

**BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL**  
**AUDIT AND GOVERNANCE COMMITTEE**

Minutes of the Meeting held on 30 November 2023 at 6.00 pm

Present:-

Cllr M Andrews – Chairman

Present: Cllr B Castle, Cllr A Chapmanlaw, Cllr R Herrett, Cllr M Phipps,  
Cllr C Weight, Cllr S Armstrong, Lindy Jansen-VanVuuren and  
Samantha Acton

40. Apologies

Apologies for absence were received from Councillor Beesley.  
Councillor Connolly was present at the meeting on a virtual basis (without entitlement to vote).

41. Substitute Members

Formal notice had been received appointing Councillor Rampton as substitute for Councillor Beesley.

42. Declarations of Interests

There were no declarations of interest.

43. Confirmation of Minutes

**RESOLVED that**

- a) The fourth paragraph of Minute number 37 be amended to read as follows:**

**‘It was noted that the level of redaction within the report, though necessary for confidentiality, restricted the ability of Members to fully understand the report. It was suggested that this would be improved by allocating a reference to each person mentioned without actually including the names of particular individuals. Other Members were of the view that, since issue of the report with the agenda for the meeting, there had been insufficient time for them to give the report sufficient consideration prior to discussion and to prepare the detailed level of questioning that the public would expect. One Member expressed a contrary view that sufficient time had been allowed’.**

- b) Subject to the amendments set out above the Minutes of the meeting of the Committee on 26 October 2023 were confirmed as a correct record and signed by the Chair.**

44. Public Issues

The Committee was advised of the receipt of four public questions and two public statements.

**PUBLIC QUESTIONS**

**Public Question from Mr Alex McKinstry**

**Question 1.**

Can the chair confirm that if the Committee wishes to debate tonight's report on the Bayside Restaurant, they will need to vote on whether to exclude the press and public? I well remember this being done at full Council on 10 January 2023, when the sale of Council assets was discussed - on which occasion, the vote was lost and the debate continued in open session. My understanding is that press and public can only be excluded "by resolution" of the relevant Committee, pursuant to Section 1(2) of the Public Bodies (Admission to Meetings) Act 1960. But I'd be happy to stand corrected, as long as I'm given chapter and verse.

**Response**

Thank you for your question Mr McKinstry. The regulations you quote are incorrect but the principle is correct. For clarity, the 1960 Act relates to meetings of parish and town councils and not principal councils.

The Local Government Act 1972, Section 100(A)(4), permits councils to pass a resolution to exclude the press and public from a meeting during an item of business whenever 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 that item there would be disclosure to them of exempt information. The reasons for exempting an item of business are set out in Schedule 12A of the Act.

The resolution to be passed this evening is included in the briefing papers should the committee wish to discuss the detail of the exempt appendices and will be moved, seconded and voted upon accordingly.

**Public Questions from Mr Ian Redman**

**Question 1.**

Which senior managers with governance or managerial responsibility were made aware of the losses made by the Bayside? When were they made aware of the losses and what actions did they take? Managerial responsibility would be equivalent to Head of Destination and Culture or above.

## **Response**

It was identified after the first week of operations that Bayside income was not meeting expectations, this was communicated to senior managers within Destination and Culture. Due to the sunk (fixed) costs already incurred, the decision was made to continue with the operations but with advice given to the Bayside operator from seafront staff on adaptations to the operation such as reducing the spend on variable costs, such as food produce ordering, where possible, limiting the spend in line with customer throughput of the restaurant. Senior Managers within Destination and Culture were aware of the anticipated loss for Bayside in September 2022 with the total loss being advised in early November 2022 once all costs had been confirmed.

## **Question 2.**

Plans for the Bayside began in March 2022 or earlier. The Bayside logo was being promoted on the 25th April. The caterer and infrastructure suppliers were being booked from May onwards. Why do you say the decision to go ahead with the Bayside was made on or around 22nd June when suppliers were being booked and goods purchased from April onwards.

## **Response**

Planning, including discussions with perspective suppliers, for the Bayside restaurant did begin in March 2022 or earlier but the decision to go ahead was made on, or around the 22 June 2022. Any suppliers booked and goods purchased from April onwards, and before 22 June, were Bournemouth Air Festival related. Bayside was fundamentally a trial to extend the opening period and offer of the 4 day corporate, VIP and sponsor dining infrastructure for the Bournemouth Air Festival, to a wider restaurant offer and opening period, prior to the Air Festival, in August 2022.

## **Question 3.**

A "booking instalment" invoice for £5,000 was received from the caterer dated 5th May. A FOI response states, "It was unclear when the invoice dated 5th May was actually received by the Council." It is normal practice in the hospitality industry to ask for a deposit (instalment) to confirm a booking. A purchase order for £5,000 was raised on the 13th July and a procurement waiver approved in late July, both at least two months late. Were you correct in saying there was no breach of the Financial Regulations?

## **Response**

The Council's Head of Audit & Management Assurance, who was responsible for the Internal Audit investigation is able to say that no Financial Regulation Breach has been identified related to the ordering and

payments to the caterer. Although a supplier 'booking' invoice is dated 5 May, this invoice was not paid until after the decision to proceed had been made and formal purchase orders were raised. The invoice was paid on 20 July 2022. Councillors on the A&G Committee have been provided with the Freedom of Information request response.

## **PUBLIC STATEMENTS**

### **Public Statements from Mr Alex McKinstry**

#### **Statement 1.**

3.4 of the Bayside summary states: "The widely-held view amongst staff that Bayside was undertaken at councillors' insistence is not reflected in correspondence between Officer A ... and the Portfolio-Holder for Culture & Vibrant Places." Notwithstanding that assertion, I've received an FOI response describing how "a formal strategic instruction e-mail" was sent by the portfolio-holder to the service director, "talk[ing] about increasing the quality of the overall offer (compared to 2021)" and inviting "opportunities for local businesses". The Bayside evolved, meanwhile, against the backdrop of the so-called "Big Plan", which spoke of "harnessing the potential of our coastline of opportunity" and which underpinned pretty much everything the Mellor administration did in 2021-2. It's arguable, therefore, that political pressure did shape and inform the Bayside venture, something the Committee might wish to explore when contemplating Item 8 this evening.

#### **Statement 2.**

I've also used the FOIA to obtain a copy of the public interest test which recommended withholding the Bayside report ([https://www.whatdotheyknow.com/request/bayside\\_internal\\_audit#incoming-2475936](https://www.whatdotheyknow.com/request/bayside_internal_audit#incoming-2475936)), and I disagree with it implacably. Especially irksome was the paragraph about protecting the Council's commercial interests by withholding "details of bids": the two main contractors for Bayside did not have to bid, at least not competitively, one contractor benefiting from procurement waivers to the tune of £185,000. There are other aspects of this case, too, which warrant public explanation, such as why did the Council shoulder most of the risk in this venture; why was the anticipated profit margin so tight (£36,000, of which 35% would have gone to the main contractors); and what checks were in place to stem the loss of £5,000 a day on average, totalling £173,430.19 of public money?

#### 45. **External Audit - Draft Audit Findings Report 2021/22**

The External Auditors, Grant Thornton, presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book. The report set out the External Auditor's draft findings following their audit of the Council's Statement of Accounts 2021/22.

The Committee noted that, as at 21 November 2023, the audit of the financial statements was approximately 90% complete. The main area of audit work not concluded was reported to be in respect of the IAS19 Pension Fund net liability where the required response from the auditor of the Dorset Pension Fund remained outstanding. Subject to completion of this remaining work, however, Grant Thornton anticipated providing an unqualified opinion on the financial statements for the Council in early 2024. Once again, the Committee expressed its frustration with the delay particularly as it was occurring in the same area as in previous audits. Although it was explained that the Pension Fund issues were outside of the Council's control, reassurances were provided that every effort was being put in by the Auditors, working closely with Officers, to minimise the impact of the delay.

In terms of the Value for Money ('VFM') elements of the audit it was reported that the VFM work for 2021/22 had been completed, and separately reported to the Audit and Governance Committee in September 2023. The 2021/22 report had included a number of key recommendations and improvement recommendations.

The External Auditor explained the process for following up on recommendations and the final report would include statements of the Council's response and details, with targets, of the action proposed to address the recommendations.

The Committee also noted that the additional time spent gaining assurance over all elements of the financial statements along with significant additional VFM work would be reflected in the final audit fee, to be confirmed once all work had been completed.

Subject to receipt of the awaited Pension Fund information and assessment of its impact on the accounts and availability of resource over the Christmas period, the External Auditor anticipated that the final opinion would be ready to submit to the Committee at its January or February meeting but undertook, whatever the situation, to provide an update at the January meeting.

**RESOLVED that Audit and Governance Committee notes the anticipated audit opinion and the draft findings of the Council's external auditor following their audit of the Council's statement of accounts 2021/22.**

Voting: Unanimous

46. Review of the Council's Constitution - Recommendations of the Constitution Review Working Group

The Chair of the Constitution Review Working Group presented a report by Head of Democratic Services and Interim Monitoring Officer which summarised the issues considered by the Working Group and set out a series of recommendations for consideration by the Committee including

proposed establishment of area-based planning committees and a transportation advisory group ('TAG').

The report had been circulated to each Member and a copy appears as Appendix 'B' to these Minutes in the Minute Book and any recommendations arising from the Committee would be referred to full Council for adoption with a target for implementation of May 2024.

The implications of the proposed changes to the Constitution were shown in 'track changes' format in the appendices to the report. The implications of the changes in terms of finance and resourcing were also set out. It was also explained that issues of 'Special Responsibility Allowances' ('SRAs') for Councillors would be addressed, when appropriate, by the Council's Independent Review Panel for allowances.

The report set out for consideration a series of principles for establishment of the new area-based planning committees and set out the range of options considered by the Working Group. The methodology for determining the proposed geographical boundary of each area committee based on historical workload data was explained and the objective was to achieve a fair distribution in terms of workload between the two Committees. The suggested distribution of Councillors' wards between the two was also set out together with proposed arrangements for cross-boundary applications, the effect in terms of Political balance and other proposals for mitigation of risk. Attending the meeting virtually, the Chair of the current Planning Committee indicated that she supported the proposal. The Committee was also advised that the proposed model was supported by Planning Officers and arrangements were being made to align staffing systems with the two-committee approach.

The proposals from the Working Group for establishment of a Transportation Advisory Group ('TAG') were also set out.

Members of the Committee endorsed the proposals for mandatory training and also supported the suggestion that a compulsory training approach should be extended to the Licensing Committee and to the Appeals Committee.

#### **RECOMMENDED TO COUNCIL that**

- (a) in relation to Issue 1 (Planning Committee Structure and Arrangements) the proposed amendments to Parts 1, 2, 3, 4, 6 and 7, as set out in Appendix 1 to this report, be approved with an implementation date of 7 May 2024;**

Voting: For – 7; Against 0; Abstain - 1

- (b) in relation to Issue 2 (Establishment of Transportation Advisory Group) the proposed amendments to Parts 2, 3 and 4 as set out in Appendix 2 to this report, be approved with an implementation date of 7 May 2024;**

Voting: For 7; Against 1; Abstain 0

**(c) any necessary and consequential technical and formatting related updates and revisions to the Constitution be made by the Monitoring Officer in accordance with the powers delegated.**

Voting: Unanimous

47. Internal Audit - 2nd Quarter, 2023/24, Audit Plan Update

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book.

The report detailed progress made on delivery of the 2023/24 Audit Plan for the period July to September (inclusive) 2023 and highlighted that four audit assignments have been finalised, including one 'Partial', two 'Reasonable' and one 'Consultancy' audit opinions. Additionally, it was reported that 27 audit assignments were in progress, including seven at draft report stage, and that £12.7M of grant expenditure has been certified, as required by the issuing Government department, as meeting grant conditions.

Six 'High' priority audit recommendations had not been implemented by the original target date but explanations from respective Directors appeared reasonable and revised target dates had been agreed. Finally, for a breach of Financial Regulation, previously reported to this Committee and in respect of which further information had been requested at the last meeting, an investigation had been concluded and the Director of Commercial Operations had taken action in line with the disciplinary policy and procedures.

The Committee then focussed particularly upon the report issued by Internal Audit on seafront pop-up activity, incorporating 'Bayside' restaurant and the 18 recommendations made as a result of the audit were set out and explained. The full and confidential Investigation Report was available to members of the Committee and the Head of Audit and Management Assurance responded to questions from the Committee, including the newly appointed Independent Person members, as far as questions could be raised during public session.

It was confirmed that the Director of Commercial Operations had led on implementing the recommendations and had finalised other investigatory work. The Committee was given assurances that the new Service Director, appointed since the event forming the subject of the audit, had completely reviewed process and procedures, especially relating to financial waiver, and that a very vigorous set of replacement procedures was now in place with the type of discretion previously available to Officers no longer available going forward.

In general terms, the new Service Director also described the process now in place of regular review of all audit recommendations which ensured that audit recommendations were embedded across all service areas within the Directorate in accordance with agreed target dates. This was also in addition to corporate monitoring of performance.

At the conclusion of the report, the Committee was informed by way of update on resources within the Audit Team that three apprentices had been successfully recruited and were already making a positive and useful contribution within the team. Set against that, however, the resignation of an auditor was likely to further impact on the delivery of the audit plan.

**RESOLVED that Audit and Governance Committee**

- a) notes progress made and issues arising on the delivery of the 2023/24 Internal Audit Plan;**
- b) notes the explanations provided in Appendix 3, relating to High Priority recommendations not implemented by the initially agreed target date, and notes the explanation and assurance provided from the Service and Corporate Director.**

Voting: Unanimous

The meeting ended at 8.23pm

CHAIRMAN