

## NOTICE OF MEETING

<b>Meeting</b>	Audit Committee
<b>Date and Time</b>	Thursday, 25th May, 2023 at 2.00 pm
<b>Place</b>	Mitchell Room, Ell Court, Winchester
<b>Enquiries to</b>	members.services@hants.gov.uk

Carolyn Williamson FCPFA  
Chief Executive  
The Castle, Winchester SO23 8UJ

## FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website and available for repeat viewing, it may also be recorded and filmed by the press and public. Filming or recording is only permitted in the meeting room whilst the meeting is taking place so must stop when the meeting is either adjourned or closed. Filming is not permitted elsewhere in the building at any time. Please see the Filming Protocol available on the County Council's website.

## AGENDA

### 1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

### 2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Personal Interest in a matter being considered at the meeting should consider, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

### 3. MINUTES OF PREVIOUS MEETING HELD ON 2 MARCH 2023 (Pages 5 - 8)

To confirm the minutes of the previous meeting.

**4. DEPUTATIONS**

To receive any deputations notified under Standing Order 12.

**5. CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make.

**6. EXTERNAL AUDIT 2021/2022 UPDATE (Pages 9 - 28)**

To receive a position statement from the Deputy Chief Executive and Director of Corporate Operations and an update from the external auditors, Ernst and Young, on the status of the audit of Hampshire County Council for the year ending 31 March 2022.

**7. INFORMATION COMPLIANCE - USE OF REGULATED INVESTIGATORY POWERS (Pages 29 - 34)**

To receive the quarterly update on the County Council's use of regulated investigatory powers.

**8. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 16 DECEMBER 2022 (LESS EXEMPT) (Pages 35 - 44)**

To receive the non-exempt minutes of the Hampshire Pension Fund Panel and Board meeting held on 16 December 2022.

**9. EXCLUSION OF THE PRESS AND PUBLIC**

To resolve that the public be excluded from the meeting during the following item of business, as it is 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 this item there would be disclosure to them of exempt information within Paragraphs 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the exempt minutes.

**10. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 16 DECEMBER 2022 (EXEMPT) (Pages 45 - 54)**

To receive the exempt minutes of the Hampshire Pension Fund Panel and Board meeting held on 16 December 2022.

**ABOUT THIS AGENDA:**

**On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.**

**ABOUT THIS MEETING:**

**The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk) for assistance.**

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

This page is intentionally left blank

# Public Document Pack Agenda Item 3

AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL  
held at the castle, Winchester on Thursday, 2nd March, 2023

Chairman:

\* Councillor Alexis McEvoy

- |                              |                          |
|------------------------------|--------------------------|
| * Councillor Tim Davies      | * Councillor Andy Tree   |
| Councillor Steven Broomfield | * Councillor Tom Thacker |
| * Councillor Dominic Hiscock |                          |
| Councillor Keith House       |                          |
| * Councillor Mark Kemp-Gee   |                          |
| * Councillor Derek Mellor    |                          |
| Councillor Michael Thierry   |                          |

\*Present

## 93. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Steven Broomfield and Keith House. Councillor Tom Thacker was in attendance as the Conservative substitute.

## 94. 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 Personal interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 4 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.

## 95. MINUTES OF PREVIOUS MEETING HELD ON 22 DECEMBER 2022 (PUBLIC)

The public minutes of the meeting held on 22 December 2022 were agreed as a correct record and signed by the Chairman.

## 96. DEPUTATIONS

No deputations were received by the Committee on this occasion.

## 97. CHAIRMAN'S ANNOUNCEMENTS

There were no announcements.

98. **TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24 TO 2025/26**

Members received a report of the Director of Corporate Operations presenting the Treasury Management Strategy Statement for 2023/24 to 2025/26

Members heard that despite a declining position in the cash investment balance, as per the County Council's agreed budget, this still reflected a significant reserves and working capital balances to be invested, even after the pre-payment of pension contributions.

In accordance with its borrowing strategy the County Council were not anticipating any requirement to take on new borrowing, however would continue to take advice from Arlingclose and would identify any opportunity to make favourable repayment of previous borrowing.

In response to Members questions it was heard that.

- The County Council had a number of funding sources available for use without the need for external borrowing, with the majority of the capital programme met through grant funding. The County Council's strong financial position had allowed it to take advantage of internal borrowing to finance a portion of its capital programme. Any funds held on behalf of third parties where interest is due to be paid would be paid at base rates.
- An allocation of up to £320 million was available for external pooled fund investments. There were no immediate plans to change the current portfolio of pooled fund investments, however this would be kept under regular review with the Council's advisors Arlingclose.

**RESOLVED:**

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

- That the Treasury Management Strategy for 2023/24 (and the remainder of 2022/23) be approved.
- That authority is delegated to the Director of Corporate Operations to manage the County Council's investments and borrowing according to the Treasury Management Strategy Statement as appropriate.

99. **INFORMATION COMPLIANCE - USE OF REGULATED INVESTIGATORY POWERS**

The Committee considered the report of the Director of Universal Services, regarding the County Council's use of regulated investigatory powers.

It was noted that there had been no use of surveillance powers during the last quarter, in line with the previous two quarters and was reflective of a decline in the use of powers at a national level. Whilst the use of powers had not been required in the year to date, oversight of their possible use was being undertaken on an ongoing basis.

Members further heard that over the previous 18 months the County Council had moved towards a more intelligence led process, which had reduced the need for covert work. The amount of information available through open source had enabled successful outcome of investigatory activity without the need for covert activity.

In response to Members questions it was heard that telephone fraud often originated from countries outside of the UK and such scams were investigated by a national trading standards team. Locally within Hampshire, Trading Standards had focussed on public education, to support residents to identify and keep themselves safe from telephone fraud.

**RESOLVED:**

That the Audit Committee received and noted the data regarding the County Council's use of surveillance powers.

**100. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD - 30 SEPTEMBER 2022 (PUBLIC)**

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meeting held on 30 September 2022.

**101. 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 Paragraphs 3 and 5 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.

**102. MINUTES OF PREVIOUS MEETING HELD ON 22 DECEMBER 2022 (EXEMPT)**

The exempt minutes of the meeting held on 22 December 2022 were agreed as a correct record and signed by the Chairman.

**103. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 30 SEPTEMBER 2022 (EXEMPT)**

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meeting held on 30 September 2022.

---

Chairman, 25 May 2023





## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Audit Committee
<b>Date:</b>	25 May 2023
<b>Title:</b>	Position statement on the 2021/22 audit of the statement of accounts
<b>Report From:</b>	Rob Carr, Deputy Chief Executive and Director of Corporate Operations

**Contact name:** Rob Sarfas

**Tel:** 0370 779 1556

**Email:** rob.sarfas@hants.gov.uk

### Purpose of this Report

1. The purpose of this report is to provide members of the Audit Committee with a position statement on the 2021/22 audit of the County Council's statement of accounts.

### Recommendation(s)

2. That the Audit Committee notes the position statement provided by the Chief Financial Officer on progress with completion of the 2021/22 audit of the statement of accounts.

### Executive Summary

3. The Department for Levelling Up, Housing and Communities (DLUHC) wrote to chief executives, chief financial officers, and local audit firm partners in March 2023 regarding local audit system leadership and local audit delays.
4. Within this letter, DLUHC encouraged local authority CEOs and CFOs and their audit partners to each provide their audit committees with a written position statement on:
  - Outstanding matters relating to the audit
  - The impact this position could have on the audit opinion and any reporting under statutory audit powers
  - The actions and timetable to resolve these

- Judgement on how realistic and achievable this is.
5. This is to *“allow the committee to determine whether it has sufficient assurance on the action plans and if not what additional information and explanations it requires to make a decision that balances a realistic and swift timetable for authorising the historic audited financial statements for issue.”*
  6. The Audit Committee has received formal updates on the 2021/22 accounts from officers and the external auditor (EY) at its meetings of September and December 2022. This report now provides a position statement to the Audit Committee on progress with concluding the 2021/22 accounts and audit process and should be viewed alongside the position statement from EY as external auditor that is presented elsewhere on the agenda for this meeting.
  7. In summary, the conclusion of the 2021/22 audit has been delayed primarily due to two technical accounting issues that have arisen nationally and are not specific to the County Council’s accounts.
  8. First, as has been reported to the Audit Committee previously, a national issue arose towards the end of the 2021/22 financial year with regards to how local authorities have traditionally accounted for infrastructure assets. After efforts over many months nationally to find a permanent solution, a temporary change to the CIPFA Code of Practice was published in November 2022 alongside the introduction by DLUHC of a statutory instrument in December 2022. EY have confirmed that the County Council’s updated accounts are compliant with the requirements of the Code and the statutory instrument.
  9. Where the sign-off of accounts by auditors has been delayed beyond 31 March 2023, this has created a new issue for local authorities across the country because of the timing of the triennial LGPS pension valuation. The recently received valuation report from the actuary relates to the position at 31 March 2022 and given this is now available the County Council will need to update its accounts for 2021/22. EY need to conduct audit testing of this new IAS 19 information and the actuary has been engaged to provide answers to allow EY to gain the assurance required to close this audit point.
  10. There are no other significant points outstanding and every indication is that EY will issue an unqualified audit opinion based on current information. An updated version of the statement of accounts will be presented to the Audit Committee once the outstanding work on pension assets and liabilities has been concluded.
  11. The extended timescales for the completion of the 2021/22 accounts and audit process diverts staff resource away from other priorities and is likely to lead to additional audit fees. CIPFA and Government should continue to be encouraged to make changes to the Code of Practice in order to simplify and

streamline the statement of accounts for local authorities to ensure that the accounts focus on the information that is of most relevance and importance to stakeholders. This should also ensure the accounts are quicker and easier to audit, providing more relevant and timely assurance to interested parties.

## Background

12. The Accounts and Audit (Amendment) Regulations 2022 required draft accounts for 2021/22 to be published ready for the period of public inspection by 31 July 2022.<sup>1</sup> The County Council achieved this deadline for publishing its draft accounts.
13. The Audit Committee received the statement of accounts at its meeting of 28 September 2022 following a briefing on the accounts. At this point, the audit was well progressed however a national technical accounting issue relating to highways asset valuations was ongoing and it had not therefore been possible for EY to conclude their audit of the accounts. No other material issues had been identified by the auditors and the Audit Committee agreed to approve the accounts for 2021/22 subject to a further report being taken to the committee indicating a resolution to the national issue relating to infrastructure assets.
14. The Accounts and Audit (Amendment) Regulations 2022 required the audited statement of accounts for 2021/22 to be published by 30 November 2022<sup>2</sup> or, where this was not possible, the publication of a notice explaining why the accounts had not been published by this date. The audit of the accounts was not completed by 30 November 2022 and so the County Council published a notice on its website in accordance with the requirements of the regulations.
15. The notice published by the County Council explained that the audit was substantially complete apart from work relating to how infrastructure assets are valued, and that this was a technical accounting issue affecting local authority accounts across the country.
16. When concluded, the agreed resolution to the national issue relating to infrastructure assets was twofold:
  - CIPFA introduced a temporary change to the Code of Practice in November 2022 to remove the need to report gross book value and accumulated depreciation for infrastructure assets. This was

---

<sup>1</sup> The amendment to the regulations set the deadline as 31 July for 2022 and then reverted to 31 May for subsequent years

<sup>2</sup> The amendment to the regulations set the deadline as 30 November for 2022 and then 30 September for the subsequent 6 years

followed by a bulletin providing guidance on the implementation of the change in January 2023.

- DLUHC introduced a statutory instrument in December 2022 allowing local authorities and their auditors to treat brought forward balances on infrastructure assets from previous years as correct; and to assume that the value of any component of an infrastructure asset being replaced had reached £nil value.

17. These changes are both temporary and allow additional time for CIPFA to develop a permanent solution while also avoiding the widespread qualification of local authority accounts.
18. The Audit Committee received an updated version of the statement of accounts at its December 2022 meeting incorporating the required changes to the accounts to reflect the change in the CIPFA Code and the introduction of the new statutory instrument. The meeting was prior to the statutory instrument being enacted and the CIPFA bulletin being issued, but discussions between officers and EY did not anticipate any issues.

### **Position statement on the 2021/22 audit**

#### **Infrastructure assets**

19. The change in the Code and introduction of the statutory instrument meant EY needed to test the County Council's updated accounts against these requirements. Following the CIPFA bulletin in January 2023, EY posed a number of questions to officers. Officers have provided EY with the audit evidence required and EY have confirmed that the accounts are compliant with the requirements of the Code and the statutory instrument.

#### **Triennial pension valuation**

20. In the intervening period, the County Council has received the triennial valuation report relating to the Hampshire Pension Fund. The valuation date is 31 March 2022 however the valuation report was not available until 31 March 2023, in line with the standard timescales for the actuary issuing the valuation report. Because the valuation report relates to the position at 31 March 2022, the County Council has to consider whether there is a need to update the information on pension assets and liabilities in its accounts.
21. IAS 19 (Employee Benefits) is the accounting standard used when considering pension assets and liabilities. The actuary produces an IAS 19 report annually to support the accounting entries for pensions within the

statement of accounts. The County Council has requested an updated IAS 19 report for March 2022 from the actuary (Aon). This has highlighted several large differences when compared with the previous estimate prepared by the actuary a year ago that was used in the draft accounts.

22. The County Council will therefore be updating its 21/22 accounts to make use of this more up to date information. This information would not typically be available when producing the accounts to the standard deadlines, but has become relevant this year due to the extended timescales as a result of the delay in completing the audit following the national issue surrounding the accounting for infrastructure assets.
23. EY need to conduct audit testing of the new IAS 19 information and have asked a number of questions and the actuary has been engaged to provide answers to allow EY to gain the assurance required to close this audit point.
24. This outstanding issue relates to the pensions information in the County Council's accounts as an employer body of the LGPS and does not impact the Hampshire Pension Fund accounts directly. There is however a requirement for the Pension Fund accounts to be contained within the County Council's accounts and therefore the Pension Fund accounts cannot be signed off by the auditor until this issue has been resolved satisfactorily.

#### **Other outstanding items**

25. As set out in EY's update to the Audit Committee, there are a small number of items to be concluded prior to the audit opinion being issued, however there are no significant items.

#### **Impact on audit timescales**

26. Officers are working with the EY team to close down the remaining audit points and to answer questions raised on the recently issued updated IAS 19 report, although timescales for this are partly dependent on further information from the actuary.
27. Every indication is that EY will issue an unqualified audit opinion based on current information. An updated version of the statement of accounts will be presented to the Audit Committee once the outstanding work on pension assets and liabilities has been concluded. As stated above, timescales will be dependent on how quickly the outstanding work can be completed. Although not confirmed at the time of writing, EY may be able to give a verbal update on likely timescales at the meeting.

28. The delayed conclusion of the 21/22 audit does have a knock-on impact on the 22/23 accounts process:

- The 22/23 accounts need to state prior year comparators from 21/22 and year on year movements throughout the accounts
- The above point notwithstanding, the publication of the 22/23 draft accounts is on track for the 31 May deadline required in the regulations
- The audit planning report from EY would usually be prepared in the spring, however this year EY have indicated they plan to bring the report to the September Audit Committee meeting
- This indicates that the 22/23 audit is unlikely to be concluded by the 30 September deadline set out in the regulations

## **Conclusions**

29. Hampshire County Council officers continue to liaise effectively with EY in order to progress the audit work required by the relevant standards and Code of Practice. It is important to note that the additional audit work required to conclude the 2021/22 audit is essentially technical in nature and does not impact the financial position of the County Council; neither does it indicate any concern regarding the competence of County Council staff.

30. The additional work does however divert staff resource away from current priorities and is likely to lead to additional audit fees. Therefore, it will be important to continue to urge CIPFA and Government to make changes to the Code of Practice in order to simplify and streamline the statement of accounts for local authorities. In doing so there is the opportunity to make changes to requirements to ensure that the accounts can be provided in a user-friendly format that focuses on the information that is of most relevance and importance to stakeholders and that may also therefore be quicker and easier to audit, providing more relevant and timely assurance to interested parties.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

**This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because:**

It relates to the effective governance of the County Council

**Other Significant Links**

**Links to previous Member decisions:**

<u>Title</u>	<u>Date</u>
<a href="#">Hampshire County Council 2021-22 Audit Planning Report.pdf (hants.gov.uk)</a>	May 2022
<a href="#">Hampshire County Council Audit results report (hants.gov.uk)</a>	Sept 2022
<a href="#">Audit Committee Statement of Accounts report September 2022 (hants.gov.uk)</a>	Sept 2022
<a href="#">Appendix 1 - briefing note on derecognition of parts of infrastructure assets on replacement (hants.gov.uk)</a>	Sept 2022
<a href="#">Audit Committee Statement of Accounts report December 2022 (hants.gov.uk)</a>	Dec 2022

**Direct links to specific legislation or Government Directives**

<u>Title</u>	<u>Date</u>
<a href="#">The Accounts and Audit (Amendment) Regulations 2022 (legislation.gov.uk)</a>	

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

There are no new proposals in this report requiring an assessment



## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Audit Committee
<b>Date:</b>	25 May 2023
<b>Title:</b>	Update on the status of the 21/22 audit of Hampshire County Council
<b>Report From:</b>	Ernst and Young LLP (external auditors)

**Contact name:** Kevin Suter

**Tel:** 02380 382000

**Email:** KSuter@uk.ey.com

#### **Purpose of this Report**

1. The purpose of this report is to provide an update on the status of the audit of Hampshire County Council and the Hampshire Pension Fund for the year ending 31 March 2022.
2. The report is attached at appendix 1.

#### **Recommendation**

3. That the Audit Committee receives and notes the update.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	no
<b>People in Hampshire enjoy a rich and diverse environment:</b>	no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	no

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

The recommended action will not impact on groups with protected characteristics in any way.

This page is intentionally left blank

# **Hampshire County Council**

## **Audit status update report**

Year ended 31 March 2022

17 May 2023

Page 21

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the top right corner of the page.

Building a better  
working world



**Audit Committee**  
**Hampshire County Council**  
**The Castle**  
**Winchester**  
**Hampshire**  
**SO23 8UJ**

17 May 2023

Dear Audit Committee Members

We are pleased to attach an update on the status of the 21/22 audit of Hampshire County Council.

Executive Summary:

Our audit work in respect of the County Council's opinion is well progressed.

Details of each outstanding item, actions required to resolve and responsibility is included at the end of this report.

There have been two national issues that have arisen which have impacted our ability to conclude the audit of the 21/22 Statement of Accounts:

1. Infrastructure Assets (as highlighted in the audit results report and discussed at September audit committee); and
2. The Pension Liability as a result of the completed triennial valuation as at 31 March 2022.

These issues and the status of our work on these areas are discussed on the following pages.

This report is intended solely for the information and use of the Audit Committee, other members of the County Council and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the meeting on 25 May 2023.

Yours faithfully

Kevin Suter

Partner

For and on behalf of Ernst & Young LLP

Encl

# Update on issues that have impacted 21/22 sign-off

## Infrastructure Assets

Infrastructure Assets are defined under the CIPFA code as taken to mean the network of highways, footways and cycleways and the structures, lighting and other assets that are directly associated with them.

As highlighted in our audit results report, an issue was raised via the NAO's Local Government Technical Group in May 2022 as to whether local authorities should be assessing if there is any undepreciated costs remaining within the balance sheet for the replaced components that need to be derecognised when the subsequent expenditure is added. This may also lead to issues related to the reporting of gross historical cost and accumulated depreciation as elements of depreciated historical cost

We identified that the Council does not record infrastructure capital expenditure with sufficient detail to enable identification of prior cost of replaced parts/components and related accumulated depreciation. This means the Council would be unable to identify the cost and accumulated depreciation balances that need to be derecognised which could have a material impact on the 2021/22 financial statements

As a result of the issue having an impact across a large number of councils nationally action has been taken by DLUHC and CIPFA to provide a temporary solution to prevent the issue resulting in qualified accounts and prior period adjustments.

### Statutory Instrument

DLUHC issued a statutory instrument, The Local Authorities (Capital Finance and accounting) (England) (Amendment) Regulation 2022, which became extant on 25 December 2022. See [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2022 \(legislation.gov.uk\)](https://legislation.gov.uk). Key details of the SI are as follows:

The SI relates to a financial year beginning on or before 1st April 2024 and in respect of which a certificate of audit completion has not been issued.

When preparing a statement of accounts to which this regulation applies, a local authority is not required to make any prior period adjustment to the balances of that statement of accounts in respect of infrastructure assets.

Where a local authority replaces a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component ("the relevant amount") the local authority shall either–

- determine the relevant amount as nil; or
- calculate the relevant amount in accordance with the accounting practices identified in regulation 31 (Regulation 31 defines proper practices as the Code of Practice on Local Authority Accounting).

If a local authority determines the relevant amount as nil, it must include a note to that effect in its statement of accounts for the year in relation to which that determination is made. The SI specifies application from the period since issue of the last certificate.

### Update to the Code of Practice on Local Authority Accounting

CIPFA issued an update to the Code of Practice on Local Authority Accounting in November 2022. The accounting requirements as defined in the CIPFA Code Update are as follows:

The publication is an update to the 2021/22 Code, but it also updates the 2022/23 Code and will apply to subsequent years until the 2024/25 Code, though these specifications will also be included in the 2023/24 and 2024/25 Codes for completeness. The update to the Code and future specifications for the Code must therefore be considered against these editions of the Code, or where necessary earlier editions.

(continued on next page)

# Update on issues that have impacted 21/22 sign-off

## Infrastructure Assets - continued

Amendments to Section 4.1 of the Code include a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets. i.e. they can report on a net book value basis.

- Where a local authority chooses to apply this temporary relief, the Code requires that additional information is provided to explain an authority's rationale for this decision. Where a local authority decides not to report gross cost and accumulated depreciation because information does not faithfully represent the required information for infrastructure assets, the disclosure note on property, plant and equipment shall include the following statement: "In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements."

The Council agreed and has adopted the provisions of the SI and Code and updated the disclosures in its accounts accordingly.

As such we performed the following procedures:

- Confirmed the first financial year they are applying the statutory instrument is for 2021/22.
- Checked the disclosure of infrastructure assets is in accordance with the Cipfa Code adaptation.
- Agreed the opening balance for infrastructure assets to the closing balance on the prior year audited financial statements
- Ensured the financial statements include a disclosure note setting out the determination applied
- We reviewed the accounting policies to ensure they clearly set out how HCC is accounting for infrastructure assets. Accounting policies include commentary on statutory prescriptions and depreciation.
- Tested in year movements (additions, derecognition, depreciation) of infrastructure assets

### Conclusion:

Based on the work performed, in line with the above procedures, we are satisfied that the Statutory Instrument and the Code update have been appropriately applied, the accounting policies and disclosure notes are complete and accurate and that depreciation is not materially misstated.



# Update on issues that have impacted 21/22 sign-off

## Pensions

Preparers of financial statements and auditors are required to consider whether, on the date of final sign-off, the accounts still represent a true and fair view, having regard to all information which is available, including information which has become available after the end of the reporting period.

Retirement Benefits are recognised in the financial statements under accounting standard IAS19 *Employee Benefits*. The Retirement Benefit entries in the 2021/22 draft financial statements will be based upon key judgements and estimates from the 2019 triennial pension fund valuation, rolled forward to 31 March 2022 under IAS 19 accounting principles by the actuaries predominantly using a cashflow roll-forward approach.

March 2022 triennial valuation reports are showing many pension funds moving to a fully funded position, or surplus position. The triennial valuation report for the Hampshire Pension Fund, as at 31 March 2022, was completed on 31 March 2023.

Accounts preparers need to consider the March 2022 triennial valuation, and whether amendments need to be made under section 3.8 of the Code (Events after the reporting period) following receipt of the triennial valuation for 2022. This has been confirmed in CIPFA Bulletin 14 "Closure of the 2022/23 Financial statements" section 10 where pension fund accounts preparers are encouraged to consider the 2022 triennial valuation carefully and to consult with their actuary on the extent to which the defined benefit liability may differ from the roll-forward of the 2019 valuation. Where there is a material variation, accounts preparers need to consider if any adjustment to the pension's liability is appropriate and to reduce the risk of further delay to the publication of audited financial statements they should engage with their scheme actuaries as soon as is practically possible.

The triennial valuation contains information relevant to the IAS19 pension liability as at 31 March 2022. Some of the information within the triennial valuation represents similar information, but for a different basis - therefore for some of the content it is not a relevant comparison to make. Examples of these are mainly in the areas of the financial assumptions, such as CPI, salary increase etc.

However, other information in the triennial valuation is data that existed as at 31 March 2022. For example, membership data. The existence of this data as at the same date should be considered by management as to whether it provides information that may materially update to the IAS19 liability; it could potentially indicate a material difference had it been used or even demonstrate an error. An error may perhaps seem unlikely, but in testing this approach at one client we have identified an error related to an insourcing that hadn't been taken into account.

In terms of auditing standards, ISA540 requires us to consider further information to see whether it may indicate a material difference or error.

We requested management to contact your actuary to update your IAS19 report as at 31 March 2022 as it is such a specialist area, and it would be difficult to try and quantify this without their input. This has been obtained and we note a £239m movement in the pension liability which is significantly above our materiality levels. We have raised a number of questions to management to better understand why the movements have occurred and what is driving them, which they are working with their actuary to respond to.




As a result of the changes to the report, we will need to perform the following procedures:

- Test of membership data used in revised IAS 19 report
- Engage EY pensions to review the revised IAS 19 report, and provide commentary on the reasonableness of the amended demographic assumptions
- Engage EY pensions to perform a liability roll forward. To comply with auditing standard (ISA540), our IAS19 strategy requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model. We gain sufficient appropriate assurance through the use of our EY internal Pensions Specialists. As the IAS19 report has been updated, this process needs to be re-run with EY pension Specialists.

This work remains ongoing at the time of writing this report.

## Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Going concern review and disclosures	We will require an update to management's cashflow forecast and a draft of management's going concern assessment paper to support going concern disclosures. When we have a clearer timetable for resolving the pensions issue, we will request this update.	Management and EY
Officer Remuneration & Exit packages	Queries on the disclosure note to be resolved.	Management
Pensions	See page 5 on additional procedures to be performed as a result of the revised IAS 19 report.	EY and Management
Final review and file close	Final review by Manager and Partner and finalisation of audit files including action of final coaching notes. This includes review notes on expenditure testing, and final documentation of support received on reserves.	EY
Subsequent event enquiries	Subsequent event enquiries to be shared by EY and responses provided by management on date of signing the Statement of Accounts	EY and Management
Signed letter of representation	Signed letter of representation to be shared by management	Management
Statement of Accounts	Receipt and review of final set of Statement of Accounts when received, confirming all changes and adjustments made as agreed	Management and EY

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion.

## EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

© 2017 EYGM Limited.  
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

This page is intentionally left blank

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Audit Committee
<b>Date:</b>	25 May 2023
<b>Title:</b>	Information Compliance – Use of Regulated Investigatory Powers
<b>Report From:</b>	Patrick Blogg, Director, Universal Services

**Contact name:** Richard Strawson, Head of Trading Standards

**Tel:** 0370 779 3973

**Email:** richard.strawson@hants.gov.uk

#### **Purpose of this Report**

1. The purpose of this report is to present the data regarding the County Council's use of regulated investigatory powers.
2. The report is attached as appendix 1.

#### **Recommendation**

3. That the Audit Committee receives and notes the data regarding the County Council's use of surveillance powers as attached.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	no
<b>People in Hampshire enjoy a rich and diverse environment:</b>	no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	no

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

This report requests that the Audit Committee receive and note the data and therefore the recommended action will not impact on groups with protected characteristics in any way.

This page is intentionally left blank



# Quarterly Reporting of Surveillance

## Number of Authorisations by Quarter (1 April 2022 – 31 March 2023)

Direct Surveillance			
	Purpose of Surveillance		
2022-23 Quarter	C'feit Goods	Under Age Sales	Other
1	0	0	0
2	0	0	0
3	0	0	0
4	0	0	0
<b>Total -</b>	<b>0</b>	<b>0</b>	<b>0</b>

Covert Human Intelligence Source (CHIS)			
	Purpose of Surveillance		
Quarter	C'feit Goods	Under Age Sales	Other
1	0	0	0
2	0	0	0
3	0	0	0
4	0	0	0
<b>Total -</b>	<b>0</b>	<b>0</b>	<b>0</b>

Communications Data			
Quarter	Number of Applications	Number of Specific Notices	Offences related to:
1	0	0	
2	0	0	
3	0	0	
4	0	0	
<b>Total -</b>	<b>0</b>	<b>0</b>	

The decision to deploy any of the surveillance techniques defined within RIPA is dependent upon many considerations. Where there are other investigative tools available, which are both overt in nature and more appropriate to be used, they will be deployed instead of reverting to any of the surveillance techniques referenced within RIPA.

This page is intentionally left blank

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Audit Committee
<b>Date:</b>	25 May 2023
<b>Title:</b>	Minutes of the Hampshire Pension Fund Panel and Board (Public) – 16 December 2022
<b>Report From:</b>	Director of People and Organisation

**Contact name:** Caroline Roser

**Tel:** 01962 845751

**Email:** [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk)

#### Purpose of this Report

1. The purpose of this report is to present the public minutes from the meeting of the Hampshire Pension Fund Panel and Board which took place on 16 December 2022.
2. The minutes are attached as appendix 1.

#### Recommendation

3. That the Audit Committee receives and notes the minutes as attached to this report.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	no
<b>People in Hampshire enjoy a rich and diverse environment:</b>	no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	no

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

This report requests that the Audit Committee receive and note the minutes of the Hampshire Pension Fund Panel and therefore the recommended action will not impact on groups with protected characteristics in any way.

This page is intentionally left blank

AT A MEETING of the Hampshire Pension Fund Panel and Board of  
HAMPSHIRE COUNTY COUNCIL held at the castle, Winchester on Friday, 16th  
December, 2022

Chairman:

\*Councillor M. Kemp-Gee

Vice-Chairman:

\* Councillor T. Thacker

Elected members of the Administering Authority (Councillors):

A. Crawford	A. Dowden
* J. Glen	* D. Hiscock
A. Joy	* D. Mellor
* R. Mocatta	* T. Davies

Employer Representatives (Co-opted members):

\* Councillor J. Smyth (Portsmouth City Council)  
Councillor P. Taylor (District Councils - Rushmoor Borough Council)  
Councillor S. Leggett (Southampton City Council)

Scheme Member Representatives (Co-opted members):

\* Dr C. Allen (pensioners' representative)  
\* Mr N. Wood (scheme members representative)  
\* Ms L. Gowland (deferred members' representative)  
\* Mr P. Reynolds (substitute scheme member representative)

Independent Adviser:

C. Dobson

\*present

**99. APOLOGIES FOR ABSENCE**

Cllrs Crawford, Dowden, Joy, Leggett and Taylor, and Mrs Dobson sent their apologies.

**100. 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 Personal interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 4 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.

**101. CONFIRMATION OF MINUTES (NON-EXEMPT)**

The minutes of the Pension Fund Panel and Board held on 30 September 2022 were confirmed.

**102. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed Phillip Reynolds to his first meeting as the new substitute scheme member representative on the Panel and Board.

Cllr Kemp-Gee informed the committee that Cllr Davies would be replacing Cllr Mellor on the committee subject to County Council's approval in February 2023. And that following Dr Bartle's retirement and stepping down as employer representative on the Panel and Board a process to select a new representative was underway.

The Chairman invited committee members to report back on any recent training events they had attended:

- Ms Gowland had attended the public/private pensions summit and particularly found CBRE's comments on affordable housing interesting.
- Cllr Kemp-Gee had attended Baillie Gifford's triennial LGPS conference, which was useful background information ahead of the Fund's investment strategy review in the new year.

Hampshire had been represented at the ACCESS Joint Committee at the beginning of December 2023 by Dr Allen and Cllr Crawford as Pension Board observers. Dr Allen reported that it was a positive experience showing the progress that ACCESS had made with further developments due in aligning and expanding the pools work.

**103. DEPUTATIONS**

There were no deputations

**104. HAMPSHIRE PENSION FUND RESPONSIBLE INVESTMENT SUB-COMMITTEE MINUTES - 30 NOVEMBER 2022**

The minutes of the RI sub-committee meeting held on 30 November 2022 were noted.

**105. GOVERNANCE - PENSION FUND ADMINISTRATION UPDATE**

The Panel and Board noted a report of the Director of Corporate Operations (item 7 in the Minute Book) updating the Pension Fund Panel and Board on administration performance in the first six months of 2022/23 and other administrative issues.



Administration performance against key service standards is measured each month and in the first six months of 2022/23 Pension Services have delivered a 100% success rate against all standards. At the Panel and Board's request the Director reported more details on the value of average pensions paid and the value of benefits which are due to members but have not yet been claimed.

The Director reported that following the draft valuation results being shared with employers at the Annual Employer Meeting, employers were asked to feedback on the draft Funding Strategy Statement (FSS). The main changes to the FSS relate to the use of surpluses and the extension of the pre-payment of contributions to cover employee contributions, which were covered by the Actuary at the Panel and Board's September 2022 meeting. Following consultation with the Fund's employers on the FSS and Employer Policy, one employer requested that the option to pre-pay contributions was expanded to allow employers to partially pre-pay employer contributions which has been included in the strategy following discussion with the Actuary.

A number of minor changes to the Fund's Communication Policy Statement were highlighted by the Director to Members.

RESOLVED:

- a) That the report including the strong performance of Pension Services in the first six months of 2022/23 was noted.
- b) The revised FSS, Employer Policy and Communication Policy Statement was agreed.

#### 106. **GOVERNANCE - GOOD GOVERNANCE REVIEW UPDATE**

The Pension Fund Panel and Board received a report of the Director of Corporate Operations (item 8 in the Minute Book) providing an update on progress against the recommendations of the Scheme Advisory Board's (SAB) Good Governance Review including the Fund's documents for review that fulfil the requirements of the Good Governance review.

In 2019 the consultancy firm Hymans Robertson was appointed by the Scheme Advisory Board (SAB) to facilitate a review of governance structures for the LGPS. Phase III of this work was agreed in February 2021 and built on the recommendations agreed in 2019 with further input from a range of scheme stakeholder. The recommendations to date have still not yet been translated into statutory guidance by Government, therefore the Pension Fund continues to ensure its governance complies with current regulations and adopts all of the recommendations of the Good Governance review where appropriate as shown in its Shadow Governance Compliance.

The Director's report contained the remainder of the Pension Fund's statutory statements that were not included with the previous item. Most of the Fund's policies had no or minor changes, other than the:

- Administration Strategy Statement, which also included the Fund's Decision Matrix, which has additions to include enabling the Director of

Corporate Operations to take the necessary action to protect the value of the Pension Funds' investments and incorporate the County Council's rules for entering into contracts.

- Business Plan included the Fund's 2022/23 revised budget and forward budget for 2023/24 to 2025/26. The budget includes the resources necessary for the Fund to deliver its regulatory duties. The Plan contained an update on 2022/23 actions and proposed activities for 2023/24 to 2025/26. The revised Risk Register now uses Hampshire County Council's risk scoring methodology.

RESOLVED:

The Pension Fund Panel and Board approved the following documents that form the Fund's Governance Framework:

- Conflicts of Interest Policy
- Funding Strategy Statement (included in item 7)
- Employer Policy (included in item 7)
- Administration Strategy Statement – including Decision Matrix
- Business Plan, including the Fund's Budget, Risk Register and Training Plan
- Investment Strategy Statement
- Representation Policy
- Communication Policy Statement (included in item 7)
- Governance Policy and Compliance Statement

**107. INVESTMENTS - PENSION FUND CASH MONITORING REPORT AND ANNUAL CASH INVESTMENT STRATEGY 2023/24**

The Panel and Board considered a report of the Director of Corporate Operations (Item 9 in the Minute Book) on the Pension Fund's cash balances and the Annual Cash Investment Strategy for those balances in 2023/24. The Annual Cash Investment Strategy has been prepared taking advice from the County Council's treasury management advisors Arlingclose into account.

The Director proposed investment limits based on the Pension Fund's current cash requirements and cashflows from contributions and paying member benefits. The Fund's cashflow forecast will be revised following the completion of the 2022 Actuarial Valuation and current review of the Investment Strategy. Any changes to the Cash Investment Strategy required as a result will be reported to the Panel and Board's meeting in March 2023.

RESOLVED:

- a) The Annual Cash Investment Strategy for 2023/24 was approved.
- b) The Annual Cash Investment Strategy for 2023/24 will be implemented from the date of this meeting for the remainder of 2022/23.
- c) The Director of Corporate Operations is authorised to manage the Fund's cash balance in accordance with the policy set out in the report.

**108. EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED:

That the public be excluded from the meeting during the following items of business, as it is 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 be disclosure to them of exempt information within Paragraph 3 of Part 1 of 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 outweighs the public interest in disclosing the information, for the reasons set out in the reports.

Following the resolution the Chairman asked for the broadcasting of the meeting to end.

**109. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING (EXEMPT)**

The exempt minutes of the Pension Fund Panel and Board held on 30 September 2022 were confirmed.

**110. GOVERNANCE - CYBER REPORT**

The Panel and Board received an exempt report of the Director of Corporate Operations (Item 12 in the Minute Book) on the controls in place to ensure the security of the pension data held by the Hampshire Pension Fund. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

**111. INVESTMENTS - LINK FUND SOLUTIONS**

The Panel and Board received an exempt report of the Director of Corporate Operations (Item 13 in the Minute Book) on the Operator of the ACCESS pool – Link Fund Solutions. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

**112. INVESTMENT - INVESTMENT UPDATE**

The Panel and Board received an exempt report of the Director of Corporate Operations (Item 14 in the Minute Book) on the progress on the Pension Fund's investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

---

Chairman, 24 March 2023

This page is intentionally left blank

By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank