

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 24 September 2025 at 6.00 pm

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

Present: Cllr S Armstrong, Cllr J Beesley, Cllr J J Butt, Cllr M Phipps,
Cllr V Slade, Cllr M Tarling, Samantha Acton and Cllr B Nanovo

Present virtually: Lindy Jansen-VanVuuren

34. Apologies

Apologies were received from Cllr Clare Weight.

35. Substitute Members

Cllr Bernadette Nanovo substituted for Cllr Weight on this occasion.

36. Declarations of Interests

There were no disclosable pecuniary interests on this occasion.

The Chair invited Committee Members to share any involvement they may have had with FuturePlaces and those who wished to, provided details accordingly.

37. Public Issues

The following questions were received from Mr Alex McKinstry in relation to Agenda Item 6:

Question 1.

Using pdf pagination, pages 50-51 describe how a friendship was alleged to exist between Drew Mellor and the FuturePlaces strategic engagement director, both of whom are involved in a local rugby club; but at paragraph 3 1 28, "a former employee of FPL" is quoted, who states it was the chairing of the Poole BID by the person concerned that was thought to have impressed the FuturePlaces MD. For absolute clarity, was that "former employee of FPL" the strategic engagement director himself, or one of the executive directors of the company (and if so, which)? Can you also confirm whether the ex-MD of FuturePlaces has actually *been asked* why she recommended this person for the post of strategic engagement director in her email of 9 July 2021?

Response from the Chair:

The former employee of FPL mentioned in the report was not the strategic engagement director or either of the executive directors. The ex-MD has not been asked any questions in this part of the investigation - including why she appointed the strategic engagement director.

It will be for the A&G committee to determine next steps, including whether any individual is asked for specific comments or is asked to respond to a specific question.

Question 2.

When assessing the value of work to be transferred to BCP Council - for which, see pages 75-76 - did the fact that a significant amount of that work remained in draft have any effect on its value or its categorisation? (We know for instance that much of the Wessex Fields work remained in draft, as stated at the Overview and Scrutiny Board of 26 February 2024; while an FOI has shown that of the 27 reports commissioned for the Holes Bay site, 21 remained in draft, including an estate management plan and flood risk assessments.) Has any opinion been reached, moreover, as to why so much of FuturePlaces' work was being kept in draft form?

Response from the Chair:

It seems simply the case that for contributing work, plans, assessments and so on to an Outline Business case (OBC) or final report presented to the Council, then these were marked draft by FPL.

In assessing the value of work to be purchased by the Council in the lead up to the closure of FPL all work was simply categorised as work in progress and each piece of work, plan or assessment was considered on a case by case basis as of use to the Council.

Question 3.

Have the following documents, mentioned in tonight's report, been made available to the Committee (given that they're not included in the Part E appendices):

(Paragraph 3 1 6) MD & Head of HR emails discussing "offer" expectations, 11 June 2021;

(3 1 7 and 3 1 8) Emails concerning MD recruitment;

(3 1 17) MD suggesting individuals for the COO and strategic engagement director roles, 9 July 2021;

(3 2 11) Latest position re outstanding governance documents.

Can you also confirm what exactly is being quoted from in paragraph 3 2 11 (it seems to be a Council email); and provide dates for the emails reproduced in paragraph 3 1 22 (where the MD quotes Graham Farrant's view that key roles must be "openly recruited") and the lower part of page 105 (legal advice)?

Response from the Chair:

Several hundred emails and numerous documents have been considered during the investigation. The investigator has considered it not practical to attach every email or document mentioned in the report and has exercise judgement.

The Committee has not seen the emails or documents mentioned in this public question.

At 3.2.11 a briefing note is quoted which was sent from an officer within the Council's commissioning team, to the Chief Executive, as shareholder representative, the briefing note was sent on 19/3/23.

The date for the email quoted at 3.1.22, Graham Farrant's view that the key roles must be openly recruited, was 6/9/2021

The date for email quoting legal advice was 2 June 2021

Please note these dates have been added to report and will appear in the final version.

[NB - re Question 2: the FOI listing the 27 Holes Bay reports, including those in draft, is this one:

https://www.whatdotheyknow.com/request/holes_bay_masterplan#incoming-2802199

Re Question 3 - two of the emails referred to in paragraphs 3 1 7 and 3 1 8 were disclosed, albeit redacted, in the following FOI response. This includes the email of 30 June 2021 sketching out the interview questions - see towards the bottom, under "Show all attachments":

https://www.whatdotheyknow.com/request/general_decision_making_processes#incoming-3018958

Statements received from Alex McKinsty in relation to Agenda Item 6:

Statement 1.

I'm appalled at the events chronicled in 3.1 of tonight's report: senior officers reverse-engineering an appointment to a £150,000 a year publicly-funded role. Especially shocking was the appointing of Drew Mellor to the interview panel as a decision-maker, given that the officer arranging that panel knew of the alleged offer Drew Mellor had made to the candidate: as stated in their email to the Chief Executive of 14 June 2021. (This is crucial, as the decision to appoint was split 2-1.) I note too that, eight days after the interview, the candidate was nominating individuals for the COO and Strategic Engagement Director roles - "[I] would like to discuss how we get these in place asap" - and they were indeed recruited after very limited advertising. The Committee might seek advice on whether these appointment processes were actually lawful.

Statement 2.

The 2022 business update "proposed that FuturePlaces adopts the Stewardship Kitemark" - this kitemark being the work of The Stewardship Initiative, of which the FuturePlaces MD is co-founder. (See paragraph 4 1 12.) I'm alarmed that £20,125 was paid to Knight Frank for "a commercial

review of [the] Stewardship Model", especially as a second co-founder of the Initiative was a senior partner in Knight Frank. The third co-founder was a senior executive at The Prince's Foundation - which received £77,499 from FuturePlaces, according to the consultancy fees drilldown in 4.1.6. Knight Frank, meanwhile, received sums totalling £109,126. It may well be that The Stewardship Initiative didn't benefit from Knight Frank's review, that the latter was scrupulously impartial, and any overlapping interests were declared; but I feel the Committee needs to look into this.

Statements received from Ian Redman in relation to Agenda Item 6 (read out by Mr Alex McKinstry)

Statement 1

"FuturePlaces" turned out to be a total misnomer. £7,205,442 was spent on a company whose worthwhile output consisted of reports worth £1,713,420, which for some reason the Council paid £2,691,704 for, plus VAT. Adding up the salary and bonus payments, moreover - and the £95,110 paid to her or her company as consultant / subcontractor - the managing director made £424,409 out of the company before tax; the chief operations officer, £395,939. The amount paid to consultants was £3,146,410 which is staggering considering only five of the company's projects reached the outline business case stage. I eagerly await Part 2 of the report, including details of how much rent was paid to Hinton Road Investment Limited after Drew Mellor became sole director of that company.

Statement 2

If the Committee decides further investigations are necessary, the obvious matters are the events following the Head of HR's email to Graham Farrant (14 June 2021), where, to quote the report, "the Council would appear to have been reactively acting to the Leader's apparent 'offer of employment' and the individual's expectations in terms of salary". The role was not advertised, no other candidate interviewed, and incredibly, the Head of HR put Drew Mellor on the interview panel despite knowing about the aforesaid "offer of employment". (Graham Farrant attended the interview; he also knew.) Once appointed, the MD suggested candidates for the other two senior posts and these were only advertised superficially. This was no way to recruit world-beating talent and it's regrettable that tonight's meeting was deferred until after Graham Farrant's retirement, as in these matters he has some very serious questions to answer.

Statement 3

Extracts from the Risk Assessment which was part of the Officer Decision Record signed by Graham Farrant, 8th June 2021

"Project risks will be reported through the Gateway process and by regular progress reports. These will be escalated to the Heads of Service or Directors, where appropriate".

“Poor performance and lack of delivery will impact negatively on the Council’s reputation and this risk will be mitigated by monitoring of the URC activities by a robust client commissioning team”.

Senior council officers knew the risk of failure in June 2021 and appear to have done nothing to prevent millions being squandered.

Post meeting note: following a request from a Committee Member, the clerk checked the questions and statements against those submitted and previously circulated to the Committee and confirmed by email to the Committee that they were accurate to what was read out and complete.

38. Exclusion of Press and Public

The Chair advised the Committee that should they wish to discuss the contents of the confidential Section F to the report, then the Committee would need to move in to exempt session.

39. PART A - BCP FuturePlaces Investigation Report (Scope items 1 to 4)

The Chair set out some background to why this meeting was being held and the way she proposed to manage this item. The Chair also highlighted that as this was an interim/draft report, no recommendations should be made at this meeting, but it was an opportunity to seek clarity and discuss whether further information was required when the final report was published.

Finally, the Chair suggested that members might choose to provide individual summary reflections at the conclusion of the next meeting, to offer varied perspectives to the public. Participation would be voluntary, and no judgement would be made on those who opted not to contribute.

The Head of Audit and Management Assurance (HAMA) 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 detailed Part A - BCP FuturePlaces Ltd investigation findings covering scope areas 1 to 4.

The Chair of A&G Committee had determined a second meeting would be arranged in October 2025 to receive Part B and final report, covering scope areas 5 to 8.

Receiving the report over two meetings would allow the Committee sufficient time to digest and review the findings to determine next steps. It would also allow the investigator more time to conclude findings in scope areas 5 to 8.

It was highlighted in the report that at the conclusion of this investigation there may still be gaps in understanding, and the Committee may or may not decide that further investigation through other means was required.

The Committee discussed the report breaking down each section of the scope to consider them one at a time.

Scope 1. Timeline and key decisions:

1.1 Produce the timeline of key decisions in respect of BCP Future Places Ltd (as per MO report to A&G Committee 20/3/25).

- The Chair suggested the timeline be used as a reference point throughout the meeting and as a basis for the closing discussion.
- There was an acknowledgement of the significant work by officers in compiling the timeline and some Committee Members advised they had cross checked links and reports and found them to be accurate and consistent.
- The Chair reiterated that the timeline can be added to during the discussion and used to support further lines of enquiry.
- A Committee Member requested the inclusion of the report of the Monitoring Officer (MO) to the Audit and Governance Committee on 20 March 2025 to the end of the timeline.

Actions highlighted for this item:

- **Request HAMA add the MO's report to the end of the timeline to demonstrate the action which had been taken by the Committee.**

1.2 Find and restate the motivations and considerations behind the decision to create a Urban Regeneration Company (URC) and the environment for decision making in which it was created.

- A concern and observation was made that the 'Big Plan' was never formally ratified at Full Council.
- Acknowledgement that the timeline showed the evolution of thinking and the perceived need to expand beyond internal capabilities.
- The Chair questioned the thoroughness of assessing internal capability within BCP Council before deciding external action was necessary.

Scope 2. Decision to create BCP Future Places Ltd – Cabinet 26 May 2021:

2.1 Review the authority of Cabinet to establish an Urban Regeneration Company was in line with the Council's Constitution and did the report set out the risks, rewards, pros and cons.

- The Chair reflected that the Cabinet report (26 May 2021, page 39 of the Report) set out risks and considerations in detail.
- There was some concerns raised and discussion regarding the procurement of services from Inner Circle Consulting and the

recommendation they gave of a Urban Regeneration Company (URC) model

- A Committee Member suggested that had due diligence been undertaken when contracting with Inner Circle Consulting then the Committee should be reassured about the appointment and advice provided.
- The Chair highlighted that the potential risks were detailed and the possible attraction to the URC model, was its flexibility.
- Members discussed the tension between operating as a private company while using public funds and the model chosen.
- In response to a query regarding the less explored options, the Committee was referred to pages 102–103 in the appendix which provided a deeper dive into the options appraisal, which detailed why a strategic partnership model would not achieve the objectives required.
- A Member acknowledged that the risk register supported the URC model and that Councillors likely acted on the best available expert advice.
- Historical context was provided, noting the complexity of regeneration across BCP's geography.
- General consensus emerged that the URC model was a valid approach, given the professional advice provided at the time.

Actions highlighted for this subsection:

- **Confirm whether due diligence was undertaken in the appointment of Inner Circle Consulting.**

2.2 Review the approval of the final business case by the Chief Executive and the inclusion of the information as requested by Cabinet.

- A Member raised concerns about the procurement process for Inner Circle Consulting, questioning whether appointments were made through standard procedures and without undue influence.
- It was noted that Inner Circle Consulting was involved in both the options appraisal and the regeneration portfolio review, prompting questions about independence and transparency.
- Officers confirmed that the procurement process had not yet been reviewed in detail and agreed to investigate whether one or two separate procurement processes were used.
- The complexity of contract aggregation was acknowledged, with officers noting it was often difficult to foresee future work at the outset.
- A Member emphasised the need to understand the decision-making responsibility, distinguishing between operational delivery of officers and strategic choices.
- A change in the funding model from revenue-based to a working capital loan was discussed, with confirmation that increased funding was drawn from the Financial Resilience Reserve and was agreed through the normal constitutional process.

- In response to a query regarding the £2 billion gross development value cited in reports, it was confirmed that the figure originated from the Inner Circle report dated 26 May 2021.
- Officers confirmed that the URC setup plan was clearly outlined in the officer decision record and followed through accordingly.
- A discrepancy was noted between £2 billion and £3 billion figures cited in different meetings, prompting calls for clarification and transcript review.
- The Chair highlighted a comment made by a Councillor who was not on the Committee that noted that the URC was preferred over the Bournemouth Development Company model due to the ability of a Teckel company to be fully within Council control as the only Shareholder.
- The Chair advised that while the process appeared thorough, follow-up questions remained which needed to be considered further.

Actions highlighted for this subsection:

- **The HAMA to investigate the procurement process for Inner Circle Consulting, including whether it involved one or two separate procurements.**
- **Verify the discrepancy between £2 billion and £3 billion cited in different meetings, including checking transcripts and impact on decision-making.**

Scope 3. Establishment and operation of BCP Future Places Ltd.

3.1 Identify the process for the appointment of the company's Executive and Non-Executive Directors and other staff (was an appropriate open and transparent process followed).

- Members expressed serious concerns over the recruitment process for the Managing Director (MD) and other senior roles at FuturePlaces, noting apparent pre-selection and lack of open competition.
- Concerns were raised about the high salaries and consultancy fees paid, including £900/day consultancy rates and Members discussed whether such salaries were appropriate for a Council-owned company.
- The HAMA clarified that salary levels were set having been job evaluated, aligned with Council corporate director roles and was a Council decision.
- Members discussed the lack of governance structures at the inception of FuturePlaces, noting that recruitment protocols were established only after initial appointments had been made. The tension between a private start up company using public funds was highlighted by the Chair.
- The HAMA advised the Committee that the Council was only responsible for the recruitment of the FuturePlaces Managing Director, with all other appointments being their responsibility.

- It was highlighted as a possible recommendation that governance and recruitment expectations should be clearly defined from the outset for any future Council-owned companies,
- The Chair advised she would welcome further investigation into the required qualifications and experience to fulfil the directorship roles appropriately.
- A Member stressed the need for the Committee to remain impartial and avoid language that could reflect negatively on the former FuturePlaces Directors.
- There was some debate and expressed concerns about the balance of input from former FuturePlaces officers and the former Chief Executive, with calls for equal opportunity to provide evidence.
- In response to a query, the HAMA confirmed that Scope 8 was an aggregation of lessons learnt and changes which had been implemented as a result.
- Some Committee Members highlighted they had already submitted questions to the HAMA or would like to and it was confirmed they would be considered as part of the final report.
- A Member expressed concern regarding the costs incurred to date for this investigation and stressed the Committee needed to be mindful of Officer resource.
- The Chair concluded the discussion by acknowledging the differing views presented, however, felt that targeted questions to relevant key personnel would help the Committee deepen its understanding of the situation. It was also highlighted that the ex-Managing Director of FuturePlaces had contributed some information which was included in the report.

Actions highlighted for this subsection:

- **The HAMA to consider how it would be possible to investigate the legality and appropriateness of the recruitment process for the MD and senior officers.**
- **Invite former FuturePlaces officers to respond to targeted questions following the conclusion of consideration of the HAMA's full report.**
- **Clarify how consultancy rates and salaries were determined, including any market comparisons or procurement procedures.**
- **HAMA to consider questions sent from Committee Members.**

3.2 Consider the adequacy of the governance arrangements put in place by the Council for the operation of BCP Future Places Ltd.

- Clarification was provided that a commissioning plan existed, but the commissioning contract (detailing payments and milestones) was missing, which could have led to possible operational ambiguity.
- It was confirmed that the Council had initially agreed to pay only upon delivery of a full business case, which FPL found financially risky and sought to renegotiate resulting in the delay in confirming the commissioning contract.

- It was explained by the HAMA that the initial governance setup was intended to be temporary, but recruitment of independent non-executive directors took longer than anticipated.
- In response from a concern regarding the lack of opposition Councillors on the FPL Board, it was noted that the Overview and Scrutiny Board had previously voted on the governance structure, recommending cross-party representation, which was not adopted.
- It was noted that governance issues were regularly discussed at FPL board meetings, but resolution was complex and required external officer involvement.
- The Chair raised a concern regarding ‘scope creep’ as detailed in the report, with projects evolving beyond original plans, possibly due to informal requests and whether further investigation in this area was required, including how it was managed.
- The Big Plan Delivery Board was mentioned by the HAMA as a possible source of project evolution, creating increased scope around already proposed projects.
- A Member questioned whether FPL met its Teckal company obligations, particularly regarding Council control and activity thresholds.
- Ambiguity in governance language (e.g., “the Council”) was highlighted as a concern, especially regarding matters like pay, bonuses, and asset sales and where did the decision-making lie, was it with Officers, Full Council or Cabinet.
- The Chair highlighted a key point referencing an email from the Commissioning team within the report requesting the need for progress reports and KPIs to monitor the work of FPL.
- Members reflected on the need for clear protocols and transparent decision-making.

Actions highlighted for this subsection:

- **Add to the enquiry list a request for Future Places’ Directors perspective on the absence of the commissioning contract and resource agreements.**
- **Clarify governance terminology in future documents to specify whether decisions lie with Cabinet, full Council, or shareholder representatives.**

3.3 Consider the adequacy of the governance arrangements put in place by the company executive directors for the day to day operation of Future Places Ltd

- Members discussed the list of HR policies provided, noting they appeared generic and possibly not tailored to the specific needs of Future Places Ltd (FPL).
- Concerns were raised about inconsistency in applying Council policies, particularly around pay scales and benefits, such as pensions.
- Members acknowledged the tension between wanting clarity for staff and the practical challenges of applying Council rules to a separate

legal entity and the Chair advised that this would need some further consideration.

- A Member reflected on similar arrangements with other Council-related entities like BH Live, noting that initial setup decisions often evolve and diverge over time.
- In response to a query, it was confirmed that the Council's financial regulations were adopted.
- The Chair noted that it appeared that there were misunderstandings between what the Council expected and what FPL understood its obligations to be, particularly in the early operational stages.

Actions highlighted for this subsection:

- **Consider a recommendation regarding a clear policy framework for Teckal companies regarding whether Council policies should be fully adopted or selectively applied.**

With agreement from the Committee, the Chair advised that the following sections of the scope would be grouped together for consideration:

3.4 Consider the adequacy of business planning arrangements as applied by BCP FuturePlaces Ltd.

3.5 Consider the adequacy of the financial and performance management as applied by BCP FuturePlaces Ltd, and applied to BCP FuturePlaces Ltd by the Council, including consideration of ongoing risk and issues management.

3.6 Consider the adequacy of decision making regarding the prioritisation of projects and the deliverability for the Business Plan as managed by BCP FuturePlaces Ltd.

- Members discussed the interpretation and application of project responsibilities, noting ambiguity in management roles and expectations.
- Members agreed that more information was needed about the relationship setup and expectations between parties involved and the Committee was advised that this information would need to be sought from the FPL Directors.
- The Chair highlighted Section 3.5.11, acknowledging the submission of ongoing work lists by FPL's MD, which illustrated significant activity beyond initially commissioned projects.
- A footnote in Section 3.3 was also noted by the Chair, commending staff efforts but highlighting Councillors lack of understanding of actual achievements.
- A Member raised concerns about changes to monthly management accounts and suggested questioning the Chief Operating Officer and Managing Director for clarification.
- The issue of 'mission creep' was discussed, with a request to understand its origin and progression during Future Places' operation.

- Members debated the use of draft status in documents, noting it was common but potentially used to limit public access and avoid scrutiny.
- It was suggested that recommendations be made regarding clarity of access to documents and the appropriate use of draft status.

Actions highlighted for this subsection:

- **FPL Directors to be asked about the items highlighted within this section, including the relationship set up and expectations, the provision of monthly management accounts and ‘mission creep’.**
- **Recommendation to be considered regarding the use and implications of the term ‘draft’ and the need to ensure progress could be monitored and scrutinised as appropriate.**

A Committee Member who was substituting, provided a summary of her opinion on Part A of the draft report.

It was highlighted that the Committee had received a briefing regarding the financial elements detailed at Section 4 of the report and that this would be considered in detail at the next meeting.

The Chair thanked Officers and the Committee and concluded the meeting by confirming that Scope 4 would be considered alongside the rest of the final report at the next meeting and should anyone have information relating to the investigation they wished to be considered by the HAMA and Committee, please do make contact.

The meeting ended at 9.45 pm

CHAIR