

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

Minutes of the Meeting held on 27 November 2025 at 6.00 pm

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

Present: Cllr S Armstrong, Cllr J Beesley, Cllr V Slade, Cllr M Tarling,  
Cllr C Weight and Samantha Acton

Present virtually: Lindy Jansen-VanVuuren

Also in attendance: Cllr M Cox

61. Apologies

Apologies were received from Cllr S Bartlett and Cllr M Phipps. As the Chair's arrival was delayed by a traffic incident, the Vice Chair chaired the meeting up to and including the item on public issues. He also deferred consideration of the Action Sheet until the end of the agenda.

62. Substitute Members

There were none.

63. Declarations of Interests

There were none.

64. Confirmation of Minutes

The minutes of the meeting held on 16 October 2025 were confirmed as an accurate record.

Voting: Agreed with no dissent

65. Public Issues

The following public issues were received:

Public Question from Alex McKinstry on Agenda Item 7 – External Auditor - Auditor's Annual Report 2024-25 (Value for Money arrangements report):

In its improvement recommendations on governance, the external auditor suggests amending the Constitution to add provisions for investigating all three statutory officers. Presumably this would be a matter for the

Constitution Review Working Group to look into. Can you confirm who is currently chair of that working group, and who are the current members?

Response:

Cllr Eleanor Connolly is the current chair of the Constitution Review Working Group and the current members are Cllr Marcus Andrews, Cllr Sara Armstrong and Cllr John Beesley plus one vacancy. Cllr Clare Weight has expressed an interest in filling this vacancy. The Committee will be asked to confirm an appointment as part of the Working Group's next report (or at the next core meeting of the Committee on 15 January 2026, whichever is earlier). For the avoidance of any doubt, references to the JNC terms are also matters of contract between the statutory officers and BCP Council.

Public Statement from Alex McKinstry on Agenda item 6 – Internal Audit Plan Coverage – Presentation:

I'd be interested to see the audit on seafront planning approvals, mentioned in the Item 6 report, pages 62-63. At this Committee on 30 May 2024, solemn assurances were given by very senior officers, to the effect that all commercial ventures would have planning consent (where required) before trading; and this would extend to all structures on Council land, not just seafront amenities. An entire "culture change" was promised. The importance of planning consent would be inculcated through inductions, training programmes, and all-staff briefings. Yet this didn't prevent an unauthorised ice rink, and other structures, being built through a Grade II listed heritage asset in October, nor did it prevent the rink commencing trading on 13 November - by which time it had actually been recommended for planning refusal. I am absolutely furious that the cast-iron assurances given to this Committee have been reneged upon so blatantly.

Public Statements from Philip Gatrell on Agenda Item 7 – External Auditor - Auditor's Annual Report 2024-25 (Value for Money arrangements report):

Statement 1:

FINANCIAL SUSTAINABILITY LIQUIDITY COMPARISONS:

CASH AND CASH EQUIVALENTS BALANCES \*

BCP

31.3.25 Original Draft	£ ( 4,221,000) Negative
31.3.24	£ 20,979,000
31.3.20	£ ( 2,038,000) Negative

DORSET COUNCIL

31.3.25 Draft	£ 35,519,000
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SOUTHAMPTON COUNCIL

31.3.25 Draft	£ 33,648,000
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*\*BCP's Group balances are excluded above for comparison purposes*

My 16 October 2025 #3 Statement to this Committee refers concerning the Council's 31 March 2025 net negative balance of £ (4,221,000) after deducting anomalous negative cash balances £ (11,565,000).

Having highlighted that anomaly I received revised data stated as agreed by the external auditor. These still show an overall negative balance of £ (4,221,035), after now positive "Cash and Equivalents" £ 17,208,185 resulting in a "Bank Overdraft" £(21,429,220). Further enquiries include:

\*"Cash" partly being uncleared bankings at 31 March 2025 in conventional accounting methodology.

\* Authorised overdraft limit.

\*Mandate for 26 school net positive balances £ 1,446,930 set against Council's "Overdraft" in arriving at the £ (21,429,220) overdrawn balance.

\*£ 52,618 Trust funds treated as "Cash" while subjected to "investigations".

Statement 2:

The external auditor's report was notified 5 days late and 150 permitted words constrain recording all my related concerns:

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Summarises the auditor's "2014 Act" discretionary reporting powers but -

- Despite timeliness obligated by the National Audit Office Code the auditor failed to notify me regarding reasons for not acting positively on the Sections 27 and 28 issues raised and

- Has not answered my Section 26 questions which

- Have relevance to this Committee notwithstanding the auditor's discretionary powers. Where contextually

- The Committee is respectfully reminded that a Monitoring Officer's separate reporting duty to all Members remains under "1989 Act" Sections 5 / 5A eg the extant earlier material contravention of "2015 Regulation 2" identified in my 22 July 2025 Statement to Full Council.

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The belated "Recommendation" regarding the Constitution's amendment and complaints against the Statutory Officers reflects a more informative fact based narrative in my 28 November 2024 Statement #2 to this Committee.

66. External Auditor - Auditor's Annual Report 2024/25 (Value for Money arrangements report)

The Chair amended the order of business to take this item before the Internal Audit Plan Coverage item. She explained the reasons why she had agreed to take this item as a matter of urgency as follows:

“The External Auditor, Grant Thornton for BCP Council, is required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness its use of resources. Auditors are required to report their commentary under specific criteria, namely financial sustainability, governance and improving economy, efficiency, and effectiveness. They are required to report on any significant weaknesses they identify. The External Auditor have produced a 2024/25 Annual Report which needs to be reported to the committee by the end of November. Due to conflicting demands it was not possible to submit the report within the required timescales for this committee. As Chair, I recognise the urgent deadline and have used Procedure 7.2 in Part 4D of the Constitution permitting urgent items to be added with the chair’s consent.”

Barrie Morris and Katie Whybray of Grant Thornton, the Council’s External Auditor (EA), presented a report, a copy of which had been circulated to each Member and which appears as Appendix 'B' to these Minutes in the Minute Book. The report set out the EA’s findings on the Council’s Value for Money arrangements (VFM) following audit work to date, summarised as follows:

- Financial sustainability – A significant weakness remained for the increasing Dedicated Schools Grant (DSG) deficit, its impact on cashflow and the lack of reserves to manage it resulting in a key recommendation being made, which had been accepted by the Council.
- Governance – No significant weaknesses found but four improvement recommendations around arrangements for treasury management, officer complaints, lessons learnt reporting and Council owned companies.
- Improving economy, efficiency and effectiveness – A significant weakness remained for the statutory direction in relation to the SEND (special education need and disabilities) service resulting in a key recommendation remaining in place.
- Of the five key recommendations from 2023/24, it was noted that four were partially implemented and one completed.

It was noted that the report should be considered in the wider context and compared to other councils. The EA highlighted the good progress made in a number of areas, including the significant achievement in improving the Council’s Ofsted rating from ‘inadequate’ to ‘good’. The Chief Financial Officer (CFO) and his team were fully aware of the DSG issues and were in regular dialogue with the EA and Central Government to try and address them. In other aspects it was a relatively positive report.

The EA representatives, the CFO and the Head of Audit and Management Assurance (HAMA) responded to questions and comments on the report. The CFO clarified what the Chancellor had said in her November Budget speech - that Government would take over the day to day funding of SEND costs with effect from 1 April 2028 (when the current DSG statutory override would expire). However, the accumulated deficit between now and then would be retained by the Council. What, if any, support for this would be set out within the forthcoming provisional local government finance settlement. The EA advised that once sufficient progress had been made the key recommendation regarding the statutory direction in relation to SEND could be closed.

On monitoring VFM arrangements and whether the EA should report more regularly in light of concerns about the DSG situation, the EA advised that their role was not to give advice or propose measures but to provide support to the Council to ensure appropriate arrangements were in place. The EA had the power to make statutory recommendations, for example if a council was not taking the DSG issue seriously. It was noted that statutory reporting on the VFM arrangements was on an annual basis. However, the EA agreed to liaise with the CFO on how more regular updates could be provided if needed. The EA also agreed to review the DSG related chart on page 20 of the annual report to make the comparative data more meaningful. The EA explained that the Council was taking similar actions to other councils and should continue to scrutinise and undertake due diligence on all applications.

In questioning whether there was sufficient assurance to be able to highlight issues at an early stage, FuturePlaces governance was cited as an example. The HAMA referred to the detail provided in his draft investigation report currently under consideration by the committee, including the timescales involved and his findings. It was noted that for the EA the impact of the backstop arrangements due to the Covid pandemic had resulted in retrospective reporting. A member referred to the potential tension between expectations of proactive day to day monitoring and the more backward facing role of audit. The Committee were reminded that Internal Audit formed part of the third line of assurance in the Council's Assurance Framework, after the first line of directors/managers and the second line of corporate oversight (including boards). It was noted that the EA had commented on ensuring the committee prioritised core assurance work and evaluated if its role should include scoping and commissioning lessons learnt reviews. The Chair reported that she had explained to the EA the value of the FuturePlaces investigation as a focussed, constructive piece of work.

Other points raised included:

- The reasons for the report being presented to the committee at a later date this year and as a late report on the agenda due to staffing issues were noted.
- The value of the recent training session on Treasury Management and a request to send all councillors the link to the recording.

- The CFO advised that the next quarterly Treasury Management report would incorporate the issues raised previously by the committee with the EA's improvement recommendation (IR1).
- The HAMA confirmed that the Internal Audit team did contribute their professional expertise and pre-emptive knowledge when new policies, systems, etc were in development.
- A concern was raised about low levels of compliance for councillors' mandatory training. It was noted that the Chair of the Standards Committee had been invited to attend the February meeting to talk about councillor training.

**RESOLVED that Audit & Governance Committee notes the findings, recommendations and management comments in relation to the External Auditor's Annual Report 2024/25 (Value for Money arrangements report)**

Voting: Agreed with no dissent

67. Internal Audit Plan Coverage - Presentation

The Deputy Chief Internal Auditor (CIA) presented a report, a copy of which had been circulated to each Member and which appears as Appendix 'A' to these Minutes in the Minute Book.

The report and the accompanying presentation provided the Committee with an overview of the production of the Internal Audit Plan and how audits were selected for the annual audit plan, with specific focus on how the Chief Internal Auditor/Internal Audit team determined that the coverage on the plan was appropriate. Key areas covered in the presentation included the reasons for having an audit plan, how the plan was developed, implemented and monitored and the sources of information used. The Deputy CIA also provided a more detailed breakdown of the audit areas covered in the plan, including high level risks, key assurance functions, key financial systems, counter fraud and schools. The role of the Committee in providing comment and challenge was also highlighted.

The Deputy CIA and the Head of Audit and Management Assurance (HAMA) provided the following information in response to questions on the presentation:

- There was a need to acknowledge that Internal Audit would never have the resources to complete audits of every single unit within the Council. This was why a full assurance could never be provided. Instead, the team were required to adopt a risk-based approach to ensure resources were directed to key areas.
- With regard to how Internal Audit identified high level risks, it was confirmed that the team undertook their own risk assessment. It was not dissimilar to the Council's corporate risk policy, which informed Internal Audit to a certain extent but did not have the same financial thresholds.

- On whether a combined assurance approach was taken to maximise efficiency of coverage, the Committee was advised that Internal Audit did review the work of other assurance providers, for example Ofsted and the Care Quality Commission. This enabled Internal Audit to concentrate resources on areas with less assurance.
- With reference to Internal Audit's role in FuturePlaces, the Committee was referred to the three lines of assurance set out in the Council's Assurance Framework. In particular, the role of the FuturePlaces Board in being expected to provide the corporate oversight of the second line of assurance, noting the level of experience and seniority of those involved.
- On how issues raised by Members fed into the Audit Plan, it was explained that these were considered on the basis of whether Internal Audit had a role or whether another line of assurance was more appropriate, for example management advice or corporate oversight. It was noted that some issues may not be progressed.

The Committee discussed this last point in more detail. Members felt that the Committee had a role in highlighting emerging risks and raising issues. This could be done when considering the forward plan report at core meetings and/or perhaps by adding issues to the action sheet and asking how/when they were being incorporated into audit planning. It was also suggested that the Committee could take a risk based approach in considering requests and act as a filter against individual fixations.

The Chair thanked the Deputy CIA for her very clear and helpful presentation.

**RESOLVED that the Audit and Governance Committee notes the processes in place to produce the Internal Audit Plan and how coverage is determined**

Voting: Agreed with no dissent

68. Action Sheet

The Committee considered its action sheet, setting out the progress of actions requested at previous meetings.

Some improvements to the action sheet were suggested including the use of RAG (red/ amber/green) ratings to indicate actions not started/in progress/complete. The Chair explained that the action sheet was still under development and that she would follow up on the points raised. Completed actions could form an appendix, once reported to the committee.

The Chair advised that the Carters Quay report may be available in early 2026, pending the completion of the FuturePlaces investigation. She also reported that she would make arrangements for the Improvement Recommendation 2 in relation to Governance, as noted in the agenda item

on the External Auditor's Value for Money arrangements report, to be referred to the Constitution Review Working Group.

Cllr E Connolly arrived at 6.10pm

Cllr V Slade arrived at 6.33pm

The meeting ended at 8.13 pm

CHAIR