduction	980	735	-245
Car Parking	N/A	1	1	-
Waste Charges	25% reduction	51	38	-13
Land charges	25% reduction	220	165	-55
Housing Benefit Overpayment	25% reduction	400	300	-100
Council Tax recovery	25% reduction	70	52	-18
Licensing	No change proposed	164	164	-
Recycling credits	No change proposed	768	768	-
Green Waste	No change proposed	2,212	2,212	-
Other income & service specific grants	No change proposed	2,165	2,165	-
Total		7,031	6,600	-431

Additional general expenditure in 20/21 relating to Covid-19 has been estimated at £500,000.

The Council is still expecting to generate a small surplus in 20/21.

The Council has undertaken cash flow modelling through to March 2022 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework.

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of the audit report, based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short term investment balances and the ability for borrowing under the Treasury Management Policy.

The Council expects the Comprehensive Spending Review to be announced in Autumn 2020, along with a review of Business Rates which is under consultation until October 2020. Outcomes will then be reviewed and reflected on in the 2021/22 budget setting process.

However, given the pandemic is still unfolding, the associated economic impact and service implications remain unclear, and there remains significant uncertainty over the final cost to the Council. However, current estimates indicate that there is a reasonable likelihood that the Council will need to undertake a limited draw down on its reserves in 2020/21. The Council has sufficient reserves to allow any drawn down to be managed.

6. Expenditure and Funding Analysis

This note reconciles the **Funding Presentation** (ie the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure) to the **Accounting Presentation** (ie the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice).

	Net Expend Chargeable to General Fund Funding	Adjustment for Capital Purposes	Net Change for Employee Absences	Net Change for Pooled Investments	Net Change for Pension Adjustment	Other Differences	Total Adjustment	Net Expend in the CIES Accounting
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2019/20								
Corporate Costs	275	560			-279		281	556
Finance and Revenues	1,599		21		184		205	1,804
Governance and Business Support	3,013	198	22		178		398	3,411
Managing Director and Chief of Staff	796		8		72		80	876
Economic Growth	969	-46	8		76		38	1,007
Regulatory Services	2,010	4	39		278		321	2,331
Planning	593	12	27		210		249	842
Individuals and Families	-456	101	0		0		101	-354
Waste and Recycling	1,853	153	0		0		153	2,006
Net Cost of Services	10,652	983	125	-	719	-	1,827	12,479
Other income and expenditure from the Expenditure & Funding Analysis	-12,183	-369		773	758	-971	191	-11,992
Difference between General Fund Surplus (before ER) and CIES Surplus on the Provision of Services	-1,531	614	125	773	1,477	-971	2,018	487
2018/19								
Corporate Costs	533						0	80
Finance and Revenues	1,039	-5			128		123	245
Governance and Business Support	2,774	204			99		303	497
Managing Director and Chief of Staff	719				45		45	457
Economic Growth	1,054	-4			46		42	3,053
Regulatory Services	1,034	30			185		215	1,561
Planning	801	113			126		239	209
Individuals and Families	1,500	-65					-65	1,255
Waste and Recycling	1,541	241					241	4,781
Net Cost of Services	10,995	514	-	-	629	*	1,143	12,138
Other income and expenditure from the Expenditure & Funding Analysis	-12,649	-384			1,096	459	1,171	-11,478
Difference between General Fund Surplus (before ER) and CIES Surplus on the Provision of Services	-1,654	130	-	-	1,725	459	2,314	660

7. Movement in Reserves Statement – Adjustment between Accounting Basis and Funding Basis under Regulations

	2018/19					2019/20			
	General Fund Balance	Capital Grants Unapplied	Usable Capital Receipts Reserve	Unusable Reserves		General Fund Balance	Capital Grants Unapplied	Usable Capital Receipts Reserve	Unusable Reserves
	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account									
<i>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</i>									
Revaluation gains/losses on Property, Plant and Equipment	55			-55		92			-92
Charges for Depreciation and Impairment of non-current assets	-418			418		-325			325
Amortisation of Intangible Assets	-87			87		-81			81
Government Grants and Contributions	1,062			-1,062		1,667			-1,667
Revenue Expenditure funded from Capital under Statute	-1,167			1,167		-2,234			2,234
Amounts of non-current assets written off on disposal to the CI&ES	-			-		-51			51
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>									
Statutory provision for the financing of capital expenditure	205			-205		120			-120
Capital Expenditure charged against the General Fund Balance	66			-66		27			-27
Adjustments involving the Capital Grants Unapplied Account									
Reversal of Unapplied Capital Grants and Contributions credited to the CI&ES	104	-104				13	-13		
Application of Grants to Capital Financing		104		-104			13		-13
Adjustments involving the Capital Receipts Reserve									
Transfer of Sale Proceeds credited as part of gain / loss on disposal to the CIES	10		-10			-		-	
Transfer of Receipts from Deferred Capital Receipts Reserve									
Cash receipts of a capital nature	35		-35			193		-193	
Use of Capital Receipts Reserve to finance new Capital Expend			1,331	-1,331				2,808	-2,808
Transfers between reserves required by legislation			-35	35				-708	708
Adjustments involving the Financial Instruments Adjustment Account									
Amount by which finance costs calculated in accordance with the Code differ from finance costs calculated according to statute	5			-5		-34			34

	2018/19					2019/20			
	General Fund Balance	Capital Grants Unapplied	Usable Capital Receipts Reserve	Unusable Reserves		General Fund Balance	Capital Grants Unapplied	Usable Capital Receipts Reserve	Unusable Reserves
	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Adjustments involving the Pensions Reserve									
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&ES	-3,317			3,317		-3,182			3,182
Employers Pension contributions and direct payments to pensioners payable in the year	1,592			-1,592		1,705			-1,705
Adjustments involving the Collection Fund Adjustment Account									
Amount by which local taxation income credited to the CIES is different from income calculated for the year in accordance with statutory requirements									
- Business Rates	-429			429		973			-973
- Council Tax	-30			30		-3			3
Adjustments involving the Accumulated Absences Account									
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						-125			125
Adjustments involving the Pooled Investment Fund Adjustment Account									
Amount by which capital appreciation/depreciation on pooled funds charged to the Comprehensive Income and Expenditure Statement is different from that chargeable in the year in accordance with statutory requirements.						-773			773
Total Adjustments	-2,314	-	1,251	1,063		-2,108		1,907	111

8. Income and Expenditure Analysed by Nature

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

	2018/19 £'000	2019/20 £'000
Income		
Fees, charges and other service income	-4,920	-5,545
Interest and investment income	-1,894	-2,127
Authority's share of income from Council Tax and Non-Domestic Rates	-21,172	-22,755
Housing Benefit contributions and allowances	-20,466	-18,237
Grants and Contributions (excluding Housing Benefits)	-7,119	-8,401
Gain on disposal of assets	-10	-
	-55,581	-57,065
Expenditure		
Employees' benefits expenses	9,439	9,855
Housing Benefit expenditure	20,123	17,592
Other services expenses	10,453	12,390
Depreciation, amortisation, impairment	450	314
Interest payments	2,211	2,985
Precepts and levies	3,725	3,862
Loss on disposal of assets	-	51
Non-domestic rates expenditure (tariff and levy)	9,840	10,503
	56,241	57,655
(Surplus) or Deficit on the Provision of Services	660	487

Segmental Income

	2018/19 £'000	2019/20 £'000
Revenues from external customers	-4,916	-5,542
Other income	-47,921	-48,226
	-52,837	-53,768

9. Transfers to / from Earmarked Reserves

	Balance at 31 March 2018 £'000	Transfers In 2018/19 £'000	Transfers Out 2018/19 £'000	Balance at 31 March 2019 £'000	Transfers In 2019/20 £'000	Transfers Out 2019/20 £'000	Balance at 31 March 2020 £'000
Repairs & Renewals (General)	348	6	-38	316	7	-	323
Repairs & Renewals (Street Lighting)	-	83	-68	15	111	-56	70
Spend Equalisation	538	161	-139	560	128	-	688
Recession Mitigation Fund	40	-	-40	-	-	-	-
Economic Success Fund	324	1	-18	307	-	-22	285
Insurance	59	-	-	59	-	-	59
Building Control Trading	14	-	-	14	-	-	14
External Funding Reserve	263	101	-142	222	-	-	222
Housing Assistance Policy	238	21	-	259	-	-	259
Developer Contributions – Adopted Land	426	3	-17	412	69	-36	445
Developer Contributions - Play Areas	197	-	-73	124	13	-6	131
Neighbourhood Plans - Front Runner	179	25	-23	181	40	-18	203
Community Infrastructure Levy Reserve	237	151	-84	304	199	-101	402
Community Right to Challenge Reserve	46	-	-	46	-	-	46
Business Rates Reserve	1,303	1,400	-	2,703	-	-	2,703
I.T. Reserve	186	28	-	214	119	-28	305
Broadland Growth Reserve	2,122	12	-1	2,133	52	-7	2,178
Systems Thinking Reserve	70	-	-	70	-	-	70
Bridge Maintenance Reserve	40	270	-	310	20	-	330
	6,630	2,262	-643	8,249	758	-274	8,733

10. Property, Plant and Equipment

2019/20	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure £'000	Surplus Land & Buildings £'000	Total £'000
Cost or Valuation					
At 1 April 2019	5,483	3,641	489	1,298	10,911
Additions	756	65	28	-	849
Revaluation Increases / (Decreases)					
- Included within the Deficit on Provision of Services (posted to the CAA)	29	-	-	-	29
- Included within Other Comprehensive Income & Expenditure (posted to the RR)	4,587	-	-	-389	4,198
Reclassification	-3,574	-	-	-	-3,574
Disposal	-59	-708	-	-	-767
At 31 March 2020	7,222	2,998	517	909	11,646
Depreciation and Impairment					
At 1 April 2019	-142	-3,359	-288	-	-3,789
Depreciation charges	-146	-156	-24	-	-326
Depreciation written out on Revaluation					
- Depreciation written out to the RR	53	-	-	-	53
- Depreciation written out to the Surplus/Deficit on the Provision of Services	63	-	-	-	63
Depreciation written out on disposal	8	708	-	-	716
At 31 March 2020	-164	-2,807	-312	-	-3,283
Net Book Value 1 April 2019	5,341	282	201	1,298	7,122
Net Book Value as at 31 March 2020	7,058	191	205	909	8,363

2018/19	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure £'000	Surplus Land & Buildings £'000	Total £'000
Cost or Valuation					
At 1 April 2018	5,337	3,609	471	1,256	10,673
Adjusted Balance Brought Forward	1	-	-	-1	-
Additions	90	32	18	-	140
Revaluation Increases / (Decreases)					
- Included within the Deficit on Provision of Services (posted to the CAA)	-	-	-	55	55
- Included within Other Comprehensive Income & Expenditure (posted to the RR)	55	-	-	-12	43
At 31 March 2019	5,483	3,641	489	1,298	10,911
Depreciation and Impairment					
At 1 April 2018	-457	-3,101	-262	-	-3,820
Depreciation charges	-134	-258	-26	-	-418
Depreciation written out on Disposal / Revaluation	449	-	-	-	449
At 31 March 2019	-142	-3,359	-288	-	-3,789
Net Book Value 1 April 2018	4,880	508	209	1,256	6,853
Net Book Value as at 31 March 2019	5,341	282	201	1,298	7,122

Breakdown of assets	31 March 2019	31 March 2020
Offices	2	2
Depots	1	1
Car Parks	4	5
Public Conveniences	6	6
Shared Equity Properties	1	1
Quayside	1	1
Properties for the Provision of Homeless Accommodation	2	2
	17	18

The total number of car parks owned by the Council has increased by one to five compared to the prior year. The Bure Valley Railway car park was included in the reclassification of this whole asset to an Asset Held for Sale in 2017/18. However, during 2019/20 the decision was made to retain council management of the asset.

In addition to the above the Council owns areas of amenity land which have little or no value. They consist of general amenity land, woodland and play areas.

Valuation

The Council ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out by a professionally qualified employee of the District Valuer and Valuations Office in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Property, Plant & Equipment Carried at Current Value	Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Total £'000
Historical Cost		2,998	517		3,515
Current Value in:					
Year ended 31 March 2020	3,562			66	3,628
Year ended 31 March 2019	2,787			806	3,593
Year ended 31 March 2018	535			37	572
Year ended 31 March 2017	126				126
Year ended 31 March 2016	212				212
Total	7,222	2,998	517	909	11,646

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets with a finite useful.

Useful lives

Vehicles, plant and machinery	5 years
Domestic waste bins	10 years
Buildings	25 - 50 years
Street lighting columns	10 years
Land drainage structures	40 years
Buildings	50 years
Bridges	120 years

Fair Value Hierarchy

As part of the adoption of IFRS13, the Surplus Assets held by the Authority were revalued during 2016/17 according to the prescribed valuation techniques as detailed below. Further valuations of the surplus land were carried out in 2018/19. There were no transfers between levels 1 and 2 during 2018/19. Surplus land at Rosebery Road has been mainly transferred as part of the Broadland Growth Ltd housing development; the remainder was revalued in 2019/20 with no transfer between level 1 and 2.

Surplus Assets Held at Fair Value	Quoted Value in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Other Un-observable Inputs (Level 3) £'000	Fair Value as at 31 March 2019 £'000
Recurring Fair Value Measurements				
Land	-	909	-	909

Valuation Techniques Used to Determine Fair Values for Surplus Assets

Significant Observable Inputs – Level 2

The valuation technique applied was the market approach. This uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. The level 2 inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

There has been no change in the valuation techniques used during the year for Surplus Assets.

In estimating the fair value of the Council's Surplus Assets, the highest and best use of the assets is their current use.

11. Heritage Assets

The Authority owns twenty-three bridges, seven culverts and one tunnel along a nine mile section of the Bure Valley Railway line. These structures were built in the 1870's as part of the East Norfolk Railway line, and were transferred to the Authority at no cost in 1989 by the British Railways Board to hold in trust and to maintain in a safe condition. The bridges have been considered on the basis of their background history and the Authority's intentions in acquiring the asset, and it was concluded that, as they were acquired purely for their value as historical artefacts, they fulfilled the definition of Heritage Assets.

Heritage assets are carried at valuation rather than at fair value, reflecting the fact that historical assets rarely change ownership. Valuations may be made on any basis that is appropriate and relevant. The Authority is unlikely to replace the structures with exact replicas of the originals in the event that one or all of the structures are destroyed or severely damaged, so a valuation on depreciated replacement cost is not appropriate. The Authority would not seek to sell the bridges, and has considered that if it were to attempt to do so, the purchaser would require the Authority to pay to offset the obligation of maintaining the bridges in a safe condition. After careful consideration, the Authority has opted to value the structures at historical cost. This is defined in the Code as the carrying amount of the asset as at 1 April 2007 or at the date of acquisition if later, adjusted for depreciation or impairment if appropriate. As the structures were transferred to the Authority at nil cost in 1989 and held at nil value on the Authority's balance sheet as at 31 March 2007, their historical cost valuation has been deemed to be nil. Capital expenditure undertaken to rectify damage and deterioration will be written off against the impairment to value that the damage represents.

The Authority has built a path for walkers and cyclists along the length of the line which is open to public access at any time, from which the bridges and culverts can be seen. The path is classified as an infrastructure asset within Property, Plant and Equipment on the balance sheet and is valued separately.

12. Intangible Assets

The purchase of software licences and project implementation costs are treated as intangible assets. Amortisation of intangible assets is charged to the revenue account on a straight line basis over a period of five years.

	2018/19 £'000	2019/20 £'000
Cost		
Opening Gross Balance	1,212	1,264
Additions	52	81
Disposals	-	-135
Closing Gross Balance	1,264	1,210
Amortisation		
Opening Accumulated Balance	-1,019	-1,106
Amortisation Charge	-87	-81
Disposals	-	135
Closing Amortisation Balance	-1,106	-1,052
Opening Net Book Value	193	158
Closing Net Book Value	158	158

13. Investments in Associates and Joint Ventures

Broadland Growth

Broadland District Council has an interest in Broadland Growth Limited, which has been assessed as a joint venture with NPS Group. The company was formed in December 2013 to undertake housing development in the district.

The Authority contributed £10,000 initial capital to the company and to provide rechargeable services such as book-keeping and liaison with the company's accountants (Aston Shaw). The £10,000 capital investment forms are shown within the Investments in Associates and Joint Ventures line in the balance sheet.

The company has estimated £177,865 as a pre-tax profit in 2019/20 (£213,030 2018/19 pre-tax profit).

As at the end of March 2020 a new development of 22 properties is in the process of being built, six of which have been sold to date.

Community Infrastructure Levy (CIL)

Broadland District Council, Norwich City Council and South Norfolk Council have adopted and implemented their own Community Infrastructure Levy (CIL) schemes and agreed to pool a significant proportion of their CIL income.

On 21 October 2015, an agreement including Norfolk County Council was signed to pool the CIL income (excluding the neighbourhood element and the proportion retained to cover administrative costs) to support the Greater Norwich Growth Board's Strategic Infrastructure Programme. Norfolk County Council, designated the accountable body in the agreement, established the Infrastructure Investment Fund from the CIL income it has received from each of the authorities.

At 31 March 2020, the Infrastructure Investment Fund had a cash balance of £6.350m which will be used to support projects.

14. Long Term Debtors

	31 March 2019 £'000	31 March 2020 £'000
Transferred Debt	209	186
Staff Car Loans	4	8
Housing Advances for former council house stock	61	61
Housing benefit overpayment debt	120	370
Deferred capital receipt on shared equity properties	235	328
Loans to Parish Councils	105	314
Loan to Broadland Growth Ltd	990	1,310
	1,724	2,577

The transferred debt is held on behalf of Great Yarmouth Borough Council - an obligation dating back to the 1974 Local Government Reorganisation scheme.

The deferred capital receipt refers to an agreement to take a 25% interest in nine shared equity properties on the Carrowbreck Meadow (six) and Rosebery Road (three) developments. The purchasers of these properties have signed a legal agreement to pay the Authority for the remaining equity within 25 years. As the Authority will not receive any interest on this deferred payment this has been classified as a soft loan, and the £378,750 value as at 31 March 2017 (Carrowbreck) has therefore been discounted to a fair value of £240,232 using a commonly available mortgage rate of 2.09%. The £127,250 value for the Rosebery Road properties has been discounted to a fair value of £87,918 using a rate of 1.49% (commonly available at 31st March 2020). The impairment in value is held within the Financial Instruments Adjustment Account, and will be reversed in instalments each year until the payment is received.

The Parish Council loan scheme is funded through the Broadland Growth Reserve to establish a community infrastructure fund. The aim of the fund is to provide a borrowing facility for Parish and Town Councils to submit bids for local infrastructure projects which are underwritten by the respective Parish or Town Council's future CIL (Community Infrastructure Levy) receipts. £500,000 has been ring-fenced within the Broadland Growth earmarked reserve for this purpose. Three loans have been advanced. A loan of £1,010,000 to Broadland Growth Limited is part of an agreed £2m loan facility extended to the company to fund a housing development project at Rosebery Road, Great Plumstead. This completes the loan; £690,000 was repaid during 2019/20. The Authority has deemed it prudent to estimate a return of the remaining funds after March 2020.

15. Assets Held For Sale

	31 March 2019 £'000	31 March 2020 £'000
Balance outstanding at the start of the year:	365	381
Assets declassified as held for sale	-	-381
Assets reclassified as held for sale	-	3,955
Gains / (Losses) on revaluation	16	-
Balance outstanding at year end	381	3,955

The opening balance relates to the Bure Valley Railway asset. As it is no longer likely that the assets will be disposed of, they have been reclassified back to operational assets during 2019/20.

The assets reclassified as held for sale relate to a number of properties on the Rosebery Road development site; completed and retained by the Authority, not Broadland Growth Ltd., as assets held for sale until sold.

16. Financial Instruments

Categories of Financial Instruments

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

Financial Assets	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000
Amortised cost								
- Soft loan on shared equity properties	-	-	235	328	-	-	-	-
- Simple Deposits	-	-	-	-	12,541	12,086	-	-
- Fin assets carried at contract amount	-	-	1,370	1,879	-	-	5,036	9,406
Fair value through profit or loss	-	-	-	-	13,421	10,636	-	-
	-	-	1,605	2,207	25,962	22,722	5,036	9,406

Financial Liabilities	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000
Amortised cost finance lease liabilities	-	-	-	-	(120)	-	-	-
Fin liabilities carried at contract amount	-	-	-	-	-	-	(1,295)	(710)
	-	-	-	-	(120)	-	(1,295)	(710)

The fair values of the items in the table above are equal to the carrying amounts shown within the table.

The soft loan consists of deferred capital receipts arising from a 25% share in a total of nine shared equity properties built by the Authority's joint venture housing development company. The value must be paid over to the Authority on or before the 25th anniversary of each property's purchase. The calculation of the loss in value arising from the delay in payment – effectively, an interest-free loan – has been made by discounting the estimated value of the receipt by 2.09% (Carrowbreck site) and 1.49% (Rosebery Road site) based on a readily available mortgage offer to first-time buyers, resulting in a fair value of £328,150.

Financial assets and financial liabilities represented by loans and receivables are carried in the balance sheet at amortised cost. Their fair value is assessed by calculating the present value of the cash flows that are expected to take place over the remaining life of the instruments, with the following assumptions:

- No early repayment or impairment is recognised.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- The fair value of an instrument due to mature within the next 12 months is taken to be the carrying amount.

Income Expense Gains and Losses

	2018/19		2019/20	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
Interest revenue:				
financial assets measured at amortised cost	-183	-	-285	-
financial assets measured at fair value through profit or loss	-170	-	-405	-
Total interest revenue	-353	-	-690	-
Interest expense	17	-	16	-

Short Term Temporary Investments

The following investments were held at 31 March, valued at bid price in line with current local authority practice. The figures below include accrued interest.

	31 March 2019	31 March 2020
Banks/Building Societies	13,027	13,039
Externally Managed Pooled Funds	13,422	10,636
Gross Funds Invested	26,449	23,675
Less: Investments made on behalf of third parties	-484	-949
	25,965	22,726

17. Short Term Debtors

The following sums of income are due to be received in the next financial year.

	31 March 2019 £'000	31 March 2020 £'000
Community Infrastructure Levy	4,259	8,670
Other Entities and Individuals	2,252	3,321
	6,511	11,643
Less: Provision for Debt Impairment	-350	-208
	6,161	11,783

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	31 March 2019 £'000	31 March 2020 £'000
Six months to one year	112	133
More than one year	31	43
	143	176

18. Short Term Creditors

The following sums were outstanding at 31 March:

	31 March 2019 £'000	31 March 2020 £'000
Community Infrastructure Levy	-5,480	-10,675
Advance Maintenance Fees – Play Areas	-1,194	-2,117
MHCLG Business Rates Creditor	-1,253	-511
Norfolk CC Council Tax/Business Rates Creditor	-131	-1,633
Other Entities and Individuals	-4,888	-6,766
	-12,946	-21,702

19. Provisions

The Provisions figures relate to an estimate of the outcome of appeals against Business Rates assessments.

20. Capital Grants Receipts in Advance

Capital Grants Received in Advance refer to grants of a capital nature received where the grant carries conditions that have not yet been fulfilled, and where the funds must be used within a set period of time or returned to the donor. Accordingly, the Authority must carry these as potential creditors rather than register them as income and include them within its assets.

21. Section 106 Receipts

The Council has received contributions from developers in respect of Section 106 Planning Agreements that have not yet been recognised as income, as the funds must be returned to the donor if the conditions attached are not met. These are held as creditors – within Short-Term Creditors for receipts with a revenue purpose and as Capital Grants Receipts in Advance where the intended expenditure is capital in nature. These sums are included in the Balance Sheet at year end as follows:

Balance Sheet category	Purpose of Funds	31 March 2019 £'000	31 March 2020 £'000
Short Term Creditors	Provision of Play Areas (Conditional)	-1,194	-2,117
Short Term Creditors	Maintenance of Adopted Land (Conditional)	-31	-29
Capital Grants Receipts in Advance	Provision of Affordable Housing (Unconditional)	-30	-245

22. Unusable Reserves

Unusable reserves are those reserves which cannot be used to fund expenditure or to reduce Council Tax.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	-1,731	-2,217
Removal of revaluation balance for assets disposed of in year	-	17
Upward revaluation of assets	-117	-4,587
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of services	58	389
Depreciation written back on revaluation	-449	-53
Difference between fair value depreciation and historical cost depreciation	22	28
Balance at 31 March	-2,217	-6,423

Pension Fund Reserve

The Pensions Fund 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 Council 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 Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are due to be paid.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	-23,903	-31,121
Actuarial Gains / (Losses) on pensions assets and liabilities	-5,493	8,621
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-3,317	-3,285
Employer's pension contributions & direct payments to pensioners in the year	1,592	1,705
Balance at 31 March	-31,121	-24,080

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 or enhancement of those assets under statutory provisions.

The account is charged with the cost of acquisition or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition and enhancement. 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.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	-5,812	(6,950)
<u>Capital Financing applied in the year</u>		
Capital receipts	-201	(876)
Application of grants from the Capital Grants Unapplied account	-1,198	(1,237)
Capital expenditure charged against General Fund balances	-66	(27)
	-7,277	(9,090)
<u>Reversal of capital items debited or credited to the Comprehensive Income & Expenditure Statement</u>		
Depreciation and amortisation		
- Charge for the year	277	258
- Written out on Revaluation	-	-63
Revaluation Reserve Balance Written out on Disposal	-	-17
Disposals	-	51
Revaluations	-55	-29
Government Grants and Contributions	-1,062	-1,540
Deferred Income – Shared Equity Properties	-	-127
Revenue expenditure funded from capital under statute	1,167	2,234
	327	767
Balance at 31 March	-6,950	-8,323

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of local taxation income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying amounts to the General Fund from the Collection Fund.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	678	1,137
Amount by which Council Tax and Business Rates income credited to the Comprehensive Income and Statement is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements.	459	-970
Balance at 31 March	1,137	167

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences between the value of a financial instrument according to accounting practices and statutory requirements. The balance relates to the impairment in value to a soft loan resulting from the deferred capital receipt on six shared equity properties.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	148	143
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-5	34
Balance at 31 March	143	177

Deferred Capital Receipts - Mortgages

Deferred capital receipts are amounts due to be received from the sale of council houses for which funds are received over a number of years. Capital receipts are minimal, amounting to less than £1,000 in each year.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	-60	-60
Receipts transferred out	-	-
Balance at 31 March	-60	-60

Accumulated Absences Account

The Accumulated Absences Account absorbs the timing 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.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	-	-
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	-	125
Balance at 31 March	-	125

Pooled Investment Funds Adjustment Account

The Accumulated Absences Account absorbs net capital appreciation/depreciation on pooled investment funds that would be charged to the general fund balance under IFRS9 but which are subject to a statutory override until 31 March 2023.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	-	-
Amount by which capital appreciation/depreciation on pooled funds charged to the Comprehensive Income and Expenditure Statement is different from that chargeable in the year in accordance with statutory requirements.	-	773
Balance at 31 March	-	773

23. Cash Flow Statement – Operating Activities

The surplus or deficit on provision of services has been adjusted for the following items:

	31 March 2019 £'000	31 March 2020 £'000
Depreciation	-418	-325
Impairment and downward valuations	-	92
Amortisation	-87	-81
(Increase) or decrease in creditors	-2,790	-8,081
Increase or (decrease) in interest debtors	-	-
Increase or (decrease) in other debtors	4,280	5,712
Increase or (decrease) in inventories	-	-
Movement in pension liability	-1,725	-1,477
Contributions (to) or from provisions	-	-51
Carrying amount of non-current assets held for sale, sold or de-recognised	-	-
Other non-cash items charged to net surplus or deficit on provision of services	-884	325
Net cash flow from operating activities	-1,624	-3,386

The cash flows for operating activities include the following items:

	2018/19 £'000	2019/20 £'000
Interest Received	-438	-596
Interest Paid	21	50
	-417	-546

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

	31 March 2019	31 March 2020
Capital grants credited to surplus or deficit on the provision of services	-	-
Proceeds from the sale of non-current assets	10	-
Any other items for which the cash effects are investing or financing cash flows	139	205
	149	205

24. Members Allowances

Payments to members for allowances and committee attendance expenses were £311,997 (2018/19 £231,203) and are included within the 'Governance and Business Support' line of the Comprehensive Income & Expenditure Statement.

25. Officers' Remuneration

The following table shows the remuneration of senior employees whose salaries are more than £50,000 per year. Senior employees are those that have the power to direct or control the major activities of the Council. No bonuses have been paid to any senior officer in either year.

South Norfolk Council and Broadland District Council share a joint Senior Management Team. The employees detailed below therefore work across the two authorities and the costs are shared.

2019/20	Employing Authority	Salary incl fees, allowances & performance related pay £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contributions £
Managing Director - Trevor Holden	BDC	163,450	-	163,450	24,518	187,968
Director - People and Communities	SNC	90,250	-	90,250	13,575	103,825
Director - Resources	SNC	90,250	-	90,250	13,575	103,825
Director - Place	BDC	90,250	-	90,250	13,538	103,788
Assistant Director - Planning	SNC	67,329	-	67,329	10,287	77,616
Assistant Director - Governance & Business	SNC	65,250	-	65,250	10,088	75,338
Assistant Director - Individuals & Families	SNC	65,250	-	65,250	9,788	75,038
Assistant Director - Chief of Staff	SNC	64,627	-	64,627	9,694	74,321
Assistant Director – Regulatory (started 30/09/2019)	SNC	32,931	-	32,930	4,940	37,870
Assistant Director - Economic Growth (left 31/03/2020)	BDC	59,833	36,250	96,083	8,975	105,058
Assistant Director – Finance (started 28/10/2019)	BDC	30,494	-	30,494	4,574	35,068
Assistant Director - Community Service (started 07/11/2019)	BDC	27,017	-	27,017	4,037	31,054

The following senior employees' costs were not shared between authorities during 2019/20.

2019/20	Employing Authority	Salary incl fees, allowances & performance related pay £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contributions £
Deputy Chief Executive (left 25/06/2019)	BDC	5,145	113,920	139,065	3,537	142,602
Head of Democratic Services and Monitoring Officer (left 28/06/19)	BDC	20,660	74,947	95,607	2,265	97,872
Head of Finance & Revenue Services (left 27/05/2019)	BDC	11,118	-	11,118	1,559	12,678

Head of Corporate Resources (left 30/06/2019)	BDC	20,930	89,185	110,115	2,680	112,795
2018/19	Employing Authority	Salary incl fees, allowances & performance related pay £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contributions £
Chief Executive (retired 01/01/2019)	BDC	71,826	-	71,826	305	72,131
Managing Director (started 2/1/2019)	BDC	40,247	-	40,247	6,000	46,247
Deputy Chief Executive	BDC	100,607	-	100,607	15,041	115,648
Head of Democratic Services and Monitoring Officer	BDC	64,585	-	64,585	8,916	73,501
Head of Finance & Revenue Services	BDC	68,214	-	68,214	9,482	77,696
Head of Economic Development	BDC	58,818	-	58,818	8,130	66,948
Head of Corporate Resource	BDC	72,552	-	72,552	10,883	83,435
Head of Planning	BDC	78,252	-	78,252	11,031	89,283
HR & Customer Services Manager	BDC	54,274	-	54,274	8,207	62,481
Housing Manager	BDC	59,954	-	59,954	8,993	68,947

The Managing Director of South Norfolk Council and Broadland District Council started on 2nd January 2019 and is employed by Broadland District Council with costs shared 50:50 with South Norfolk Council.

The number of employees whose total remuneration (excluding employer's pension contributions) was £50,000 or more in bands of £5,000 was.

Remuneration Band	2018/19	2019/20
£50,000 - £54,999	5	2
£55,000 - £59,999	3	3
£60,000 - £64,999	1	2
£65,000 - £69,999	1	-
£70,000 - £74,999	2	-
£75,000 - £79,999	1	-
£90,000 - £94,999	-	1
£100,000 - £104,999	1	-
£160,000 - £164,999	-	1
	14	9

Remuneration bands are shown by employing Authority, before recharges, and are exclusive of Compensation for Loss of Office.

Exit Packages 2019/20

The number of exit packages with total cost per band, and the total cost of the compulsory and other redundancies are set out in the table below.

2019/20 Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
Under £50,000	-	1	1	36
Over £50,000	2	1	3	357
Total cost included in bandings				393
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				393

The total cost of £393,000 in the table above was charged to the Authority's Comprehensive Income and Expenditure Statement in 2019/20.

Exit Packages 2018/19

There were no exit packages agreed in 2018/19.

26. Grant Income

	2018/19 £'000	2019/20 £'000
Grants Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	-438	-
Business Rates Levy Surplus	-	-10
New Homes Bonus Scheme	-2,008	-2,174
Business Rates Retention Scheme	-1,429	-1,658
Council Tax Annex Grant	-27	-31
Transparency	-8	-8
Local Council Tax / Business Rates Support & Administration	-97	-96
EU Exit Preparation	-17	-35
Business Rates Retail Discount Scheme Grant	-	-9
Planning Delivery Fund Grant (Community Led Planning)	-101	-
	-4,125	-4,021
Grants Credited to Services		
DWP Housing Benefits	-20,045	-17,529
Business Rates Cost of Collection	-139	-140
Disabled Facilities Grant	-920	-886
Homelessness Grants	-490	-463
Section 106 Contributions	-91	-13
Elections / IEREG	-41	-590
Private Sector Housing Renewal	-395	-946
Sports Development	-36	-21
Economic Development Pooled Funding Projects	-150	-510
Second Homes Funding	-65	-17
Community Infrastructure – Admin/Surcharges	-24	-10
Public Health Partnership	-17	-1
Neighbourhood Planning Frontrunners	-25	-40
Planning Registers Set-Up	-34	-17
Recycling Partnership	-122	-64
Parks and Woodlands	-20	-
Street Cleansing – Litter Collection	-23	-
Covid-19	-	-38
Other Grants	-41	-47
	-22,678	-21,332
Total Grant Income	-26,803	-25,353

27. External Audit Costs

Ernst & Young LLP have been appointed by Public Sector Audit Appointments (PSAA) as the Council's external auditors and PSAA sets a scale for external audit fees.

Without the distortions of payments to auditors falling in different financial years, the proposed scale level of audit fees payable are as follows:

	2018/19 £	2019/20 £
External audit services carried out by the appointed auditor	32,022	32,032
Certification of grant claims and returns	14,500	14,500
	46,522	46,532

28. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council 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 Council.

Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of the many transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding are shown within the debtors listed in Note 17.

Members & Chief Officers

Members of the Authority have direct control over its financial and operating policies. The total of members' allowances paid is shown in Note 24.

Members are required to complete a declaration of all relevant interests each year. In respect of 2019/20, the following relationships are declared as there have been amounts paid to the organisation concerned by the Authority which are either in excess of £1,000 or are potentially material to the organisation concerned:

- Councillor Judy Leggett is a trustee of Leeway Domestic Violence and Abuse Services. Leeway received £39,354 during the year in respect of an agreement to provide support services to Broadland residents.
- Councillor Shaun Vincent, Councillor Lana Hemsall and Trevor Holden, Managing Director are Directors of Broadland Growth Ltd. Further details of Broadland Growth Ltd.'s transactions with Broadland District Council are provided in Note 13. None of the three named above receive financial rewards from the company.

A number of grant payments are made by the Council to voluntary organisations where members or chief officers may have an interest. These are made with proper consideration of declarations of interest and the relevant members and chief officers did not take part in any discussion or decision relating to the grants.

Broadland works through various forms of partnership with other organisations and authorities.

- The Authority formed Broadland Growth Limited in December 2013 in partnership with NPS Group to undertake housing development within the district. The relationship has been classified as a joint venture. The cost of a loan to Broadland Growth Ltd. of £1,310,000 is included in the statements and Note 13. Details of the company's trading results are set out within Note 13.

- In October 2014, Broadland District Council entered into a joint venture agreement with Norse Environmental Waste Services Limited (NEWS), a subsidiary of Norse Group, to provide recycling sorting and processing. The company provides services to the seven second tier Norfolk councils and Norfolk County Council Household Waste Recycling Centres. Payments to NEWS for the year amounted to £791,977 (£664,360 in 2018/19). The joint venture is set up to allow the districts a 7% income from any profit the company makes and also potential income from the sale of materials once a set amount of income is made.
- Broadland District Council works in partnership with Norwich City Council, South Norfolk Council and Norfolk County Council as the Greater Norwich Development Partnership to deliver large-scale projects that transcend authority boundaries. Contributions are made from the Authority's Community Infrastructure Levy (CIL) income into the Infrastructure Investment Fund to support the Greater Norwich Growth Board's Strategic Infrastructure Programme. A total of £2,166,285 was paid during 2019/20, of which £971,466 related to activity taking place during 2018/19. A further £1,588,324 was paid in May 2020 in respect of CIL due for 2019/20 activities.

Other Public Bodies

The Authority derives the majority of its funding from the UK Government. The Authority's relationships with central Government and other local government bodies fall within the scope of usual activities between such organisations.

Broadland District Council pays levies to three Internal Drainage Boards (IDB's) in the district; Waveney, Lower Yare and Lothingland IDB, Broads IDB and Norfolk Rivers IDB. These levies are determined by the boards of these organisations. Although members of the Council represent the Authority on these boards they do not have a controlling influence on their decisions, and the Authority is compelled under statute to pay the levy demanded. The total levies paid to the IDB's in 2019/20 amounted to £245,535 (2018/19 £237,771).

29. Leases

Finance Lease where the Council is Lessee

The Council has contracted with Veolia UK to provide refuse and recycling collections on its behalf. This contract requires the contractor to hold a fleet of specialist vehicles. An assessment of this arrangement in accordance with the Code of Practice on Local Authority Accounting revealed that there was judged to be an embedded lease in respect of the fleet of vehicles used in the contract. These are treated as being purchased under finance leases, although legal title to the vehicles will remain with the contractor after the contract is completed.

The amounts included in the balance sheet in respect of the vehicles are:

	31 March 2019	31 March 2020
Property, Plant and Equipment	120	-

The Council is committed to making minimum payments for the contract. This includes an element separated to represent the deemed finance lease on the vehicles used to perform the contract. The final lease payment for the vehicles of £120k was made in 2019/20.

Operating Leases where the Council is Lessee

The Council uses leased cars under the terms of an operating lease. The amount paid under this arrangement in 2019/20 was £3,095 (£15,989 in 2018/19). There are no future cash payments required under these leases as at 31 March 2020.

30. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

	2018/19 £'000	2019/20 £'000
Opening Capital Financing Requirement	326	120
<u>Capital Investment</u>		
Property, Plant and Equipment	140	847
Intangible Assets	52	83
Long-Term Debtors	1,090	1,224
Revenue Expenditure funded from Capital under Statute	1,167	2,234
	2,449	4,388
<u>Sources of Finance</u>		
Capital Receipts	-237	-1,583
Grants and Contributions	-2,147	-2,777
Revenue / Internal Funds	-271	-148
Closing Capital Financing Requirement	120	-

Commitments for future capital expenditure at 31 March 2020 include local community and homeowner home improvement grants, social housing grants, Thorpe Lodge works, commitments relating to a new ICT strategy and expenditure on major housing programmes co-ordinated by the authorities' jointly controlled company, Broadland Growth Ltd. The total commitment is estimated at £8.06 million.

31. Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not be payable until employees retire, the Authority has a commitment to make payments that needs to be disclosed at the time that employees earn their future entitlement. Employees may participate in the Norfolk Pension Fund. The fund is administered by Norfolk County Council in accordance with the Local Government Pension Scheme Regulations 1997 as amended and is a defined benefit salary scheme. The scheme is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension fund's liabilities with investment assets. Contributions to the scheme are determined by the Fund's actuary on a triennial basis. Following the formal valuation of the fund as at 31 March 2016, the fund actuaries provided the Authority with a schedule of past service deficit contribution rates for three years beginning on 1 April 2017.

Guaranteed Minimum Pension (GMP)

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However, overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the State Second Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of Broadland District Council for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards.

The McCloud Judgement

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud / Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied.

The impact of the ruling is uncertain. It is looking likely that benefits accrued from 2014 may need to be enhanced so that all members, regardless of age, will benefit from the underpin. However, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. In this outcome, there would likely be a retrospective increase to members' benefits, which in turn would give rise to a past service cost for the Fund employers when the outcome is known.

Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Norfolk Pension Fund's local assumptions, particularly salary increases and withdrawal rates.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the net cost of services within the Income and Expenditure account when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge to council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have appeared in the core financial statements:

	2018/19 £'000	2019/20 £'000
<u>Comprehensive Income & Expenditure Statement</u>		
Service Cost:		
<i>Cost of services</i>		
Current Service Cost	2,221	2,527
Past Service costs / (gain)	437	-103
<i>Financing and Investment Income and Expenditure</i>		
Net Interest Expense	659	758
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	3,317	3,182
<i>Other post-employment benefits charged to the Comprehensive Income & Expenditure Statement</i>		
Re-measurement of the net defined benefit liability, comprising:		
Actuarial gains and losses arising on changes in demographic assumptions	-	-2,307
Actuarial gains and losses arising on changes in financial assumptions	7,003	-7,035
Other experience	91	-3,331
Return on plan assets (excluding the amount included in the net interest expense)	-1,601	4,155
Total post-employment benefits charged / (credited) to Other Comprehensive Income and Expenditure	5,493	-8,518
Total post-employment benefits charged / (credited) to the Comprehensive Income & Expenditure Statement	8,810	-5,336
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	3,317	3,182
Employers' contributions payable to scheme	-1,592	-1,705
<u>Pension Assets & Liabilities recognised within the Balance Sheet</u>		
Present value of the defined benefit obligation	-91,191	-80,887
Fair value of plan assets	60,070	56,807
Net liability arising from defined benefit obligation	-31,121	-24,080

The liability shows the underlying commitments that the Authority has in the long run to pay retirement benefits. Although the liability has a negative impact on the net worth of the Authority as recorded in the balance sheet, statutory arrangements for the funding of the deficit mean that the financial position of the Authority remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be paid to the scheme in the year 2020/21 is £1,522,000 (2019/20 £1,535,000).

Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities:

	2018/19 £'000	2019/20 £'000
Opening balance	-81,202	-91,191
Current Service Cost	-2,221	-2,527
Past Service Costs (Gains)	-437	103
Interest Cost	-2,200	-2,196
Contributions from scheme participants	-392	-375
Re-measurement gains / (losses):		
Actuarial gains / (losses) arising from changes in demographic assumptions	-	2,307
Actuarial gains / (losses) arising from changes in financial assumptions	-7,003	7,035
Other experience gains / (losses)	-91	3,331
Benefits Paid	2,355	2,626
At 31 March	-91,191	-80,887

Reconciliation of fair value of the scheme assets:

	2018/19 £'000	2019/20 £'000
Opening fair value	57,299	60,070
Interest income	1,541	1,438
Re-measurement gain / (loss): Return on assets, excluding amounts included in net interest	1,601	-4,155
Employer contributions	1,592	1,705
Contributions by scheme participants	392	375
Benefits Paid	-2,355	-2,626
At 31 March	60,070	56,807

The pension scheme assets consist of the following;

	Period ended 31 March 2019			Period ended 31 March 2020		
	Active markets	Not in active markets	Percentage of total assets	Active markets	Not in active markets	Percentage of total assets
	£'000	£'000		£'000	£'000	
Equity securities						
Consumer	3,723	-	6%	2,105	-	4%
Manufacturing	3,076	-	5%	1,669	-	3%
Energy and utilities	1,345	-	2%	509	-	1%
Financial institutions	3,257	-	5%	1,427	-	3%
Health and care	1,446	-	2%	1,318	-	2%
Information technology	2,939	-	5%	1,753	-	3%
Other	2	-	0%	1	-	0%
Debt Securities						
Corporate bonds (investment grade)	-	-	0%	-	-	0%
Corporate bonds (non-investment grade)	-	-	0%	-	-	0%
UK Government	688	-	1%	660	-	1%
Private Equity	-	3,709	6%	-	3,419	6%
Real Estate						
UK Property	-	5,946	10%	-	4,888	9%
Overseas property	-	1,148	2%	-	1,119	2%
Investment Funds and Unit Trusts						
Equities	10,336	-	17%	16,419	-	29%
Bonds	20,800	-	35%	18,510	-	33%
Infrastructure	-	-	-	-	1,587	3%
Derivatives	155	-	0%	-	-80	0%
Cash and Cash Equivalents	-	1,500	2%	-	1,503	3%
Totals	47,768	12,302	100%	44,371	12,436	100%

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 scheme has been assessed by Hymans Robertson, an independent firm of actuaries. Estimates are based on the latest full valuation of the scheme as at 31 March 2016.

The principal assumptions made by the actuary are summarised below:

	31 March 2019 % per annum	31 March 2020 % per annum
Inflation / Pension Increases (CPI)	2.5	1.9
Salary Increases	2.8	2.6
Discount Rate	2.4	2.3

Mortality rates are based on recent analyses of actual case histories to determine a reasonable estimate of life expectancy. The average future life expectancies at age 65 are summarised below:

	Men	Women
Current Pensioners	21.7 years	23.9 years
Future Pensioners	22.8 years	25.5 years

A commutation allowance of 50% is assumed for future retirements to elect to take additional tax free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

32. Nature and Extent of Risks Arising from Financial Instruments

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Council. Credit risk arises from deposits with banks and financial institution as well as credit exposures to the Council's customers.

The risk is minimised through the Annual Investment Strategy. The Annual Investment Strategy for 2019/20, approved by members at Cabinet on 13 March 2019, set the criteria determining the counterparties regarded as suitable for investment purposes. The policy set a limit for internal investments of £5 million on the amount that can be invested with a single counterparty, with the exception of the Debt Management Office, but increased the limits on deposits placed for initial terms in excess of 364 days to £15m maximum (£10m in deposits of terms up to five years, £5m for deposits up to ten years).

The Council has the following exposure to credit risk. The table below categorises outstanding investments by their current credit rating as determined by Fitch Long Term Issuer Default.

	Credit Rating	Gross carrying amount at 31 March 2020
12 month expected credit losses		
Banks	AA-	-2,006
	A+	-5,017
	A	-6,012
Less: Investments made on behalf of third parties	n/a	949
Pooled Funds	AAA	-11,409
		-23,495
Simplified Approach - Debtors	n/a	-11,285
Total Credit Risk Exposure		-34,780

Amounts Arising from Expected Credit Losses

The Council has had no historical experience of default; this in part guides the estimation techniques that have been used in calculating impairment loss allowances. For those instruments classified as being held at amortised cost the 12 month expected credit loss model (ECL) has been applied by use of Historical Default Tables. These are produced by combining multi-year historic default rate data from the three main credit rating agencies, Fitch, Moody's and Standard and Poor's.

The Council's investments with banks are rated at either AA-, A or A+. The expected credit loss is 0.02% of the total invested and is therefore immaterial (approximately £2,000 overall).

The remainder of the Council's investments are with externally managed pooled funds (classified as revenue, measured at fair value through profit and loss) and current market prices are considered to be an appropriate reflection of credit risk with all movements in fair value impacting on the carrying amount and being posted to the Surplus or Deficit on the Provision of Services when they arise.

The Council does not generally allow credit to its customers. A provision is made in the accounts for bad or doubtful debts based on historical experience of collection using the simplified approach permissible, automatically based on lifetime expected credit losses. The risk of default has therefore been accounted for in the balance sheet.

The Authority has acquired a 25% interest in six properties on the Carrowbreck Meadow development and three on the Rosebery Road development site, with a legal agreement that the purchasers will pay the Authority the value on the twenty-fifth anniversary of the purchase at the latest. These have been deemed to be soft loans, and the current valuation of £378,750 (Carrowbreck) has been discounted back to a fair value of £240,232 by use of a readily available mortgage rate of 2.09%. The current valuation of the soft loan for Rosebery Road is £127,250 and will be discounted at a rate of 1.49%. The loans have been classed as long-term debtors, and appear within Note 13, with the impairment registered in the Financial Instruments Adjustment Account.

Liquidity Risk

Liquidity Risk is the possibility that the Council might not have funds available to meet its commitments to make payments

As the Council is currently debt free and has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments.

Market Risk

Market Risk is the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Interest Rate Risk

The Annual Investment Strategy determines the Council's investment strategy and interest rate exposure that feeds into the setting of the annual budget and the Treasury Strategy Statement determines the interest rates to be used. The Council assumes a cautious percentage return and employs a professional treasury management advisor to provide interest rate forecasts.

Interest rates have remained low during 2019/20, which has continued to impact on investment returns. A 0.25% increase in rates earned by internally managed investments with all other variables being constant would have resulted in a rise of £32,500 (2018/19 £56,800) within the Income and Expenditure Account. The impact of a fall of 0.25% in interest rates would have been decreased income of the same amount.

Price Risk

The Council does not invest in equity shares and consequently is not exposed to this risk.

Foreign Exchange Risk

None of the Authority's financial assets or liabilities is denominated in foreign currencies; therefore, it has no exposure to loss arising from movements in exchange rates.

33. Contingent Assets and Liabilities

There are no material contingent assets or liabilities.

34. Authorised for Issue

The Statement of Accounts was authorised for issue by the Assistant Director of Finance on 26 November 2020. This is the date up to which events after the balance sheet date were considered.

Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

No events have occurred that require changes to the accounting statements.

COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund.

The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

	2018/19 Council Tax £'000	Business Rates £'000	2019/20 Council Tax £'000	Business Rates £'000
Income				
Council Taxpayers	80,054		84,159	
Business Ratepayers (Non-Domestic Rates)		31,928		30,334
	80,054	31,928	84,159	30,354
Expenditure				
Precepts and Demands				
Central Government		14,893		7,251
Norfolk County Council	60,495	2,979	62,752	9,427
Office of the Police and Crime Commissioner	10,480		11,658	
Broadland District Council	9,094	11,915	9,293	12,327
Costs of Collection Allowance		139		140
Provision for Non Payment of Council Tax/NNDR	199	155	308	181
Write Offs	180	206	148	48
Transitional Protection Payable		686		250
Provision for Appeals (Non-Domestic Rates)		2,177		-557
Disregarded Amounts (Renewable Energy)		163		150
Distribution of Previous Year's Surplus/(Deficit)				
To/(From) Central Government		-118		-629
To/(From) Broadland DC General Fund	-15	-95	3	-503
To/(From) Office of Police and Crime Commissioner	-16		4	
To/(From) Norfolk County Council	-94	-24	20	-126
	80,323	33,076	84,186	27,959
Surplus/(Deficit) for the Year	-269	-1,148	-27	2,375
Surplus/(Deficit) Brought Forward	-16	-2,105	-285	-3,253
Surplus/(Deficit) Carried Forward	-285	-3,253	-312	-878

NOTES TO THE COLLECTION FUND

1. Income from Council Tax

The Council's council tax base is calculated by multiplying the number of dwellings estimated to be in each valuation band (adjusted for dwellings where discounts apply) by a proportion to obtain the equivalent number of band D dwellings.

Band	Total No. of Chargeable Dwellings Adjusted for Discounts	Relevant Proportion (Ninths)	Relevant No.
A (Disabled)	6	5	3
A	2,706	6	1,804
B	11,805	7	9,182
C	17,800	8	15,822
D	9,409	9	9,409
E	4,700	11	5,744
F	1,991	13	2,876
G	762	15	1,270
H	80	18	160
Less adjustment for losses on collection and for anticipated changes during the year for successful appeals against valuation banding, new properties, demolition and exempt properties with the addition of 26 Band D equivalent (contributions in lieu of Ministry of Defence).			46,270 (205)
Council Tax Base 2019/20 (= amount raised from £1 levy)			46,065

The tax requirement of the Council (including parishes) and the County Council / Police Authority is divided by the tax base to obtain the band D property tax (£1,815.05 average for 2019/20). This basic amount of council tax for a band D property is multiplied by the proportion specified for other bands to give an individual amount due. The exact council tax payable is also dependent upon local parish precept requirements. The actual amount collected will depend on collection efficiency and occupation of properties.

2. Income from Business Rates

Rates on business properties are set on a national basis with the rate in the pound being specified by Central Government (50.4p in 2019/20; small businesses were charged at 49.1p). The rateable value of a business is multiplied by this amount to produce the business rates due. The total non-domestic rateable value of hereditaments in the Broadland District as reported to Central Government on the NNDR1 return for 2019/20 was £77.7 million.

Broadland District Council became part of the Norfolk Business Rates pilot in 2019/20. The Pilot means that Norfolk as a whole will benefit from retaining an additional 25% of any business rates growth experienced in 2019-20 over and above the level that would have been retained under the previous 50% Business Rates Pool. The actual level of this additional growth will be confirmed after 2019-20 and will be shared between county and districts as set out in the submitted application to Government. A district to county tier split of 42.5%:32.5% was agreed for the 2019-20 precept payments, as set out in the Pilot application.

3. Business Rates: Provision for Appeals

As part of the arrangements for BRRS, local authorities assume the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. Authorities assuming these liabilities need to recognise a provision of liabilities.

Billing authorities acting as collecting agents on behalf of the major preceptors, central Government and themselves make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

The council has made a total provision for new appeals of £352,783 shared with preceptors on the percentage splits described above. The estimate was calculated using a combination of data supplied by a specialist organisation in the field (their modelling takes into account type of proposal and type of hereditament amongst other factors before identifying similar or comparable cases on which to base its results) and the councils retained data relating to previous years. The figure in the main statement above (-£557,086) is the net in year appeals position and includes a total of £909,869 of appeals settled in 2019/20.

	Total Collection Fund		Broadland District Council	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Balance at 1 April	3,086	5,263	1,234	2,105
Additional Provision required	2,330	353	932	282
Appeals settled in year	-153	-910	-61	-387
Balance at 31 March	5,263	4,706	2,105	2,000

Provisions are included in the accounts for potential liabilities that are likely to be incurred, where there is some uncertainty of the amounts involved or the dates on which these liabilities may arise. Of Broadland District Council's share of the total provision above (£2m), £490,900 is estimated to be settled within 12 months and is included in the Balance Sheet under current provisions. Where there is greater uncertainty but appeals are likely to be settled in the long term (after 12 months) this total (i.e. the remainder of £1,509,100) is included in the Balance Sheet under long-term provisions.

4. Collection Fund Surplus and Deficit

The deficit for Council Tax carried forward is shared with major preceptors. At 31 March 2020, the proportion due from Broadland District Council is £3,198 (a deficit of £31,587 in 2019/20) and the in-year deficit amount resulting in this figure has therefore been included in the Council's Income and Expenditure Account.

The deficit for Business Rates carried forward is shared with major preceptors. At 31 March 2020, the proportion due from Broadland District Council is £132,054 (a deficit of £1,105,835 in 2019/20). This total is the net result of the year end general business rates deficit (42.5% share - £323,260) offset by the year end surplus on renewable energy hereditaments (£191,206 – 100% retained by Broadland District Council). The in-year deficit resulting in this figure has therefore been included in the Council's Income and Expenditure Account.

INDEPENDENT AUDITORS REPORT

Scope of Responsibility

Broadland District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Broadland District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Broadland District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and making proper arrangements for the management of risk.

As part of its Constitution, Broadland District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”.

A copy of the Code is available on our website and can be downloaded [here](#).

This statement explains how Broadland District Council has complied with the code and also meets the requirements of regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control and accompanies the 2019/20 Statement of Accounts of the Council. The Annual Governance Statement is subject to detailed review and approval by the Audit Committee.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes for the direction and control of the authority and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Broadland District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Broadland District Council for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

The Governance Framework

An annual review of the Governance Framework at Broadland District Council was completed prior to the preparation of the Annual Governance Statement, with key officers completing full assurance statements for their area of responsibility, and these being signed off by the relevant member of the Corporate Management Leadership Team (CMLT). These are in place to ensure the governance arrangements across the Council are adequate, and to also recognise where any further work needs to be done. In light of the recent events surrounding COVID key officers also provided assurance in terms of any changes or amendments to processes or internal controls and how staff working from home has impacted on service area work.

The Code of Corporate Governance has been in place for the 2019/20 financial year. This Code is the framework of policies, procedures, behaviours and values which determine how the Council will achieve its priorities and is based upon the seven principles of the International Framework for Corporate Governance in the Public Sector.

The Council's Vision and Ambitions:

As a Council, we are committed to making Broadland one of the best places to live and work in the country. The Council has a Business Plan 2019-2023 which confirms our vision for Broadland as a place and our ambition for Broadland District Council as an organisation.

Our vision is to shape our local area and make it one of the best places to live and work in the country.

The main aims of the Business Plan are:

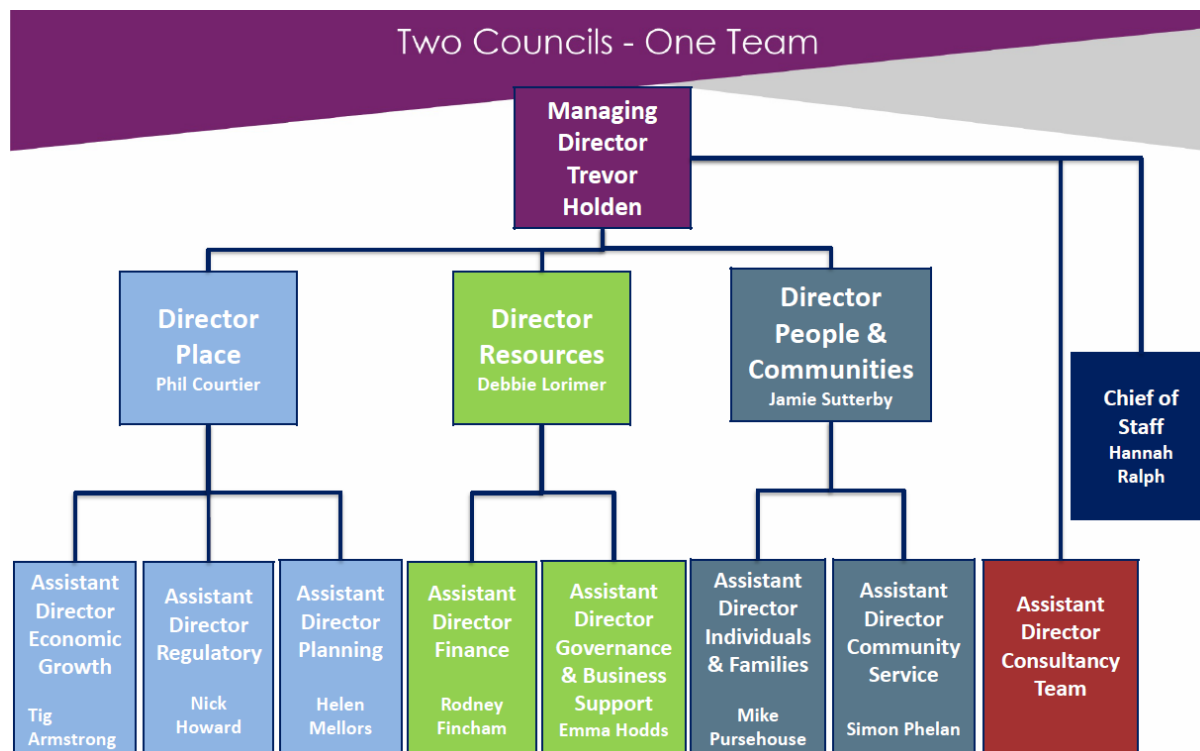
- Driving growth and prosperity for all
- Delivering environmental excellence
- Improving health and wellbeing and quality of life
- Supporting our residents and businesses to stay safe
- Increasing our financial resilience and capacity, in collaboration with South Norfolk Council

The Business Plan is a digital and interactive document which acts as a gateway for more in-depth details of the priorities and work of the Council and can be found [here](#).

The vision and ambitions are communicated through the Business Plan, plus regular briefings, press releases, website and the Broadland News magazine, which is delivered 3 times a year to every household and business in the District.

Review of the Council's Governance Arrangements:

The Council regularly reviews its organisational structure as part of aligning resources with demand to deliver the priorities above. In addition, the progression with the Council's collaboration with South Norfolk Council has resulted in the establishment of one team across the two Councils. This includes a Corporate Management Leadership Team (CMLT), consisting of the Managing Director, three Directors, and nine Assistant Directors, as follows:

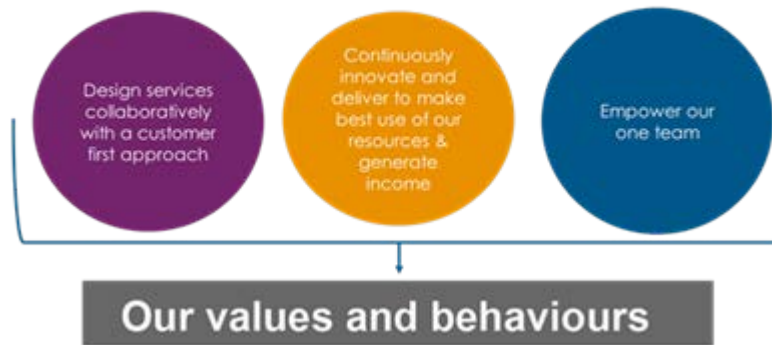


The Council has made ongoing savings through reviews of services and taking opportunities to make efficiencies; alongside this the authority has sought to grow income levels through a number of commercial initiatives.

Coaching and Leadership courses and workshops for staff at all levels of the organisation have been delivered in the financial year, particularly in light of the new one team officer structure.

A new process for identifying, organising and delivering our organisational transformation programme and was introduced during 2019/20 that will support both Councils to deliver the ambitions set out in our new joint Strategic and Delivery Plan. This approach has been titled *Spark* and is designed around the three key philosophies outlined below underpinned by our values and behaviours.

The Spark philosophy



Measuring the Quality of Services for Users and ensuring they are delivered in accordance with the Council's objectives and best use of resources:

The 4 year Business Plan sets out specific objectives together with measures to evidence how successfully we are delivering on the plan and which ambitions these activities support. The measures are tracked and reported to Cabinet as part of our Performance Framework.

Defining and Documenting Roles and Responsibilities of Councillors and Officers and how decisions are taken:

The Council's Constitution, Scheme of Delegation, Codes of Conduct, Protocol on Member / office relations, contract standing orders and rules of financial governance set the framework in which the organisation makes decisions.

Codes of Conduct Defining Standards of Behaviour for Councillors and Officers:

The Council operates Codes of Conduct for Councillors and officers, with clear processes embedded to respond to any concerns raised regarding the standards of behaviour.

The Council conforms to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)

The Rules of Financial Governance explain the statutory duties of the Section 151 Officer including the responsibility under direction of the Cabinet for the proper administration of the Council's financial affairs. The Council's governance arrangements allow the Section 151 Officer to bring influence to bear on all material business decisions. The Section 151 Officer supports the CMLT and has the authority to bring matters directly to the attention of the Managing Director if required. Regular specific meetings are also held to discuss matters relating to the Section 151 role.

The Audit Committee

The Committee met regularly during the year. Its key tasks are to monitor the work of Internal and External Audit, to approve the statutory accounts, provide an individual assurance on the adequacy of the Council's financial monitoring and reporting, including this Annual Governance Statement.

Ensuring Compliance with Laws and Regulations, Internal Policies and Procedures:

Responsibilities for statutory obligations are formally established. The Head of Paid Service disseminates statutory instruments to Managers responsible for acting on them. The relevant professional officers are tasked with ensuring compliance with appropriate policies and procedures to ensure all officers work within them.

Decisions to be taken by Councillors are subject to a rigorous scrutiny process by the Monitoring Officer, Section 151 Officer and in most cases CMLT before they are considered by Cabinet or Full Council.

Assistant Directors have completed an Assurance Statement covering key governance aspects with their area of responsibility. The outcomes of these Assurance Statements are described under *Managers' Assurance within Governance Issues*.

Whistle-blowing Policies and Investigating Complaints:

As employees, councillors and others who deal with the Council are often the first to spot things that may be wrong or inappropriate at the Council, a Raising Concerns at Work Policy is in place to provide help and assistance with such matters. There is also a formal complaints procedure operated as part of the Council's performance management framework.

Tackling Fraud and Corruption:

The Council has a Counter Fraud, Corruption and Bribery Strategy in place to ensure that we can deliver against our priorities whilst minimising losses to fraud, corruption and bribery. The Council has a Housing Benefit and Council Tax Support Anti-fraud and Corruption Policy.

Each Internal Audit undertaken recognises fraud risks and assesses the adequacy and effectiveness of the controls in place to mitigate such risks and an Annual Fraud Return is provided to the External Auditor which summarises the Head of Internal Audit's views on risk of fraud at the Authority. In addition, the Monitoring Officer, the Section 151 Officer and the Chair of the Audit Committee also complete such statements on an annual basis.

Development Needs of Councillors and Officers:

There is a training programme in place for officers and Councillors. This is drawn up from new risks or legislation, in response to known and emerging key areas of focus and from the Business Plan and staff Performance Reviews. The Council has made extensive investment in training in line with its Learning and Development Strategy for staff.

In relation to Members, they have undergone a rigorous training schedule since being elected in May 2019, which begins with a general induction programme and continues throughout the year on more specific topics to ensure Members can take on all aspects of their role confidentially and legally.

Establishing Communication with all Sections of the Community and Other Stakeholders:

The Council works with the County Council, other Norfolk District Councils, the Police, NHS, Central Government departments, businesses, and voluntary and community groups.

The Council consults with members of the public through a number of avenues from workshops, telephone calls, social media channels and the website, to gauge public opinion on a number of issues such as shaping the budget, the development of the Local Plan and the Council Tax Support Scheme.

Good Governance Arrangements with Partnerships:

Partnership arrangements take the form of Service Level Agreements. These are reviewed as part of the budget setting process and in advance of the date of cessation. The Council maintains a formal protocol on how it enters into funding arrangements with voluntary and third sector organisations.

The CIPFA Framework for Corporate Governance places a high degree of emphasis on partnership working. In practice, the Council takes a collaborative approach to working, recognising that there are a variety of means to engage with third parties.

As the collaboration with South Norfolk Council has progressed appropriate governance has been put in place such as Joint Committees and Joint Informal Cabinet.

Review of Effectiveness

The Role of the Council

Broadland District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Managers and Councillors within the authority who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and by comments made by the External Auditors and other review agencies. Full Council approves the Revenue and Capital Budget and the Treasury Management Strategy annually.

The Role of the Cabinet

The Cabinet approved the Business Plan and reviewed a range of strategies and policies during the year, including the Treasury Management Strategy, the Medium-Term Financial Strategy and the Revenue and Capital Budget. It received regular reports on performance monitoring, projects and their financial implications. Cabinet delegates policy development to four Panels, which are chaired by the relevant Portfolio Holder.

The Role of the Audit Committee

The activity of the Committee in the financial year is described above. It has also ensured that it is satisfied that the control, governance and risk management arrangements have operated effectively. The work of the Audit Committee is summarised in an Annual Report to Council.

The Role of the Overview & Scrutiny Committee

The Overview & Scrutiny Committee can undertake any work relating to the four key principles of scrutiny as follows:

- Hold the Executive to account (Call-In of decisions made but not implemented)
- Performance monitoring
- Service reviews
- Internal and external scrutiny

The work of the Overview & Scrutiny Committee is summarised to Council in an Annual Report.

Role of the Monitoring Officer

The Monitoring Officer has the specific duty to ensure that the Council, its officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. The Monitoring Officer's legal basis is found in Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000. The Monitoring Officer has three main roles:

- To report on matters they believe are, or are likely to be, illegal or amount to maladministration.
- To be responsible for matters relating to the conduct of Councillors and officers.
- To be responsible for the operation of the Council's Constitution.

The Monitoring Officer is supported in their role by the Council's legal service (which is provided by nplaw) and the Deputy Monitoring Officers.

The Role of the Chief Financial Officer

The Assistant Director Finance is designated as the Section 151 Officer for the purposes of Section 151 of the Local Government Act 1972 and is responsible under the general direction of the Cabinet for the proper administration of the Council's affairs. This statutory responsibility cannot be overridden. Responsibilities include:

- Setting and monitoring compliance with financial management standards
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management

Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to the full Council, Cabinet and External Auditor if the authority or one of its officers:

- Has made, or is about to make, a decision which involves incurring unlawful expenditure
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- Is about to make an unlawful entry in the authority's accounts.

The Section 151 Officer has not been required to make such a report.

The Role of Internal Audit

All audits are performed in accordance with the good practice contained within the Public Sector Internal Audit Standards (PSIAS) 2013. Internal Audit report to the Audit Committee and provides an opinion on the system of internal control, which is incorporated in the Head of Internal Audit's Annual Report and Opinion 2019/20.

Internal Audit is arranged through a consortium, Eastern Internal Audit Services, which comprises Breckland, Broadland, North Norfolk, South Norfolk and South Holland District Councils, Great Yarmouth Borough Council and the Broads Authority. The Head of Internal Audit is employed by South Norfolk Council and the operational and field management staff are employed by an external provider, TIAA Ltd.

The Internal Audit Service assesses itself annually to ensure conformance against the PSIAS, and are also required to have an external assessment every five years. The most recent external assessment, in January 2017, concluded that the internal audit service conforms to the professional standards and the work has been performed in accordance with the International Professional Practices Framework.

The Role of External Review Bodies

Ernst and Young LLP review the Council's arrangements for:

- preparing accounts in accordance with statutory and other relevant requirements
- ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- managing performance to secure economy, efficiency and effectiveness in the use of resources

Ernst & Young LLP were appointed by Public Sector Audit Appointments (PSAA) as the Council's external auditors for 2019/20. The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made.

Effectiveness of Other Organisations

Broadland Growth Ltd is a Joint Venture Company (JVC) owned 50/50 with NPS Property Consultants Limited Ltd formed in March 2014.

An internal audit for Broadland District Council of Broadland Growth Limited was carried out in November 2019, with an overall reasonable assurance conclusion. The audit made thirteen recommendations that were scheduled to be put in place by the end of March 2020. Some, but not all, have been implemented. These were mainly associated with the governance of Broadland Growth Limited.

Training was organised for Directors in December 2019 which focused on the roles and responsibilities of Directors. This resulted in a number of key themes coming out for inclusion in the BGL business plan.

Governance Issues

Looking back on the issues raised in 2019/20

During 2019/20 the following significant areas of development or risk were highlighted, with the current position also now noted:

It was recognised that governance regarding closer working relationships with South Norfolk Council was a key area that needed to remain under review. . This area of work has progressed as the development of one team across two councils has moved on at pace during 2019/20. This will continue into 2020/21 as the Council continues to adjust.

It was recognised that it would be beneficial for the Council to adopt a broader approach to reviewing governance arrangements through the introduction of management assurance statements to support this AGS. This has been developed over the past year and now provides part of the evidence for the completion of the AGS.

Finally, a review of the approach to risk management at the Council was commenced by the Audit Committee with the Internal Audit Manager progressing this collaboratively across Broadland and South Norfolk Councils over the 2019/20 year.

Managers' Assurance Statements for 2019/20

Assistant Directors (AD) across the Council completed an Assurance Statement relating to their service area. The Assurance Statements were based on 2019/20 and presented a broadened reflection compared to previous years. The statements were then signed off by the Managing Director or Director responsible for the service area.

The Assurance Statement asked specific questions about: policy and procedure; effectiveness of key controls, alignment of services with the Business Plan, human resources, finance, risks and controls, health and safety, procurement, insurance, information technology, data protection, freedom of information, business continuity, partnerships and equalities. A yes / partial / no response was required with evidence and action needed noted. Each AD also needed to note any issues that they felt represented a significant control item or governance issue. In addition, a statement on the impact of COVID on internal controls and staff was also provided.

Overall, governance regarding closer working relationships with South Norfolk Council emerged again as a key theme, as referenced above. Although not resulting in non-compliance, officers noted in their responses that policies, procedures etc would require review in light of the collaboration. This will be an area of work that is progressed at pace in light of the newly established one officer team, which it is recognised requires aligned processes and procedures to ensure the envisaged efficiencies.

More specifically, many service areas highlighted the need to update documentation in relation to business continuity and delegations to reflect the new officer structure.

The responses have highlighted that there are no significant governance issues and governance arrangements are mainly consistent across the Council. Where partial responses have been provided, managers have already identified actions that are being progressed to address these areas and the Assistant Director of Governance and Business Support will review progress during 2020/21, with updates being sought from ADs.

COVID-19 - How the control environment has changed during the period of disruption and steps taken

New legislation was introduced as a result of COVID, Health Protection (Coronavirus) Regulations 2020, the Councils constitution was updated to reflect the requirements of the regulation.

As a result of COVID, 90% of the workforce are now working from home, staff log onto their IT equipment using two-factor authentication – once the secure connection has been made all staff then utilise the folders and systems they need in the same way as they would in the office, therefore in this regard controls remain.

The Constitution has been amended in line with the legislation to enable the Council to continue with its democratic decision making process, albeit virtually.

Any site visits that are required are still being carried out but in line with social distancing guidelines and the compliance checklist provided by central government.

With particular reference to finance controls the following has been implemented:

- Accepted approval by email (as opposed to wet signatures)
- Authorisation of business grants carried out by s151 officer (over and above normal authorised signatory limit)
- Held more monies in bank account than normal, to respond to payment requests (particularly the business grants)
- Business grant payments were made based on requests as submitted with limited pre-payment checks (as requested by Government, in order to get payments out quickly)
- A change of system to pay hardship payments, payments are personally authorised by Assistant Director twice a week to ensure quick payment

The impact of COVID has enabled the teams to review processes and practices in the working from home environment, which has realised positive impacts, such as improved times to process benefit claims.

Internal Audit

The Head of Internal Audit has concluded that the overall opinion in relation to the framework of governance, risk management and control at Broadland District Council is reasonable. A total of nine out of a possible 10 assurance audits completed within the year concluded in a positive assurance grading and a substantial assurance grading was given for Private Sector Housing, Accounts Receivable and Income.

One report concluded in a limited assurance grading in the area of Homelessness and Housing Options and Private Sector Leasing. One urgent recommendation was raised in relation to ensuring that temporary accommodation rent accounts are regularly reviewed. Five important recommendations were raised relating to reviewing the allocations policy, reviewing existing applicants on the housing register, team leader review of all allocations, the signing of licences for temporary accommodation and creating SLA's for temporary accommodation providers. All recommendations raised during this review are due to be resolved by March 2021 following a full review of working practices and regular updates will be provided to the Audit Committee throughout the year to track progress.

Risk Management

During 2019/20 the Internal Audit Manager has undertaken a review of the risk management strategy and process for Broadland and South Norfolk, there has been facilitated sessions with CMLT resulting in an agreed approach to risk management with a view to embedding this. A Risk Strategy is being finalised, and the training for staff will be provided.

Review and Approval of the Annual Governance Statement

The annual review of governance is coordinated by the Assistant Director Governance and Business Support, involving senior managers across the Council and reviewed by the Corporate Management Leadership Team. This Annual Governance Statement is considered in draft by the Audit Committee and amended to reflect the Committee's considerations and the views of the external auditor. The (revised) Annual Governance Statement forms part of the Council's annual accounts.

Certification

We are satisfied that appropriate arrangements are in place to address improvements in our review of effectiveness. Progress on these improvements and mitigation of risks will be monitored through the year and considered at our next annual review.

Trevor Holden, Managing Director

Shaun Vincent, Leader of the Council

GLOSSARY

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements.

ACOP

Accounting Code of Practice - A code of accountancy good practice published by CIPFA.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in deficits or surpluses that arise because either events have not coincided with the assumptions made by the actuary for the last valuation (experience gains and losses), or the assumptions themselves have changed.

BILLING AUTHORITY

An authority which issues demands to local residents for payment of Council Tax on their residences, usually in respect of its own services and as an agent for other authorities serving the property.

CAPITAL CHARGE

A charge to service revenue accounts to reflect the cost of Property, Plant and Equipment used in the provision of services.

CAPITAL EXPENDITURE

Expenditure on the acquisition, construction or enhancement of an asset which is expected to yield benefits to the Council for more than one year.

CAPITAL FINANCING

Resources used to meet the capital expenditure incurred in accordance with statutory controls.

CAPITAL RECEIPT

A receipt arising from the disposal of an interest in a tangible asset.

CASH EQUIVALENTS

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.

CIPFA

Chartered Institute of Public Finance & Accountancy - the main public sector accounting body.

COLLECTION FUND

A statement of transactions relating to Council Tax and NNDR (National Non-Domestic Rates).

CONTINGENCY

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

CONTINGENT LIABILITY

Either a potential obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control, or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

FIXED ASSETS (also known as Property, Plant and Equipment)

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

FRS

Financial Reporting Standard – one of the standards by which a body reporting their financial results in accordance with accepted British accountancy practices must abide.

IFRS

International Financial Reporting Standard – one of the standards by which a body reporting their financial results in accordance with accepted international accountancy practices must abide.

IMPAIRMENT

A reduction in the value of a fixed asset due to physical damage or detrimental changes in the local environment. Examples of impairment include

- Damage to a footpath due to severe erosion, or

- An event causing severe long-term pollution in the immediate area of a building.

INFRASTRUCTURE ASSET

Fixed assets that are useful only in the location in which they have been constructed, such that expenditure is recoverable only by continued use of the asset created. Examples of infrastructure assets include cycle tracks, footpaths and street lighting columns.

INTANGIBLE ASSETS

Fixed assets that have no physical substance - for example, computer software.

MATERIALITY

An assessment of how much influence a figure or disclosure may have on a reader's judgement. This is not a set amount; rather, it is judged by the size of the figure in relation to related amounts within the authority's accounts, or the extent of the activity in relation to the authority's other operations.

MINIMUM REVENUE PROVISION (MRP)

This is the minimum amount which must be charged to an authority's revenue account each year and set aside as provision for repayment of external debt.

NON - OPERATIONAL ASSETS

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PRIOR PERIOD ADJUSTMENT

Where an authority discovers a mis-statement, error or omission considered to be material in a set of accounts published in a previous financial year, the authority is obliged to make a prior period adjustment to correct the statements. This involves publishing the corrected statements for the previous financial year, together with a corrected opening balance sheet for the start of that previous year. Prior period adjustments require an explanatory note disclosing the reason for the adjustment and all amounts which have been affected in the restated statements.

PROVISION

An amount set aside for potential liabilities which may arise or will be incurred, where there is uncertainty as to the amounts concerned or the dates on which these liabilities may arise.

PRECEPT

Formal instructions issued to a billing authority to collect local taxation on behalf of the instructor and pay it to them. Norfolk County Council, the Office for the Police and Crime Commissioner and town and parish councils within the Broadland area issue precepts to Broadland District Council each year for the total amount of Council Tax to be collected from local residents in respect of their services.

RELATED PARTY

Corporate bodies or individuals that have the potential to control or influence the Council's decisions, or to be controlled by or influenced by the Council.

RELATED PARTY TRANSACTION

The transfer of assets or liabilities or the performance of services by, to or for a related party.

REMUNERATION

All amounts paid to or received by a person, and includes sums due by way of expenses, allowances (so far as those sums are chargeable to UK income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.

RESERVE

Accumulated balances built up from revenue contributions or specific income.

RESTATED

This word in the statements or notes to the accounts indicates that some of the figures have been changed from those shown in the same statement or note published in the previous year. This is usually as a result of either:

A change to the Code, requiring the previous year's accounts to be changed in the same way to provide an accurate comparison between the years, or

The correction of a material error or retrospective reclassification involving material amounts, as described in 'Prior Period Adjustments' above.

TEMPORARY LOAN

Money borrowed on a short term basis. Funds deposited with this Council by other organisations for treasury purposes are treated as temporary loans.

AUDIT COMMITTEE

26 November 2020

Further Final Papers

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DEMOCRATIC SERVICES

Broadland District Council

Thorpe Lodge, 1 Yarmouth Road, Norwich, NR7 0DU

Tel: 01603 430428

Email: cst@broadland.gov.uk

Rodney Fincham
Assistant Director of Finance
Broadland District Council
Thorpe Lodge
1 Yarmouth Road
Norwich
NR7 0DU

20 November 2020

Ref:
Your ref:

Direct line: 01223 394547

Email: MHodgson@uk.ey.com

Dear Rodney,

**Broadland District Council – 2019/20 financial year
Request for a letter of representation**

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

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

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

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Broadland District Council ("the Authority") for the year ended 31 March 2020.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of the Broadland District Council as of 31 March 2020 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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

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

A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. That you acknowledge as members of management of the Authority, your responsibility for the fair presentation of the Authority's 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 2019/20 and are free of material misstatements, including omissions. We have approved the Authority financial statements.
3. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, that are free from material misstatement, whether due to fraud or error. You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. That you believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, if relevant, accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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

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

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

C. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that we have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. That you have made available to us all minutes of the meetings of the Authority and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 26 November 2020.

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

D. Liabilities and Contingencies

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

E. Subsequent Events

1. That other than the disclosure described in Note X (insert Note) to the Authority's financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:

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

G. Expenditure Funding Analysis

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

H. Going Concern

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

I. Ownership of Assets

1. That except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet(s), 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(s).

J. Reserves

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

K. Valuation of Property, Plant and Equipment Assets

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

2. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
3. You confirm that the significant assumptions used in making the valuation of assets appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
4. You confirm that the disclosures made in the Authority financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
5. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Authority financial statements due to subsequent events.
6. You confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. You confirm that for assets carried at historic cost, that no impairment is required.

L. Retirement benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. You agree with the findings of the specialists that you engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Authority financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
4. You confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the consolidated and Authority financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and Authority financial statements due to subsequent events.

M. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2019/2020.
2. You confirm that the content contained within the other information is consistent with the financial statements.

N. Specific Representations

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

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

Yours sincerely

Mark Hodgson
Associate Partner
Ernst & Young LLP
United Kingdom

Broadland District Council Audit Results Report

Year ended 31 March 2020

20 November 2020



**Audit Committee
Broadland District Council**

20 November 2020

Dear Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Broadland District Council for 2019/20. We will issue our final report after the Broadland District Council meeting scheduled for 26 November 2020.

We are progressing towards completion of our audit of Broadland District Council for the year ended 31 March 2020. Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3. We have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Audit Committee, other members of the Council, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting 26 November 2020.

Yours faithfully

Mark Hodgson

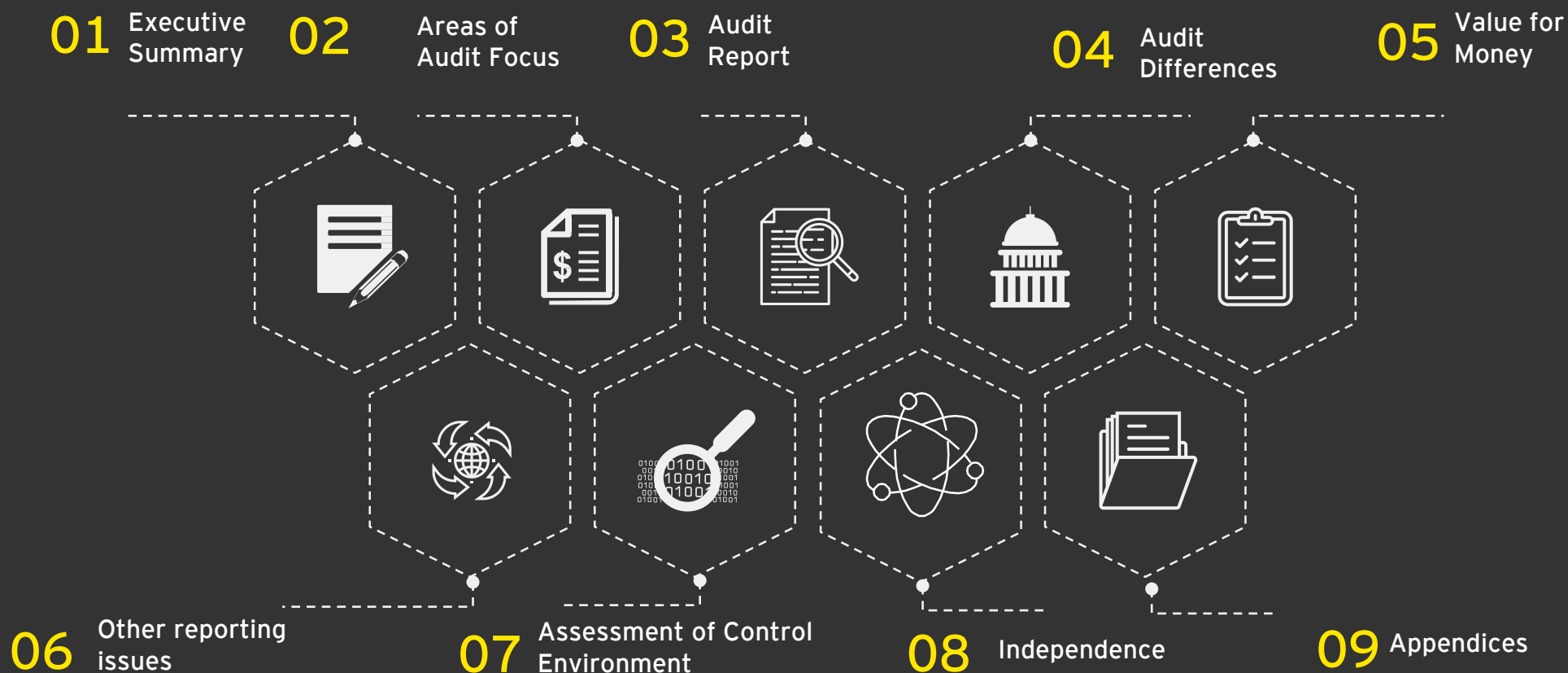
Mark Hodgson

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk). This 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 (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities / Terms and Conditions of Engagement. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary

Executive Summary

Scope update

In our Audit Plan dated 24 February 2020, and our Audit Plan Addendum dated 14 May 2020, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- ▶ Changes to reporting timescales - As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for approved financial statements from 31 July to 30 November 2020 for all relevant authorities.
- ▶ Changes to our risk assessment as a result of Covid-19
 - ▶ Valuation of Non-DRC PPE assets & Investment Property - The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's external valuer. We consider that given the Council's low risk and low value asset portfolio that we did not need to increase our inherent risk level.
 - ▶ Disclosures on Going Concern - Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Council would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Council's actual year end financial position and performance.
 - ▶ Events after the balance sheet date - We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Council.
 - ▶ Adoption of IFRS16 - The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2021. We therefore no longer consider this to be an area of audit focus for 2019/20.
- ▶ Change in materiality - We have considered whether any change to our materiality is required in light of Covid-19. Following this consideration we remain satisfied that the basis for planning materiality, performance materiality and our audit threshold for reporting differences reported to you in our Audit Plan remain appropriate.

We updated our planning materiality assessment using the 2019/20 draft statement of accounts. Based on our materiality measure of 1.8% of gross expenditure on the provision of services, we have updated our overall materiality assessment to £0.940 million (Audit Plan – £0.928 million).

This results in updated performance materiality, at 75% of our overall planning materiality, of £0.705 million, and an updated threshold for reporting misstatements of £0.047 million (5% of Planning Materiality).

- ▶ Information Produced by the Entity (IPE) - We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:
 - ▶ Used the screen sharing function of Microsoft Teams and Zoom to evidence re-running of reports used to generate the IPE we audited; and
 - ▶ Agree IPE to scanned documents or other system screenshots.

As disclosed in the audit plan, additional risks are likely to result in additional audit fees which will be agreed in advance with S151 officer and then PSAA.



Executive Summary

Status of the audit

We are progressing towards completion of our audit of the Broadland District Council financial statements for the year ended 31 March 2020 and have performed the procedures outlined in our Audit Plan.

The outstanding work at the date of this report is:

- ▶ Testing of recharges made within the cost sharing agreement;
- ▶ Complete our procedures in relation to Debtors;
- ▶ Complete our procedures in relation to Creditors;
- ▶ Payroll procedures in relation to Starters and Leavers and headcount numbers; and
- ▶ Complete our procedures in relation to the Collection Fund.

Closing Procedures:

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

Subject to satisfactory completion of the following outstanding items above, we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3.

We expect to issue the Audit Certificate at the same time as the Audit Opinion.

Executive Summary

Audit differences

Unadjusted differences

At the date of this report there is one unadjusted audit difference arising from our audit. We request that this uncorrected misstatement be corrected or a rationale as to why they are not corrected be considered and approved by the Audit Committee and provided within the Letter of Representation.

- ▶ Pension Liability (IAS 19): Officers requested an updated actuarial report following the McCloud Consultation in July 2020. As a result, there has been a decrease of £0.231 million in the pension liability as a result of a decrease in past service costs (due to a revised estimate of the impact of McCloud). We have also been made aware of an increase in the plan asset of the Pension Fund. The estimated impact for Broadland District Council's share was an increase in assets of approximately £0.216 million. This would lead to a further reduction in the Pension Fund Liability. The Council have chosen not to adjust for these differences.

Adjusted differences

1. Classification misstatement. There was a creditor item for £0.348 million which was incorrectly included in debtors. This understated the value of debtors and creditors on the balance sheet but has now been updated by officers. There is no impact on the General Fund balance.

During the audit we have identified some minor disclosure audit amendments in the draft financial statements which management have chosen to adjust. We have judged that the majority of these do not warrant flagging to the Audit Committee in this report. There are two that we do believe merit the attention of the Committee:

2. Going Concern - The impact of Covid-19 has substantial implications for the Council's finances. We therefore assessed the work performed by the Council to ensure that it was still operating as a going concern up to 12 months from the audit opinion date. Our procedures resulted in an additional disclosure in the statement of accounts.
3. Estimation Uncertainty - The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's external valuer. We have requested that Management include additional disclosure narrative regarding the 'material valuation uncertainty' around Property, Plant & Equipment (PPE) valuations within the Estimation Uncertainty note (Note 4) and the PPE disclosure note (Note 10).

As above, until all our audit work is complete, further amendments may arise.

Executive Summary

Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of Broadland District Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Areas of Audit Focus" section of this report.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues;
- ▶ You agree with the resolution of the issue; and
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties.

Our planning procedures did not identify any value for money risks.

Following our planned procedures, we have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

Correspondence from the Public

We did not receive any items of correspondence from members of the public during the year.

We did not receive any formal objections from members of the public.



Executive Summary

Control observations

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

Other reporting issues

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

We are not required to carry out any procedures on the Council's Whole of Governance Accounts (WGA) submission as the Council falls below the National Audit Office (NAO) threshold of £500 million.

We have no other matters to report.

Independence

Please refer to Section 8 for our update on Independence. There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.



02

Areas of Audit Focus



Areas of Audit Focus

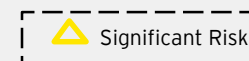
Significant risk

Risk of misstatements due to fraud or error – management override of controls

What is the risk?

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

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



What did we do and what judgements did we focus on?

We performed the following audit procedures:

- ▶ Identified fraud risks during the planning stages.
- ▶ Enquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Tested journals at year-end to ensure that there were no unexpected or unusual postings.
- ▶ Reviewed accounting estimates for evidence of management bias.
- ▶ Looked for and investigated any unusual transactions.

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale. We specifically reviewed any elements where judgement could influence the financial position or performance of the Council in a more positive or more favourable way.

What are our conclusions?

We did not identify any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.



Areas of Audit Focus

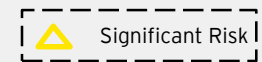
Fraud Risk - Incorrect apportionment of recharged expenditure overheads between Broadland District Council and South Norfolk District Council

What is the risk?

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

As the Council is more focused on its financial position over medium term, we have considered the risk of management override to be more prevalent in:

- ▶ the incorrect application of recharges between Broadland District Council and South Norfolk District Council thus manipulating the financial position of one or both Councils.



What did we do?

In order to address this risk we undertook the following audit procedures:

- ▶ Reviewed the appropriateness of recharges and that they are in line with the agreed cost sharing arrangement;
- ▶ Performed sample testing on recharge invoices to ensure that they are in line with the cost sharing agreement; and
- ▶ Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements purporting to recharges.

What are our conclusions?

We have not identified any issues with the cost sharing agreement between the Broadland District Council and South Norfolk District Council.

We are yet to complete our review of the recharges made within this cost sharing agreement. We will update the Committee on our findings.

Areas of Audit Focus – Other Areas of Audit Focus

Omission or understatement of NDR appeals provisions

What is the risk?

We have identified the omission and incorrect valuation of the NDR appeals provisions as a separate inherent risk. The calculation of the provision involves significant judgements and a high level of complexity. Due to the size and nature of the balance there is a risk that the provision could be materially understated.

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.

What did we do and What judgements are we focused on?

We have identified a specific risk of misstatement that could affect the balance sheet. We consider the risk applies to the valuation of NDR appeals provision in the balance sheet. We have performed the following procedures to address the risk:

- Tested the calculation of the NDR Provision to ensure all estimates and judgements are fully supported and are agreed to independent sources wherever possible;
- Reviewed managements specialist, Analyse Local, who provide information to support the NDR appeals provision, testing the assumptions applied in the provision for reasonableness and ensuring it has been prepared in accordance with IAS37; and
- Undertook procedures such as review of minutes and enquiries of management and those charged with governance to gain assurance over the material completeness of the provision.

What are our conclusions?

Our testing of the calculation, the assumptions applied and the judgements made did not identify any instances of management override.

The accounting entries were appropriately supported and our review of Management's expert did not raise any concerns.

Overall, we do not have any matters to report.

Areas of Audit Focus – Other Areas of Audit Focus

Valuation of Property, Plant & Equipment – Inherent risk

What is the risk?

The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. At 31 March 2020 the value of PPE totalled £8.4 million.

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.

What did we do and what judgements did we focus on?

We have identified a specific risk of misstatement that could affect the balance sheet. We consider the risk applies to the valuation of property, plant and equipment assets in the balance sheet. To address this risk we:

- ▶ Considered the work performed by the Council's valuer, including the adequacy of scoping the work, their professional capabilities and the results of their work;
- ▶ Sample tested key asset information used by the valuer in performing their valuation;
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within the appropriate time frame and any changes communicated to the valuer;
- ▶ Reviewed assets not subject to valuation in 2019/20 to confirm that the remaining asset base was not materially misstated;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ Tested accounting entries had been correctly processed in the financial statements.

What are our conclusions?

- ▶ We did not identify any issues with the Council's valuer, their scoping of work, professional capabilities or results of their valuation procedures;
- ▶ Our testing of assets not subject to valuation in 2019/20 did not identify any material differences;
- ▶ Our testing confirmed that assets had been valued within the appropriate timeframe and those valued in the year had been performed correctly;
- ▶ No issues were identified with the useful economic lives of assets or the accounting entries disclosed in the financial statements and supporting notes; and
- ▶ Our sample testing of key asset information used in the valuation of the assets did not identify any issues arising.
- ▶ As the Council does not have any Investment Property or other fair valued assets, the impact of the Valuer's caveats around 'material uncertainty' are minimal. We have requested an update to the 'Estimation Uncertainty' disclosure to reflect current market reports.



Areas of Audit Focus

Other Areas of Audit Focus – continued

Pensions valuations and disclosures – Inherent risk

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.

The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2020 this totalled £24.3 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body.

Accounting for this scheme involves significant estimation and judgement.

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.

What did we do and what judgements did we focus on?

We have identified a specific risk of misstatement that could affect the balance sheet. We consider the risk applies to the valuation of the pension liability in the balance sheet and supporting disclosure notes. To address this risk we:

- ▶ Liaised with the auditors of Norfolk Pension Fund to obtain assurances over the information supplied to the actuary in relation to Broadland District Council;
- ▶ Assessed the work of the Pension Fund actuary (Hymans) including the assumptions they used by relying on the work of PwC – Consulting Actuaries commissioned by National Audit Office (NAO) for all Local Government sector auditors, and considering the corresponding reviews performed by the EY actuarial team; and
- ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19, including the 31 March 2019 triennial valuation.

What are our conclusions?

- ▶ Following audit procedures and discussions, the Council requested an updated report from the actuary, following the McCloud Remedy Consultation announcement in July 2020 and the potential impact on the assumptions applied. The updated report showed a reduction in the Pension Liability of £0.231 million which the Council have chosen not to adjust for.
- ▶ The work performed by the Pension Fund auditor identified an increase in the value of the Pension Fund plan assets as at 31 March 2020. The estimated impact for Broadland District Council was an increase in assets of approximately £0.216 million. This would lead to a further reduction in the Pension Fund Liability. The Council have chosen not to adjust for this difference.
- ▶ We have reviewed the assessment of the Pension Fund actuary by PWC and EY pensions and have undertaken the work required without identifying any further issues; and
- ▶ We have not identified any other issues with the pension disclosures in the statement of accounts.



Areas of Audit Focus

Other Areas of Audit Focus – continued

Impact of Covid-19 – going concern

What is the risk?

Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19.

We considered the unpredictability of the current environment gave rise to a risk that the Council may not appropriately assess and disclose the key factors relating to going concern, underpinned by managements assessment, with particular reference to Covid-19 and the Council's actual year end financial position and performance.

What did we do and what judgements did we focus on?

In order to address this risk we performed a range of procedures including:

- ▶ Obtaining management's going concern assessment and reviewing it for any evidence of bias and consistency with the accounts;
- ▶ Reviewing the financial forecasts prepared by the Council. This considered key assumptions, and the risk to cash flow up to the date of 12 months after the signing date of the accounts and opinion;
- ▶ Ensuring that an appropriate going concern disclosure has been made within the statement of accounts; and
- ▶ Considering the impact on our audit report and complying with EY consultation requirements.

What are our conclusions?

We have received and reviewed Management's assessment of Going Concern and challenged the assessment appropriately.

Management have used the basis of the assessment to include an additional disclosure note within the revised financial statements. We are satisfied, subject to some minor amendments, that this disclosure note appropriately sets out the circumstances surrounding the financial implications.

We have requested that Management include additional disclosure narrative regarding the 'material valuation uncertainty' around Property, Plant & Equipment (PPE) valuations within the Estimation Uncertainty note (Note 4) and the PPE disclosure note (Note 10).

Given the nature of the issue, we are consulting internally, to ensure the appropriate disclosures have been made for these unusual circumstances.



03

Audit Report

DRAFT



Our proposed opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROADLAND DISTRICT COUNCIL

Opinion

We have audited the financial statements of Broadland District Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- ▶ Movement in Reserves Statement,
- ▶ Comprehensive Income and Expenditure Statement,
- ▶ Balance Sheet,
- ▶ Cash Flow Statement,
- ▶ the Expenditure and Funding Analysis and the related notes 1 to 34.
- ▶ Collection Fund and the related notes 1 to 4.

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 2019/20.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of Broadland District Council as at 31 March 2020 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the Assistant Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the Assistant Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Audit Report - continued

DRAFT

Our proposed opinion on the financial statements

Other information

The other information comprises the information included in the "Statement of Accounts 2019/2020", other than the financial statements and our auditor's report thereon. The Assistant Director of Finance is responsible for the other information.

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Broadland District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- ▶ 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;
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



Audit Report – continued

DRAFT

Our proposed opinion on the financial statements

Responsibility of the Assistant Director of Finance

As explained more fully in the “Statement of Responsibilities for the Statement of Accounts”, set out on page 9, the Assistant 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 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Assistant 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 have no realistic alternative but to do so.

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether Broadland District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Broadland District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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



Audit Report - continued

DRAFT

Our proposed opinion on the financial statements

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place 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 Broadland District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 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 Broadland District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 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.



04 Audit Differences



Audit Differences

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

Summary of Adjusted differences

We highlight misstatements greater than £0.047 million which have been identified during the course of the audit and which management have chosen to adjust within the revised financial statements.

1. Classification misstatement. There was a creditor item for £0.348 million which was incorrectly included in debtors. This understated the value of debtors and creditors on the balance sheet but has now been updated by officers. There is no impact on the general fund balance.

During the audit we have identified some minor disclosure audit amendments in the draft financial statements which management have chosen to adjust. We have judged that the majority of these do not warrant flagging to the Audit Committee in this report. There are two that we do believe merit the attention of the Committee:

2. Going Concern - The impact of Covid-19 has substantial implications for the Council's finances. We therefore assessed the work performed by the Council to ensure that it was still operating as a going concern up to 12 months from the date of approval of these financial statements. Our procedures resulted in an additional disclosure in the statement of accounts.

3. Estimation Uncertainty - The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's external valuer. We have requested that Management include additional disclosure narrative regarding the 'material valuation uncertainty' around Property, Plant & Equipment (PPE) valuations within the Estimation Uncertainty note (Note 4) and the PPE disclosure note (Note 10).

As above, until all our audit work is complete, further amendments may arise.

Summary of Unadjusted differences

At the date of this report there is one unadjusted audit difference arising from our audit. We request that this uncorrected difference be corrected or a rationale as to why it is not corrected be considered and approved by the Audit Committee and provided within the Letter of Representation.

1. Pension Liability (IAS 19): Officers requested an updated actuarial report following the McCloud Remedy Consultation in July 2020. As a result, there has been a decrease of £0.231 million in the Pension Liability, as a result of a decrease in past service costs (due to a revised estimate of the impact of McCloud). We are also aware of an increase in the value of the Pension Fund Assets as at 31 March 2020. The estimated impact for Broadland District Council's share was an increase in Assets of approximately £0.216 million. This would lead to a further reduction in the Pension Fund Liability. Management have determined not to make these adjustments on the grounds of materiality.



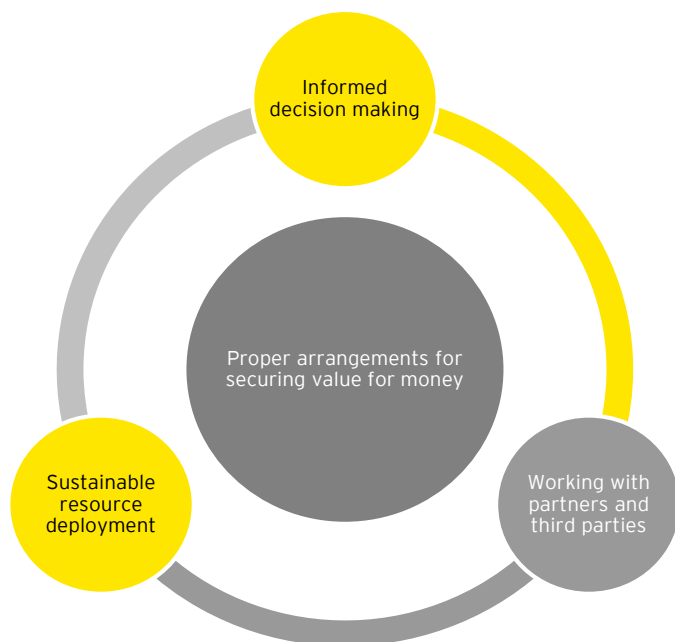
05

Value for Money Risks





Value for Money



Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Impact of covid-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19.

This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019/20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019/20 VFM arrangements conclusion.

We did not identify any significant failures.

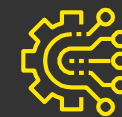
Overall conclusion

We did not identify any significant risks around these criteria.

We therefore expect having no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



06 Other reporting issues



Other reporting issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2019/20 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance. We have reviewed the Annual Governance Statement and confirm it is consistent with other information from our audit of the financial statements.

Financial information in the Statement of Accounts 2019/20 and published with the financial statements was consistent with the audited financial statements.

We have no other matters to report.

Whole of Government Accounts

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

We are not required to carry out any procedures on the Council's Whole of Governance Accounts (WGA) submission as the Council falls below the National Audit Office (NAO) threshold.

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 Council 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.

We also have a duty to make written recommendations to the Council, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues and have not had course to use this duty.

Other reporting issues – continued

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council'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;
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations.

We have reported on respect to Going Concern earlier in this report. We have no other matters to report.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

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

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

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

We considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention.



08

Independence

Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 24 February 2020.

We complied with the APB Ethical Standards. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit Committee on 26 November 2020.

Relationships, services and related threats and safeguards

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

There are no relationships from 01 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2020 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services listed in have been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Fee Analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2020. We confirm that we have not undertaken any non-audit work.

	Proposed Final Fee 2019/20	Scale Fee 2019/20	Final Fee 2018/19
	£'s	£'s	£'s
Total Audit Fee - Code work (see note below)	32,022	32,022	32,022
Changes in work required to address professional and regulatory requirements and scope associated with risk (See Note 1)	18,215	-	-
Revised Proposed Scale Fee	50,235	-	-
Additional work required for Covid-19 considerations (See Note 2)	To be confirmed	-	-
Additional work for recharges between BDC and SNDC risk	To be confirmed		
Non-audit services - Housing Benefit (See Note 4)	To be confirmed	-	14,500
Total Fees	To be confirmed	32,022	55,433

All fees exclude VAT

Notes:

Note 1 - For 2019/20 the scale fee has been re-assessed to take into account a number of risk factors as outlined below:

- Procedures performed to address the risk profile of the Council - £8,820
- Additional work to address increase in Regulatory standards - £8,790
- Client readiness and IT support for Data Analytics - £605

This revised scale fee has been discussed with management and is subject to review and approval by the PSAA Ltd.

Note 2 - As set out in this report, we have had to perform additional audit procedures to respond to the financial reporting an associated audit risks pertaining to Covid-19. As we are concluding our work in relation to these areas, we cannot quantify the fee impact at this time. We will provide an update on the additional fee implications at the conclusion of the audit and report this within the Annual Audit Letter.

Note 3 - The work performed in relation to the new risk of incorrect apportionment of recharged expenditure overheads between Broadland District Council and South Norfolk District Council.

Note 4 - The final fee for housing benefit work is dependent on the level of error identified within the claim under review and will be confirmed at the conclusion of that work. The planned fee is £14,500.

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the Audit Committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2020

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law.

The most recent version of this Report is for the year end 30 June 2020: https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2020/ey-uk-2020-transparency-report.pdf







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Appendices





Appendix A

Required communications with the Audit Committee

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

		 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.	Audit Plan dated 24 February 2020
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan dated 24 February 2020
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report presented to the Audit Committee on 26 November 2020

Appendix A – continued




		 Our Reporting to you
Required communications	 What is reported?	  When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about the Broadland District Council ability to continue for the 12 months from the date of our report.
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report presented to the Audit Committee on 26 November 2020
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the Audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report presented to the Audit Committee on 26 November 2020
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Council ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Council any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit Results Report presented to the Audit Committee on 26 November 2020







Appendix A – continued

		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 Council's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Council 	Audit Results Report presented to the Audit Committee on 26 November 2020
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan dated 24 February 2020</p> <p>Audit Results Report presented to the Audit Committee on 26 November 2020</p>

Appendix A – continued

		 Our Reporting to you
Required communications	 What is reported?	 When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	Audit Results Report presented to the Audit Committee on 26 November 2020
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report presented to the Audit Committee on 26 November 2020

Appendix A – continued

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report presented to the Audit Committee on 26 November 2020
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report presented to the Audit Committee on 26 November 2020
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report presented to the Audit Committee on 26 November 2020
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the Audit Plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	<p>Audit Plan dated 24 February 2020</p> <p>Audit Results Report presented to the Audit Committee on 26 November 2020</p>



Appendix B – Request for a Management Representation Letter

Request for a Management Representation Letter



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Rodney Fincham
Assistant Director of Finance
Broadland District Council
Thorpe Lodge
1 Yarmouth Road
Norwich
NR7 0DU

20 November 2020

Ref:
Your ref:
Direct line: 01223 394547
Email: MHodgson@uk.ey.com

Dear Rodney,

Broadland District Council – 2019/20 financial year Request for a letter of representation

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

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

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

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Broadland District Council ("the Authority") for the year ended 31 March 2020.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of the Broadland District Council as of 31 March 2020 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office.



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

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

A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. That you acknowledge as members of management of the Authority, your responsibility for the fair presentation of the Authority's 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 2019/20 and are free of material misstatements, including omissions. We have approved the Authority financial statements.
3. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, that are free from material misstatement, whether due to fraud or error. You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. That you believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, if relevant, accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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



Appendix B – Request for a Management Representation Letter (continued)

Request for a Management Representation Letter



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

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

C. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that we have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. That you have made available to us all minutes of the meetings of the Authority and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 26 November 2020.



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

D. Liabilities and Contingencies

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

E. Subsequent Events

1. That other than the disclosure described in Note X (insert Note) to the Authority's financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:



Appendix B – Request for a Management Representation Letter (continued)

Request for a Management Representation Letter



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

G. Expenditure Funding Analysis

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

H. Going Concern

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

I. Ownership of Assets

1. That except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet(s), 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(s).

J. Reserves

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

K. Valuation of Property, Plant and Equipment Assets

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



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2. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
3. You confirm that the significant assumptions used in making the valuation of assets appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
4. You confirm that the disclosures made in the Authority financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
5. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Authority financial statements due to subsequent events.
6. You confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. You confirm that for assets carried at historic cost, that no impairment is required.

L. Retirement benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. You agree with the findings of the specialists that you engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Authority financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
4. You confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the consolidated and Authority financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and Authority financial statements due to subsequent events.



Appendix B – Request for a Management Representation Letter (continued)

Request for a Management Representation Letter



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M. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2019/2020.
2. You confirm that the content contained within the other information is consistent with the financial statements.

N. Specific Representations

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

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

Yours sincerely

Mark Hodgson
Associate Partner
Ernst & Young LLP
United Kingdom

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ED None

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