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AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at The Castle, Winchester on Thursday, 21st February, 2019:

Chairman:

p. Councillor Keith Evans

p. Councillor Alexis McEvoy
p. Councillor Dominic Hiscock
p. Councillor Keith House
a. Councillor Mark Kemp-Gee
p. Councillor Derek Mellor
p. Councillor Rob Mocatta

p. Councillor Lance Quantrill
p. Councillor Tom Thacker
p. Councillor Zilliah Brooks

96. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Kemp-Gee. Councillor Brooks was in attendance as the deputy member.

97. **DECLARATIONS OF INTEREST**

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

98. **MINUTES OF PREVIOUS MEETING HELD ON 20 DECEMBER 2018**

The minutes of the meeting held on 20 December 2018 were agreed as a correct record and signed by the Chairman.

With regards to Minute Number 92, the Chairman informed Members that he had received a communication from the Director of Corporate Resources – Corporate Services to confirm the recent agreement to raise the existing £200million investment level to £235million.

99. **DEPUTATIONS**

There were no deputations.

100. **CHAIRMAN'S ANNOUNCEMENTS**

There were no announcements.

101. INFORMATION COMPLIANCE - USE OF REGULATED INVESTIGATORY POWERS

The Committee considered the report of the Director of Transformation and Governance regarding the County Council's use of regulated investigatory powers.

RESOLVED:

That the Audit Committee receives and notes the data regarding the County Council's use of surveillance powers as attached at Appendix 1 to the report.

102. TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20 TO 2020/21

The Committee received the report of the Director of Corporate Resources – Corporate Services with the Treasury Management Strategy Statement 2019/20 to 2021/22.

In response to Members' questions, it was confirmed that:

- There is no formula that calculates the level of reserves required based on the investment balance. It had been deemed prudent to raise the value of the Risk Reserve (as outlined in Recommendation iii below) as the total value of investment had risen.
- The County Council benchmarks its treasury management via its independent treasury advisor – Arlingclose, who provide benchmarking data from their universe of clients. It was confirmed that the County Council is performing well in relation to other Local Government organisations.

RESOLVED:

That the Audit Committee notes the following recommendations that have been made to Cabinet:

- i. That the Treasury Management Strategy, including the Annual Investment Strategy for 2019/20 (and the remainder of 2018/19) is approved.
- ii. That authority is delegated to the Deputy Chief Executive and Director of Corporate Resources to manage the County Council's investments and borrowing according to the Treasury Management Strategy Statement as appropriate.
- iii. That a further £1m is added to the Investment Risk Reserve as protection against the irrecoverable fall in value of any investments.

103. HAMPSHIRE COUNTY COUNCIL AUDIT PLANNING REPORT 2018/19

In relation to this item, Councillor House declared a non-pecuniary interest as a Board member of the Public Sector Audit Appointments (PSAA) who appoint Ernst and Young as a principal body audit firm.

The Committee received the annual audit planning report for 2018/19 from the external auditors.

Members were reassured that the 'new risk identified' on page 46 of the pack related to a revised approach to accounting standards and that, once the new standards had been implemented throughout the year, the risk level would be reassessed.

RESOLVED:

That the Audit Committee receives and notes the Hampshire County Council Audit Planning Report for 2018/19 as attached at Appendix 1.

104. HAMPSHIRE PENSION FUND AUDIT PLANNING REPORT 2018/19

In relation to this item, Councillor House declared a non-pecuniary interest as a Board member of the Public Sector Audit Appointments (PSAA) who appoint Ernst and Young as a principal body audit firm.

The Committee received the annual audit planning report for 2018/19 from the external auditors.

RESOLVED:

That the Audit Committee receives and notes the Hampshire Pension Fund Audit Planning Report for 2018/19 as attached at Appendix 1.

105. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 15 NOVEMBER 2018 (LESS EXEMPT)

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meeting held on 15 November 2018.

106. EXCLUSION OF THE PRESS AND PUBLIC

The press and public were excluded from the meeting during the following items of business, as it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would have been disclosure to them of exempt information within Paragraph 3 of Part I Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, for the reasons set out in the minutes.

107. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 15 NOVEMBER 2018 (EXEMPT)

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meeting held on 15 November 2018.

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