

# Notice of Audit and Governance Committee

Date: Wednesday, 24 September 2025 at 6.00 pm

Venue: HMS Phoebe, BCP Civic Centre, Bournemouth BH2 6DY



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## Membership:

### Chair:

Cllr E Connolly

### Vice Chair:

Cllr M Andrews

Cllr S Armstrong  
Cllr J Beesley  
Cllr J J Butt

Cllr M Phipps  
Cllr V Slade  
Cllr M Tarling

Cllr C Weight

## Independent persons:

Jansen-VanVuuren

Samantha Acton

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All Members of the Audit and Governance Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to view the live stream of this meeting at the following link:

<https://democracy.bcpCouncil.gov.uk/ieListDocuments.aspx?MIId=6581>

If you would like any further information on the items to be considered at the meeting please contact: Louise Smith, [louise.smith@bcpCouncil.gov.uk](mailto:louise.smith@bcpCouncil.gov.uk) on 01202 096660 or email [democratic.services@bcpCouncil.gov.uk](mailto:democratic.services@bcpCouncil.gov.uk)

Press enquiries should be directed to the Press Office: Tel: 01202 118686 or email [press.office@bcpCouncil.gov.uk](mailto:press.office@bcpCouncil.gov.uk)

This notice and all the papers mentioned within it are available at [democracy.bcpCouncil.gov.uk](https://democracy.bcpCouncil.gov.uk)

AIDAN DUNN  
CHIEF EXECUTIVE

16 September 2025

**DEBATE  
NOT HATE**



Available online and  
on the Mod.gov app

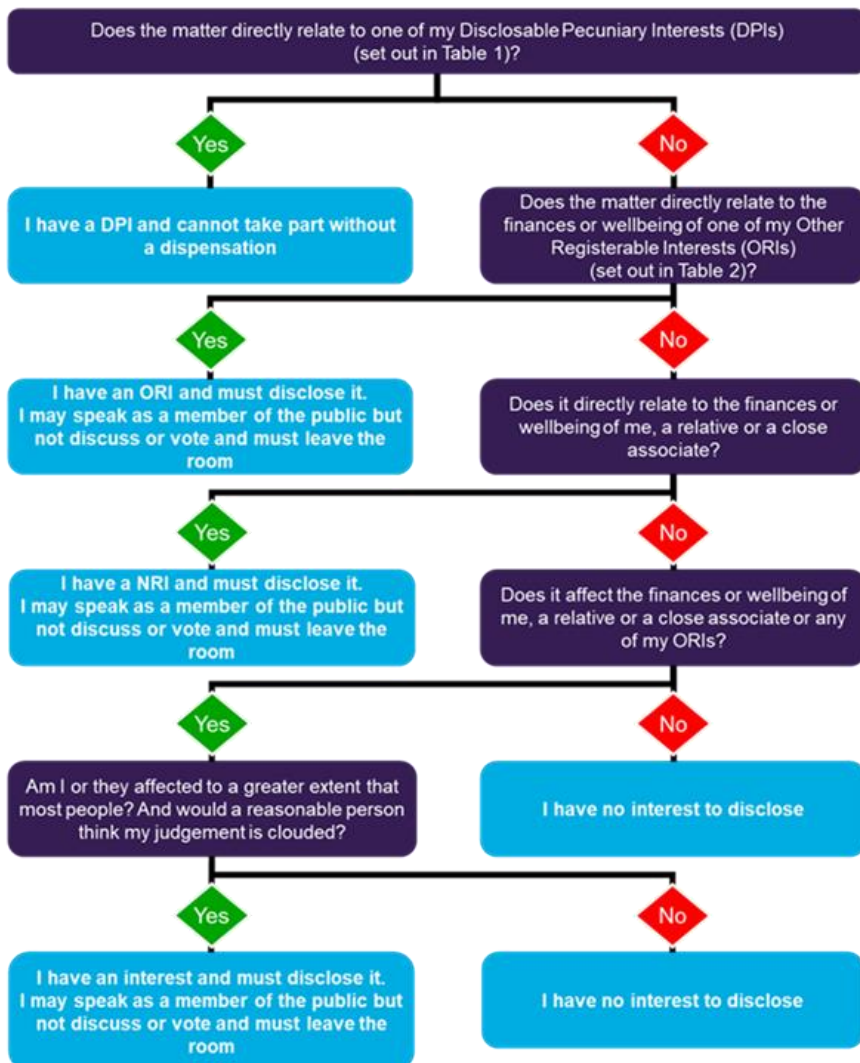


## Maintaining and promoting high standards of conduct

### Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests



What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

#### Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

#### Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer

### Selflessness

Councillors should act solely in terms of the public interest

### Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

### Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

### Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

### Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

### Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

### Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

# AGENDA

Items to be considered while the meeting is open to the public

## 1. Apologies

To receive any apologies for absence from Councillors.

## 2. Substitute Members

To receive information on any changes in the membership of the Committee.

Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.

## 3. Declarations of Interests

Councillors are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance.

Declarations received will be reported at the meeting.

## 4. Public Issues

To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:-

<https://democracy.bcpccouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&Info=1&bcr=1>

The deadline for the submission of public questions is midday on Thursday 18 September 2025 [midday 3 clear working days before the meeting].

The deadline for the submission of a statement is midday on Tuesday 23 September 2025 [midday the working day before the meeting].

The deadline for the submission of a petition is Wednesday 10 September 2025 [10 working days before the meeting].

## ITEMS OF BUSINESS

## 5. Exclusion of Press and Public

In relation to the confidential Appendix (Section F of the report) of the Agenda Item appearing below, should the Committee wish to discuss the content, it is asked to consider the following resolution: -

‘That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1 and 2 in Part I of Schedule 12A of the Act and that

the public interest in withholding the information outweighs such interest in disclosing the information.'

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

5 - 112

This report details Part A - BCP FuturePlaces Ltd investigation findings covering scope areas 1 to 4.

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

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

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 is required.

No other items of business can be considered unless the Chairman decides the matter is urgent for reasons that must be specified and recorded in the Minutes.

## AUDIT AND GOVERNANCE COMMITTEE



Report subject	<b>PART A - BCP FuturePlaces Investigation Report (Scope items 1 to 4)</b>
Meeting date	24 September 2025
Status	Public Report
Executive summary	<p>This report details Part A - BCP FuturePlaces Ltd investigation findings covering scope areas 1 to 4.</p> <p>The Chair of A&amp;G Committee has determined a second meeting will be arranged in October 2025 to receive Part B and final report, covering scope areas 5 to 8.</p> <p>Receiving the report over two meetings will allow the Committee sufficient time to digest and review the findings to determine next steps. It will also allow the investigator more time to conclude findings in scope areas 5 to 8.</p> <p>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 is required.</p>
Recommendations	<p><b>It is RECOMMENDED that A&amp;G Committee notes:</b></p> <ul style="list-style-type: none"> <li>• <b>the Part A Internal Audit investigation findings report covering scope areas 1 to 4.</b></li> <li>• <b>that a Part B and final investigation findings report will be presented to Committee in October 2025, covering scope areas 5 to 8.</b></li> <li>• <b>any changes necessary to Part A investigation findings in scope areas 1 to 4, as a result of or impact of findings to scope areas 5 to 8, will be highlighted to the Committee in the Part B and final report.</b></li> </ul>
Reason for recommendations	To note the investigation findings for scope areas 1 to 4.
Portfolio Holder(s):	Cllr Mike Cox, Finance
Corporate Director	Aidan Dunn, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance (HAMA)



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Wards	Council-wide
Classification	For decision

## Background

1. The BCP Council Audit & Governance Committee has previously agreed that some form of investigation was necessary into the arrangements surrounding the creation, operational period and closing of BCP Council's urban regeneration company, known as BCP FuturePlaces Limited (FPL).
2. At the meeting on 20 March 2025, the A&G Committee received a detailed report from the Monitoring Officer containing:
  - Appendix One - a chronology of BCP Council's decision making as it relates to BCP FuturePlaces Limited and latterly the Council's approach to shareholder governance.
  - Appendix Two - a chronology of the governance documents published which reference BCP FuturePlaces Limited.
  - Appendix Three - a chronology of the agenda and minutes for Board Meetings of BCP FuturePlaces Limited.
3. At the meeting on 20 March 2025, the A&G Committee agreed the following (direct lift from minutes):

### **REVIEW OF BCP FUTUREPLACES LTD:**

RESOLVED that an investigation be carried out by Internal Audit, the scope of which to include:

- the received minutes of BCP FuturePlaces Limited,
- decisions made at Cabinet and other committees,
- a request that IT retrieve any available emails and communications to allow Internal Audit to conduct an oversight of those communications, this to be limited to information in the electronic domain/that is recoverable from BCP Council and BCP FuturePlaces Limited servers and only to apply to current and past officers and councillors and to delegate authority to the Monitoring Officer in consultation with the Head of Audit and Management Assurance and other Statutory Officers to set the parameters of any email searches

with a report back to the Committee in six months.

Voting: For – 4, Against – 3, Abstain – 2

4. The resolution above provided a useful framework on **'how'** the investigation should be conducted with the setting of search and evidence gathering boundaries.
5. The Head of Audit & Management Assurance (HAMA), the investigator, created a draft scope, for Committee to agree at the A&G Committee meeting on 29 May 2025. This scope sought to identify **'what'** the committee wanted investigating.

6. The scope took into account:
- Views aired by committee members in previous meetings;
  - Views aired by committee members\* in response to an earlier version of this draft scope circulated for comment;
  - Views of BCP residents\* who have taken time to send their comments to committee members;
  - Views of other councillors\* who have taken time to send their comments to committee members.

\*Some committee members and the public suggested further and more detailed questions to be explicitly included within the scope. Committee agreed that a significant majority of these questions would be logically answered in ascertaining the facts pertaining to the scope areas as drafted. It was noted that some of the questions were already answered within the information provided to the committee on 20 March 20025 (see 2 above).

7. The A&G Committee, 29 March 2025, agreed the scope of the Internal Audit investigation as shown at Appendix 1 of that report and as amended following the committee's discussion.

### **Revised Expectations and Timelines**

8. It was initially resolved that this investigation should seek to report back to Committee in six months. That would be approximately by the end of September 2025.
9. A number of factors were also taken into account:
- The exact scope of the investigation was unknown at that stage;
  - Committee members and the previous Chief Executive expressed a preference for some form of interim reporting before the Chief Executive retired from the Council at the end of August 2025;
  - The investigation, even with a pre-defined scope, may 'creep' as facts remain unanswered initially.
10. It was subsequently agreed that an extra meeting of the Committee would be held on 18 August 2025 to receive an 'Interim' report.
11. This meeting was cancelled due to a local by-election and as an alternative the previous Chief Executive has provided comment on specific scope items and on more general matters. Where relevant the Chief Executive comments are included in this report.
12. The Chair of A&G Committee, Cllr Connolly has decided, after consultation, that Committee should receive the report in two parts, given the length and detail. Cllr Connolly felt Committee would not have adequate time in one meeting to robustly consider all elements.
13. Cllr Connolly has determined that the A&G Committee meeting on 24 September 2024 should receive 'Part A', covering scope items 1 to 4, and a subsequent meeting would receive 'Part B' and final report incorporating scope items 5 to 8.
14. This approach also provides the investigator time to finalise investigation work particularly scope items 5 - 8 and to write findings up for a further meeting of the Committee to consider in late October 2025.

## **This Part A BCP FuturePlaces investigation report – scope areas 1 to 4**

15. All agreed scope items 1 to 4, and the 16 sub-scope questions have been reported on in this Part A report.
16. Specific points to note are:
  - Timeline of events, particularly 1.1 Table 2 - BCP FUTUREPLACES LIMITED (FPL)TIMELINE OF EVENTS, is relevant as far as is practicable to the scope items in this report. – *the timeline does not attempt to be an exhaustive timeline of every event involving FPL and BCP Council (as FPL Shareholder). This was a matter of judgement by the investigator.*
  - Scope Item 4 – Detailed expenditure incurred by FPL – is an area of the scope where A&G Committee members have also received a separate detailed briefing (18/9/2025).

### **Independence of Internal Audit**

17. Internal Audit and the HAMA work to a strict set of professional standards and a code of ethics, and the work is done with complete independence and objectivity.
18. The team has been externally assessed as compliant with those professional standards and code of ethics.
19. The HAMA in BCP Council operates within an environment where senior leaders and councillors respect the independence and objectivity that the HAMA is required to operate within.
20. Previous meetings were told that the HAMA would immediately inform the chair of Audit & Governance committee, the external auditor and relevant professional body if any individual seeks to influence or instruct the HAMA in any way which impacts independence or objectivity of this investigation. No such escalation has been required.

### **Options Appraisal**

21. A&G Committee has previously discussed and voted on the options for this investigation. An initial Internal Audit led investigation was agreed.
22. A&G Committee members have recognised that, at the conclusion of this investigation, there may still be gaps in understanding, some scope sub-questions may not be fully answered or resolved.
23. The Committee may, or may not, decide that further investigation through other means is required. Other means could include:
  - Specific questions posed to specific individuals (accepting that individuals who have left the Council, or FPL may choose to ignore the request).
  - Commission further specific lines of enquiry – defining the scope and identifying suitable person(s) to perform the task.

### **Summary of financial implications**

24. The Council's in-house Internal Audit team has conducted the investigation via salaried staff, mainly the HAMA. The cost of the investigation to date (24/9/25) is approximately £25,650. (57 days x £450 day rate).

57 days assumes the standard working day of 7.5 hours. In order to meet the agreed timetable for reporting, working days have increased beyond this standard, additional hours worked are approximately 60 hours. The notional cost\* of these additional hours is approximately £3,600 ((60 / 7.5)x450).



*\*notional - because the Council has not incurred these costs in salaries, overtime or payment in lieu.*

**Summary of legal implications**

25. There are no direct legal implications from this report.

**Summary of human resources implications**

26. There are no direct human resources implications from this report.

**Summary of sustainability impact**

27. There are no direct sustainability impact implications from this report.

**Summary of public health implications**

28. There are no direct public health implications from this report.

**Summary of equality implications**

29. There are no direct equality implications from this report.

**Summary of risk assessment**

30. The risk implications are set out in the content of this report.

**Background papers**

None

**Appendices**

**PART A (Scope items 1 to 4) - INTERNAL AUDIT REPORT**

**Creation, operational running and closure of BCP FuturePlaces Ltd. (Company no. 13465045)**

**Confidential Appendix (Section F of the report)**

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# **PART A - INTERNAL AUDIT REPORT**

## **Creation, operational running and closure of BCP FuturePlaces Ltd. (Company no. 13465045)**



### **PART A SCOPE ITEMS 1-4 this report**

### **PART B SCOPE ITEMS 5-8 to follow**

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This report is structured in the following way:

Section A - Background and summary objectives

Section B - Key Findings

Section C - Recommendations

Section D – Scope sub-questions appendix

Section E – Detailed scope evidence base appendices (Public) - (not all detailed scope areas require an appendix so these do not run sequentially, there will be numbering gaps)

Section F – Detailed scope evidence base appendices (Confidential) - (not all detailed scope areas require a confidential appendix so these do not run sequentially, there will be numbering gaps)

Confidential appendices contain personal information and are include so Councillors can fully understand matters without the need for redaction.

<b>Author &amp; Issued by:</b>	Nigel Stannard, Head of Audit & Management Assurance (Chief Internal Auditor)	
<b>Date</b>	16/9/2025	
<b>Distribution:</b>	A&G Committee members Millie Earl - Leader of the Council Mike Cox – Portfolio Holder	Version Number: PART A v1.00 (Scope item 1-4)

## A. Background and summary objectives

### Scope

The Audit & Governance Committee (A&G) agreed, on 29 May 2025, a detailed scope for an Internal Audit led investigation into the arrangements in place for the creation, operational running and closure of BCP FuturePlaces Limited. (FPL)

The scope took into account:

- Views aired by A&G committee members;
- Views of BCP residents who sent their comments to A&G committee members;
- Views of other councillors who sent their comments to A&G committee members.

A&G also agreed that a significant number of detailed and specific sub-questions posed by the above individuals would be answered, as far as practicable, during the investigation by aligning them to the relevant scope area. These specific questions are shown at Section D in red text. In the final version of this report - at the end of each question there will be a reconciliation reference to show where that question is answered in the main body of the report in section B Key Findings.

**The primary objective of the investigation is to, as robustly and completely as practicable, respond to the agreed scope and sub-questions. The findings are wherever possible factual based on evidence – where evidence has not been found this is also reported.**

Other factors and commentary relevant to the scope and taking into account what was resolved at various A&G Committee meetings:

- Interviews of individuals – it was clear that some committee members believed interviewing previous ex-councillors and or ex-staff/directors was needed, this was heard at several committee meetings, and was re-iterated subsequently, but that was not agreed (resolved) by committee.
- The investigator has pragmatically sought clarification to specific matters from staff or councillors who are still part of BCP Council – this was via discussion not interview.
- Some committee members said they had external sources of information that they believed were essential to the investigation. Committee members were invited to send/give the investigator any evidence they had on the proviso it was factual evidence; not testimony or hearsay which could be manipulated to suit an opinion or stance; it addressed the scope items, and they reasonably believe the investigator would not be able or not likely to access through the searches (of emails for example) agreed in the committee resolution.
- External sources of information or evidence could include WhatsApp messages, personal files, phone records and printed documents (screen shots). Such records are not official business records and can be manipulated. The investigator has taken this into account and has highlight the source if it has been used in this report.
- The investigator has utilised, as appropriate, information provided to individuals who had submitted Freedom of Information (FOI) requests relating to BCP FuturePlaces, or the Council's governance and arrangements thereof.

### Reporting expectations and timelines

It was resolved at the A&G meeting on 20 March 2025 that this investigation should seek to report back to committee in six months. That would be approximately by the end of September 2025.

At the meeting on 29 May 2025, Committee members and the Chief Executive expressed a preference that relevant elements of the investigation should aim to conclude and report before the Chief Executive retires from the Council at the end of August 2025. It was subsequently agreed that an extra meeting of the Committee will be held on 18 August 2025 to receive an 'Interim' report.

This meeting was cancelled due to a local by-election and as an alternative the Chief Executive has provided comment on specific scope items and on more general matters. Where relevant the Chief Executive comments are included in this report.

Scope items where I have not started or concluded my findings are marked with the following comment in this 'PART A' report:

*'Investigation work has not concluded on this scope item'*

The Chair of Audit & Governance Committee, Cllr Connolly, decided that Committee should receive the report in two parts, given the length and detail. Cllr Connolly felt Committee would not have adequate time in one meeting to robustly consider all elements of the report. It was agreed that the A&G Committee meeting on 24 September 2024 would receive a 'PART A' report for scope items 1 to 4, and a subsequent meeting would receive PART B and final report incorporating scope items 5 to 8. This also provides me as the investigator time to finalise investigation work, in scope areas 5 to 8.

It may be necessary to add to or adjust PART A report findings, in scope items 1-4, if new or related information is subsequently identified for the PART B and final report.

Whilst the Interim Corporate Director for Resources reported, 11 January 2024, on lessons learnt from the closure of BCP FuturePlaces via agenda item 8 – Council Owned Companies Shareholder Governance Review, the PART B and final investigation report will make recommendations where it is appropriate to do so and assign lead officer and target dates for implementation.

For the avoidance of any doubt, this 'PART A' report does not include recommendations at this stage, priority has instead been given to covering as much of the scope findings as possible.

I propose that A&G Committee will monitor the implementation of final report recommendations utilising the agreed methodology for High recommendations. This means Internal Audit will report on their implementation, or not, by the due date, to the next available committee. Lead officers will be invited to committee to explain any slipped or non-implemented recommendations.

### **Independence of the investigator and Internal Audit**

Internal Audit work to a strict set of professional standards and a code of ethics, and work is done with complete independence and objectivity.

The team has been externally assessed as compliant with those professional standards and code of ethics.

In BCP Council, I operate within an environment where senior leaders and councillors respect the independence and objectivity that I am required to operate within.

It was explained at the A&G meeting 29 May 2025 that councillors and the general public could be assured that I would immediately inform the chair of Audit & Governance

committee, the external auditor and my relevant professional body if any individual sought to influence or instruct in any way which impacted my independence or objectivity during investigation. No such influence or instruction has taken place, accordingly no escalation has been required during this investigation.

### **Investigation methodology**

My role in this investigation has been to obtain evidence that supports fact – for example, this happened, this did not happen. Some evidence has always been readily available or has been presented to various Committees in the past, this report brings that evidence and information together. The report consequently repeats some information previously seen by the A&G committee during the period that the scoping of this investigation took place.

### **Summary of financial implications**

I have conducted this investigation with some support from salaried staff within the Internal Audit team. The cost of investigation up to this 'PART A' report has been approximately £25,650. This is using a £450 per day proxy. The 'Final' report will be updated with the final approximate cost.

I have not sought to quantify the total cost of other colleagues outside of the Internal Audit team who have responded to question and issues I have raised during the investigation.

### **Forward look**

**A&G Committee members have recognised that, at the conclusion of this investigation, there may still be gaps in understanding, some scope sub-questions may not be fully answered or resolved.**

**The committee may, or may not, decide that further investigation through other means is required. Other means could include:**

- Specific questions posed to specific individuals (accepting that individuals who have left the Council, or FPL may choose to ignore the request)
- Commission further specific lines of enquiry – defining the scope and identifying suitable person(s) to perform the task



## **B. Key Findings**

**This section of the report is structured and ordered using the same numbering as the agreed A&G Committee scope. Numbers 1 to 8 are the main scope heading areas:**

1. Timeline and key decisions taken
2. Decision to create BCP FuturePlaces Ltd - Cabinet 26 May 2021
3. Establishment and operation of BCP FuturePlaces Ltd
4. Detailed expenditure incurred by BCP FuturePlaces Ltd
5. Items requiring specific assurance
6. Council oversight of BCP FuturePlaces Ltd
7. Decision to close of BCP FuturePlaces Ltd – Cabinet 27 September 2023
8. Lessons learnt update including any additions as a result of this investigation

**The detailed scope areas (1.1, 1.2, etc) are also shown in the exact same numbering as the agreed A&G Committee scope.**

**These detailed scope areas have been lightly shaded so they stand out within the report and then the investigation findings are summarised below each heading**

**Each detailed scope item starts on a new page.**

**Where applicable more detailed explanations and samples of evidence are included in numbered appendices in sections E and F.**

**The numbered appendices also correspond to the detailed scope areas, so for example appendix 2.1 refers to the scope item 2.1. Not all detailed scope areas require an appendix so the detailed scope appendices do not run sequentially (there will be numbering gaps)**

## 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).

### Table 1 - BCP COUNCIL DECISION MAKING

DATE	MEETING / EVENT	RELEVANT AGENDA ITEM SUMMARY	LINK TO DOCUMENT
10.02.2021	Cabinet	Our Vision for the Future (Our Big Plan) Bournemouth, Christchurch and Poole – the UK's newest city region	<a href="#">View link</a>
10.02.2021	Cabinet	Minutes of meeting	<a href="#">View link</a>
10.03.2021	Cabinet	The Future of Regeneration in Bournemouth, Christchurch and Poole <i>This report summarises the opportunities and the Council's ambitions for regeneration in the BCP area. It seeks to strengthen the Council's capacity to deliver, setting out an approach for reviewing and progressing the available options to realise those opportunities and ambitions. The report sets out the options for increasing our regeneration delivery capacity, working with an urban regeneration company and other forms of partnership as well as sourcing external consultancy input. The report authorises procurement of external consultants (who would be Inner Circle) to provide the council with advice and support. Funded from £1.75m revenue budget for regeneration (which was added to the 2021/22 base budget)</i>	<a href="#">View link</a>
10.03.2021	Cabinet	Minutes of meeting	<a href="#">View link</a>
26.05.2021	Cabinet	Proposed Regeneration Vehicle Options Appraisal <i>To achieve the Council's regeneration ambitions across the conurbation at pace, this report recommends the creation of a wholly owned Urban Regeneration Company (URC). The URC will bring together the resources, leadership, and focus required to deliver the ambitions set out in the Big Plan which was considered by Cabinet and Council in February</i>	<a href="#">View link</a>
26.05.2021	Cabinet	Minutes of Meeting	<a href="#">View link</a>
08.06.2021	Officer Decision Record	<i>To approve business case to create the BCP Urban Regeneration Company and to establish the company in line with the decision of Cabinet of 26 May 2021. To provide further information requested by Cabinet in its report 26 May 2021. Following consideration of the business case the formal decision is taken to establish the URC as a corporate entity and enable it to operate as soon as possible.</i>	<a href="#">View link</a>

		<i>Initial cost will be contained within the council's approved regeneration budget of £1.75m or pre-existing base budget allocations</i>	
20.09.2021	Overview & Scrutiny Board	Minutes of Meeting <i>Moved by Cllr Cox, seconded by Cllr Dedman to recommend to Cabinet a change of wording to Recommendation C to put on hold additional resources for regeneration purposes (including to the URC) pending greater clarity on MTFP and 2021/22 budget overspend forecasts. Move defeated – Voting 5 in favour, 10 against</i>	<a href="#">View link</a>
29.09.2021	Cabinet	Accelerating regeneration and investment in the BCP area <i>This report sets out how the Council can bring forward an innovative approach to the way we manage regeneration and development. ... This report describes how by forming a URC the Council will enable investment to be delivered at a greater pace and scale without compromising the quality and sustainability of development. The report also considers the future role of Bournemouth Development Company (BDC) and the plans for delivering the Bournemouth Town Deal for Boscombe. Recommendations include agreeing additional £3.470M in 2021/22 to support regeneration programme which would need Council approval</i>	<a href="#">View link</a>
29.09.2021	Cabinet	Minutes of Meeting	<a href="#">View link</a>
09.11.2021	Council	Minutes of the Meeting <i>Approval for additional funding of £3.470M in 2021/22 Voting – For - 41, Against - 8, Abstentions 13</i>	<a href="#">View Link</a>
18.10.2021	Overview & Scrutiny Board	Minutes of the Meeting <i>Moved by Member and duly seconded to recommend to Cabinet that the URC Board has cross party representation Move defeated – For-6, Against-6, Abstentions-1 The Chair used casting vote</i>	<a href="#">View link</a>
27.10.2021	Cabinet	BCP Commissioning Plan for Regeneration and Development and Urban Regeneration Company Business Plan <i>This report proposes that the Council should adopt a key commissioning model for regeneration working with key partners including its URC, BCP FuturePlaces Limited, the Bournemouth Development Company (BDC) and the Boscombe Towns Fund Board to delivery high quality regeneration and development for residents. This report explains the Council's approach, detailing how it will commission services from FuturePlaces; the initial plans for regenerating key sites, and the anticipated outcomes from the approach.</i>	<a href="#">View link</a>
27.10.2021	Cabinet	Minutes of the Meeting	<a href="#">View link</a>

10.03.2022	Audit & Governance Committee	Minutes of the Meeting <i>A briefing presentation about FuturePlaces</i>	<a href="#">View link</a>
16.05.2022	Portfolio Holder Decision Record Cllr Drew Mellor, Leader of the Council	Funding of BCP FuturePlaces  <i>Approve the carry forward of resources that Council previously allocated to regeneration from 2021/22 to 2022/23</i>	<a href="#">View link</a>
16.06.2022	Place Overview & Scrutiny Committee	Minutes of the Meeting <i>The minutes show there was significant scrutiny of the new (capital based) business plan and funding mechanism (18 minuted separate bullet points, no formal recommendations made for Cabinet to consider.</i>	<a href="#">View link</a>
22.06.2022	Cabinet	BCP FuturePlaces Ltd – Revised business plan and funding mechanism (Move to £8m working capital loan arrangement) <i>This report seeks approval for funding changes to the business model due to revised approach as proposed in the Councils 2022/23 Budget as to how the company will be funded. It also seeks approval for the revised company business plan as Council approval as sole shareholder as such a change is a reserved matter under the Shareholders Agreement.</i>  <i>It also seeks approval to streamline the Gateway Approval process outlined in the Commissioning Plan. The changes seek to remove duplication and ensure that each new stage builds on, and complements, its predecessor. There will not be a reduction in the work required to investigate options for delivery of each project and it is still based on HM Treasury Green Book guidance.</i>	<a href="#">View link</a>
22.06.2022	Cabinet	Minutes of the Meeting <i>Recommendations unanimously agreed</i>	<a href="#">View link</a>
12.07.2022	Council	Minutes of the Meeting <i>Approval for new (capital) based funding model and £8M working capital loan facility</i> <i>Voting – For-33, Against-27, Abstentions-3</i>	<a href="#">View link</a>
07.09.2022	Cabinet	BCP FuturePlaces Ltd - Appointment of Independent Chair and Non-Executive Directors (NEDs)	<a href="#">View link</a>
07.09.2022	Cabinet	Minutes of the Meeting <i>Recommendations unanimously agreed</i>	<a href="#">View link</a>
11.01.2023	Cabinet	Bournemouth Towns Fund update <i>In addition to the main elements of the report this included a progress update from BCP FuturePlaces on its work to date on wider masterplan (phase2) and regeneration of Boscombe Town Centre</i>	<a href="#">View link</a>

11.01.2023	Cabinet	Minutes of the Meeting	<a href="#">View Link</a>
08.02.2023	Cabinet	Approve Outline Business Case (OBC) for Chapel Lane car park, agree to pay FPL £31k.	<a href="#">View link</a>
16.02.2023	Officer Decision Record	To approve Outline Business Case (OBC) for Constitution Hill site, agree to pay FPL £42k. To move responsibility for progression into the Council's CNHAS programme and for Housing Development Services will lead and progress the scheme to full business case FPL to retain a design quality and placemaking role	<a href="#">View link</a>
08.03.2023	Cabinet	Approve Outline Business Case (OBC) for Poole Civic Centre site £250k,(agenda item 10) Christchurch Civic Centre £169k (agenda item 11) site and Beach Rd car park £74k(agenda item 12), agree to pay FPL. Cabinet also resolves to move to Full Business Case (FBC) for the three sites. Poole and Christchurch sites require Council approval to move to FBC because of financial cost.  Notes Annual Review 22/23 of FPL (agenda item 13)	<a href="#">View link</a>
21.03.2023	Council	Minutes of the meeting Does not agree to move Poole Civic Centre and Christchurch Civic Centre sites to FBC. Reason - Pause the project for further consideration and for next administration following May elections. Voting not to move to FBC Poole = For 33, against27, abstain2.  Voting not to move to FBC Christchurch = For 34, against26, abstain2.	<a href="#">View link</a>
06.09.2023	Cabinet	Responding to the Best Value Notice <i>This report contains link to the Best value Notice itself and internal governance review conducted by the Chief Executive and external review conducted by DLUCH</i>	<a href="#">View link</a> <a href="#">BV Notice</a> <a href="#">Ext review</a>
07.09.2023	Audit & Governance Committee	Grant Thornton: Auditor's Annual Report 2021/22 & 2022/23 (Value for money arrangements report) <i>Auditor refers to significant weakness (no.5) SW5– Economy, effectiveness and efficiency- Key Recommendation 5 The Council must A) Ensure it has a robust decision making process in place for specific initiatives including the transformation programme, BCP</i>	<a href="#">View link</a>

		<p><i>FuturePlaces and other service delivery models as well as capital projects and small investments.</i></p> <p><i>B) Ensure there is robust scrutiny and a sound business case for selling Council assets to fund the transformation programme. This should include a fit for purpose mechanism for developing a Business case, financial appraisal models, and sufficient programme management support to ensure programme objectives are identified, project plans are developed, objectives are delivered, and risk/reward and issues are identified and mitigated/ enhanced.</i></p> <p><i>C) Establish a regular cycle of reviewing business plans in relation to all high value and high-risk investments including its subsidiary companies such as BCP FuturePlaces.</i></p> <p><i>The external auditor noted:</i></p>	
<p><b>New administration</b></p> <p>We recognise, that since the May 2023 elections and following a change in administration, there have been some early indications of a change in the approach to decision making at the Council with a clear view that the Council can no longer continue on its current path and that a more prudent, cautious approach to governance and decision making is needed.</p> <p>From a financial management perspective, we take assurances from the recent actions to mitigate some of the immediate financial challenges facing the Council, including confirmation that the Capitalisation Direction is no longer a consideration and provision being made for potential costs associated with the future role of BCP FuturePlaces. Importantly, the July 2023 MTFP update report to Cabinet provided a fundamentally rebased MTFP that now provides a better representation of the scale of the challenges facing the Council into the medium term along with a proposed financial strategy to bring the Council back onto a more sustainable footing. Whilst a good first step, the challenges of actioning the changes required should not be underestimated.</p> <p>We are also encouraged by the recent decision by the new administration to review the transformation programme and BCP FuturePlaces and what is deliverable at what cost as well as a more detailed review of current service provision to identify further savings aimed at addressing the underlying deficit that has been masked to date through use of reserves and additional funding from Central Government during the Covid-19 pandemic.</p>			
07.09.2023	Audit & Governance Committee	Minutes of the Meeting	<a href="#">View link</a>
20.09.2023	Corporate and Community Overview & Scrutiny Committee (renamed Overview & Scrutiny Board)	<p>Minutes of the Meeting</p> <p><i>Scrutiny of the report to Cabinet (27/9/23) recommending closure of BCP FuturePlaces.</i></p> <p><i>Minutes included a public statement from Gail Mayhew, Managing Director, 'FuturePlaces' <u>Statement</u></i></p> <p><i>I am extremely proud of the work that FuturePlaces has done in raising the aspirations for regeneration and placemaking in Bournemouth, Christchurch and Poole. This work has attracted interest from national public and private investors alike. I recognise that the ongoing financial situation of the council requires a different solution. BCP FuturePlaces has played a part in setting a new agenda and proposed structures for placemaking and high-quality development delivery which may be taken forward positively by the Council as it</i></p>	<a href="#">View link</a>



		<i>takes over the lead role on key sites such as Holes Bay and the BIC. FuturePlaces drive has been to deliver the highest quality development for communities and people in BCP. It is therefore regrettable that the DLUHC report raised questions around governance which may have been wrongly interpreted as attaching to the FuturePlaces team.</i>	
27.09.2023	Cabinet	The Future of BCP FuturePlaces Ltd, investment and development <i>This report makes recommendations (to close BCP FuturePlaces) following a review of BCP FuturePlaces Ltd.'s work programme and business plan to enable BCP Council to deliver financially sustainable investment and development.</i>	<a href="#">View link</a>
27.09.2023	Cabinet	Minutes of Meeting	<a href="#">View link</a>
25.10.2023	Cabinet	Christchurch Civic Offices <i>Cabinet recommends to Council sale of Christchurch Civic Centre – reference to outline business case (OBC) prepared by BCP FuturePlaces (hotel scheme) in options appraisal section which goes on to say there was a £0.7m per annum viability gap in the OBC so was not progressed.</i>	<a href="#">View link</a>
25.10.2023	Cabinet	Minutes of the meeting	Cannot access
07.11.2023	Council	Minutes of Meeting <i>RESOLVED that Council: - after consideration of any feedback from a consultation with Christchurch Town Council, approve the disposal of the former civic offices in Christchurch on such terms to be approved by the Chief Financial Officer, also acting in his capacity as Corporate Property Officer, in consultation with the Portfolio Holder for Finance.</i> <i>Voting: For: 57, Against: 5, Abstention: 3.</i>	<a href="#">View link</a>
10.01.2024	Cabinet	Council-Owned Companies – Shareholder Governance Review <i>This report sets out the action taken to ensure appropriate and effective governance of Council owned companies including the independent governance review undertaken by DLUHC, a self assessment review of Council-owned companies undertaken by the Council's Internal Audit Team, and the governance review undertaken by the Interim Chair of BCP FuturePlaces Ltd which considered lessons learnt over the first year of operation.</i>  <i>Following the work undertaken above and the subsequent closure of BCP FuturePlaces Ltd, a review of shareholder governance arrangements for all Council-owned companies was</i>	<a href="#">View link</a>

		<p><i>undertaken by the Interim Corporate Director for Resources in November 2023.</i></p> <p><i>The review recommends changes designed to provide clearer understanding of the respective roles, decision-making arrangements, and improved accountability along with next steps for implementation should these recommendations be approved.</i></p>	
10.01.2024	Cabinet	Minutes of the Meeting	<a href="#">View link</a>
11.01.2024	Audit & Governance Committee	<p><b>Council Owned Companies Shareholder Governance Review</b></p> <p><i>Following a question raised at Council on 7 November 2023, the Leader of the Council has asked the Audit &amp; Governance Committee to consider a report on lessons learnt from a governance perspective following the closure of the Council's Urban Regeneration Company – BCP FuturePlaces Limited.</i></p> <p><i>This report sets out the action taken to ensure appropriate and effective governance of Council owned companies including the independent governance review undertaken by DLUHC, a self assessment review of Council-owned companies undertaken by the Council's Internal Audit Team, and the governance review undertaken by the Interim Chair of BCP FuturePlaces Ltd which considered lessons learnt over the first year of operation.</i></p> <p><i>Following the work undertaken above and the subsequent closure of BCP FuturePlaces Ltd, a review of shareholder governance arrangements for all Council-owned companies was undertaken by the Interim Corporate Director for Resources in November 2023.</i></p> <p><i>The review recommends changes designed to provide clearer understanding of the respective roles, decision-making arrangements, and improved accountability along with next steps for implementation should these recommendations be approved.</i></p>	<a href="#">View link</a>
11.01.2024	Audit & Governance Committee	Minutes of the Meeting	<a href="#">View link</a>
17.07.2024	Cabinet	<p><b>Financial Outturn Report BCP FuturePlaces Ltd</b></p> <p><i>15. BCP FuturePlaces Ltd is a wholly owned subsidiary of the Council. It was set up to provide development advice to the council regarding its strategic regeneration schemes across the three towns.</i></p> <p><i>16. In September 2023 the company's only shareholder, BCP Council resolved to bring all</i></p>	<a href="#">View link</a>

		<p>activities in-house with the staff joining the councils regeneration and housing options teams to form the new directorate for Investment and Development. Subsequently, on 31 October 2023 all the business assets and employees of the company were transferred to the council and the company is expected to cease trading in 2024. The company financial statements for 2023/24 have, therefore, been prepared on a basis other than going concern.</p> <p>17. The company sales for the year (all to the council) were £3.3m with a gross profit of £2.3m. After administrative expenses of £1.2m and interest and other costs of £0.3m the net profit achieved was £0.8m. This amount reduces the company accumulated deficit brought forward from March 2023 of £3.2m to £2.4m. This deficit is backed by a loan from the council which is now irrecoverable. The council set aside a £4m provision against company losses leaving £1.6m available to fund the additional revenue costs picked up by the council for regeneration activity in 2023/24</p> <p>18. Due to the materiality level for the council's statement of accounts, FuturePlaces activities will not be consolidated into the group accounts, but the financial outcome as described above will be reflected in the council's overall general fund position.</p>	
25.07.2024	Audit & Governance Committee	Grant Thornton: Interim Auditor's Annual Report for the year ended 31 March 2024 Grant Thornton note the closure of BCP FuturePlaces and recommendations previously made are closed	<a href="#">View link</a>
25.07.2024	Audit & Governance Committee	Minutes of the Meeting	<a href="#">View link</a>
02.10.2024	Cabinet	<p>Council owned companies Shareholder Governance Review</p> <p>This report sets out the action taken following the reports to Audit &amp; Governance Committee on 11 January 2024, and to Cabinet on 10 January 2024, advising on the lessons learnt from a governance perspective following the closure of the Council's Urban Regeneration Company – BCP Future Places. These reports recommended changes designed to provide a clearer understanding of the respective roles, decision-making arrangements and improved accountability for council owned companies.</p> <p>In response to the recommendations from both Audit &amp; Governance Committee and Cabinet this report now sets out the detailed governance framework proposed by BCP Council via the establishment of the Shareholder Advisory</p>	<a href="#">View link</a>

		<p><i>Board and the Shareholder Operations Board together with supporting Guidance for Councillors and Officers appointed to Outside Bodies.</i></p> <p><i>A further report providing an update following a review of the existing Council owned companies on their effectiveness will be presented to a future meeting of Cabinet.</i></p> <p><i>It is also noted that in line with the governance framework initially approved by Audit &amp; Governance Committee and Cabinet in January 2024, BCP Councillors currently appointed to council owned companies will be removed and replaced with Officer appointments. Further details about these arrangements will be detailed in a further report to Cabinet</i></p>	
02.10.2024	Cabinet	Minutes of the Meeting	<a href="#">View link</a>
15.10.2024	Council	Minutes of the Meeting	<a href="#">View link</a>
Reconvened on 04.11.2024		<p>Council approved the inclusion of the Shareholder Governance Framework in the Council's Constitution subject to amendments</p> <p><i>RESOLVED that Council: -</i></p> <p><i>(a) Approve the Shareholder Advisory Board and Shareholder Operations Board Governance Framework for inclusion in the Council's Constitution subject to the replacement of 'be appointed' with 'normally be nominated' into the final paragraph of 1.5.2 so as to read 'For clarification, BCP Councillors will not normally be nominated by BCP Council to Boards of Council Companies';</i></p> <p><i>(b) Approve the Guidance to Councillors and Officers Appointed to Outside Bodies for inclusion in the Council's Constitution; and</i></p> <p><i>(c) Delegate authority to the Monitoring Officer to take all steps necessary to ensure the Council's Constitution remains up to date in respect of these documents.</i></p>	

## Table 2 - BCP FUTUREPLACES LIMITED (FPL)TIMELINE OF EVENTS

(relevant as far as is practicable to the scope items in this report) – *this timeline does not attempt to be an exhaustive timeline of every event involving FPL and BCP Council (as FPL Shareholder))*

BCP FUTUREPLACES Ltd = FPL in this table

DATE	EVENT	LINK (if available and relevant) or whereabouts in this report
18 June 2021	FPL is formally incorporated at Companies House – Graham Farrant Director	<a href="#">Articles of Association</a>
Early July (and to the end of financial year 31/3/22)	BCP Council creates a separate FPL cost centre within the Council's finance system for FPL financial activity and any costs incurred are met by BCP Council who pay supplier and creditors direct. <i>There was an eventual recharge (via BCP Council invoice(s)) at the end of the 21/22 financial year to FPL for these costs (i.e. costs paid for by the Council on FPL's behalf). FPL then invoiced (sales) the Council for these costs (i.e. the Council paying for these costs as the customer). These two transactions were circular to ensure the relevant debit and credit transactions appear in the general ledger/accounts and cash/bank of FPL but because of VAT nuance and timings the invoice amounts were not identical (in the Council accounts and the FPL accounts)</i>	See 4
5 July 2021	Managing Director appointed, initially on interim basis	See 3.1
July and August 2021	Appointment of five further interim staff members including Chief Operating Officer (COO) and Strategic Engagement Director. All five on interim contracts via Comensura, the Council's neutral third party vendor supplier of agency workers.	See 3.1
6 Oct 2021	FPL Business Plan 2021/23 is produced and agreed by Cabinet on 27 October 2021. Where FPL are to – “Provide extra bandwidth to existing property facing departments within the council by providing additional place making and real estate expertise, advising and supporting the Council on an initial list of 14 projects”. Emphasis on Stewardship proposition – a longer term interest in the place, patient capital, value creation (economic, social and environmental) over the long term instead of value extraction in the short term (by investors). The FPL business plan also included six thematic projects and further mentioned FPL involvement in a number of cross-cutting strategic initiatives.	
14 Oct 2021	Cllrs Mellor and Broadhead formally registered as directors of company at Companies House. The COO sends a note to the Council's MO which states that	<a href="#">Filing History</a>

	independent executive directors need to be appointed asap	
29 Oct 2021	First formal FPL Board meeting, Cllr Broadhead nominated as Chair. Thereafter Board meetings took place on an approximate six weekly basis – Board meetings were structured with an agenda, minutes were produced, together with an actions log	See 3.3
1 Nov 2021	Managing Director becomes permanent employee of FPL (formal start date for employment purposes)	See 3.1
Mid Nov	Strategic Engagement Director becomes permanent employee of FPL (formal start date for employment purposes)	See 3.1
26 Nov 2021	First transaction to FPL HSBC bank account. £5k credit drawdown on the £400k (initially) agreed working capital loan. £5k pragmatic to merely set up bank account.	See Appendix 1.1 Table 2 Working capital loan summary
16 Dec 2021	Board meeting action log states – Explore ways to maintain stewardship with a working capital (loan) financial model – whilst not stated in the action log this is as a result of MTFP revenue budget pressures	
20 Dec 2021	BCP Council awards FPL £100k ARG4 grant for 'Place Value Identification to inform a Brand & Place making Strategy for the BCP area' and pays into FPL's HSBC bank account. <i>Note – FPL were not the final recipient of this grant, FPL commission 1HQ to do this work</i>	
1 Jan 2022	Chief Operating Officer becomes permanent employee of FPL (formal start date for employment purposes)	See 3.1
25 Jan 2022	FPL directors, Mellor and Farrant sign working capital loan agreement (1) for £400,000. Drawdown is not automatic, FPL (the borrower) needs to request*, following the procedure in the agreement. <i>*this excludes the £5k drawdown shown at 26 Nov 2021 entry, which was instigated by the Council</i>	
27 Jan 2022	Managing Director and Chief Operating Officer are formally registered as directors of company lodged at Companies House	<a href="#">Filing History</a>
27 Jan 2022	FPL Board minutes show that FPL premises (office location) has been Poole civic centre annexe and is being closed in May 2022. Action for the COO to bring forward to next meeting an accommodation business case report.	
1 Feb 2022	Formal Termination of appointment of Graham Farrant as a FPL director on 31 January 2022 lodged at Companies House	<a href="#">Filing History</a>
3 Feb 2022	BCP Council set up FPL Barclays Bank account (following tendered change of bank) – note first transaction did not hit this bank account until 27 April 2022	Bank statements are available
15 Feb 2022	New bespoke Memorandum and Articles of Association lodged at Companies House (replacing initial model articles)	<a href="#">Articles</a>



23 Feb 2022	First debit transaction through FPL bank (HSBC) account, and first direct posting to FPL separate ledger(s). <i>Up to this point BCP Council paid for (bank) and posted to FPL cost centre in BCP ledger (see early July 2021 entry in this table)</i>	Bank statements are available																
24 Mar 2022	Terms of Reference (ToR) for Remuneration Committee are produced by the company secretary – ToR state that all members shall be independent members																	
31 Mar 2022	Financial Year End 21/22 for FPL and the Council – Accounts produced on an accruals basis so relevant 21/22 transactions are processed well into 22/23 as FPL statutory reporting (filing) date is not until 31/12/22. The Council has an earlier statutory reporting date. This means some accrual estimates are different between FPL and Council accounts – both are “true and fair” (external auditors’ opinion)																	
25 Mar 2022	<p>BCP Council presents two invoices to FPL for costs incurred during 21/22 by FPL but were recorded in Council cost centre and ledgers. The two invoices aggregate to £1,213,608.29 + 177,870.91 VAT = £1,391,479.20 .</p> <table border="1"><thead><tr><th>Invoice no</th><th>£ Amount</th><th>£VAT</th><th>£ Inv. Total</th></tr></thead><tbody><tr><td>1261609</td><td>1,130,023.29</td><td>161,153.91</td><td>1,291,177.20</td></tr><tr><td>1261667</td><td>83,585.00</td><td>16,717.00</td><td>100,302.00</td></tr><tr><td>Total</td><td>1,213,608.29</td><td>177,870.91</td><td>1,391,479.20</td></tr></tbody></table> <p><i>Invoice 1261609 - Important to note not all costs were subject to VAT (this was a disbursement recharge of costs not a sales invoice) so VAT total above does not equal 20% of net invoice total. Non-vatable expenditure includes salaries and wages for example.</i></p> <p><i>Invoice 1261667 – All costs subject to VAT (this was a sales invoice for council services provided to FPL so VAT at 20% applied).</i></p> <p><i>These two invoices were paid by FPL on 29 April. This was after the point the Council had paid/settled the sales invoice from FPL, see 26 April 2022.</i></p>	Invoice no	£ Amount	£VAT	£ Inv. Total	1261609	1,130,023.29	161,153.91	1,291,177.20	1261667	83,585.00	16,717.00	100,302.00	Total	1,213,608.29	177,870.91	1,391,479.20	See Appendix 1.1, Table 2, 25 March 2022
Invoice no	£ Amount	£VAT	£ Inv. Total															
1261609	1,130,023.29	161,153.91	1,291,177.20															
1261667	83,585.00	16,717.00	100,302.00															
Total	1,213,608.29	177,870.91	1,391,479.20															
26 April 2022	BCP Council pays FPL for invoice £1,107,552.59 + £221,510.52 VAT = £1,329,063.11 (FPL0001). Note this invoice is based on two invoices presented to FPL by BCP Council for costs incurred by the Council (see 25 March 2022 entry above) but also includes some minor costs incurred directly by FPL. <i>Important to note all costs were subject to VAT (this was a sales invoice, FPL being Vat registered) so VAT total above does equal 20% of net invoice total.</i>	See Appendix 1.1, Table 2, 26 April 2022																
27 April 2022	First transaction through FPL Barclays account £1,391,476.20. Transaction is a transfer actioned by FPL from its HSBC bank account.	Bank statements are available																
29 April 2022	FPL pays BCP Council (from its’ Barclays bank account) for the two invoices shown at 25 Mar 2022 entry above. £1,391,479.20	See Appendix 1.1 Table 2, 29 April 2022																

3 May 2022	Further £10k credit drawdown on the £400k (initially) agreed working capital loan. Unclear why this drawdown was made.	See Appendix 1.1 Table 2 Working capital loan summary
17 May 2022	Further £385k credit drawdown on the £400k (initially) agreed working capital loan. At this point all the initial £400k loan was drawn down. (5+10+385 =400)	See Appendix 1.1 Table 2 Working capital loan summary
12 July 2022	Council agrees £8M working capital loan facility. Accordingly, FPL produce a revised/updated Business Plan for 22/23.	
18 July 2022	FPL Board minutes indicate that FPL have secured new premises (office in Exeter Rd, Bournemouth BH2 5AY) and are close to moving in after some minor work is completed. Exact move in date – Office licence agreement is 1/8/2022. Licence fees are paid to Hinton Road Investments Ltd (who appear to be the rent collection entity with the Bourne Space Group)	Minutes available on file.  Also See 5.5
29 July 2022	FPL pay Hinton Rd Investments Ltd £60,750 + £10,800 VAT = £71,550. This sum is made up of £54,000 rent/licence for 12 months which is subject to VAT and £6,750 deposit (refundable) when occupancy is terminated. (refunded on 10 Jan 2024)	
9 Aug 2022	FPL directors, the MD and COO sign working capital loan agreement (2) for £8,000,000	
10 Aug 2022	Further £800k credit drawdown on the new £8M (extended) agreed working capital loan.	See Appendix 1.1 Table 2 Working capital loan summary
11 Oct 2022	Appointment of Lord Kerslake as a director on 1 October 2022 Lodged at Companies House – Non Executive Director and Chair of the Board	<a href="#">Filing History</a>
27 Oct 2022	Further £850k credit drawdown on the £8M (extended) agreed working capital loan.	See Appendix 1.1 Table 2 Working capital loan summary
9 Nov 2022	Termination of appointment of Philip Broadhead as a director on 8 November 2022	<a href="#">Filing History</a>
7 Dec 2022	BCP Council presents final invoice (final reconciliation) to FPL for costs incurred during 21/22 by FPL but were recorded in Council cost centre and ledgers. The invoices was for £262,253.70 + 35,135.18 VAT = £297,388.88. <i>Invoice 12869640 - Important to note not all costs were subject to VAT (this was a disbursement recharge of costs not a sales invoice) so VAT total above does not equal 20% of net invoice total. Non-vatable expenditure includes salaries and wages for example.</i>	See Appendix 1.1 Table 2, 7 Dec 2022

	<i>This invoice was paid by FPL on 27 January 2023. This was after the point the Council had paid/settled the sales invoice from FPL, see 23 January 2023.</i>	
20 Dec 2022	Accounts for a small company made up to 31 March 2022 (audited 21/22 accounts) are filed at Companies House	<a href="#">21/22 Accounts</a>
1 Jan 2023 approx.	First signs (emails) that Council Commissioning Team and FPL relations are becoming strained	See 3.2.20
23 Jan 2023	BCP Council pays FPL for invoice £262,253.70 + £52,450.74 VAT = £314,704.44 (FPL0002). Note this invoice is based on the invoice presented to FPL by BCP Council for costs incurred by the Council (see 7 Dec 2022 entry above). <i>Important to note all costs were subject to VAT (this was a sales invoice, FPL being Vat registered) so VAT total above does equal 20% of net invoice total.</i>	See Appendix 1.1 Table 2, 23 Jan 2023
27 Jan 2023	FPL pays BCP Council (from its' Barclays bank account) for the invoice shown at 7 Dec 2022 entry above. £297,388.88	See Appendix 1.1 Table 2, 27 Jan 2023
19 Jan 2023	Appointment of Mr Patrick Hayes as a director on 19 January 2023 and Termination of appointment of Andrew Mellor as a director on 19 January 2023 lodged at Companies House	<a href="#">Filing History</a>
Feb 2023	BCP Council appoints a new Commissioning Director in charge of the Commissioning team, following resignation of previous post holder	
2 Feb 2023	Further £1,450k credit drawdown on the £8M (extended) agreed working capital loan.	See Appendix 1.1 Table 2 Working capital loan summary
9 Feb 2023	FPL invoice the Council for first two Outline Business Cases (OBC) for Constitution Hill £41,670 and Chapel Lane £30,975. (figures are VAT exclusive) The two figures aggregate to the total sales/turnover figure in the FPL P&L account for 22/23. (Note as a result of Cabinet resolution 8 Feb 2022) BCP Council make payment to FPL on 10/3/23	Invoices and bank statements available on file
3 Mar 2023	Appointment of Mr Ian Marcus as a director on 13 February 2023 and Appointment of Ms Karima Fahmy as a director on 13 February 2023 lodged at Companies House	<a href="#">Filing History</a>
Mar 2023	FPL Chair initiates three reviews (one from each NED) of arrangements <ul style="list-style-type: none"> <li>• Governance Review – Karima Fahmy</li> <li>• Projects Review – Pat Hayes</li> <li>• Investment Review – Ian Marcus (paused until after elections)</li> </ul>	
15 Mar 2023	BCP Council presents one disbursement invoices to FPL for costs incurred during 22/23 by FPL but were recorded in Council cost centre and ledgers (same arrangement as 21/22 and before working capital loan agreement was agreed in July 2022) £628,750.39 + £91,884.21 VAT = £720,634.60	See Appendix 1.1 Table 2, 15 Mar 2023

16 Mar 2023	BCP Council Chief Executive releases his Governance Assurance Review – Recommendation 25-28 relate to FPL	
28 Mar 2023	BCP Council presents one sales invoice for Council services provided to FPL for 22/23. £92,302.91 + £18,460.58 VAT = £110,763.49 (Paid by FPL 31/3/23)	See Appendix 1.1 Table 2, 28 Mar 27 2023
31 Mar 2023	FPL pay BCP Council for invoices shown at 15 and 28 March above.	bank statements available on file
31 Mar 2023	Financial Year End 22/23 for FPL and the Council – Accounts produced on an accruals basis so relevant 21/22 transactions are processed well into 23/24 as FPL statutory reporting (filing) date is not until 31/12/23. The Council has an earlier statutory reporting date. This means some accrual estimates are different between FPL and Council accounts – both are true and fair (external auditors' opinion)	
21 Apr 2023	Further £500k credit drawdown on the £8M (extended) agreed working capital loan.	See Appendix 1.1 Table 2 Working capital loan summary
4 May 2023	Local elections leading to new administration at BCP Council.	
5 May 2023	A former Leader of the Council is registered at Companies House as new owner of Hinton Road Investment Ltd, the company that collect the rent/licence on behalf of the owner of Office 2@Bourne Park, Exeter Rd. <i>When this becomes known in late August 2023, at the point of rent/licence renewal, this sparks speculation that FPL's Board approved decision 18 July 2022 to move to this space may have been influenced by the former leader.</i>	<a href="#">Company House link</a>  See 5.5
22 May 2023	New Leader of the Council makes maiden speech and FPL is mentioned – looking to review and to have a reduced more focused programme	
2 June 2023	Further £750k credit drawdown on the £8M (extended) agreed working capital loan Note this is the point where the cumulative loan is at its maximum amount which was £4,750k (5+10+385+800+850+1450+500+750= 4750)	See Appendix 1.1 Table 2 Working capital loan summary
13 June 2023	FPL Executive Directors assert that they have seen a draft copy of the DLUCH external assurance review (linked to the Council's Best Value Notice, see 6/9/23 entry in Table 1 above) and they believe comments (about FPL) are ambiguous and inaccurate and they should be corrected. They also query why they were not interviewed. Council Chief Executive highlights that the review had a DLUCH deadline, FPL Executive Directors could not attend the interview date originally scheduled to meet	<a href="#">Ext review</a>

	the DLUCH official and a mutually convenient alternative meeting could not be found. The Council Chief Executive also highlights that unless we can argue there is a factual error, we cannot ask the DLUCH official to merely change their opinion.	
17 June 2023	FPL NED, Karima Fahmy produces a two page Governance Review	See Appendix 1.1, table 2, 17 June
June 2023	<p>FPL Executive Officers assert that the Council's Commissioning Director makes 'defamatory comments about performance of FPL and this is leading to a false narrative.</p> <p>The COO makes what he says is a Public Interest Disclosure Act (PIDA) (aka a Whistleblowing disclosure) to the FPL Board. The acting chair of the Board (independent NED) was tasked with speaking to the Council's shareholder representative (Chief Executive).</p> <p>FPL assert nothing was done. Chief Executive says he spoke to Commissioning Director and asked him to be aware that FPL are of the view his comments are defamatory and leading to a false narrative and to consider this in any future required interaction, whether this is verbal or written.</p>	
29 June 2023	FPL COO issues a report into Investigation into Allegations of Control Failures at FuturePlaces – the report concludes there were no failures and the allegations made by the Council's Commissioning Director are wrong, defamatory and creating a false narrative and should be corrected immediately. The report goes on to say that the Commissioning Director has "vigorously and forcefully stated they do not intend to correct any record". Unclear where this report went or whether it was intended as a written evidence note.	Report available on file
1 July 2023	The death of FPL Chair, Lord Kerslake is announced	
27 July 2023	FPL invoice the Council £30,000 for Strategic Car park review part of the 23/24 LTP	
1 Aug 2023	Termination of appointment of Robert Walter Kerslake as a director on 11 July 2023 and Director's details changed for Ms Karima Fahmy on 11 July 2023 lodged at Companies House	<a href="#">Filing History</a>
3 Aug 2023	<p>FPL invoice the Council for three Outline Business Cases (OBC).</p> <p>Poole Civic Centre £156,461.97, Christchurch Civic Centre £170,163.70 and Beach Rd car park £69,088.29 (+vat on all 3 invoices)</p> <p>(Note as a result of Cabinet resolution 8 March 2022)</p> <p>FPL also invoice for further outline business case costs for Chapel Lane £44218.71 + vat, I can find no Cabinet approval for this, Cabinet only appear to have approved £31k (see 9 Feb entry on this table)</p>	Invoices and bank statements available on file



	Sums show in sales/turnover figure in the FPL P&L account for 23/24. BCP Council pays on the 8/8/2023 – for all four invoices	
9 Aug 2023	Informal meeting between FPL Executive Directors (MD and COO) and Council Chief Executive. Chief Executive states that the Council was moving towards closure of the company and this would be put forward as the recommended option to Cabinet in September. MD and COO ask whether full Council decision is required.	
11 Aug 2023	Council Chief Executive and Council Chief Operating Officer meet FPL staff setting out it is the intention to recommend to Cabinet to close the company and transfer staff to the Council (under TUPE).	
14 Aug 2023	FPL COO electronically signs (via secure portal) second year office licence agreement.	See 5.5
Mid-August to 27 Sept (Cabinet date where decision made to close FPL)	FPL Executive team produce an 'Option3' scenario which, in their view, allows for an orderly closure of FPL over 9 months to 1 year 'to protect shareholder value'. FPL Executive team say they received assurances that this option would be incorporated into the 27 Sept Cabinet report. It was not included. Option 3 in final report is – Continue FPL under a revised funding model. FPL team also suggest amendments to draft report, which includes removal of what they say is false narrative around governance failings which they say are not taken forward in final version. Considered at FPL Board 6/9/23 – A non-executive director (NED) comments: "There is a need for the report to be factually correct but (he) considered that the report was reasonably objective and did not contain any slights on FP executives or undermine the company".	Board minutes available on file
17 Aug 2023	The FPL MD has stated in a timeline she has produced that the FPL COO has 'negotiated the appointment of Pinsent Masons (legal advisors) as insolvency advisors' to FPL and its' directors. Note FPL was not insolvent.	See 5.6
18 Aug 2023	Extraordinary FPL Board meeting which agrees to weekly extraordinary board meetings until point of closure – Pinsent Mason reps. in attendance. <div> <ul style="list-style-type: none"> <li>3c: amendment to include "GF agreed that FP Co may produce an Option 3 scenario (a tapered wind down) for inclusion in the Cabinet Report."</li> <li>3d: amendment to read "It was agreed that given its current position, FuturePlaces ought to protect the value in its intellectual property and was advised to be careful when releasing the material in the meantime."</li> <li>4d: amendment to read "KF reminded the Board that at its meeting on 13 June the Board had agreed there should be no further external work instructed until the Board had clarity on FuturePlaces future prospects and the working capital availability was clearer. There should therefore have been no instruction of further third-party work since that decision. It was reinforced by GF that work on projects should not cease, and that any essential and/or time-limited work should be commissioned by BCP Council."</li> <li>6a: amendment to read: "it was noted that FuturePlaces' auditor was looking to see 12 months of liquidity and that a support letter for FuturePlaces had not yet been signed-off."</li> </ul> </div>	

23 Aug 2023	<p>Extraordinary FPL Board, key minuted points:</p> <p>4.2: amendment to read: "GF, as representative of the shareholder, confirmed that it was the Council's preference to work with FuturePlaces on issuing an assurance letter as soon as possible. This would enable FP Co to release WIP, so that its usefulness to the Local Plan and planning process could be assessed. It was highlighted that certain documents were required to be shared by FuturePlaces to enable this and progression of the [REDACTED] project, and that payment for such services would be made by the Council to FuturePlaces in the normal manner.."</p> <p>4.3: amendment to read "FuturePlaces advised that legal advice previously received had recommended caution when sharing information between FuturePlaces and the Council. [REDACTED] advised that the sale by FuturePlaces of these [REDACTED] documents to the Council in the ordinary course of its business, to realise work in progress for full value, remained appropriate as being in the best interests of the Company's relevant stakeholders at this time."</p> <p>4.5: amendment to read "GF, as representative of the shareholder, provided assurances that the Council recognised the need to pay monies owed; by the Council making such payments, FuturePlaces would be able to reduce its working capital facility and it was acknowledged that this repayment mechanism was in the best interest of both parties. GF, as representative of the shareholder, also provided assurances that the Council would provide FuturePlaces with the ability to settle all</p> <p>monies due to external creditors in a wind-down scenario ahead of the debt owed to the Council and that it would support the solvent wind up of the Company, including indemnifying the Company and its Directors."</p> <p>7.4: addition of "It was noted that an early draft of the Cabinet Report had been shared. It was agreed that the Board Members may comment on the draft and that these should be coordinated by GM. A mutually agreed PR line on the Cabinet Report would be agreed between BCP Council and FP CO."</p>	The redacted at the time box says Constitution Hill (the smaller redaction box is initials of the external legal advisor)
30 Aug 2023	<p>Extraordinary FPL Board, key minuted points:</p> <p>6.10 [REDACTED] highlighted the need to incorporate additional costs incurred by the winding up process, e.g. Legal fees. GM advised that an additional £20k had been allocated to cover such costs.</p> <p>6.11 The Board sought advice from [REDACTED] regarding whether FuturePlaces could continue to trade. [REDACTED] advised that as there was no final position with Council lawyers yet, in light of the oral support provided by Graham Farrant and the good progress being made in agreeing the letter of support from the Council, it would be premature for the Board to take the decision not to continue trading. Additionally, GF reconfirmed the Council's commitment to support FuturePlaces in managing its liabilities as it sought to conclude the winding up process, in the event that the Council decided to wind up FuturePlaces. On this basis, the Board agreed that FuturePlaces could continue to trade.</p> <p><b>RESOLVED: That FuturePlaces continue to trade.</b></p> <p><b>7 DRAFT LETTER OF ASSURANCE</b></p> <p>7.1 [REDACTED] provided an update on the progress of the drafting of the letter of assurance. The Board was informed that, following several revisions by [REDACTED] and BCP Council's legal team, a letter had been drafted that was largely acceptable to all parties. The most recent draft included amendments to provide FuturePlaces flexibility over payments, in respect of the level of control the Council would need to exert on such payments. A further draft had been submitted with suggested wording to provide FuturePlaces the freedom to incur new liabilities where they were in line with existing priorities or legal advice.</p> <p>7.2 While the draft was headed in the right direction, a final resolution had yet to be reached. The final draft would be subject to agreement from the Council's S151 officer.</p> <p>7.3 The Board sought clarity on how payments to external creditors would be managed, where payments had historically occurred but were no longer in line with the Council's newly defined priorities. GF advised that the referenced measures to control payments were only applicable to new payments, and were not intended to stop payments for previous costs.</p>	For rent issue see 5.5

	<p>Board also discussed the issue of (office) rent, after receipt of facts from a FPL employee the Board agreed to :</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>2. That immediate payment of 50% of the current £54k invoice for office rent be paid, together with the immediate exercising of the 6-month break clause option.</p> </div>	
4 Sept 2023	FPL pay Hinton Rd Investment Ltd £27,000 + vat £32,400 and exercise immediately the break clause which takes payment to end of January 2024	See 5.5
4 Oct 2023	COO resigns from FPL and was placed on gardening leave while serving out paid notice period, which was due to terminate 4 January 2024. (3 months notice).	
9 Oct 2023	Termination of appointment of COO as a company director on 9 October 2023 lodged at Companies House	<a href="#">Filing History</a>
10 Oct 2023	<p>The COO sends what he says is a Public Interest Disclosure Act (PIDA) (aka a Whistleblowing disclosure) to the Chief Executive. In the email he says he will send the email to Nigel Stannard (NS), Head of Audit &amp; Management Assurance. The COO does not send email to NS.</p> <p>On 15 October 2023, Chief Executive sends email to NS. NS considers, following Policy, the disclosure has already been extensively investigated (rent payment), there was no failure to comply with a legal obligation, payment was agreed formally by the Board and no further investigation is necessary. The COO is formally informed of the decision on 24/11/2023, including appeal and other routes available.</p>	<p>Decision record on file</p> <p>Reported to Audit &amp; Governance committee in annual report 17 Oct 2024</p>
17 Oct 2023	<p>FPL invoice the Council for £100,000, DLUCH grant funded design code costs for Poole Quay (£25k) and Landsdown (£75k)</p> <p>BCP Council pays invoice on 20/10/23</p>	Invoice and bank statements available on file
1 Nov 2023	<p>17 FPL staff are on TUPE list to transfer to the Council, 13 do so. 4 staff members decide to leave FPL before the transfer date and are paid any untaken pro-rata annual leave (contractual entitlement) by FPL before transfer date. These costs met by FPL (P&amp;L account).</p> <p><i>Note within the 13 are the MD and COO. In the case of the MD, the council did not have need for an MD so an alternative employment offer was made (Director of Regeneration), this was turned down by the MD and a redundancy process was initiated immediately. Although the COO had resigned on 4 Oct, because the individual was still within and serving notice period, TUPE applied.</i></p>	
2 Nov 2023	<p>FPL invoices Council for £6,000 Strategic Car park Review part of the 23/24 LTP. See first payment 27 July 2023.</p> <p>BCP Council pays invoice on 10/11/23</p>	Invoice and bank statements on file



6 Nov 2023	Termination of appointment of Managing Director as a company director on 31 October 2023 lodged at Companies House	<a href="#">Filing History</a>
10 Nov 2023	The COO, now TUPE'd to the Council, is not required to serve out paid notice period and, in line with contract, is paid in lieu of notice and is also paid for pro-rata untaken leave. These costs were Council cost and were not charged to FPL accounts. Total council cost £42,915.26.	Schedule on file and note subject of an FOI
21 Nov 2023	The MD sends what she says is a Public Interest Disclosure Act (PIDA) (aka a Whistleblowing disclosure) to Nigel Stannard (NS), Head of Audit & Management Assurance. NS considers, following Policy, the disclosures are not considered to be PIDA disclosures, but may be grievance matters. The MD is formally informed of the decision on 24/11/2023, including appeal and other routes available.	Decision record on file. Reported to Audit & Governance committee in annual report 17 Oct 2024
23 Nov 2023	The MD submits a grievance to HR with remedies sought.	
13 Dec 2023	MD redundancy process concludes and MD is dismissed. MD entitled to 3 months paid notice but is not required to serve out this paid notice period and, in line with contract, is paid in lieu of notice and is also paid for pro-rata untaken leave. These costs, together with November and part of December (to 13 Dec) salary were Council cost and were not charged to FPL accounts. Total council cost £87,133.69	Schedule on file and note subject of an FOI
18 Dec 2023	Accounts for a small company made up to 31 March 2023 (audited 22/23 accounts) are filed at Companies House	<a href="#">22/23 Accounts</a>
10 Jan 2024	Appointment of Mr Chris Shephard as a director on 9 January 2024 lodged at Companies House	<a href="#">Filing History</a>
9 Feb 2024	Termination of appointment of Ian Marcus as a director on 9 February 2024, Termination of appointment of Karima Fahmy as a director on 9 February 2024, Termination of appointment of Patrick Hayes as a director on 9 February 2024 lodged at Companies House	<a href="#">Filing History</a>
29 Feb 2024	Last formal scheduled and minuted company Board meeting	Available on file
8 Mar 2024 (26/3/24)	FPL invoice the Council for final Work in Progress (WIP), £2,691,704.99 +VAT = £3,230,045.98 this followed a Council assessment of whether the Council wished to purchase WIP. BCP Council makes payment on 26 March 2024	Invoices and bank statements available on file
27 Mar 2024	FPL make loan repayment to BCP Council of £2,350,000, balance outstanding now £2.4M	See Appendix 1.1 Table 2 Working capital loan summary
26 June 2024	FPL Barclays bank account closed with final payment out to BCP Council bank account £23,450.21	bank statements on file

3 July 2024	Accounts for a small company made up to 31 March 2024 (audited 23/24 accounts) are filed at Companies House	<a href="#">23/24 Accounts</a>
18 Sept 2024	Application to strike the company off the register, lodged at Companies House	<a href="#">Filing History</a>
1 Oct 2024	First Gazette notice for voluntary strike-off (Companies House notice)	<a href="#">Filing History</a>
17 Dec 2024	Final Gazette dissolved via voluntary strike-off	<a href="#">Final Gazette</a>

End of 1.1

1.2 Find and restate the motivations and considerations behind the decision to create a URC and the environment for decision-making in which it was created.

1.2.1 Cabinet report, 10/3/2021 stated the following concise summary:

To enable greater focus and corporate grip on realising opportunities for delivering homes and jobs on sites owned or controlled by the council and increasing the scale and pace of delivery.

The internal management of site delivery is too small in scale to deliver the ambitions set out in the Big Plan...

1.2.2 At that stage Cabinet agreed to authorise the Chief Executive, in consultation with the leader and deputy leader, to procure and review advice from external consultants, who would be Inner Circle Consulting, to identify suitable structures or mechanisms to accelerate the delivery of regeneration projects.

The full report can be found here:

[http://ced-pri-cms-02.ced.local/documents/g4261/Public%20reports%20pack%2010th-Mar-2021%2010.00%20Cabinet.pdf?T=10&LO\\$=1](http://ced-pri-cms-02.ced.local/documents/g4261/Public%20reports%20pack%2010th-Mar-2021%2010.00%20Cabinet.pdf?T=10&LO$=1)

Cabinet report, 26/05/2021 stated the following summary:

To enable greater focus and capacity for realising the significant opportunities for delivering homes and jobs on sites owned, or controlled, by the council and increasing the scale and pace of delivery. The current internal capacity of the council is not sufficient to deliver the scale of ambitions set out in the Big Plan and additional support and expertise is required, which after options appraisal, is considered to be best met by creating a URC.

1.2.3 That report considered what was effectively an evaluated options appraisal by Inner Circle Consulting Ltd. The Inner Circle work identified five alternative delivery mechanisms and evaluated these across six appraisal criteria. *Scope section 2. considers this report and evaluation in more detail, including a link to the full report.*

1.2.4 In terms of the political environment for decision making at the time of this report; recovery from the Covid19 pandemic was still fresh and on-going, the Council was led by a Conservative administration and Cabinet had recently (Feb2021) agreed the Big Plan, (quote)  
*'An ambitious aspirational vision for the place of BCP, as the UK's newest city region. We want the BCP City region to be world class – one of the best coastal places in the world in which to live, work, invest and play'.*

1.2.5 The Big Plan involved five big projects (quote)  
*'that will deliver big changes across our whole area and support the creation of 13,000 jobs across all sectors of our economy – good jobs for local people – creating wealth for our businesses and livelihoods for our families'*

The Five key projects were stated as:

- We will invest in an iconic cityscape
- We will invest in our seafront
- We will deliver on the promise to rejuvenate Poole
- We will invest in the physical and digital infrastructure of our coastal city region

- We will act at scale and aim to deliver more than 15,000 new homes for people of all incomes

Our **Big Plan** –  
A world-class vision for BCP



We want the BCP city region to be world class – one of the best coastal places in the world in which to live, work, invest and play.



3

This infographic was widely used to visually summarise the Big Plan

This additional statement was made:

The scale of our ambition is also demonstrated in our plans to invest an additional £2 million a year in regeneration and a £50 million Futures Fund for infrastructure investment, as well as in our aim to support the creation of 13,000 jobs and more than £3 billion of investment value for our area.

- 1.2.6 The Big Plan sat above the Council's Corporate Strategy which was not rewritten but was refreshed in places.
- 1.2.7 The Overview and Scrutiny Board met before Cabinet on 10/3/2021 and 26/5/2021 and considered the reports but did not make any specific recommendations to Cabinet. The Chair of the Overview and Scrutiny Board addressed the Cabinet (26/5/2021) and advised that the Board were overall supportive of the paper. (this appears in the Minutes of the meeting).

End of 1.2

## 2. Decision to create BCP FuturePlaces 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, cons.

2.1.1 Cabinet RESOLVED that:

### Cabinet DECISION RECORD Wednesday, 26 May 2021

(PUBLICATION DATE – 28 May 2021 May 2021)



Agenda Item No	Decision Status	Matter Considered	Decision
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#### Part A – Items considered in public

<b>A5</b>	<p>Status: Recommendations Approved (subject to call-in)</p> <p>Call-in to apply: Yes</p> <p>Open</p>	<p>Proposed Regeneration Vehicle Options Appraisal</p>	<p><b>RESOLVED that: -</b></p> <p>(a) Cabinet supports the establishment of an Urban Regeneration Company (URC) and delegates authority to the Chief Executive, in consultation with the Leader and Deputy Leader, to formally set up the URC subject to his approval of the further information set out in this report; and</p> <p>(b) BCP Council enter into a Service Level Agreement with the new company for an initial period of three years which will provide for the opportunity for review after two years in order to afford the company the opportunity of a period of stability within which to holistically plan and put forward proposals for regeneration projects to the council with the precise wording of the agreement to be delegated to the Chief Executive in consultation with the Leader and Deputy Leader.</p> <p>Voting: Unanimous</p> <p>Portfolio Holder: Regeneration, Economy and Strategic Planning</p> <p><u>Reason</u></p> <p>To enable greater focus and capacity for realising the significant opportunities for delivering homes and jobs on sites owned, or controlled, by the council and increasing the scale and pace of delivery.</p> <p>The current internal capacity of the council is not sufficient to deliver the scale of</p>
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2.1.2 As summarised at 1.2 above, the Cabinet report 26 May 2021, leading to the resolution above, considered what was effectively an evaluated options appraisal by Inner Circle Consulting responding to key findings which provided the case for an alternative model for regeneration delivery. Key findings included:

- The scale of the opportunity is significant delivering up to circa 3,500 homes and £2 billion gross development value from an initial list of 16 Council owned sites.
- The Council does not currently have the appropriate capacity, capability, or in-depth experience in this field to advance these sites at pace.
- The Council is seeking a significant step-change in delivery and therefore a commensurate step-change in resources, leadership and focus is required. This was recognised in the 2021/22 budget of the council (additional £1.75M on-going base budget).
- The strategic sites could have a hugely positive social and economic impact on the community and wider area. This supports the rationale for an alternative type of delivery model which could bring together the resources, leadership and focus described.

2.1.3 The Inner Circle work identified five alternative delivery mechanisms and evaluated these across six appraisal criteria.

The five delivery mechanisms were:

- A. Urban Regeneration Company (URC)
- B. Special Purpose Vehicle
- C. Joint venture
- D. Strategic Partnership
- E. Expansion of existing wholly owned Council Company (Seascope Homes)

The six appraisal criteria or categories were:

- I. Value for Money
- II. Dedicated leadership and focus
- III. Accelerated Delivery
- IV. Adaptability and flexibility
- V. Scalability
- VI. Talent attraction

2.1.4 The options appraisal included a do-nothing benchmark criteria. The evaluation was summarised into the following table:

<b>Option/ Criteria</b>	<b>Do Nothing</b>	<b>Urban Regeneratio n Company</b>	<b>Special Purpose Vehicle</b>	<b>Joint Venture</b>	<b>Strategic Partnership</b>	<b>Expansion of existing wholly owned Council Company</b>
<b>Value for money</b>	Neutral	Likely	Unlikely	Neutral	Likely	Unlikely
<b>Dedicated leadership and focus</b>	Unlikely	Highly likely	Unlikely	Neutral	Neutral	Unlikely
<b>Accelerating delivery</b>	Unlikely	Highly likely	Unlikely	Likely	Likely	Unlikely
<b>Adaptability and flexibility</b>	Likely	Highly likely	Highly unlikely	Likely	Highly unlikely	Highly unlikely
<b>Scalability</b>	Neutral	Highly likely	Highly unlikely	Likely	Neutral	Highly unlikely
<b>Talent attraction</b>	Unlikely	Highly likely	Highly unlikely	Likely	Unlikely	Unlikely

2.1.5 There was an appendix to the report which provided more detail than this summary table. This included pros and cons of each mechanism. That appendix is shown at Appendix 2.1

2.1.6 The report went on to say that the URC was the option most likely to meet the Council's strategic objectives. The following key characteristics of the URC model were stated:

- It would be a company wholly owned by the Council and so would ensure that it prioritises the Council's strategic objectives.

- It would provide regeneration, development, and project management services to the Council, and only to the Council in the first instance.
- The team would be made up of a mixture of directly employed key staff and seconded Council staff to get the best results.
- It would prepare an annual business plan for approval by the Council.
- It would not own any Council assets or enter into any development or construction contracts unless agreed by the Council, it is envisioned that these would be entered into by the Council following advice from the URC, retaining ultimate control within the Council's leadership.
- It would advise the Council on the most appropriate and suitable delivery models for each of its development sites (including reviewing and exploring the advantages of Joint Ventures, Special Purpose Vehicles, etc), to ensure the greatest benefits are delivered across the regeneration portfolio.
- It would act as a beacon for the area; attracting the very best people and partners to deliver in a world class city region - one of the best coastal places in the world in which to live, work, invest and play.
- Any decisions taken by the Council under this arrangement would be open to public scrutiny and subject to the controls of the Council's Constitution.

2.1.7 The report contained a number of key statements covering how the URC would operate, how it would be staffed including:

- Development on each site may be delivered directly through the Council, or through specific JVs or SPVs established for each site as appropriate. The URC's primary role will be to employ expert staff who are versed in working with the private and public sectors to deliver first class development at scale and with pace and to provide expert advice to the Council on the preferred way of achieving strong outcomes through regeneration and investment on the key sites, and across the wider environment.
- The URC will be funded for its activities each year by the Council paying for the services provided under a commissioning contract, utilising an element of the additional funds that have been allocated in the revenue budget for 2021/22 and future years. Some elements will be retained within the Council, including finance to ensure that we have adequate regeneration, financial and legal resources to work as an appropriate and strong client to the URC. The funding will be confirmed each year, against the proposed Annual business plan which will be presented to the Cabinet and will be set out in an annual service level agreement.
- The URC will wish to commission technical project development and master planning capacity and other technical advice, on behalf of the Council, or may advise the Council on the advisory services required. The budgetary requirements and the source of funding for this work will be agreed between the Council and the URC as required. Until the URC is formally established, any interim budgetary requirements for consultancy, staffing and support are being met from the £1.75m, governed using the Council's financial rules and regulations.
- Land ownership will not be transferred to the URC, and it is not intended to hold assets so it will not need to raise funds for site acquisition or direct works. However, with the guidance and advice of the URC, the Council may decide, through its normal governance arrangements, to transfer into or sell land to a JV or SPV designed for the purposes of achieving development. Formal decision making on each site will remain with the Council, with those decisions guided by the outcomes from the URC's thinking and taken through the appropriate route, depending on site value.
- The Council will have to provide sufficient budget for any initial development activities on each site including master planning and development design and will need to fund the establishment costs for the URC for the long term. This will be

established through a formal service level agreement between the URC and the council.

- It is likely that the URC will be asked to provide strategic advice on the potential uses for the Futures Fund to assist the Council in determining the key priorities for this essential investment and to ensure that the use of this fund supports the Councils overall direction for regeneration and investment.
- The URC will need an agreed staffing and establishment structure which will be designed to deliver the long-term ambitions but will also need to flex in light of short-term experience of operating alongside the Council. In the interim period this will be populated by a mixture of consultants and staff made available to the URC with that team gradually being supplemented and replaced by permanent appointments into the URC structure and short-term appointments as required.

#### 2.1.8 The report also included financial and legal implications sections.

The financial implications section covered matters such as Shareholding, Teckal status explanation, VAT implications, additional costs associated with producing annual accounts and thereafter independent audit of these, transfer of undertakings (TUPE) and also a clear statement that separate individual business cases would be brought forward to Cabinet and or Council based on the recommendations of the URC.

The legal implications section covered similar matters, with the obvious more legal context, in addition this section explained the legal powers the Council could use or rely on to set up the company and duties the council and the company would need to consider. The following legal risks were shown which were explained as inherent when setting up a company:

The legal risks inherent in setting up a company should be mitigated by taking legal advice on all aspects of the proposal. The advice will need to cover aspects such as:

- a. procurement (including Teckal criteria and compliance);
- b. governance and directors;
- c. subsidy control;
- d. TUPE;
- e. equal pay;
- and f. information governance.

Further advice will be required on the implementation of the proposed operating model (once defined), including the contractual arrangements such as:

- a. legal review of any existing contracts proposed to be accessed by the newly incorporated vehicle;
- b. incorporation;
- c. shareholder agreement;
- d. support service agreement;
- e. working capital loan agreement;
- f. commissioning contract;
- and g. lease / licence to occupy

#### 2.1.9 The report briefly summarised the equality implications, which stated:

- There are no specific equality implications directly arising from this report, but the accelerated provision of good quality housing development should enable some of the inherent inequalities in our communities to be addressed. The URC will need to have comprehensive policies for ensuring equality and diversity in employment and its operating practices.

#### 2.1.10 The report included a summary of risk assessment, which stated:



The risks associated with this report fall into three categories.

- Firstly, how the Council will manage risks in its relationship with the new regeneration vehicle. Secondly, how the new regeneration vehicle will manage company and project risk and finally how risks will be managed on individual developments and projects.
- The manner by which the Council assesses and manages risks in its relationship with the new regeneration vehicle and how the vehicle assesses and manages company risk will be the subject of further, more detailed work that will be captured in the Council's commissioning arrangements and the vehicle's business plan.
- Risk assessment and management on individual developments and projects will be set out in the individual business cases that will come before Cabinet for approval at each investment gateway

2.1.11 Paragraph 14 and 15 of the report summarises the next steps:

**Taking the URC Forward**

14. This report sets out the detail of the proposed URC and seeks Cabinet approval of the concept and that responsibility be delegated to the Chief Executive, in consultation with the Leader and Deputy Leader, and working with the Director of Finance and the Director of Law and Governance, to set up the company. This will include a review and approval of the final business case and agreeing any required arrangements regarding and including:

- Registration at Companies House
- Preparation of company documentation
- Establishing governance arrangements
- Establishing a budget and any constraints on the use of Council funding
- Recruitment of the permanent team, both board and employees
- Agreement of any relevant contracts.

15. The final business case and supporting information will be provided in good time to the Chief Executive in preparation for him making any decisions under the delegations set out in this report. It is estimated that the advice will be available in full by the end of May, enabling early movement on the set-up of the company.

2.1.12 The full 26 May 2021 Cabinet report can be found here:

[http://ced-pri-cms-02.ced.local/documents/g4683/Public%20reports%20pack%2026th-May-2021%2010.00%20Cabinet.pdf?T=10&\\$LO\\$=1](http://ced-pri-cms-02.ced.local/documents/g4683/Public%20reports%20pack%2026th-May-2021%2010.00%20Cabinet.pdf?T=10&$LO$=1)

The Inner Circle Consulting advice, contributing to the Cabinet report 26 May 2021 and the Chief Executive's ODR, cost £37,676.90 (Inv.2158 and 2199, Purchase Order BCP161802, initially raised for £37,150), this was charged to BCP Council revenue base budget which was £1.75M at that time.

Inner Circle Consulting were retained passed this point and provided advice and support to the Council, including to help conclude associated governance documents and procedures (including but not limited to those as at 2.2.5) and to more significantly advise on the wider regeneration approach.

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

2.2.1 The Chief Executive approved the final business case via a formal Officer Decision Record (ODR), dated 8 June 2021,  
[http://ced-pri-cms-02.ced.local/documents/s26907/Officer%20Decision%20Record.pdf?\\$LO\\$=1](http://ced-pri-cms-02.ced.local/documents/s26907/Officer%20Decision%20Record.pdf?$LO$=1)

2.2.2 The ODR is comprehensive, several key elements have been reproduced below to address this scope (2.2) item:

The Council appointed Inner Circle Consulting to look at the Council's regeneration portfolio in greater detail to consider how the scale and pace of regeneration could be improved, in line with the ambitions set out in the Council's Big Plan. At its meeting on the 26 May 2021, Cabinet supported the establishment of an Urban Regeneration Company (URC) in principle, and delegated authority to the Chief Executive, in consultation with the Leader and Deputy Leader, to set up the URC, subject to his approval of the further required information (i.e. a suitable business case).

Inner Circle has developed the business case at Annex 1. This follows the approach recommended by HM treasury in its Green Book appraisal and evaluation guidance and emphasises the need to ensure that the intervention is based upon the intended social and economic outcomes and follows an appropriate logic chain, ensuring that the target outcomes are likely to be achieved as a result of the intervention undertaken. By following this process, the Council can demonstrate that it has considered the available options to achieve its target outcomes and that its preferred way forward would satisfy the principle of best value.

The business case analysis is now complete (attached at Annex 1 along with indicative financial information at Appendices A and B). The financial information is based upon current regeneration and commercial property sector benchmarks. These will be further considered as the URC business plan is developed. The URC presents an enormous opportunity for the Council to accelerate the development of at least 12 major publicly owned sites with a gross development value of around £2bn, with the scope to deliver around 3,500 new homes.

The URC will be wholly owned by the Council and its work overseen by a client commissioning team within the Council whose purpose will be to ensure that the projects progressed by the URC adhere to the scope and specification agreed with the Council and align with its objectives and priorities and fit with the other regeneration and delivery vehicles that we use.

It is likely that the scope of the URC will broaden over time, but within the objectives set out in the Cabinet report of 26 May, to include a leading role on stewardship and leadership of investment in the place, and this will require the URC to have a strong relationship with the Dorset LEP and any replacement vehicle that is established, either by government, or by the Council in partnership or alone.

**Establishment of the URC Company:** For the avoidance of doubt, this Decision Record will enable and result in the company being legally established, a budget provided from the Council, under the terms of a contract to be drawn up, staff to be appointed, initially on an interim basis, and for the Company to be operated as soon as registered with Companies House. The Council will recognise the formation of the URC and internally we will refer to the URC as being a critical element of the delivery of our regeneration ambitions.

The decision has been taken in consultation with the Leader and Deputy Leader as required by the delegation from Cabinet.

- 2.2.3 The ODR prompted the formal incorporation (under the Companies Act 2006) of BCP FuturePlaces Ltd, shortly afterwards on 18 June 2021, at Companies House. Graham Barry Farrant was the named company director, the company reference number was 13465045. There was one ordinary share, the Shareholder was BCP Council and the share value was £1. A Certificate of Incorporation therefore existed as evidence of this process having been formalised.
- 2.2.4 At this point 'model' (default) articles of association were adopted. (Bespoke Articles of Association were agreed on 4 February 2022 and lodged with Companies House on 15 February 2022).
- 2.2.5 Also at this point, for the avoidance of doubt, the following key governance documents may have existed in draft form but were not sufficiently progressed for execution. There was a desire for wider stakeholders to be involved in their finalisation, not least the Executive Directors.
- Bespoke Articles (see 2.2.4)
  - Shareholder Agreement
  - Resource Agreement
  - (Working Capital) Loan Agreement
  - Commissioning Plan
  - Commissioning Contract
- 2.2.6 The ODR clearly reiterates that the initial costs of BCP FuturePlaces during 2021/22 will be contained within the Council's approved £1.75M regeneration budget, which was additional base budget for 2021/22.
- 2.2.7 Although the ODR pointed to revenue funding, a 'standard'\* working capital loan of £400,000 was agreed from 25 January 2022.  
*\*Standard – precedent set, other BCP companies have the same working capital loan facility should it be required, primarily to manage cashflow*  
 The revenue funding approach, in practice effectively meant FPL was to be funded in the exact same way as an internal department.
- 2.2.8 On 29 September 2021, Cabinet recommended that Council should agree a further £3.404M\* to support the regeneration programme in 2021/22, £3.470M in 2022/23 and £1.311M per year thereafter (from 2023/24 onwards).  
[http://ced-pri-cms-2.ced.local/documents/g4836/Public%20reports%20pack%2029th-Sep-2021%2010.00%20Cabinet.pdf?T=10&\\$LO\\$=1](http://ced-pri-cms-2.ced.local/documents/g4836/Public%20reports%20pack%2029th-Sep-2021%2010.00%20Cabinet.pdf?T=10&$LO$=1)  
*\*this include £380k for seafront strategy specific priorities so £3.024M remained for other regeneration*
- 2.2.9 Whilst the principles within the Chief Executive's ODR remained constant and still valid, the Cabinet report above and subsequent Council approval changed the funding envelope considerably. The extract and table below summarised the revised position:

**Summary of financial implications**

35. The financial implications for the Council stepping up its regeneration efforts in this way are significant. The setting up of the URC's operations; allied to the residual costs of consulting support from Inner Circle Consulting; the costs of Council commissioning staff and the necessary technical and market studies such as ground investigations; ecological surveys and transport assessments are anticipated to require a further £3m to be spent in 2021/22 and around £3.5m to be spent in 2022/23 and around £1.3m per annum thereafter. However, by making the necessary investment the Council will be able to accelerate the development of the 11 major sites it owns and achieve the benefits set out in the URC business case which are predicated on delivering over £2bn in gross development value once fully built out.

**Table 2 URC Set Up, Consultancy and Development Management costs**

<b>BCP Regeneration - Corporate Priority</b>		
<b>Budget Requirements</b>	<b>2021/22</b>	<b>2022/23</b>
Inner Circle	431,850	0
BCP Futureplaces Limited - Staff	1,119,692	1,706,126
BCP Futureplaces Limited – Operational costs	424,589	516,876
BCP Client Team – Staff	628,599	660,489
BCP Client Team – Other	495,161	126,353
Contingency	251,767	297,812
<b>Total</b>	<b>3,351,658</b>	<b>3,307,657</b>
<b>Existing Budget</b>		
Corporate priority - Regeneration	(1,750,000)	(1,750,000)
Existing BCP staff base budget	(226,400)	(226,400)
<b>Total</b>	<b>(1,976,400)</b>	<b>(1,976,400)</b>
<b>Additional Budget request 2021/22 – URC and Client teams</b>	<b>1,375,258</b>	<b>1,331,257</b>
<b>Budget Requirements</b>	<b>2021/22</b>	<b>2022/23</b>
Development enabling costs	1,935,440	2,946,405
<b>Existing Budget</b>		
Existing Capital Investment Programme revenue budgets (applied as appropriate)	(286,650)	(807,850)
<b>Additional Budget request 2021/22 – Development enabling costs</b>	<b>1,648,790</b>	<b>2,138,555</b>
<b>Total Additional Budget request 2021/22</b>	<b>3,024,048</b>	<b>3,469,812</b>

2.2.10 This additional resource was allocated from the Council's Financial Resilience Reserve, which at the time stood at £20.870M.

2.2.11 As it transpired not all this additional resource was required in 2021/22 and £1.497M remained unspent and was carried forward\* into 2022/23, with £647,000 being set aside to fund the costs incurred by FPL between, 1<sup>st</sup> April 2022 to 12<sup>th</sup> July 2022, in the exact same way as in 2021/22 (as per 2.2.7). This became known as the transition period between the old revenue funding model and a new capital funding model (capitalisation model), via a working capital loan facility which Council agreed on 12 July 2022 of up to £8M.

\*via Portfolio Holder Decision Record

[http://ced-pri-cms-02.ced.local/documents/s34249/Portfolio%20Holder%20Decision%20Record.pdf?LO\\$=1](http://ced-pri-cms-02.ced.local/documents/s34249/Portfolio%20Holder%20Decision%20Record.pdf?LO$=1)

End of 2.2

### **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).

This scope item is aligned to scope item 5.2 - Were fees paid to head-hunters for their support in appointing executive directors, non-executive directors and staff.

#### Appointment of Executive Directors (Managing Director and Chief Operating Officer)

- 3.1.1 By Executive Directors I have taken this to mean the Managing Director (MD) and the Chief Operating Officer (COO) only. There were at least two other BCP FuturePlaces officers with the word Director in their job title, but these officers were not executive directors (i.e. members of the Board), although they may have deputised or attended the Board on certain occasions.
- 3.1.2 The, to be, Managing Director was engaged by the Council initially as a consultant in June 2021 with the first invoice being presented for payment dated 8 July 2021 for £18,581.17 (BCP Council Purchase Order 171752 Smart Growth Associates). The description of the work provided was: Strategic advice – regeneration policy and development of URC. (where URC = Urban regeneration company)
- 3.1.3 I have been unable to identify how or why Smart Growth Associates were chosen as provider of this service. The to be Managing Director said this about the business: "My business, Smart Growth Associates, works with property interests and local authorities to help secure high-quality development on the stewardship model set out through the Building better, Building Beautiful Commission.
- 3.1.4 According to an email from the Head of HR to the Council's Chief Executive (14 June 2021), the to be MD had been approached by the Leader of the Council to become MD presumably on the quality of the consultancy work they undertook (3.1.2) and or recommendations from somewhere, because BCP Council did not advertise the MD role. See Appendix 3.1.
- 3.1.5 Any offer of employment, to become MD, made by the Leader of the Council appears to have been made verbally and to be one in principle; I can find no evidence of any offer detail such as salary and other essential employment elements. Indeed on 1 July 2021, (one day before the interview) the to be MD sent an email to the Head of HR saying, "I wonder if you have an offer for me to take a look at?".
- 3.1.6 I have identified a slightly earlier one to one meeting, 11 June 2021, between the to be MD and the Head of HR where some 'offer' expectations were discussed. 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 and key employment terms.
- 3.1.7 It appears that both the Head of Human Resources (HR) and the then Monitoring Officer (MO) (Director of Law and Governance) advised that some form of selection process needed to be followed. The MO advocated that the post should be formally advertised. The Head of HR, in emails, seems to agree this was the ideal but in the circumstances (of the Leaders offer) was content that an interview of the candidate

by a panel was sufficient to justify an appointment, subject to satisfactory performance at the interview.

- 3.1.8 The Head of HR prepared a set of eight questions, and a Managing Director Role Profile and arranged an interview panel comprising the Leader of the Council, Cllr Mellor, Deputy Leader of the Council and relevant portfolio holder, Cllr Broadhead, and Cllr Howell. The Chief Executive and Head of HR were to be in attendance to offer advice and support.
- 3.1.9 The interview took place on Friday 2 July 2021. The Leader of the Council sent an email to the Head of HR shortly after the interview (also on 2 July 2021) which stated that: "For the avoidance of doubt I am happy to proceed to offer the MD position on the basis of that interview". See Appendix 3.1.9
- 3.1.10 An email from the Head of HR to the interview panel was sent (6 July 2021) summarising the interview, this shows the decision to offer the role to the candidate was by majority, 2 to 1. Cllr Howell has confirmed to me that he thought the candidate appeared to have extensive experience and knowledge in regeneration and place shaping, was very highly regarded and had national influence regarding the stewardship approach to regeneration, but in his view lacked experience in an MD role, in financial management and planning and in operational delivery.
- 3.1.11 Following the interview process, the MD accepted the offer, made by the Head of HR, in the week commencing 5 July 2021, or shortly afterwards after obtaining personal legal advice which the council agree to pay for, £500+vat. There followed some toing and froing on some matters of the offer including private health cover which was agreed and details around travel expenses. See Appendix 3.1
- 3.1.12 The offer also included a period of transition where the appointment was considered to be interim and whereby the individual continued to invoice the council via Smart Growth Associates invoices. Two further invoices followed for 64 days work at £900 per day from 5<sup>th</sup> July to 1<sup>st</sup> October, Total £57,600 – the description on the invoice was: INTERIM MD role URC. See invoice snips at 4.1.13.
- 3.1.13 It is unclear to me, and I have found no evidence, to explain why the Council agreed to pay £900 per day for this interim period when the agreed offer was a salary of £150,000 per annum which is a day rate in the region of £660 per day (150,000 divided by 227 days (5days x 52weeks, less 25 days annual leave and 8 bank holidays). The explanation may simply lie in the interim nature and the fact the contract was not a permanent contract until later signed in the year on 1 November 2021 when formal FPL employment, and certain employment rights started.
- 3.1.14 The interim period was Council stipulated based on internal legal advice, from the Head of Legal Services & Deputy Monitoring Officer, and not from delays caused by the MD. As well as legal advice this interim position appears to be one of sensible pragmatism (ultimately applying to other individuals as well as the MD) because some roles ramped up from 2 days per week, to 3 days .....etc and paid on a day rate, as the company quickly evolved from nothing to a fully operational company with a core staff group. This interim and sub-contractor employment approach was highlighted in various committee reports.
- 3.1.15 For the avoidance of any doubt the table below summarises the appointment key dates of the MD and costs associated in 2021/22 (only).

Event	Date	£
Consultant to BCP Council (Smart Growth Associates)	June to 5 July 2021	18,581
Consultant – Interim MD of URC (Smart Growth Associates)	5 July to 1 Oct 2021	57,600
Interim MD employed via Comensura	The month of October 2021	19,610
Formal start as FPL MD on permanent contract (Salary, NI, pension)	1 November 2021 to 31 March 2022	78,644
The MD is registered at Companies House as a director of the Company (FPL)	27 January 2022	-
Total 2021/22 <i>(ultimately all charged to FPL (P&amp;L account), including line 1 of this table which, given timing/dates, may be arguable as this could be viewed as a Council cost). Note the company existed formally from 18 June 2021, see 2.2.3.</i>		174,435

- 3.1.16 The Council does not appear to have been involved in any other specific staff appointment decisions, other than the MD role outlined in 3.1.2 to 3.1.15 above.
- 3.1.17 In an email on 9 July 2021 to the Council's Interim Director of Delivery, the newly appointed (on 5 July 2021) interim MD stated: "I have now identified two individuals to undertake the key roles of COO\* and Strategic Engagement Director (see 3.1.26) and would like to discuss how we get these in place asap whether via consultancy contract, interim or perm hire. It would be extremely beneficial for the COO hire to be included ASAP in business planning and in commercial decision making on projects".  
\*where COO = Chief Operating Officer
- 3.1.18 I have been unable to confirm with certainty how the MD identified the two individuals as stated in the comment above. A&G Committee may wish to seek confirmation from the MD on this point.
- 3.1.19 I have identified that the MD and the COO had previous professional acquaintance and had worked together in the past. It is possible that the interim MD simply considered the COO as highly suitable for the role, based on previous working together, and made the interim offer on that basis. See Confidential appendix 3.1.19.
- 3.1.20 Based on the Council's legal advice (see 3.1.14) both roles were initially recruited to on an interim basis via Comensura\*\*, the Council's neutral third party vendor supplier of agency workers.  
\*\*In this example Comensura engaged the worker and through their flexi payroll services paid the worker based on the pay-rate terms agreed. Comensura then invoiced BCP Council for associated payroll costs, based on approved timesheets, plus a payroll fee, which was £25 per week. In very simple terms the Council was paying for an interim or temporary payroll service including compliance with IR35 tax rules. For interim staff this approach is more cost efficient than on-boarding and then deleting an interim worker onto the Council's payroll system.
- 3.1.21 In the case of the COO interim appointment period, Comensura invoices started being paid from 1/8/21 and continued to 31/12/21, total paid to Comensura was £104,216.92.



3.1.22 During the interim appointment period of the COO I have identified an e-mail from the MD to the appointed\* external HR company, supporting FPL and BCP Council, referring to the role of COO and Strategic Engagement Director, which says:

Hi All

I have had a clear direction from Graham that these positions need to be openly recruited.

Please can we discuss how this will be done

I am working at capacity as are the Interims to get the business plan over the line, so on my side want to do this on a basis that is open and transparent on one hand but have limited time resource to put in

To note that the COO position will be expected to be a member of the URC Board so this will need a panel interview.

Best

\*Purple HR was appointed, by the Council after a tendered/quote process, to support FPL with HR recruitment, HR policy creation and payroll matters, contractual costs were charged to FPL and appear in the P&L account. FPL appointed in-house HR resource and it would appear that gradually Purple HR activity reduced to providing a payroll function.

3.1.23 The post of COO was subsequently advertised on the BCP Council website for one week during October 2021 (between 22 and 29 Oct). The person incumbent as the interim appointment (see 3.1.19) was appointed on a permanent basis, I have been unable to confirm the process or whether as a result of the advertising any other candidates were interviewed. The COO took up permanent employment on 1 January 2025.

3.1.24 For the avoidance of any doubt the table below summarises the appointment key dates of the COO and costs associated in 2021/22 (only).

Event	Date	£
Interim COO employed via Comensura	1/8/21 to 31/12/21	104,217
Formal start as FPL COO on permanent contract (Salary, NI, pension)	1 January 2021 to 31 March 2022	44,830
The COO is registered at Companies House as a director of the Company (BCP FuturePlaces Ltd)	27 January 2022	-
Total 2021/22 (ultimately all charged to FPL (P&L account))		149,047

Appointment of Non-Executive Directors (independent non-executive board members, including a chairperson)

3.1.25 See section 5.2.

Appointment of Other Staff (All other staff, not executive directors or non-executive directors)

3.1.26 It has been stated, by members of the public, in emails sent to A&G Committee members that in the case of the Strategic Engagement Director, the individual who was appointed (firstly on an interim basis and then permanently) was known to the former Leader of the Council, as a friend, and this may have had a bearing on the appointment.

3.1.27 The individual was also a former CEO of Bournemouth Rugby Club and former employee of a local development company. This was reported in the Bournemouth Echo on 29 July 2021:

- 3.1.28 The Echo report states that the individual was also the current Chairperson of the Poole BID. I have been told by a former employee of FPL that they believed it was in this role that the individual impressed the MD such that an interim offer of employment was made. A&G Committee may wish to seek confirmation from the MD on this point.
- 3.1.29 The former Chief Executive, responding to rumours that the former Leader of the Council and the individual were friends, said this on the matter:  
“Questions have also been raised regarding the appointment of the Strategic Engagement Director. I am not aware of the process by which he was appointed, but I was assured by the then Leader of the Council that he had not met the individual in any significant way prior to his appointment with BCP FuturePlaces”.
- 3.1.30 For the avoidance of any doubt, I think it likely that the former Leader knew the individual through association with Bournemouth Rugby Club, but I have found no evidence that may indicate they were friends and this friendship may have had a bearing on the appointment made by the MD.
- 3.1.31 For all other staff the recruitment and appointment processes appear to have followed what can be best described as typical and similar to those that may happen within BCP Council, broadly falling into one of three categories:
- Open advertising, followed by shortlisting and interview.
  - Comensura supplied CV's for relevant job role, followed by shortlisting and interview. On some occasions Comensura supplied member of staff, following initial successful period of employment, were recruited on a permanent basis\*.
  - Agency (off-contract with Comensura) supplied CV's for relevant job role, followed by shortlisting and interview. On some occasions agency supplied member of staff, following initial successful period of employment, were recruited on a permanent basis\*

Other relevant matters associated with staff recruitment (references)

- 3.1.31 The Council did not appear to obtain any reference(s) when making the offer to the MD. Purple HR confirmed this to be the case in an email to the current Director People and Culture. This may have been on the basis that the MD was already working for the Council on an interim service and then interim employment contract.
- 3.1.32 FPL did not appear to obtain any reference(s) when making the offer to the COO. Purple HR confirmed this to be the case in an email to the current Director of People and Culture.
- 3.1.33 I have been unable to confirm or not whether FPL obtained any reference(s) when making the offer to the Strategic Engagement Director.

End of 3.1

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

- 3.2.1 One of the very early decisions (governance related) the Council had to make was the initial composition of the FPL Board, for the period of time before independent non-executive members (NED's) were to be in place. On 18 October 2021 the Overview & Scrutiny Board met to consider the Cabinet reports for the meeting on 27 October 2021. It was moved that O&S should recommend to Cabinet that :  
"To help give confidence to potential developers, investors and residents that the Council has a long-term commitment to regeneration, we request that the URC's board has cross-party councillor representation"
- 3.2.2 On being put to the vote the motion was lost, voting For 6, Against 6, Abstention 1, the Chair used his casting vote.
- 3.2.3 The minutes state that before being put to the vote a wider debate ensued where the Chair expressed concern in relation to the Chief Executive being a member of the URC's Executive Board.
- 3.2.4 This highlights a re-occurring theme then and since, where the Council has grappled with the issue of whether councillors, officers or a mix should be board members (or perhaps more accurately formal company directors) of Council owned companies.
- 3.2.5 One external report, the DLUCH governance review report, linked to the Best value notice and published on 3 August 2023, states the original governance structures (of BCP FuturePlaces) did not reflect good practice in terms of governance and elected members were too involved in the day-to-day operational management of the company and in commissioning activity.
- 3.2.6 The internal council report, Council owned companies – Shareholder Governance Review, authored by the Interim Corporate Director of Resources, 10 January 24, [View link](#) states more explicitly at 2.2 that:  
"It is now broadly accepted that there is no place for elected members on the Board of Council companies since companies are delivery vehicles and not an appropriately transparent and accountable forum for making Council policy".
- 3.2.7 I have identified what may have been referred to as the 'good practice' at 3.2.5. Lawyers in Local Government (LLG) have produced several documents including Guidance Note – The Governance of Council Interests in Companies - Code of Practice (cabinet and scrutiny example).  
[council-interests-in-companies-code-of-governance-cabinet-structure.pdf](#)
- 3.2.8 In this code of practice at 10.2 and 10.3 the following is stated:

## 10. The Company's Board

### 10.1 The Government Guidance advised that a local authority company will be run



by its board of directors answerable to the shareholders, in accordance with the articles of association, and goes on to suggest that a board of between 3 and 8 directors is most likely to be practical (although this will be dependent on the circumstances of each company). The participating Local Authority should be represented on the board of its company.

10.2 The representatives who are appointed directors by the executive will participate directly in the activities of the company and are answerable to the company and have the powers and duties of company directors whilst they do so. Accordingly, the Government Guidance goes on to suggest that this requirement in a trading company and the accompanying conflict of interests that may arise means that officers are better placed to fulfil this role.

10.3 Whilst it will therefore be the norm that officers, not members, will be appointed as directors, this should not prevent the Council from appointing Members as directors where that is considered to be in the best interests of the company and the Council. If Members of the Council are appointed as directors of a company, the following paragraphs should be borne in mind and, in particular, that the member notes that:

- Conflicts of interest may be waived by a company but, as a matter of public law, never in the decision making of the Council: the Council Member / company director will always have a conflict of interest when it comes to their role as a councillor that must be resolved and resolved in the favour of the company. A Member as director, therefore, must not be a party to making a decision of the Council affecting the company, but may proffer evidence or advice to the Council on the company's behalf when invited to do so.
- Liaison should be through the key Member and/or officer concerning the company and the Council's activities
- The Member's Code of Conduct applies to a Member's activity as a director, except only where it directly conflicts with the interests of the company and, where that may be the case, the potential conflict notified to the company secretary and to the Council's monitoring officer.
- The only monies or other remuneration to be received by the Member in connection with the directorship will be as a special responsibility allowance (SRA) given by the Council to the amount of the corresponding SRA in the Members' Allowances Scheme.

3.2.9 With regard to FPL whilst the temporary appointment of the Leader and Deputy Leader to the Board, as temporary company directors, pending appointment of NEDs may have been pragmatic in the circumstances it also created an unavoidable conflict of interest. I have made a specific recommendation as a suggestion to avoid this situation in the future.

3.2.10 Turning to other governance arrangements I have identified and summarised the following relevant governance documents that were put in place by the Council for the operation of FPL. Governance arrangements were articulated in the various reports (available in the timeline at 1.1).

Governance Documents	When agreed	Who agreed / signed (by FPL and BCP Council)
The business case (Inner Circle)	26 May	Cabinet reviewed and delegated to Chief Exec to finalise and act upon business case
The Company memorandum and Articles of Association	18 June 2021	Chief Exec via ODR

BCP Council's Commissioning Plan	n/a	Cabinet 27 Oct 2021
Commissioning Contract	Appears to exist in draft form only (not formally agreed or signed) Disagreement on invoicing arrangements / points post OBC. Council wants to pay at point that the FBC is approved – FPL too financially risky wants stage payments.	
Shareholder Agreement	25 January 2022	FPL Board – Council's Monitoring Officer and FPL MD signed the agreement
Resource Agreement	Appears to exist in draft form only (not formally agreed or signed)	
Working capital loan Agreement (1) from 25/1/22 to 31/3/23 for £400,000	25 January 2022	FPL Board – Leader, Chief Exec (acting as company directors) and Council's Monitoring Officer's representative
Working capital loan Agreement (2) from 29/7/22 to 31/3/27 for £8,000,000	9 August 2022	FPL Board – MD and COO (acting as company directors) and Council's Monitoring Officer's representative
FPL Business Plan <i>(although produced by FPL the business plan was a Council requirement)</i>	27 October 2021	Cabinet

3.2.11 It was a Council aspiration that a Commissioning Contract (or Commissioning Agreement) and Resource Agreement should be in place to ensure good governance, both documents appear to exist in draft form but were not formally agreed or signed. The last Council side update position I can find was recorded in early March 2023 which stated:

Current position on the two outstanding documents:

- Commissioning Contract/ Agreement – This was prioritised over the Resourcing Agreement due to the need for a contractual relationship between the Council and FuturePlaces so they can commission studies and works in relation to council-owned sites (which came to light when FuturePlaces commissioned invasive ground works at Holes Bay). The latest (and I hope final draft) is with the COO for review.
- Resource Agreement – latest draft with the COO for review 6 January 2023.

*Note this is the Council's view, I cannot find whether FPL, or specifically the COO, had a differing view or explanation. The Council view appears to show the documents were in draft and waiting the FPL COO review.*

3.2.12 In the case of the Commissioning Contract, the change from a revenue funded FPL (in 21/22 and part 22/23) to a working capital loan funded FPL (from July 2022 onwards) required the document to be very materially re-written. In practice contract

terms, including payment timings seem to have been mutually and pragmatically agreed, utilising Board meetings to finalise matters.

3.2.13 In the case of the Resource Agreement (what services, at what price, to what level and standard would the Council provide to FPL, e.g. accountancy, legal), a simple payment schedule seems to have been adopted and agreed in practice. The Council chooses not to have internal and individual service level agreements (between council services), instead service levels and standards are set out in service business plans. As a Teckal company it may be argued that FPL received the same standards and levels of service as an in-house council services and this was as set out in service business plans and priced accordingly based on estimated levels of support.

3.2.14 The following governance arrangements were also put in place by the Council:

- Ways of Working meetings – meeting with key council departments to agree working method
- Board/shareholder/commissioning team/FPL strategy sessions to establish project prioritisation
- Project commissioning and Governance Gateways and Decision Gateways agreed – e.g. go / no-go decisions on investments and workstreams
- Client side Commissioning team – note this was initially stated to likely be 6FTE, but was 2 FTE plus non-dedicated admin support, their role to facilitate shared working, information (e.g. financial) and understanding
- BCP Future Infrastructure Fund Programme Board
- Member - FuturePlaces Engagement Forum (MFEF) (from April 2023) – Chaired by FPL Board Chair – each political group provided a member to the forum.

3.2.15 The Council required FPL to have regular Board meetings, custom and practice evolved to them being 6 to 8 weeks apart. The Council was represented at the Board meetings by a formal shareholder representative who was the Council's Chief Executive. The shareholder representative was an observer, with no voting rights at Board meetings.

3.2.16 The Chief Executive, as the shareholder representative is shown, in minutes, to have attended most Board meetings. When the Chief Executive missed the very occasional meeting the MO or CFO attended. Also invited and in regular attendance from the Council side was a member of the client commissioning team – this was often the Head of Delivery – Regeneration but was on some occasion the Director of Delivery – Regeneration (and sometimes both).

3.2.17 The Council's MO and CFO were invited to all Board meetings and during 2021/22 attended most meetings. From approximately April 2022 their attendance reduced to meetings where specific agenda items may have required their attendance.

3.2.18 During the FPL operating period I have identified a number of areas where governance arrangements were refined and reviewed usually where both parties (i.e. the Council and FPL) were in agreement that improvements could be made. One such example is the slight streamlining of the decision making gateway process where some duplication was removed.

3.2.19 I have found examples where the Council (commissioning team) and FPL (executive directors and senior staff) did not fully agree that governance weaknesses or issues existed, one such example was individual project transparency and oversight. This

issue was resolved through the creation of SharePoint file storage which allowed accessibility of files to both suitably restricted FPL and Council staff.

- 3.2.20 From approximately January 2023 I have seen that the Council's Commissioning Team were becoming increasingly concerned that the Council's Commissioning Plan and the FPL Business Plan increasingly did not correlate. This email extract 16/2/23 between officers in the team highlights some of the concerns:

Over the past year I have on numerous occasions brought up the question of what has actually been commissioned, as I have been concerned about scope creep (and projects without funding streams or any likelihood of return on investment for some time) particularly in light of the council's budgetary constraints. As we know FuturePlaces have been pulled into numerous areas of work and have tried to accommodate requests and we have both been concerned that the number of projects being progressed has grown and prioritisation has been an issue.

I have repeatedly asked for KPIs and critical success criteria that ties back to the list in the Commissioning Plan. I was hoping that the Annual Review was going to provide this information. But it hasn't.

I have been carrying around my spreadsheet showing all the projects (and the limited information we have on deliverables) for six months and do keep challenging and asking for this information.

We did offer to help on several occasions – but FP declined to accept. See email string below.

The Head of Delivery (Council Commissioning Team) outlined the issues to the Chief Executive (shareholder representative) 19/3/2023 and suggested actions needed from the Council and FPL to address them. It was further suggested that the timing of the up-coming elections was an opportunity for this review, and this would ensure the Council's Commissioning Plan was still aligned to the Corporate Strategy. (See appendix 3.2.20)

- 3.2.21 Officers in the commissioning team were clearly of the view that FPL were being commissioned to undertake work/projects outside of the Commissioning Plan and the FPL Business Plan, presumably by councillors or the FPL Board (Board minutes do not indicate commissioning by the Board took place). The following wording was used in an email, 19/3/23, to the Chief Executive:

review of current schemes – either jointly with FuturePlaces or to ask them to produce project outline cases or ensure that sufficient detail for each project is included in their draft 2022/23 Business Plan.

We must be clear that this includes the scope for each scheme as they see it (as you know commissioning has not always come via the officer team), outputs/outcomes, KPIs, critical success criteria and timelines alongside forecasts of whether investment is likely, the schemes will be self-funding, and/or if there is any anticipated return for the council.

- 3.2.22 The issue of FPL involvement in activity not in the Commissioning Plan or FPL Business Plan and/or 'scope creep' on existing projects (that were in the Commissioning Plan and FPL Business Plan), and how that came about, is considered in more detail at 4.5.

- 3.2.23 It needs to be said that many projects do naturally evolve and it was the Council's responsibility to manage this project evolution by saying Yes or No to specific items.



The commissioning team's point, I believe, is that this was hard to do if commissioning activity was verbal and from councillors.

3.2.24 The officer's comment, from the commissioning team above, is not saying officers should commission activity, it is saying it should come via the officer team, so they were aware and able to manage evolutionary changes.

3.2.25 **I will be making a recommendation** that the Council should pre-define what natural evolution of a project looks like and what is a more fundamental tangent sub-project (from any original Cabinet or Council agreed Commissioning Plan or Business Plan project). Further, what is the trigger that means a decision is required from councillors to materially evolve a project – this could be budget increase or decrease for example as a proxy.

End of 3.2

### 3.3 Consider the adequacy of the governance arrangements put in place by the company executive directors for the day to day operation of BCP FuturePlaces Ltd.

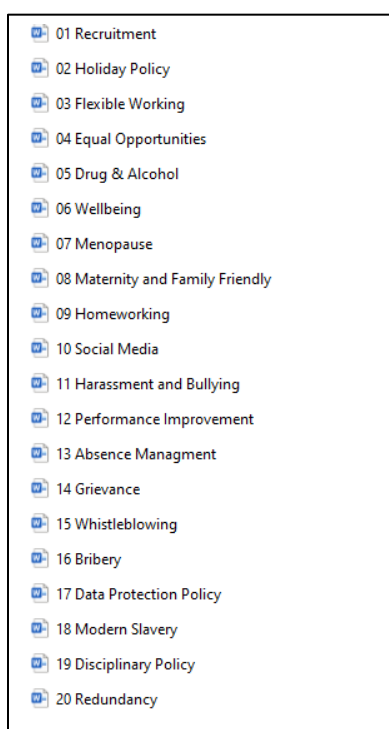
3.3.1 BCP Council stipulated (Teckal company status, control test, states that the Council must have decisive control, and similar to its own departments) that FPL was to follow certain key Council governance arrangements, arguably the two key arrangements being:

- Adherence to Council decision making/committee arrangements as set out in the Constitution – this included adherence to timetables, forward plans and the Overview & Scrutiny of Cabinet reports
- The Council's Financial Regulations, were required to be adopted – this included for Procurement and Contract management arrangements

3.3.2 The day to day operational, including governance, arrangements within FPL was a matter for the Executive Directors, MD and COO, and other managers within the company. I have not explored these arrangements in great detail, several arrangements are highlighted as examples below.

3.3.3 Examples of suitable governance arrangements within FPL:

- ICT and electronic storage arrangements to enable efficient and effective formal and informal collaborative working practices
- Project management processes
- Financial management processes
- A comprehensive suite of twenty HR policies for FPL. There appeared to be an executive officer preference and a Board decision to deliberately create a point of difference between FPL and the Council, to facilitate agility, speed of working and response.



3.3.4 These FPL policies were created from generic templates (for each policy), that look to have been provided by Purple HR.

- 3.3.5 I will be making a recommendation that the Council should decide, in advance of senior executive appointments of staff to any new future companies (so they can make informed decision over applying for roles understanding council control position), whether all relevant Council policies should apply to all Teckal companies, (rather than the Council allowing bespoke company policies to be agreed) to evidence the Teckal decisive control test.
- 3.3.6 In the case of financial management, FPL were largely reliant on the Council's finance team during most of 2021/22 financial year until their own financial controller was appointed on 7/3/2022. The FPL financial controller kept financial records in a well-structured e-filing system. I have not significantly drilled into the budget setting arrangements, bank reconciliations, cashflow forecasting, and other internal to FPL financial management arrangements, although I can see these were all done and considered in internal FPL meetings.
- 3.3.7 In the case of a new company, as FPL was, day to day operational arrangements, including governance arrangements do take time to be created, embed and then evolve. The arrangements implemented by FPL executive directors and managers appear to me to have been entirely reasonable.
- 3.3.8 FPL produced an Annual Review 2022-23, which was presented to Cabinet on 8 March 2023, agenda item 13. This is an example of compliance with best practice and component of good governance. [View link](#) to the Annual Review.
- 3.3.9 However, I have found emails which show the Council's Commissioning team thought this Annual Review, in their view, missed an opportunity to showcase the achievements of FPL, including missing a high level summary of expenditure against each project to date, estimated % of work completed (towards the Outline Business Case (OBC) milestone), target dates for submission of OBC to the Council, and some other points.
- 3.3.10 It was the Commissioning Team's view that this information existed within FPL but was not included, instead the Annual Review:
- was more of an academic paper with some jargon and phrases that did not make particular sense, such as 'recognises the challenges and opportunities of the polycentric urban footprint'
  - repeated a lot of what was said in the Business plan, such as explanation of the Stewardship proposition
  - failed to include "you said/we did/next steps" (Council said/FPL did/next steps)
- 3.3.11 The Annual Review included a section on 'cross cutting projects' undertaken by FPL, there was no mention of how much these had cost FPL and how they were funded given a capitalisation event did not exist.  
*One cross cutting pilot was DLUCH grant funded, and another project was funded form Council received government grant (Local Transport Plan (LTP))*

#### Footnote to 3.3

There is no obvious place to make comment on the work ethic within FPL, so I am positioning it here – in my opinion FPL staff had a strong desire to make FPL a success. I have seen evidence of staff working considerably beyond standard working hours to meet deadlines – no additional pay was received – no additional time off was taken – annual leave entitlement not taken. This applied to staff across pay bandings (high to low).

End of 3.3

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

3.4.1 To a significant degree this scope question has already been answered by the Council's past actions. Cabinet agreed two FPL Business Plans:

- 27 October 2021 – FPL Business Plan 2021/2023 [View link](#)
- 22 June 2022 – FPL Business Plan Update FY22/23 [View link](#)

*The updated business plan was required as a result of the change in Council funding of FPL from a revenue model to a capital model, services by a working capital loan of up to £8m.*

3.4.2 In agreeing the FPL Business Plans, by definition the Council, via the Cabinet and (full) Council decision effectively agreed that the FPL business plan was complete, robust and adequate in the context of this scope question. Had this not been the case the business plans should not have been approved.

3.4.3 Council officers, including the Interim Director of Delivery, Director of Delivery - Regeneration and Head of Delivery (the Commissioning Team) had a role to ensure the FPL Business Plan aligned to the Councils Commissioning Plan and to advise Cabinet and Council accordingly.

3.4.4 I have seen email evidence where the commissioning team and FPL worked together to strengthen initial draft versions of the business plans so covering reports and business plans could be presented to Cabinet and Council for approval.

3.4.5 On both occasions when the FPL Business Plan was considered by Cabinet, see above, there were major elements marked Restricted Content – Not for publication. Indeed, in the case of the original Business Plan, i.e. Cabinet on 27 October 2021, the whole business plan was marked as such. Whilst at the 22 June 2022 Cabinet, where the updated Business Plan was received, the business plan itself was not marked restricted, the 'business plan financials' was restricted.

3.4.6 I have not been able to identify whether it was the Council's preference or FPL's preference for the content to be restricted – either way this should have been a BCP Council decision. The decision not to publish was one the Council must own.

3.4.7 I have reviewed all of the restricted, un-published, content and I cannot see a particularly strong justification for it to be so. With the benefit of hindsight the justification to restrict the content, in my opinion, does not outweigh the negative justification of failing to allow the public access and to demonstrate the Council's commitment to transparency and open reporting.

3.4.8 FPL was not in competition with any other entity, the Council was its' only customer and allowing the public/contractors/suppliers to see budgetary information was no different to the Council context.

3.4.9 I will be making a recommendation that the Council should consider publishing all BCP Council Teckal company Business Plans and financial information including budgets, and financial outturn where the Council is the sole customer.

End of 3.4

- 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.

#### Financial management (management accounts)

- 3.5.1 The Council essentially produced the management accounts for FPL during 21/22 and up to the point that FPL recruited their own financial controller (late March 2022). This took the form of Council cost centre downloads and analysis.  
*(Note - costs incurred by FPL during 21/22 (and part of 22/23) were recorded in the Councils ledger and a recharge of costs (via invoice) to FPL took place at year end. FPL invoiced the Council (Sales), the Council funding these from its revenue budget).*
- 3.5.2 From the start of 22/23, with the FPL financial controller, in place, extensive financial management records have been kept and are easily accessible. These were summarised at the Board meetings.
- 3.5.3 At his first Board meeting as new Independent Chair, Sir Bob Kerlake requested a re-formatting of financial information presented to the Board – this included an analysis of costs to date in P&L account format. (see similar to Appendix 4.1.4)
- 3.5.4 The Board signed off all statutory reporting requirements, i.e. approved proposed P&L and Balance Sheet after reviewing external auditor's comments / changes required /changes recommended.
- 3.5.5 Schedule 3.1.1 of the Shareholder agreement stated that FPL should provide to the Council monthly management accounts. For 21/22 (and part of 22/23) this happened by default because the Council controlled the management accounts via its own ledger and cost centre. Thereafter management accounts were not provided to the Council on a monthly basis, but the Commissioning Team kept a detailed commissioning spreadsheet based on financial information supplied by FPL which essentially provided similar information. This information, combined with the Board financial information (see 3.5.3) meant, that in my opinion, the Council had oversight of FPL financial position.
- 3.5.6 Besides some occasional delays (two weeks), it is my opinion that FPL complied with the substance and form of the Shareholder agreement requirement, albeit that a schedule from FPL headed 'Monthly Management Accounts' was not produced.

#### Performance management

- 3.5.7 I have been unable to ascertain with certainty whether the performance management arrangements within FPL applying to their own assessment of their own employee's performance was robust. The HR policies highlighted at 3.3.3 indicate that a framework existed and specifically policy 12, Performance Improvement indicates a performance management process was being followed – regular 1:1 meeting, periodic appraisals, feedback, setting of targets and so on.
- 3.5.8 The Council's Commissioning Team, which was originally set out as likely to be 6 FTE staff, was only ever a maximum of 2FTE with ad-hoc administrative support from the Council's corporate core business support function, was the client function which monitored FPL performance activity against the Plan(s)
- 3.5.9 As identified at 3.2.20 there were performance related concerns raised by the Commissioning Team from about January 2023. These concerns were expressed internally within the team at first and the extended to the Chief Executive, shareholder representative. See 1.1 Table 2, entries from Jan23 to July23.

3.5.10 This came to a head in June 2023, when FPL Executive Director's (MD and COO) say that the Commissioning Director made potentially defamatory comments about performance of FPL. The comments were said to propagate an untrue narrative about:

- The quality of procurements undertaken by FPL
- FPL being out of control and over budget

See entry in Section 1.1 Table 2 timeline June entry – COO's formal review, concluding comments are untrue, Public Interest Disclosure Act submission to the Board, interim Board Chair tasked with raising with shareholder representative.

3.5.11 The FPL MD has submitted her own list of FPL Delivered Work, which also highlights her belief that Council representatives had in their possession work submitted by FPL. I think this highlights that work had been done but which did not trigger a payment event based on the capitalisation funding model and therefore Councillors did not have a true understanding of exactly what had been achieved by FPL:

9 BCP FuturePlaces - Delivered Work			
<p>BCP FuturePlaces Annual Report 2022-2023.  <a href="https://www.google.com/url?sa=t&amp;source=web&amp;rct=j&amp;opi=89978449&amp;url=https://democracy.bpcouncil.gov.uk/documents/s40201/Appendix%25201%2520FuturePlaces%2520Annual%2520Review.pdf&amp;ved=2ahUKEwllqrTe-uWHAxUjW0EAHYNxDNwQFn0ECB0QAQ&amp;usg=AOvVaw2JX7chfFgqz0x7YW6R4N32">https://www.google.com/url?sa=t&amp;source=web&amp;rct=j&amp;opi=89978449&amp;url=https://democracy.bpcouncil.gov.uk/documents/s40201/Appendix%25201%2520FuturePlaces%2520Annual%2520Review.pdf&amp;ved=2ahUKEwllqrTe-uWHAxUjW0EAHYNxDNwQFn0ECB0QAQ&amp;usg=AOvVaw2JX7chfFgqz0x7YW6R4N32</a></p>			
1	BCP Council	BCP FuturePlaces	Delivered to Commissioning Officer & published on FuturePlaces website
2	Investment Case - Poole Quays Public Realm Improvements	BCP Council	BCP FuturePlaces
3	Business Case - Poole Civic Centre	BCP Council	BCP FuturePlaces
4	Business Case - Chapel Lane Car Park - mixed use	BCP Council	BCP FuturePlaces
5	Business Case - Constitution Hill Housing	BCP Council	BCP FuturePlaces
6	Business Case - Christchurch Civic Centre	BCP Council	BCP FuturePlaces
7	Business Case - Beach Road Car Park	BCP Council	BCP FuturePlaces
8	Design Code - Poole Quays	MHCLG	BCP FuturePlaces / BCP Council
9	Design Code - Lansdowne	MHCLG	BCP FuturePlaces / BCP Council
10	Draft Regeneration & Investment Strategy	BCP Council	BCP FuturePlaces
11	The Big Conversation - stakeholder engagement; asset analysis; branding & positioning proposal	BCP Council / BID	BCP FuturePlaces
12	Levelling Up Fund BID - Poole Bus Station & Lighthouse Area	BCP Council / MHCLG	BCP FuturePlaces
13	Dolphin Centre Re-provision - locational study	Jess Gibbons	BCP FuturePlaces
14	Savills Office Market Viability Study (Lansdowne/Cotlands)	BCP Council	BCP FuturePlaces
15	Lansdowne EBD Report	To inform MHCLG Lansdowne Design Code / Cotlands Studies	BCP FuturePlaces
16	Boscombe EBD Report	To inform Boscombe Centre Regeneration approach	BCP FuturePlaces
17	Westover Road / Bournemouth ARC EBD Report	To inform and support BIC / ARC regeneration approach	BCP FuturePlaces
18	Poole Waterfront & Old Town EBD Report	To inform MHCLG Design Code / Holes Bay & Waterfront projects	BCP FuturePlaces
19	Christchurch Centre EBD Report	To inform and support Christchurch Civic Centre long term short term reuse and masterplan approach	BCP FuturePlaces
20	AND Retail Report Boscombe	Market study	BCP FuturePlaces

3.5.12 The MD also submitted a list of work in progress which was spread over 14 project lines:

10 **BCP FuturePlaces - Work in Progress**

*NB all strategic projects were also discussed on a monthly meeting round with planning and highways/infrastructure teams and specialist teams where relevant*

To further note that BCP FuturePlaces had also established the Member-FuturePlaces Forum to provide members a regular projects briefing on a cross-party basis

**Reporting / Engagement with BCP Council**

Project Outline Case - Dolphin Centre (Phase 1 - 1 Poole North Strategic Regeneration Project)	BCP Council	BCP FuturePlaces	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
Project Outline Case - Bournemouth International 2 Centre (Option Assessment)	BCP Council	BCP FuturePlaces	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
3 Project Outline Case - Holes Bay Power Station	BCP Council	BCP FuturePlaces	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
4 Project Outline Case - Wessex Fields	BCP Council	BCP FuturePlaces	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
5 Project Outline Case - Boscombe Centre	BCP Council	BCP FuturePlaces	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
6 Project Outline Case - Poole North	BCP Council	BCP FuturePlaces	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
Project Outline Case - Station Quarter / Poole North (Component of Poole North Strategic Regeneration Project - responding to Barclay's House scheme /St Johns House and BLOC development plans and 6 Dorset Metrolink Plans)	BCP Council	BCP FuturePlaces	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
Project Outline Case - Poole Harbour / Marina 7 Extension & Waterfront	BCP Council	BCP FuturePlaces	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
Parking Study (Bournemouth Sites/Poole 8 Sites/Christchurch sites)	BCP Council	BCP FuturePlaces	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
9 Poole Quays Delivery Strategy - options analysis	BCP FuturePlaces	Emily Cockle	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
10 Wessex Fields Delivery Strategy- options analysis	BCP FuturePlaces	Roo Humpherson	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
11 Boscombe Delivery Strategy - options analysis	BCP FuturePlaces	Noelle McManus / Craig Beevers / Gail Mayhew	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update



12 BIC Regeneration Delivery Strategy - options analysis	BCP FuturePlaces	Rob Dunford / Gail Mayhew	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
Holes Bay - planning & delivery strategy; proposed			
13 competitive dialogue process	BCP FuturePlaces	Stace / Gail Mayhew / Craig Beevers	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update
Dolphin Centre Re-provision - funding and delivery			
14 options strategy	BCP FuturePlaces	GT3 / Gail Mayhew / Craig Beevers	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board' Board: Updates via Board Projects Update

End of 3.5

### 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.

#### 3.6.1 For large periods the 14 initial project in the Commissioning and Business Plan, plus the thematic studies was the prioritisation list.

## 2.7. Programme of Work

The URC's initial delivery plan will cover three key areas of work: an initial portfolio of sites to support the regenerative development within the BCP conurbation; a series of thematic workstreams which will enable better placemaking across the area; and contribution to the formulation of key strategies to support placemaking and regeneration across the region.

The URC priority projects for the remainder of 2021/22 and 2022/23 are summarised in the table below and detailed in an Appendix to the URC Business Plan along with proposed deliverables and performance metrics:

Table 1: The URC's Initial Workplan

Site	Present Use	Workplan Hypotheses
1 Beach Road Car Park	Car Park	Asset optimisation
2a BICI/ARC	Conference centre & surroundings	Redevelopment & regeneration of key site
2b Winter Gardens Revision	Car Park	Place making input
3 Boscombe	Area Based - High Street; Sovereign Centre; Royal Arcade & surroundings	Area based regeneration
4 Poole Old Town & Quay	Area Based - High Street; Between the Bridges; West Quay & surroundings	Area based regeneration
5 Christchurch	Area Based & Former Civic Centre Asset and car parks	Area based regeneration & asset optimisation
6 Heart of Poole	Council assets: Dolphin Centre; Dolphin Leisure Centre; Seldown Road Car Park & public realm	Area based regeneration & asset optimisation
7 Holes Bay	Brownfield site	Area based regeneration & asset optimisation
b Carlers Quay Design Quality Exercise	Vacant site	Design quality management and place making
8 Poole Civic Centre	Former Civic Buildings & Car Park	Area based regeneration & asset optimisation
9 Turin Moor	Housing Estate	Place making inputs & development strategy
10 Wessex Fields	Greenfield site	Place making inputs & development strategy
11 Port of Poole	Partnership opportunity	Capacity and connectivity issues; optimisation of asset
12 Constitution Hill	Redevelopment site	Asset optimisation
13 Extra Care Village	Partnership Opportunity	Extra Care provision strategy

14	Coltlands Road <sup>[1]</sup>	Car Park site	Area based regeneration & asset optimisation
Thematic Projects			
15	High Streets Renaissance (leading to investment proposition)		
16	Hotel Regeneration Portfolio (Initially Poole CC, Christchurch CC)		
17	Greener Car Parks		
18	SuperLoos (architectural competition and delivery)		
19	Natural Capital Investment Fund & Strategy		
20	Railway Station Refurbs and East-West Metro Route		
Cross-Cutting Strategic Initiatives (with BCP Council via Council-led Governance)			
	Place Potential Study		
	Property market & place SWOT/Comparators/GAP Analysis		
	Office & Commercial Proposition		
	Destination		
	Cultural & creative		
	Sport, Leisure & Recreation		
	Food, Retail & Entertainment		
	Economy, Jobs, Skills & Local Economic Capture		
	Balanced neighbourhoods		
	Green Infrastructure & Towards Zero approach		
	Place Branding		
	Property Market Performance - baselining and monitoring; all property categories; supply chain issues & skills		
	Feasibility East-West Rail Service		
	Walkability Movement & Parking		
	Strategic Integrated Transport strategy based on multi modal analyses		
	East-West MetroLink Feasibility		
	Strategic Parking Review		
	Smart footprinting to enhance walkability		
	Smart Growth		
	Integrated Urban & Infrastructure Model		
	Land use intensification mapping and study		
	Small sites search		

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3.6.2 If there was any prioritisation list within the list of projects, this has not been apparent to me in any formal communications or documents I have seen, but these could have been verbal. There were phrases and conversations such as 'quick wins' and 'important to show something tangible', stated between the Commissioning Team and FPL at various points, but it seems it was left to FPL to interpret that and to apply it to the projects listed.

3.6.3 Some of these comments do not necessarily align well with the 'Stewardship approach or proposition', which by definition is a slower paced delivery model. This was all articulated in various reporting and the MD was a staunch believer in the model, being part author of the Building better, Building Beautiful Commission and founder of the 'Stewardship Initiative'. [Stewardship Initiative](#)

3.6.4 The Stewardship proposition, includes traits such as patient capital, long term investment in quality and value creation economic, social and environmental and a wider value for money (vfm) criteria.

3.6.5 It is very difficult to argue with the good intentions and principles of the Stewardship proposition, but besides a few examples around the country is largely untested in a Council/municipal setting. The whole ethos relies on patient investors and in a regeneration environment most developers are not, preferring fastest possible and optimum (largest possible) returns.

3.6.6 Similar to the Council's Commissioning team, the FPL team was also not as large as originally planned (according to comments made at FPL Board meetings). This resulted in a smaller team trying to complete the same list of projects in the same

timeframe. The inevitable outcome was a longer period of time before tangible, completed work such as OBC were available for consideration.

End of 3.6

#### 4. Detailed expenditure incurred by BCP FuturePlaces Ltd

##### 4.1 Provide details of where the money went / what expenditure did BCP FuturePlaces Ltd incur. (a schedule).

###### 4.1.1 FPL accounts filing at Companies House says that:

These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The company has taken advantage of section 444(1) of the Companies Act 2006 and opted not to deliver to the registrar a copy of the company's Profit and Loss Account.

I have been unable to identify whether the decision to opt not to deliver to the registrar a copy of the company's Profit and Loss Account (P&L) was a Council decision. On the face of it, this is a company decision (Board), but as a Teckal company where the Council should demonstrate decisive control, it is my view the Council should make this decision. Further as Teckal companies are public funded, the publication of the annual P&L account would significantly enhance transparency and public understanding.

###### 4.1.2 I will be making a recommendation that the Council should stipulate for Council Teckal companies, P&L accounts should be filed/delivered to the registrar (Companies House). This will not require extra work as the P&L account has to be produced in any case, and in fact may save time overall for the Council and the company in responding to public queries (FOI's).

###### 4.1.3 FPL external auditor, Hixsons, was appointed by the Council. Over the life of FPL (3 financial years, 2 partial years and one full year) Hixsons were paid £17,400.

The FPL P&L account (all figures are VAT exclusive unless stated otherwise, figures may not cast due to rounding differences)

###### 4.1.3 This section of the report shows the high level P&L account and then gradually drills down through the numbers to more detailed schedules of expenditure. The Council has responded to a number of Freedom of Information (FOI) requests asking for similar information.

###### 4.1.4 FPL P&L headlines (full P&L at Appendix 4.1.4) , over the life of FPL are:

- Total expenditure was £7,205,442.
- Total income from BCP Council was £4,728,751 (Turnover/Sales)
- Other Income was £100,233 (ARG4 grant + interest received)
- Total trading loss was therefore £2,376,458.

The snip below shows this figure within the final accounts of FPL filed at Companies House [Companies House final accounts](#)

<b>CAPITAL AND RESERVES</b>		
Called up share capital	8	1
Profit and Loss Account		(2,376,458 )
<b>SHAREHOLDERS' FUNDS</b>		<u>(2,376,457)</u>

Note this figure also reconciles to the reported loan write off, of £2.4M less the FPL closing bank balance figure which was paid to the Council on 26/6/2024.

4.1.5 Drilling down into the total expenditure figure, £7,205,442, I have used lettering in the P&L account (Appendix 4.1.4) to highlight the individual figures I have drilled down into. The table below summarises this drilldown, further analysis for each drilldown letter then follows the summary table.

P&L description	Amount £	Drilldown letter
Consultancy Fees (cost of sales)	3,146,410	A
Director's salaries (inc. NED's)	789,531	B
Staff salaries	1,319,976	C
Sub-contractor costs	707,897	D
Rent (see 5.5)	71,550	E
Advertising and marketing	267,554	F
Legal Fees	96,728	G
Consultant	76,852	H
Management fees -BCP Council svcs to FPL	319,061	I
External Audit Fees - Hixsons (not analysed)	17,400	
Other P&L expenditure lines not analysed	392,483	
<b>Total</b>	<b>7,205,442</b>	

#### 4.1.6 Drilldown A – Consultancy Fees (Outsourced - cost of sales) £3,146,410

This drilldown of costs is sorted by value paid to each supplier, high to low. The arrangement for procuring these suppliers is considered at section 4.2.

*It should be noted that £1,257,517 of the figures in this table were paid to the suppliers shown via Bloom Framework.*

*It should also be noted that this list does not total to the £3,146,410 figure shown in the P&L account due to a manual adjustment of £8,467, for which I can find no working paper.*

Supplier	Amount
PRIOR & PARTNERS	290,511.41
JENNIFER DIXON ASSOCIATES	232,431.81
C.F. MOLLER ARCHITECTS UK LTD	164,943.40
ALVY LTD (Noelle McManus)	163,057.62
SPACE SYNTAX	160,345.00
RAMBOLL UK LTD	150,511.00
INNER CIRCLE	133,497.50
ATKINS LTD	116,776.41
PARKING MATTERS LIMITED	109,824.00
KNIGHT FRANK LLP	109,126.50
TOM REYNOLDS ARCHITECTURE LTD	108,980.61
STACE LLP	104,223.60
MARINA PROJECTS	79,999.87
WSP UK LIMITED	79,090.65
THE PRINCE'S FOUNDATION	77,499.28
NEW MASTERPLANNING	68,634.50
OVE ARUP & PARTNERS LIMITED	67,922.00
CHILMARK CONSULTING LTD	60,741.65
AVISON YOUNG (UK) LIMITED	54,500.00
THE LANDMARK PRACTICE	53,395.00
HOARE LEA LLP	52,400.00
ALAN BAXTER LTD	45,201.12
LDA-DESIGN	43,080.00
CORSTORPHINE & WRIGHT LIMITED	40,500.00
AECOM LIMITED	39,319.27

ANDREW SISSONS CONSULTING (LONDON) LTD	37,250.00
FORTY ASSET MANAGEMENT LLP	34,976.31
GERALD EVE	32,500.00
CHRISTIE OWEN & DAVIES LIMITED T/A CHRISTIE & CO	28,500.00
FUTURE PLACES STUDIO	28,499.00
WOMBLE BOND DICKINSON	27,394.88
TONY FRETTON ARCHITECTS	25,000.00
BEN PENTREATH LTD	24,968.75
MAE ARCHITECTS LTD	21,185.49
IHCA LIMITED	20,500.00
SAVILLS	20,000.00
POPULOUS LIMITED	18,000.00
50 DEGREES LTD	17,257.39
RJB SPORT, LEISURE AND CONSULTING LTD	15,450.00
HARDISTY JONES ASSOCIATES	12,575.00
BUCKLEY GRAY YEOMAN LIMITED	12,499.50
EIGHTFOLD PROPERTY	12,000.00
MONTAGU EVANS LLP	12,000.00
PRICE WATERHOUSE COOPER	10,495.00
GLEEDS COST MANAGEMENT LTD	10,316.00
PHIL JONES	10,000.00
GT3 ARCHITECTS LIMITED	9,600.00
Kevin Murray Associates Ltd	9,367.00
FEREDAY POLLARD ARCHITECTS LIMITED	9,172.90
CFH DOCMAIL LTD	8,678.98
CURRIE & BROWN UK LIMITED	7,650.00
LAVIGNE LONSDALE	6,764.00
PAUL MURRAIN URBAN DESIGN	5,045.00
ACCERTUM	4,950.00
RETTIE & CO.	4,300.00
A.D.E. REGENERATION	4,000.00
COE DESIGN LANDSCAPE ARCHITECTURE LTD	3,632.50
GELDARDS LLP	2,939.17
PREMIER SURVEYS	2,847.60
THORPE ENGINEERING CONSULTANTS LTD	2,660.00
FRAZER GARNER ASSOCIATES LTD	2,150.00
THE MERCURE HOTEL	2,116.66
WESSEX WATER ENTERPRISES LTD	1,996.16
MHA BURLEIGH POOLE (OPCO) LTD T/A POOLE QUAY HOTEL	1,793.33
PBA SOLUTIONS (LANDSCAPE) LTD	1,500.00
VILLAGE HOTELS	1,440.41
THE STABLE BAR & RESTAURANTS LTD	1,066.67
RED CHERRY CATERING LTD	1,040.00
LDC LIMITED	1,000.00
SNUG ARCHITECTS	960.00
BOURNEMOUTH CREATIVE PRINT (BCP)	691.00
EAST DORSET INDOOR BOWLS CLUB LTD	650.00
AFC BOURNEMOUTH LTD	555.00
NATURAL ENGLAND	513.50
HOBBS REPROGRAPHICS PLC	299.40
THE BUSINESS SUPPLIES GROUP	239.91
POOLE METHODISTS - THE SPIRE	235.80
THE ENVIRONMENTAL DESIGN STUDIO LTD	150.00
BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	58.00

#### 4.1.7 Drilldown B – Director's salaries (inc. NED's) £789,531

Position	Date Appointed as an employee the company	Last day as an employee of the company	Period as an employee of FP	Dirs Salary	Dirs Bonus	Dirs NIC	Dirs Pension	Total
Managing Director	01/10/2021	31/10/2023	25 months	304,375	24,914	44,097	8,007	381,393
Chief Operating Officer & Investment Director	01/01/2022	31/10/2023	22 months	270,062	21,661	38,956	7,014	337,693
NED and Interim Chair from July 2023 (NED)	13/02/2023	09/02/2024	Almost one year	20,774	0	1,629	0	22,403
Non-Executive Director	01/01/2023	09/02/2024	13 months & 1 week	13,310	0	686	0	13,996
Chair (until June 2023) (NED)	01/10/2022	11/07/2023	9 months	19,875	0	1,819	0	21,694
Non-Executive Director	13/02/2023	09/02/2024	Almost one year	11,941	0	410	0	12,351
<b>Total</b>				<b>640,337</b>	<b>46,575</b>	<b>87,597</b>	<b>15,021</b>	<b>789,530</b>

Note – rounding difference to P&L

Position	Date Appointed as a Director of the company	Date Resigned as a Director of the company	Tendered resignation	TUPE transferred into the Council	last day as a paid employee of the Council
Managing Director	27/01/2022	31/10/2023	n/a	01/10/2023	13/12/2023
Chief Operating Officer & Investment Director	27/01/2022	09/10/2023	04/10/2023	01/10/2023	10/11/2023
NED and Interim Chair from July 2023 (NED)	13/02/2023	09/02/2024	n/a	n/a	n/a
Non-Executive Director	19/01/2023	09/02/2024	n/a	n/a	n/a
Chair (until June 2023) (NED)	01/10/2022	11/07/2023	n/a	n/a	n/a
Non-Executive Director	13/02/2023	09/02/2024	n/a	n/a	n/a

#### 4.1.8 Drilldown C – Staff salaries £1,319,976 (Broken down by FY)

In the tables below, Employee A, B etc, is the same employee in each year

Staff cost (INC BONUSSES) FOR FY21/22					
Position	Salary	Bonus 10%	NIC	Pension	Total
Employee A	15,461.52	1,520.55	1,523.43	225.00	18,730.50
Employee B	37,948.76	3,726.03	4,728.43	250.00	46,653.22
Employee C	12,500.00	1,191.78	1,521.60		15,213.38
Employee D	4,076.91	394.52	460.91		4,932.34
Employee E		73.97			73.97
adjust.			-2,960.77		-2,960.77
<b>Total</b>	<b>69,987.19</b>	<b>6,906.85</b>	<b>5,273.60</b>	<b>475.00</b>	<b>82,642.64</b>

10% Bonus was correctly accrued in the P&L account but was not physically paid to staff until November 2022 (i.e. some 8months after year end. See section 5.1 for details.  
Note for employee E, Bonus was accrued back but salary was not

Staff cost (INC BONUSSES) FOR FY22/23					
Position	Salary	Bonus 12.5%	NIC	Pension	Total
Employee A	30,000.00	3,750.00	3,764.52	900.00	38,414.52
Employee B	99,999.96	12,500.00	15,446.75		127,946.71
Employee C	75,000.00	9,375.00	11,033.49	2,062.50	97,470.99
Employee D	62,083.30	7,760.41	8,808.75	1,412.50	80,064.96
Employee E	91,384.60	11,423.08	13,549.60	2,025.00	118,382.28
Employee F	55,500.03	0.00	6,993.57		62,493.60
Employee G	17,930.84	2,241.36	2,005.05	255.24	22,432.49
Employee H	35,333.36	4,416.67	4,785.86	530.04	45,065.93
Employee I	13,750.02	1,718.75	1,526.26	206.28	17,201.31
Employee J	12,500.01	1,562.50	1,626.83	125.01	15,814.35
Employee K	17,969.23	2,246.15	2,475.92	539.08	23,230.38
Employee L	10,666.64		1,262.79		11,929.43
adjust.	5,110.00	-0.04	-1,160.74		3,949.22
<b>Total</b>	<b>527,227.99</b>	<b>56,993.88</b>	<b>72,118.65</b>	<b>8,055.65</b>	<b>664,396.17</b>

12.5% Bonus was correctly accrued in the P&L account but was not physically paid to staff until May 2023 (i.e. some 2months after year end. See section 5.1 for details



**Staff cost (INC BONUSES) FOR FY23/24**

Position	Salary	Termination	NIC	Pension	Total
Employee A	21,048.26		2,172.45	631.50	23,852.21
Employee B	49,999.98	25,000.00	6,586.20		81,586.18
Employee C	45,937.50		5,607.15	1,378.15	52,922.80
Employee D	39,812.49		4,761.90	1,194.40	45,768.79
Employee E	55,125.00		6,875.05	1,653.75	63,653.80
Employee F					0.00
Employee G	18,144.24		1,771.69	544.33	20,460.26
Employee H	30,226.87		3,439.10	906.82	34,572.79
Employee I	19,140.06		1,909.10	574.24	21,623.40
Employee J	33,401.40		3,877.15	1,002.06	38,280.61
Employee K	47,028.77		5,757.75	1,410.90	54,197.42
Employee L					0.00
Employee M	28,437.50		3,401.35		31,838.85
Employee N	14,933.21		1,433.13	160.00	16,526.34
Employee O	11,528.79		1,067.95	127.79	12,724.53
Employee P	33,749.96		3,925.30	650.00	38,325.26
Employee Q	8,000.00		685.60		8,685.60
Employee R	22,615.08		2,493.28	337.50	25,445.86
adjust.	1,100.01		1,372.11		2,472.12
<b>Total</b>	<b>480,229.12</b>	<b>25,000.00</b>	<b>57,136.26</b>	<b>10,571.44</b>	<b>572,936.82</b>

Termination agreement was agreed by the FPL COO and was payment in lieu of notice. The individual was not required to work their contractual notice period.

Note no bonus payments were paid in 23/24.

**4.1.9 Drilldown D – Sub-contractor costs £707,897**

Sub-contractors was the P&L account term for staff who were not permanent employees of the company paid through payroll and included interim staff.

*Note the MD and COO were interim staff before becoming salaried employees of the company on permanent contracts. See section 3.1 for more details.*

*Also note that bonus payments were not paid to sub-contractors and for any interim staff who became permanent, bonus payments were only paid from the date they became permanent.*

	Comensura Recharge			
	21/22	22/23	23/24	Total
Employee 1	85,963.40	151,871.47	57,738.93	295,573.80
Employee 2	30,394.44	33,349.35		63,743.79
Employee 3	44,505.70			44,505.70
Employee 4 (COO)	104,216.92			104,216.92
Employee 5 (MD)	19,610.40			19,610.40
Employee 6	84,846.13			84,846.13
Employee 7 *	21,000.00	74,400.00		95,400.00
	390,536.99	259,620.82	57,738.93	707,896.74
<i>Employee 7 was via Heads Resourcing not Comensura</i>				

#### 4.1.10 Drilldown E – Rent £71,550

FPL occupied premises at Office 2, Bourne Park, Exeter Rd Bournemouth and paid Hinton Road Investments Ltd £71,550. Section 5.5 of this report considers the matter of rent payments in more detail.

#### 4.1.11 Drilldown F – Advertising and marketing £267,554

Supplier	Description	£
Mark Bloom Design	FPL Website - Webfront	120.00
SkyCab Ltd		576.00
Make (UK) Ltd	Launch Stand and banner design	2,270.00
Make (UK) Ltd	Urban Regeneration Company Branding	35,003.00
Bournemouth Creative Print	Exhibition Kit and Buesness cards	1,115.00
Businee South Ltd		150.00
IMG Media Ltd	Comms Strategy & Profile for Urban Regeneration	24,500.00
1HQ limited	Work to Support the Big Conversation *	107,150.00
Make (UK) Ltd	Business Cards for FPL	131.00
ING Media	MIPIM Marketing a Communications	14,000.00
BCP Council	Marketing and Comms Support	11,917.26
	<b>Total 21/22</b>	<b>196,932.26</b>
Bournemouth Creative Print	Business Cards and A5 posters	372.00
Creative Communicators Ltd	Marketing Strategy Support	3,800.00
Deep South Media Ltd	Cross cutting PR and comms svcs	5,760.00
1HQ Ltd	Conversation summary document - redraft with branding	4,800.00
ING Media	MIPIM Marketing a Communications	10,000.00
DRA Media Manangement	PR & Comms support Jan Feb March23	6,000.00
BCP Council	Name Badge printing for Wessex Fields workshop	43.00
BCP Council	Marketing and Comms Support	25,167.08
	<b>Total 22/23</b>	<b>55,942.08</b>
DRA Media Manangement	PR & Comms support April to August 23	8,000.00
Green Tambourine Ltd	Web Design Day - Website redesign and update content	6,680.00
	<b>Total 23/24</b>	<b>14,680.00</b>
	<b>Total Marketing and Communications costs</b>	<b>267,554.34</b>
*ARG4 Grant of £100,000 used to fund this cost		

#### 4.1.12 Drilldown G – Legal Fees £96,728

I have not sought to put description of work done on all transactions (materiality)

Legal Fees		
<b>21/22</b>	£	
Bevan Brittan LLP	5,096.90	
Castletown Law	7,449.00	
	3.00	
	3.00	
	3.00	
	6.00	
	6.00	
Knight Frank	10,000.00	Commercial review of Stewardship Model for the URC
Knight Frank	10,125.00	Commercial review of Stewardship Model for the URC
Castletown Law	19,995.00	Stewardship Model Review
	<u>52,686.90</u>	
<b>22/23</b>		
Land mark Chambers	<u>2,100.00</u>	QC advice on PwLB funding
<b>23/24</b>		
LACEY'S SOLICITORS	400.00	
PINSENT MASONS LL	12,890.50	Advice to FPL Directors on closure of company
PINSENT MASONS LL	28,650.00	Advice to FPL Directors on closure of company
	<u>41,940.50</u>	
Total	<u>96,727.40</u>	

I am unclear what the commercial review of Stewardship model by Knight Frank was seeking to achieve. According to the website below, the MD and a partner at Knight Frank are co-founders of the Stewardship Initiative. [Stewardship Initiative](#)

In any case, it would appear Knight Frank were not giving legal advice, they are not a legal firm, and therefore this expenditure may have been misclassified in the P&L.

For Pinsent Mason fees see 5.6

Note rounding difference on P&L

#### 4.1.13 Drilldown H – Consultant £76,852

These costs were, with the exception of £670.82, paid to Smart Growth Associates which is operated by the individual who became the FPL MD. Section 3.1.15 of this report has covered some detail in this matter. The three invoice snips below, with private information redacted, show more detail and aggregate to £76,181.17.

<b>To:</b>	BCP Council Bournemouth Christchurch and Poole Council Town Hall BOURNEMOUTH Dorset BH2 6DY																		
<b>Date:</b>	8 <sup>th</sup> July, 2021																		
<b>Contact:</b>	[REDACTED] Principal																		
<b>Supplier Number:</b>	132474																		
<b>TO Purchase Order:</b>	BCP171752																		
<b>Invoice Number:</b>	BCP – 01-6-21																		
<b>In Re:</b>	Strategic Regeneration Consultancy - BCP Council																		
<b>Rate:</b>	Fixed price contract - £18,000																		
<b>Scope of work:</b>	Strategic Advice – regeneration policy and development of the URC																		
<b>Expenses:</b>	<table> <tr> <td>Return Ticket: London Waterloo – Poole</td><td>£70.45</td></tr> <tr> <td>Return Ticket: Bournemouth to Poole 15/6/21</td><td>£4.80</td></tr> <tr> <td>Return Ticket: Norwich – London 28/6/21</td><td>£59.80</td></tr> <tr> <td>Return Ticket: London – Poole 29/6/21</td><td>£128.00</td></tr> <tr> <td>Return Ticket: XChurch-Poole</td><td>£6.40</td></tr> <tr> <td>Accommodation: Royal Bath Hotel, B'Mouth 19/5/21</td><td>£146.00</td></tr> <tr> <td>Accommodation: Antelope Hotel, Poole 28/6/21</td><td>£122.00</td></tr> <tr> <td>Taxi: Poole Civic Centre – Xchurch CC 29/6/21</td><td>£27.00</td></tr> <tr> <td>Hotel du Vin 30/6/21</td><td>£16.72</td></tr> </table>	Return Ticket: London Waterloo – Poole	£70.45	Return Ticket: Bournemouth to Poole 15/6/21	£4.80	Return Ticket: Norwich – London 28/6/21	£59.80	Return Ticket: London – Poole 29/6/21	£128.00	Return Ticket: XChurch-Poole	£6.40	Accommodation: Royal Bath Hotel, B'Mouth 19/5/21	£146.00	Accommodation: Antelope Hotel, Poole 28/6/21	£122.00	Taxi: Poole Civic Centre – Xchurch CC 29/6/21	£27.00	Hotel du Vin 30/6/21	£16.72
Return Ticket: London Waterloo – Poole	£70.45																		
Return Ticket: Bournemouth to Poole 15/6/21	£4.80																		
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Return Ticket: XChurch-Poole	£6.40																		
Accommodation: Royal Bath Hotel, B'Mouth 19/5/21	£146.00																		
Accommodation: Antelope Hotel, Poole 28/6/21	£122.00																		
Taxi: Poole Civic Centre – Xchurch CC 29/6/21	£27.00																		
Hotel du Vin 30/6/21	£16.72																		
<b>Total:</b>	<b>£18,581.17</b>																		

<b>To:</b>	BCP Council Bournemouth Christchurch and Poole Council Town Hall BOURNEMOUTH Dorset BH2 6DY
<b>Date:</b>	26 <sup>th</sup> August, 2021
<b>Contact:</b>	[REDACTED] Principal
<b>Supplier Number:</b>	132474
<b>TO Purchase Order:</b>	BCP176996
<b>Invoice Number:</b>	BCP – 02-8-21
<b>In Re:</b>	Strategic Regeneration Consultancy - BCP Council
<b>Rate:</b>	Consultancy Work 5 <sup>th</sup> Jul, 2021- 3 <sup>rd</sup> September, 2021 (44 days) at a rate of £900 per day
<b>Scope of work:</b>	INTERIM MD Role URC
<b>Expenses:</b>	Inclusive within fee, Accommodation, Travel, Car Parking
<b>Total:</b>	<b>£39,600</b>

<b>To:</b>	BCP Council Bournemouth Christchurch and Poole Council Town Hall BOURNEMOUTH Dorset BH2 6DY
<b>Date:</b>	26 <sup>th</sup> October, 2021
<b>Contact:</b>	[REDACTED] Principal
<b>Supplier Number:</b>	132474
<b>TO Purchase Order:</b>	BCP176996
<b>Invoice Number:</b>	BCP – 03 10-21
<b>In Re:</b>	Strategic Regeneration Consultancy - BCP Council
<b>Rate:</b>	Consultancy Work 4 <sup>th</sup> September, 2021 – 1 <sup>st</sup> October, 2021 (20 days) at a rate of £900 per day
<b>Scope of work:</b>	INTERIM MD Role URC
<b>Expenses:</b>	Inclusive within fee, Accommodation, Travel, Car Parking
<b>Total:</b>	<b>£18,000.00</b>

#### 4.1.14 Drilldown I – Management fees -BCP Council services to FPL £319,061 (rounding diff)


3305 Management fees	2021/22	2022/23	2023/24	Total
Accountancy Services	17,201.00	14,257.52	25,712.27	57,170.79
Director & Secretarial Services	25,969.00	28,677.56	0.00	54,646.56
Procurement Services	17,445.00	19,264.51	20,990.61	57,700.12
HR & Payroll Services	3,456.16	0.00	0.00	3,456.16
Audit services	0.00	9,340.27	0.00	9,340.27
ICT Services	15,603.00	17,230.39	18,774.23	51,607.62
Insurance & Risk Management Services	2,230.00	2,462.60	2,683.24	7,375.84
Banking	4,168.00	0.00	0.00	4,168.00
Legal & Democratic Services	0.00	0.00	31,247.06	31,247.06
Facilities Management Recharges	0.00	0.00	42,347.09	42,347.09
<b>Total</b>	<b>86,072.16</b>	<b>91,232.85</b>	<b>141,754.50</b>	<b>319,059.51</b>
BCP Council Invoice Totals	83,585.00	92,302.91	142,920.44	318,808.35
Difference	2,487.16	-1,070.06	-1,165.94	251.16

I have identified that the breakdown of costs by BCP Council Service type in the FPL P&L account does not equal the breakdown of the BCP Council service type on the invoices physically paid by FPL as per their bank statement payment, total differences shown in the table above.

Example shown below for the 2022/23 financial year where the P&L figure is shown as £91,233 but the invoice presented and paid, confirmed by the bank statement payment on 31/3/23 was £92302.91+vat = £110,763.49:

**Bournemouth, Christchurch and Poole Council**  
**Revenues and Benefits, PO Box 722, Poole, BH15 2YE**

**Payment Line**      **01202 672932** (Select Option 5)  
**Enquiries**            01202 123113  
**E-mail**                income@bcpcouncil.gov.uk



B C P Futureplaces Ltd  
B C P Civic Centre  
Bourne Avenue  
Bournemouth  
BH2 6DY

Invoice Number:            **13052647**  
Please quote **invoice number** when making payment

Invoice Date/Tax Point:    **28.03.2023**

Due Date of Invoice:        **28.03.2023**

VAT Registration No:      GB 313 0880 34

Special Instructions  
**RESOURCE AGREEMENT CHARGES**

Description	Amount (£)	VAT %	VAT Amount (£)
IT SERVICES PROVIDED	12893.81	20.00	2578.76
LEGAL COMPANY SECRETARY SERVICES	27165.78	20.00	5433.16
FINANCE SERVICES PROVIDED	19857.52	20.00	3971.50
SYSTEM SERVICES PROVIDED	4336.58	20.00	867.32
PROCUREMENT SERVICES PROVIDED	16503.76	20.00	3300.75
CREDITORS SERVICES PROVIDED	2760.75	20.00	552.15
INTERNAL AUDIT SERVICES PROVIDED	3740.27	20.00	748.05
BUSINESS CONTINUITY SERVICES	1511.78	20.00	302.36
INSURANCE SERVICES PROVIDED	1041.36	20.00	208.27
RISK MANAGEMENT SERVICES PROVIDED	1421.24	20.00	284.25
HEALTH AND SAFETY SERVICES PROVIDED	1070.06	20.00	214.01

**Total Amount: £ 92302.91      Total VAT: £18460.58      Invoice Total: £ 110763.49**

**TOTAL NOW DUE: £ 110763.49**

#### 4.1.15 Drilldown J – FPL Sales to BCP Council (Turnover for FPL)


The detailed P&L account shown at Appendix 4.1.4 shows drilldown figure J, which is £4,728,751 as the Sales figure – The sales figure FPL received from BCP Council

<b>FPL Sales Invoices to BCP Council</b>	21/22	22/23	23/24	
Revenue Funded Svs	1,354,806.00			
Constitution Hill OBC		41,670.00	33,662.25	
Strategic Car Parks Review LTP 23/24			36,000.00	
Beach Rd OBC			69,088.29	
Chapel Lane OBC		30,975.00	44,218.71	
Christchurch CC OBC			170,163.60	
Poole CC OBC			156,461.97	
DLUCH Grant design			100,000.00	
Final			2,691,704.99	
	1,354,806.00	72,645.00	3,301,299.81	4,728,750.81

Shaded figures are for Outline Business Cases see 4.4

The final invoice for £2,691,704.99 above, was subject to the 'Principles to be applied to the financial closure of BCP Futureplaces Ltd' (Appendix 3) which was agreed by Cabinet on 27 September 2023. [View link](#)

The following financial schedule was produced which summarises the work in progress that FPL had incurred and which BCP Council agreed to pay for, following a subject matter expert (SME) review by Council staff:

<div>  </div>					
Appendix B					
Project	Value of work FP propose transferring	Value agreed by Subject Matter Experts (Category 1)	Reduce by items previously paid (21/22)	Revised base figure	X1.8
BIC/Winter Gardens	£198,747.39	£158,073.57	£65,000.00	£93,073.57	£167,532.43
BIC Westover	£38,004.07	£36,937.40	£0.00	£36,937.40	£66,487.32
Boscombe	£423,038.71	£314,371.21	£35,776.50	£278,594.71	£501,470.48
Carters Quay	£11,792.50	£0.00	£0.00	£0.00	£0.00
Former Power Station Holes Bay	£505,563.07	£411,053.48	£65,212.18	£345,841.30	£622,514.34
Christchurch Two Riversmeet	£45,419.55	£18,785.49	£14,050.00	£4,735.49	£8,523.88
Poole Marina	£220,811.37	£0.00	£0.00	£0.00	£0.00
Poole Quay & Promenade	£328,109.82	£240,751.01	£8,000.00	£232,751.01	£418,951.82
Poole Town North	£280,506.44	£193,242.50	£0.00	£193,242.50	£347,836.50
Wessex Fields	£266,488.00	£168,323.00	£0.00	£168,323.00	£302,981.40
Lansdowne Design Code & Masterplan	£198,396.90	£0.00	£0.00	£0.00	£0.00
Thematic	£302,143.73	£171,892.68	£30,000.00	£141,892.68	£255,406.82
<b>Total</b>	<b>£2,819,021.55</b>	<b>£1,713,430.34</b>	<b>£218,038.68</b>	<b>£1,495,391.66</b>	<b>£2,691,704.99</b>

The SME process to get to the summary financial position above is shown below:

Subject Matter Experts (SMEs) across the council (including colleagues from Planning, Housing, Estates, Commercial Operations and Regeneration, amongst others) were asked to review this documentation for projects within, or linked to their area of work, applying the eligibility criteria set out, and confirming whether the council should agree to purchase the work. The SMEs were asked to complete details on a project-by-project spreadsheet against each piece of work including confirmation of the rationale for purchase in line with existing council objectives.

As FuturePlaces was created under the Teckal exemption the company has been required to comply with the Council's Financial Regulations. Therefore, the Council can place confidence in the value of third-party costs due to FuturePlaces adhering to the same procurement processes and PCR2015 regulations.

The September Cabinet Report, setting out the options for the future of FuturePlaces, included an estimated range between £0.57m to £4.04m for the work to be transferred to the Council.

### **Outcome of SME Review**

Work presented by FuturePlaces was classified into three categories as follows:

1. There is a tangible output of clear value to BCP that supports an ongoing project such as feasibility studies or technical reports or is in line with existing Council objectives and priorities such as assisting with policy setting (for example providing evidence in support of the draft Local Plan).
2. There is no clear value or use to BCP as there is no project at this time and the work cannot be used in support of policy setting or other council priority.
3. There is no clear evidence, value, or use as there is no tangible output to consider.

Following the review, additional work by the finance team has been conducted to validate payments which have already been made under the previous revenue funding model and payments from financial year 2021/22 have been excluded.

**The value for work in category 1 above has been calculated at £1,713,430.34, category 2 at £220,811.37, and the value for work in category 3 at £884,799.84.**

A multiplier of 1.8 (based on the standard ratio of external to internal costs experienced by the company as per the agreed principles set out in Appendix A) has been applied to third-party external spend on an open book basis for those elements in category 1 and a breakdown has been included at Appendix B on a project-by-project basis.

**The value of Category 1 (£1,713,430.34) less previous payments (£218,038.68) is £1,495,391.66 multiplied by 1.8 = £2,691,704.99.**

Funding sources (both revenue and in some cases capital) shall now need to be confirmed for those elements not previously purchased.

Where the review identified studies that the Council will wish to rely on for ongoing projects, letters of reliance will be sent to suppliers - either to enable the Council to rely on the contents, or for third party reliance where the Council intends to dispose of a site. There is a risk of additional cost where some suppliers may not want to extend reliance to the Council or third parties. This work will continue as required, supported by the legal team.

End of 4.1



## 4.2 Review the commissioning, procurement, and contract management processes for any outsourced work.

4.2.1 The FPL P&L account shows that outsourced cost of sales was £3,146,410, the breakdown of this figure was considered at 4.1.6.

4.2.2 It was also stated at 4.1.6 that £1,257,517 of the outsourced cost of sales was commissioned and procured via Bloom Frameworks. [Bloom Framework](#)

4.2.3 The use of Bloom Frameworks was a compliant (with Public Contract Regulations) way of accessing professional services, either via a mini-competition or direct award from within the framework supplier list. The strategic approach was agreed by the Board on 16/12/21:

4.2.4 There is a cost of using Bloom Frameworks, typically adding approximately 5% to 10% to the cost of each procurement, when compared to the cost / rates if the procuring entity approaches the market directly. (obtaining quotes or tendering process). The procuring entity is therefore effectively deciding whether the 5% to 10% Bloom overhead offers better value for money than the cost it would incur obtaining quoted and or undertaking a tender process for itself.

4.2.5 The Bloom Frameworks overhead, covers their costs of creating the framework, doing due diligence on each supplier in the framework and for providing a managed payment service.

4.2.6 Bloom Frameworks are not static and new suppliers can be 'on-boarded' by Bloom at anytime subject to the new supplier providing certain due diligence documentation and acceptance of terms and conditions.

4.2.7 I believe FPL had a procurement model in place where 'preferred suppliers' were encouraged to join the Bloom Frameworks, to then allow FPL a pragmatic and rapid route to a professional service provider (for example - architectural, planning, placemaking service provider) via a mini-competition or direct award. Direct award seems to have been the preferred FPL choice, if the Framework allowed this.



4.2.8 Procurement matters were reviewed by the FPL Board at each meeting, Procurement being a standard agenda heading. An example of information seen and discussed by the Board is shown below, snipped from Board minutes:

## Procurement

- Project Inception, Client and Design Advisory framework currently out to market. Returns due back on the 25<sup>th</sup> January with over 130 expressions of interest.
- Architectural Services Framework – made up of two lots (one local, and one nationwide) due to be published to market in the next two weeks. To create a panel of suppliers both locally and nationally we can directly award or “mini comp”
- Procurement policy and procedure final draft to be circulated by the end of January
- Procurement options analysis completed for PCC/CCC to be reviewed next week (prior to getting legal advice)
- Consultancy requirements for the priority projects currently being packaged and prepared for procurement ready for OBC approvals
- BCP SPT have agreed to provide FuturePlaces with access to their procurement portal and templates to run every aspect of our procurements, rather than having them managed by BCP SPT.
  - Awaiting access and training.

## Procurement

Project	Workstream	Underpinning Party	Deadline	Value
Boscombe	NM Extension Feb	Alvy Projects	End of January	£11,000
Boscombe	Pedestrian Zone Reversal Feasibility Study	Civic Engineers	TBC, brief to be approved prior to sending to consultant	TBC- budget £25,000
Cross Cutting	Architectural Services Framework	TBC	To be published beginning of February, due to be in place by end of May 2023 (subject to evaluation/award)	TBC
Cross Cutting	Project Inception, Client and Design Advisory Services - Framework	TBC	Due to be in place by 1 <sup>st</sup> March 2023 (subject to evaluation/award)	£1.3M (estimated total framework value)
Cross Cutting	Professional Services	TBC	TBC	TBC
Cross Cutting	Further Parking Considerations	Parking Matters	TBC	TBC
Cross Cutting	MIPI PR	ING Media	w/c 23 <sup>rd</sup> January 2023	£10,000
Holes Bay	Phase 1a New Park Landscaping Design	TBC	TBC	TBC- budget £25,000
Holes Bay	Phase 1b Hamworthy Urban Village - Reference Master Plan and Capacity Study	Tony Fretton Architects	w/c 23 <sup>rd</sup> January 2023	£25,000
Lansdowne	Public Realm	Alan Baxter	w/c 23 <sup>rd</sup> January 2023 – awaiting brief approval	£14,000
Lansdowne	Lansdowne Landscape Design Brief	The Landmark Practice	w/c 23 <sup>rd</sup> January 2023 – awaiting brief approval	£17,355
Lansdowne Wessex Fields Westover Road	Retail Analysis - Wessex, Westover Rd, Lansdowne	Forty Group?	TBC	TBC
Poole Old Town & Quay Lansdowne	Design Codes - project management	Stace LLP	w/c 23 <sup>rd</sup> January 2023 – awaiting Bloom process confirmation	TBC- budget £35,000
Poole Old Town & Quays	Characterisation Study (Design code project)		TBC	TBC
Poole Station Quarter	Poole Station Quarter - Technical Brief	Arup	Awaiting proposal, estimated completed February 2023	TBC – budget £37,000
Port of Poole - Marina	Strategic Design - Poole Quay, Dolphin Quay & East End	LDA	Proposal due by 27 <sup>th</sup> January 2023, completion dependent upon proposal received	TBC- budget £25,000
Port of Poole - Marina	New Marina - Bird Surveys	Ramboll	TBC- awaiting proposal from Ramboll, following Marina meeting 19/1	£30,610
Port of Poole - Marina	New Marina - Enviro Consultancy - stage 2	Ramboll	TBC- awaiting proposal from Ramboll, following Marina meeting 19/1	TBC
Strategic	Annual Report 2023	FuturePlaces Studio	w/c 23 <sup>rd</sup> January 2023 – awaiting Bloom process confirmation	£13,500
Various	JD Extension Feb & March	Dixon Architects	End of January	£24,000

4.2.9 FPL employed their own Procurement manager (an interim and then a different permanent manager), I have seen evidence that the relationship with the Council's Strategic Procurement Team was initially somewhat adversarial. The absence of the intended Resource Agreement between the Council and FPL detailing what the Council would provide and what it would not, and including roles and responsibilities almost certainly created this tension to a degree.

4.2.10 FPL Board considered a draft FPL Procurement Policy and Procedure on 9/3/23 but the agreed minutes do not indicate if this Policy and Procedure was agreed.

End of 4.2

#### 4.3 Detail where possible the projects this (expenditure) was spent supporting.

- 4.3.1 This information is theoretically available but is not in a readily accessible form and will require a significant amount of time to complete fully and accurately. A&G committee is asked to re-assess whether this information is essential given information at 4.1.15 in this report which may be a part-proxy in answering this question.

End of 4.3

#### 4.4 Detail which projects produced Initial and Full Business Cases.

4.4.1 Five projects produced Outline Business Cases (OBC). No Full Business Cases (FBC) were produced.

4.4.2 The Five projects where OBC were produced were:

- Constitution Hill
- Beach road Car Park
- Chapel Lane Car Park
- Christchurch Civic Centre
- Poole Civic Centre

4.4.3 The summary below shows OBC sums shaded. All these sums were approved by Cabinet. The schedule also shows, for the avoidance of doubt, other work purchased by the Council (i.e. work paid for that was not for completed OBC's).

<b>FPL Sales Invoices to BCP Council</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	
Revenue Funded Svs	1,354,806.00			
Constitution Hill OBC		41,670.00	33,662.25	
Strategic Car Parks Review LTP 23/24			36,000.00	
Beach Rd OBC			69,088.29	
Chapel Lane OBC		30,975.00	44,218.71	
Christchurch CC OBC			170,163.60	
Poole CC OBC			156,461.97	
DLUCH Grant design			100,000.00	
Final			2,691,704.99	
	1,354,806.00	72,645.00	3,301,299.81	4,728,750.81

4.4.4 Note for the second payment against Chapel Lane, £44,218.71, I can find no approval from Cabinet to make the payment. The invoice from FPL (000042) states: Chapel Lane OBC costs (additional).

End of 4.4

4.5 Was any expenditure or activity incurred by BCP FuturePlaces Ltd outside the stated company's terms of reference (initial or as amended).

4.5.1 The issues of so called project scope 'creep' and commissioning plan 'creep' have been considered elsewhere in this report, mainly in section 3. This 4.5 question has been interpreted as being whether FPL, or FPL employees, became involved in matters that were not matters for a URC:

'FPL was set up with the fundamental purpose to drive "Place making", regeneration and property market transformation both across key sites owned by the Council and the wider area to support the aspirations set out in the Council's Big Plan'.

4.5.2 The wording above particularly the wording 'to support the aspirations set out in the Council's Big Plan' can be interpreted in a broad sense. Former Leader of the Council, Drew Mellor, stated openly and in his resignation speech that he wanted to be innovative and challenge treasury orthodoxy during his tenure (because the Local Government funding and financing system was broken).

4.5.3 During the proposed Beach Hut stock sale, to a special purpose vehicle funding episode in mid to late financial year 22/23, (where the Council sought to generate a capital receipt by selling the Council's beach huts stock to a wholly owned Council special purpose vehicle) the FPL COO was involved, with the Leader and Council officers, in at least one meeting with KPMG\* in their London office to discuss the proposal.

*\*Consultants advising the Council*

4.5.4 It may be argued that the FPL COO's attendance was in the wider context of understanding special purpose vehicles for possible application in a FPL project or scheme in the future. That said, it was also clear however that the funding and financing structure of future projects (FPL or other) was (and is) entirely a matter for the Council to approve.

End of 4.5

#### 4.6 Was there a deliverable plan for BCP FuturePlaces Ltd to repay the working capital loan.

4.6.1 The backstop for repayment of the working capital loan was 31 March 2027. This date was clearly stated in the loan agreement dated 9/8/2022.

*This was an amended loan agreement taking into account the £8M working capital loan agreed by (full) Council on 12/7/2022.*

*Although there was an initial working capital loan agreement set up for £400,000, in line with other BCP Council companies precedent, the amended agreement increased the total loan facility to £8M and not £8.4M.*

4.6.2 FPL had some cashflow modelling which assumed that the working capital loan would peak at about £5.3M to £6M and would be repaid by the end of 25/26 financial year. (para 48 in report to Council 12/7/22 approving the £8M loan facility).

4.6.3 In the Cabinet (Council) reports which led to the approval of the £8M working capital loan (Capitalisation point) model, the financial risk were highlighted. [View link](#)  
Paragraph 18 - 25 outline the charging mechanism and paragraph 25 is key in terms of implications on the loan repayment:

25. Under this proposed charging model, as long as at least two thirds of the projects by value are approved by the Council at the point of their capitalisation, in theory FuturePlaces would secure enough funding to pay for any remaining projects that were aborted.

26. It should be noted that projects may be aborted, or not accepted, for a range of reasons. The critical point is that the decision to proceed with a project is a decision solely for the Council. Therefore, FuturePlaces will need to fund the cost of any work on these projects from the contribution to its reserves generated from the successful projects for which fees are received.

4.6.4 The actual full loan drawdown and repayment schedule is shown below:

<b>Working Capital Loan summary</b>						
			21/22	22/23	23/24	
Bank statement date	Ledger posting date	Description	£'000	£'000	£'000	
26/11/2021	31/03/2022	Advance of the working capital loan facility being place to ensure Direct Debit payment can be made from Future Places new bank account.	5			£400k Working Capital Loan
03/05/2022	03/05/2022	Transfer £10k as advance of the £400k working capital loan		10		
17/05/2022	17/05/2022	Transfer £385k as advance of the £400k working capital loan		385		
10/08/2022	10/08/2022	Transfer as extension of the working capital loan		800		Extended Working Capital Loan Facility
27/10/2022	28/10/2022	Working capital loan facility		850		
02/02/2022	03/02/2022	Working capital loan facility		1,450		
21/04/2023	21/04/2023	Working capital loan facility			500	
02/06/2023	02/06/2023	Working capital loan facility			750	
27/03/2024	28/03/2024	Repayment from Future Places			-2,350	
n/a	31/03/2024	Write off loan			-2,400	
		<b>Total per annum</b>	<b>5</b>	<b>3,495</b>	<b>-3,500</b>	
		<b>Cumulative amount reported</b>	<b>5</b>	<b>3,500</b>	<b>0</b>	

The loan peaked at 2/6/2023 when the amount drawdown totalled £4.750M.  
FPL repaid £2.350M on 27/3/2024 which resulted in the Council having to write off £2.4M

End of 4.6

Scope Items 5 to 8 to follow in Final Report – insert here

## C. Recommendations

To be completed for final version of this report.

## D. Scope sub-questions appendix

### **SUB-QUESTIONS**

A scope should cover the extent of the area or subject matter which is relevant, in this case to the investigation.

During the scoping deliberations a number of councillors and individuals sent the investigator a series of sub-questions and it was reported and agreed (at the A&G meeting on 29 May 2025) that these sub-questions would be answered (wherever possible) in the relevant scope area of the report.

The sub-questions are shown below as presented to the investigator (unaltered) in red text.

Sub-questions may appear similar, this indicates that more than one individual sent in the similar question. They are shown as supplied to ensure complete transparency.

Some of the sub-questions contain the personal views or facts as understood by the individual. Consequently, the investigator and BCP Council takes no responsibility as to the accuracy of these views, they are shown as supplied to ensure complete transparency.

The list of sub-questions is as follows (under relevant scope numbering).

### **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)

1.2 Find and restate the motivations and considerations behind the decision to create a URC and the environment for decision-making in which it was created.

- What political motivations or pressures were there? No other representatives from other political parties were on the board of directors – what was the rationale for this?
- What decision records are there? Were these made public?
- Motivations for setting up a URC. Carter's Quay may have been a catalyst in FuturePlaces' formation. Thanks to another resident's FOI, we now know that the first meeting of the "asset investment panel" to discuss Carter's Quay took place on 14.4.21, just as the administration was weighing up the best options for regeneration delivery. More revealingly perhaps, correspondence between Inland Homes and BCP's planning department suddenly burst into life on 12.6.21 (after two and a half years of complete silence), just as DM, PB and GF were putting FuturePlaces together (the company was incorporated six days later). We also know that Carter's Quay was one of FP's first projects (source: Cabinet papers, 1.9.21).  
All planning correspondence for Carter's Quay (Phases 4-6) is online under planning ref APP/17/01043/F.

### **2. Decision to create BCP FuturePlaces 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, cons and equalities impact?

2.2 Review the approval of the final business case by the Chief Executive and the



inclusion of the information as requested by Cabinet – who produced the information?

- Was the impact on areas of poverty deprivation/high need or specific communities or their needs considered at all?
- Who wrote/supported the original Programme Initiation Document and Business Plan? Who managed this process prior to it being presented to cabinet? What consultation was undertaken with officers, what was their initial feedback, what edits were made and by whom prior to the presentation of the final business case? Was there any political pressure applied and by whom during this process?
- Considering the level of investment of public funds – were there any equalities impact assessments undertaken? Can these be provided? Who was involved in making these assessments? Are they still employed by the council?

### 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)

- outline the processes and explain why there were there two different processes.
- Previous experience and expertise of the officers appointed as 'world beating place making experts' – what was the evidence for this? Their track record? Due diligence on the candidates for example who gave references? Where were the roles advertised? Recruitment agency involvement and costs? What was the rationale for the processes that were chosen and the costs?
- Were interests declared by officers/councillors of previous business relationships and family connections? Was a record kept of this?
- Why was only one applicant interviewed for the managing director role of FuturePlaces?
- Why were the roles of COO and corporate engagement officer only advertised for such a brief period of time, i.e. seven days, and only on the BCP Council website?
- How did this satisfy the claims that FuturePlaces would be 'world-beating', and how did it demonstrate that the Council was fulfilling its 'best value duty'?
- Why was [REDACTED] recruited as managing director when she'd never run a company of similar size before (and had, in fact, only been a director of one company previously – and that very recently)?
- Was there a 'matey' relationship between Drew Mellor and [REDACTED] as stated in *Private Eye*?
- Why was [REDACTED] not appointed a director of the company even though his job title was 'corporate engagement director'? Was this to bypass the declarations of interest clause in the articles of association?
- Process for appointing staff, including executive & non-executive directors. Via FOI, an email to Graham Farrant has come to light dated 14.6.21 which suggests that Drew Mellor offered the managing director post to the sole candidate before the company was even incorporated. Officers (including GF) therefore embarked on what looks like a predetermined appointment process to make her engagement look justifiable, or, in the words of one officer, "make it safe for scrutiny":  
[https://www.whatdotheyknow.com/request/general\\_decision\\_making\\_process/responses/3018958/attach/7/FW%20URC%20MD%20Redacted.pdf?cookie\\_passthrough=1](https://www.whatdotheyknow.com/request/general_decision_making_process/responses/3018958/attach/7/FW%20URC%20MD%20Redacted.pdf?cookie_passthrough=1)  
Graham Farrant himself was to sign off Stages 1 and 2 of this process. The full FOI is here -  
[https://www.whatdotheyknow.com/request/general\\_decision\\_making\\_process#incoming-3018958](https://www.whatdotheyknow.com/request/general_decision_making_process#incoming-3018958)

and doubtless you will want to study the entire unredacted correspondence and any other relevant contemporaneous material.

The appointments of [REDACTED] and others (all in place by the beginning of 2022) were certainly streamlined, compared with the year-long search for non-executive directors, which involved the use of a recruitment agency as well as reaching out via The Guardian, LinkedIn, Women On Boards, The NED Exchange, nonexecutivedirectors.com and personal networks.

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

- did governance agreements exist? Who monitored these and signed them off as fit for purpose? Were they reviewed? Who provided the legal advice?

3.3 Consider the adequacy of the governance arrangements put in place by the company executive directors for the day to day operation of BCP FuturePlaces Ltd –

- how do they compare with what is considered to be good industry practice? Were they fit for purpose?

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

3.5 Consider the adequacy of the financial, performance management and reporting as applied by BCP FuturePlaces Ltd – **directors and staff**, and applied to BCP FuturePlaces Ltd by the Council, including consideration of ongoing risk and issue management.

- How many times in the life of FP were reports made available by FP for scrutiny to cabinet and council? Did Audit and Governance request any such reports? How many reports did FP produce?
- How does this number of reports compare with what they were expected to produce under agreement with the council or at the request of councillors and officers? How many times did the council/officers/councillors make requests for reports from FP? How did FP respond to these requests if they were made?
- Include issues logs, risk management logs and a copy of the intervention strategy for the programme – did any of these exist? What training and development was made available to staff/delivery teams?
- Who was ultimately responsible for the aspects of day-to-day operations and management – what was FP doing on a day-to-day basis? What did a typical day in the life of FP look like?
- Adequacy of financial management as applied to FP by the Council. One extraordinary aspect is that the company was not obliged to use its success fees (from business cases etc) to service the £8,000,000 loan facility. This is confirmed by the loan agreement itself (now online) and by the CFO's response at the Corporate & Community Overview & Scrutiny Committee, 6.2.23  
<https://www.youtube.com/live/hi-nvuXf7Zo?si=71RplCQXTLkayhq5&t=1h50m57s>  
This does seem absolutely bizarre from a governance point of view.
- What was the source of the £8 million loan made available to FuturePlaces in 2022, given there is no record of BCP Council receiving any Public Works Loan Board monies during that year?  
If this £8 million actually derived from the Council's £42 million PWLB borrowing in August-November 2021, what was the justification in reassigning £8 million of that money to FuturePlaces? (My understanding was that the 2021 borrowing was for the Carter's Quay development.)

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.

- What evidence base and methodology was used for making these decisions?
- What flood risk assessments were completed?

#### 4. Detail the expenditure incurred by BCP FuturePlaces Ltd

4.1 Provide details of where the money went / what expenditure did BCP FuturePlaces Ltd incur. (a schedule)

- To include details about the £8m loan – confirmation of via copy of the loan agreement, evidence of where it came from, the decision-making process and rationale/evidence of the need to borrow £8m and the plan in place to repay it.
- Were there any breaches of the council's Financial Framework? Did anyone raise any concerns? Were payments going through 'on the nod' - apparently this was stated by IO'D on p.91 of the A&G report January 2024?
- Where the money went / what expenditure was incurred. Worth noting that the company obtained public money from sources other than BCP Council, e.g. the ARG process (namely £100,000, which it obtained at the behest of the "BCP CITY PANEL" - whatever that was - in November 2021; BCP Council had voted to apply for city status for Bournemouth on 9.11.21). This FOI refers:  
[https://www.whatdotheyknow.com/request/contracts\\_and\\_procurement\\_waiver#incoming-3026590](https://www.whatdotheyknow.com/request/contracts_and_procurement_waiver#incoming-3026590)  
(See document entitled "W00684 City Identity The Big Conversation")  
It appears that this money went straight to a private company, 1HQ Limited, for a study on "city identity". Looks very dodgy as local authorities were not meant to benefit from ARG applications.

4.2 Review the commissioning, procurement, and contract management processes for any outsourced work

- explain the decision-making process about the outsourced work.
- Where did this rest in terms of accountability, quality assurance and intellectual property – who owned the product/outcome of the outsourced work? Who owns it now?
- As a TECKAL company – what percentage of work was completed by the main share holder? Were there any breaches to the procurement legislation? Did FP Ltd stay within the correct percentages? Did FP undertake any work outside of it's scope as a TECKAL company? If so, who authorised this and what was the nature of this?

4.3 Detail where possible the projects this was spent supporting

- if this is not possible identify the gaps and investigate these – ensure no misuse of funds or fraud.

4.4 Detail which projects produced Initial and Full Business Cases

- set out the criteria of the business cases? Did it match up with BCP Council requirements/recognised industry practice e.g. Prince 2 principles? Where did the Business Cases go for approval? Who worked on each of them? Which interests (if any) were involved with each of them? Were any conflicts of interest identified and declared? How much did each business case cost to produce? What benefits did they produce to BCP residents? Was value for money realised?

4.5 Was any expenditure or activity incurred by BCP FuturePlaces Ltd outside the stated company's terms of reference (initial or as amended)

4.6 Was there a deliverable plan for BCP FuturePlaces Ltd to repay the working capital Loan?

- Why was the company allowed to choose whether it used its 'success fees' to service the £8 million loan – surely that should have been a condition of any success fees paid to the company?

## 5. Items requiring specific assurance

5.1 Staff bonuses - What was the justification for payment – who approved the payment was this in line with the shareholder agreement?

- Provide a breakdown of the bonuses – who received what and why?
- What was the basis of the 10% bonus paid to FuturePlaces staff for the 2021-2 financial year, given that no outline business cases had been completed (indeed, the work was already delayed or overdue)?
- What was the basis of the 12.5% bonus paid to FuturePlaces staff for the 2022-3 financial year?
- Why were these payments not referred to full Council in line with Schedule 3 (reserved matter no 40) to the shareholder's agreement?
- Who did approve these payments?
- Who was on the 'remuneration committee' set up in 2023 and what role did they play, in particular in the awarding of the 2022-3 bonuses? Who was on this committee, what was its terms of reference, and do any of its minutes survive?
- How did these payments illustrate that the company was providing value for money, given that FuturePlaces staff were already being paid way over Council rates, and given that Council staff don't receive bonuses?
- Were these bonus payments a permissible use of the PWLB monies which were then funding the company, and in line with the CIPFA guidance on use of PWLB monies at the time?
- Bonuses: the May 2023 bonuses (totalling £93,683) were paid when the company was £3.336 million in the red. (Source: the company's periodic management accounts, which have finally surfaced –

[https://www.whatdotheyknow.com/request/bcp\\_futureplaces\\_ltd\\_monthly\\_man#incoming-2948681](https://www.whatdotheyknow.com/request/bcp_futureplaces_ltd_monthly_man#incoming-2948681)

Profit and loss accounts for Apr-May 2023, moreover, show that by the latter date the company was budgeting for 16-20% bonus payments, which would be consistent with the 20% bonus scheme seemingly promised to staff when Vikki Slade was inquiring into the company in 2022

<https://x.com/VikkiSlade72/status/1497606296962584581>

It would be worth considering therefore whether these bonus payments were predetermined rather than performance-based.

5.2 Were fees paid to head-hunters for their support in appointing executive directors, non-executive directors and staff?

- How much? Were personal networks used – to what extent? Independence?

5.3 Were any declarations of interests made including disclosable pecuniary interests in respect of BCP FuturePlaces Ltd activities?

- Was there a register? Include.

5.4 Were any declarations of interests made regarding personal friendships and business associations in respect of the recruitment of staff to BCP FuturePlaces Ltd.

5.5 In respect of BCP FuturePlaces Ltd rent of offices in Exeter Road, why was council

space not utilised, and should any existing or former councillors have made any declarations?

- Was there a register of interests? Can the investigation include an examination of emails between the landlord of FP office space and DM (leader of the council).
- What exactly was their relationship when they looked at the rental agreement? Was there any previous communications? Include these in the investigation.
- Given the council's financial pressures – applying for a government bail out – what was the rationale for the decisions taken around renting office accommodation?
- Who benefited from this decision? How much did this impact residents?
- "offices in Exeter Road" (sic - actually Exeter Park Road): you will know my concerns about this already, including the de facto landlord's attempts to get Mellor's administration to buy St Stephen's Church Hall - which one of his companies would then refit as a homeless hub - in 2021. The same de facto landlord transferred the rent-receiving company (Hinton Road Investment Ltd) to Drew Mellor on 5.5.23, when DM was still technically a councillor and only 3.5 months after DM had resigned from FP as an executive director. There would be immense public interest therefore in examining correspondence between the two men (or [redacted] companies) between 19.1.23 (DM's resignation from FuturePlaces) and 8.5.23 (DM ceasing to be a councillor). DM voted to approve FuturePlaces business cases at Cabinet on 8.2.23, during that time.
- Why did the FuturePlaces management not make more determined efforts to find alternative office space when it became known, early in 2022, that Poole Civic Centre was to be decommissioned? Why for instance were discussions kept 'high level' as of January 2022?
- Was the option of renting Council offices – possibly for a peppercorn rent – looked into? If not, why not?
- Did Drew Mellor declare the fact that he was acquainted with [redacted], or at least the latter's company Bourne Awesome Ltd, when referring the Exeter Park Road option to the FuturePlaces board?
- Did officers, or Cllr Broadhead (then chair of FuturePlaces), declare a similar interest?
- Were any concerns raised about renting offices from a company whose director was already making controversial finance- and property-related offers to the Council?
- Did Drew Mellor present any other options for office space, and were any of these in properties owned by [redacted] companies?
- Were concerns raised, at or around the time of the 18 July 2022 board meeting, about renting office space for £54,000 a year, given that the Council had applied for a £75.9 million government bailout three days previously and given that Kemi Badenoch, then a minister at DLUHC, had written to Drew Mellor – in a letter seen by Cabinet and senior officers – thirty-two days previously, indicating that the 2022 'beach hut' budget was sunk?
- At what stage did Drew Mellor's relationship with [redacted], sole director of the landlord company and sole director of the rent-receiving company, become sufficiently close that they were considering transferring directorships to each other and setting up companies together?
- At what stage did Drew Mellor first consider or begin discussions about transferring the sole directorship of the rent-receiving company to himself? Did he take advice from the then-monitoring officer, Susan Zeiss, about whether this presented a disclosable pecuniary interest?
- Was the rent from FuturePlaces used to fund subsequent companies set up and run by Drew Mellor (with or without [redacted])?

- Did any of [REDACTED] limited companies (and he has run over thirty) benefit from contracts with FuturePlaces?
- What assurances did the Council give Dorset Police when they began investigating the above matter in 2024; who exactly gave those assurances, and how robust were those assurances?

5.6 Why did BCP FuturePlaces Ltd appoint solicitors to support them on the accounts closure process?

- Did this cost £41k? how was this funded – business case? What was the legal advice? At any point did it suggest by passing the shareholders agreement?
- Intellectual property – who has the intellectual property now? Was the governance compromised in any way? Comment on the transparency.
- Keeping the reports in 'draft' – why?
- What was considered to be 'reasonable notice' regarding the reporting.

5.7 Did the Board provide adequate oversight of the company and its activities, at all Stages?

5.8 Establish whether any steering groups or advisory groups, to BCP FuturePlaces Ltd, existed.

- What advisory/steering group(s) were there?
- Role? who was on the group, on what basis were the members chosen, frequency of meetings, how did they take place, governance arrangements and minutes?
- Was a 'Chatham house rules' approach applied to their discussions? What did this mean in practice?
- Rationale?
- Was any payment made to those who took on advisory roles – how was that decided upon and by whom? Which budget did it come from? Did the council know? Were there any conflicts of interest? Were these recorded?

5.9 Establish the relationships that BCP FuturePlaces Ltd had with other bodies/initiatives, companies and council companies/delivery vehicles.

- What relationships did FP have with other bodies/initiatives, companies and council companies/delivery vehicles?
- Seascope, Bournemouth Development Company, Bayside Diner and other seafront/marine initiatives, BH Live, Bounce Back Funding – any of the recipients of that funding, BIDs – specific projects e.g. The Winter Gardens, student accommodation.
- Property developers, land owners, planning consultants, construction, events companies?
- Bournemouth University, the airport and rugby club.
- Was there a register of interests? Did councillors or offices declare any interests?

5.10 Any other specific items that may be revealed as a result of the investigation

## 6. Council oversight of BCP FuturePlaces Ltd

6.1 Were a shareholder's agreement, support service agreement, commissioning contract, working capital loan agreement, and lease/licence to occupy any council premises put in place and agreed

6.2 Review the role of the shareholder representative on the BCP FuturePlaces Ltd Board

6.3 Was the shareholders agreement adhered to are there any examples of where it was breached or information not provided

- what were the consequences?
- Was the shareholder's agreement adhered to. It's probably easier to list the breaches. To my mind the following clauses were breached: 3.1.5 and 3.3 (provision of information); Reserved Matter 39 (referral of any bonus scheme to Council for approval); Reserved Matter 40 (referral of any bonus payment to Council for approval); Reserved Matter 4 (failure of [REDACTED] appointment as company secretary to be ratified by full Council - and from memory, there were previous appointments likewise not endorsed).
- An additional question would be, what penalties were in place, or should have been put in place, for any breaches of the shareholder's agreement.
- What did the Council's then-leader and deputy leader, its statutory officers, and its internal audit team, do about the abovementioned governance failings, such as breaches of the shareholder's agreement? To what extent were they aware of them? Crucially – what could they have done about the company refusing to share information with the Council: what process could be followed if the company persisted in breaching the shareholder's agreement, as appeared to have happened here?
- Did the Council's then-leader and deputy leader, or officers, recognise that Gail Mayhew, MD of FuturePlaces, was failing in her duty to uphold the company's governance? Again, what could have been done about this?

6.4 Consider the adequacy of the role of the Council's internal audit team\*

- Was Internal Audit paid any fees by FP? How much and for what?
- What were the internal audit team looking for when they audited FuturePlaces? How often were these audits carried out, how detailed were they, to whom did the audit team report back, what were their findings, and how were any failings addressed or proposed to be addressed?

6.5 If in section 4 evidence is established that BCP FuturePlaces Ltd were acting outside of their terms of reference, was the Council aware, and what action if any was taken.

## **7. Decision to close BCP Future Places Ltd – Cabinet 27 September 2023.**

7.1 Consider if the report to Cabinet adequately sets out the options, financial implications and risks associated with the decision to close BCP FuturePlaces Ltd

7.2 Review the robustness of the process for determining what work was to be paid for and what work was not paid for.as part of the final settlement\*.

7.3 Set out the detail of the work paid for and not paid for

- Where did £2.6m go – how was that figure arrived at?
- What work was paid for and what was not?
- Full outcomes and impact report – how much was spent in total and what were the benefits?
- Staff time sheets and cost/quality/delivery of programmes – include these and full details of the close down.
- How much did the 'Future Places' Book cost – why was it produced? Can we have a copy?



- what was Grant Thornton's role – how aware were they and did they raise any concerns in any of the audit reports?

## 8. Lesson Learnt Update

8.1 Review of the previous lessons learnt, actions implemented and those outstanding and including any additions as a result of this investigation.

- Consequences and accountability to include passing evidence to the police and the recovery of funds.
- Consequences - if there has been misconduct in public office.
- Recognition of the impact of causing loss by omission and ensuring safeguards in place to protect the council in the future.
- Success Fees – how were they determined?
- how much was paid in success fees and for what? – schedule with dates, sites and achievements. Who authorised them and on what basis?
- how were the success fees used? Was any of it used to service the loan or pay staff bonuses?
- Was there a mandatory requirement to reinvest the success fees to repay the loan or was it left to the company discretion? What protections were put in place for the council/public money? Could FP have chosen to use the success fees to service the loan? Who had the final say about this?
- Which councillors approved success payments – include town councillors.
- Were any projects paused by BCP Council but still attracted a success fee that was still paid to FP?
- Is it possible that success fees were inflated or dishonestly claimed to demonstrate the success of FP?

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End

### Investigators further notes:

1. Given that the FP model was in theory aimed at giving the council more control over development, why was so little achieved and why did it fail?
2. What was the total cost incurred by the council on setting up and then closing FP? To include council grant funding, written off loan, and sequential costs attributable to FP involvement in projects that were subsequently cancelled.
3. Should the council have loaned FP £8M, was this necessary and were the risk of doing this fully understood?
4. What are the ongoing costs to the General Fund Revenue account arising from FP (loan interest etc)?
5. Are there any outstanding financial or legal claims arising from the closure of FP?
6. What tangible outputs were delivered by FP? For example, business cases that were completed and were then subsequently approved for development. E.G Constitution Hill, affordable housing scheme.

7. Is there any residual value attributable to work conducted by FP, e.g. Holes Bay?
8. Were there any failures of scrutiny or audit systems that contributed to the failure of the FP venture?
9. Were there failures in FP and council Governance arrangement, and in particular the Council's commissioning arrangements?
10. Was there any council mal administration?
11. Is there any suspicion of corruption in any aspect of the FP operations?
12. What political influences contributed to the opening and closing of FP?
13. Given the complexity, financial, market and prolonged timescales required for regeneration projects, should the council take a less financially risky approach to regeneration projects?

**E. Detailed scope evidence base appendices (Public) - (not all detailed scope areas require an appendix so these do not run sequentially, there will be numbering gaps)**

**Appendix 1.1 table 2 – 25 March 2022 entry and 29 April 2022 entry – 2021/22 financial year**

Council and FPL accounts produced on an accruals basis, so whilst physical transactions took place in 22/23 (see bank statement attachments), amounts were correctly accrued to 21/22 accounts.

BCP Council Invoices to FPL (on 25 March 2022) and FPL bank statements 29 April paying the Council for those two invoices – note VAT status of individual invoice lines, the two invoices are disbursement or recharge of costs invoices, no VAT on salary costs for example.

Invoice no	£ Amount	£VAT	£ Inv. Total
1261609	1,130,023.29	161,153.91	1,291,177.20
1261667	83,585.00	16,717.00	100,302.00
<b>Total</b>	<b>1,213,608.29</b>	<b>177,870.91</b>	<b>1,391,479.20</b>

**Bournemouth, Christchurch and Poole Council**  
**PO Box 722, Poole, Dorset, BH15 2YE**  
**Payment Line** 01202 672932 (Select Option 5)  
**Enquiries** 01202 123113  
**E-mail** income.svpp@bcpcouncil.gov.uk

**BCP Council**

**Invoice Number:** 12619609  
Please quote invoice number when making payment  
**Invoice Date/Tax Point:** 25.03.2022  
**Due Date of Invoice:** 25.03.2022  
**VAT Registration No:** GB 313 0880 34

**B C P Futureplaces Ltd**  
B C P Civic Centre  
Bourne Avenue  
Bournemouth  
BH2 6DY

**Special Instructions**

Description	Amount (£)	VAT %	VAT Amount (£)
COMPANY RUNNING AND DEVELOPMENT ADVICE COSTS UNDERTAKEN BY BCP COUNCIL ON BEHALF OF BCP FUTUREPLACES LTD UP TO 23/03/2022 - DISBURSEMENTS	324195.74	0.00	0.00
COMPANY RUNNING AND DEVELOPMENT ADVICE COSTS UNDERTAKEN BY BCP COUNCIL ON BEHALF OF BCP FUTUREPLACES LTD UP TO 23/03/2022	805769.55	20.00	161153.91
COMPANY RUNNING AND DEVELOPMENT ADVICE COSTS UNDERTAKEN BY BCP COUNCIL ON BEHALF OF BCP FUTUREPLACES LTD UP TO 23/03/2022 - CHARGE FOR ROOM HIRE, POOLE MUSEUM ON 24/02/2022	58.00	0.00	0.00
<b>Total Amount: £ 1130023.29</b>	<b>Total VAT: £ 161153.91</b>	<b>Invoice Total: £ 1291177.20</b>	
<b>TOTAL NOW DUE: £ 1291177.20</b>			

**Bournemouth, Christchurch and Poole Council**  
**PO Box 722, Poole, Dorset, BH15 2YE**  
**Payment Line** 01202 672932 (Select Option 5)  
**Enquiries** 01202 123113  
**E-mail** income.svpp@bcpcouncil.gov.uk

**BCP Council**

**Invoice Number:** 12619667  
Please quote invoice number when making payment  
**Invoice Date/Tax Point:** 25.03.2022  
**Due Date of Invoice:** 25.03.2022  
**VAT Registration No:** GB 313 0880 34

**B C P Futureplaces Ltd**  
B C P Civic Centre  
Bourne Avenue  
Bournemouth  
BH2 6DY

**Special Instructions**

Description	Amount (£)	VAT %	VAT Amount (£)
IT SERVICES	11676.00	20.00	2335.20
LEGAL COMPANY SECRETARY CHARGES	24600.00	20.00	4920.00
FINANCE SERVICES	17982.00	20.00	3596.40
SYSTEM SERVICES	3927.00	20.00	785.40
PROCUREMENT SERVICES	14945.00	20.00	2989.00
CREDITORS SERVICES	2500.00	20.00	500.00
INTERNAL AUDIT SERVICES	3387.00	20.00	677.40
BUSINESS CONTINUITY SERVICES	1369.00	20.00	273.80
INSURANCE SERVICES	943.00	20.00	188.60
RISK MANAGEMENT SERVICES	1287.00	20.00	257.40
HEALTH AND SAFETY SERVICES	989.00	20.00	197.80
RESOURCE AGREEMENT CHARGES PROVIDED TO BCP FUTUREPLACES LTD BCP COUNCIL			
<b>Total Amount: £ 83585.00</b>	<b>Total VAT: £ 16717.00</b>	<b>Invoice Total: £ 100302.00</b>	
<b>TOTAL NOW DUE: £ 100302.00</b>			

Account Number	Account Name	Currency	Account Type / Status		
63753751	BCP FUTUREPLACES LTD	GBP	Current / OPEN		
<b>IBAN</b>	<b>Bank Identifier</b>	<b>Bank Name</b>			
GB75BARC20689563753751	206895	BARCLAYS BANK PL			
<b>Address</b>					
cestershire,U					
1Entry Date	Transaction Details	2Transaction Type	Payment Amount	Receipt Amount	Ledger Balance
	<b>Balance Brought Forward</b>				<b>0</b>
27/04/2022	BCP FUTUREPLACES * 516217*HBUKGB4B * TFR	Transfer		1,391,476.20	1,391,476.20
29/04/2022	FP-CREDITORS BACS DDR	Direct Debit	1,391,479.20		-3
20/05/2022	FP-CREDITORS BACS DDR	Direct Debit	239.28		-242.28
27/05/2022	FP-CREDITORS BACS DDR	Direct Debit	23,814.00		-24,056.28

## Appendix 1.1 table 2 – 26 April entry FPL sales invoice (FPL0001) to the Council 2021/22

Council and FPL accounts produced on an accruals basis, so whilst physical transactions took place in 22/23 (see bank statement attachments), amounts were correctly accrued to 21/22 accounts.

FPL invoice working paper and FPL bank statements showing invoice was paid by the Council on 26 April – note VAT status this is a sales invoice so VAT at 20%.

Also note FPL in receipt of the Council's invoices for recharge of costs incurred by FPL but initially recorded in Council cost centre and ledger.


Invoice from Futureplaces to BCP Council			
Costs invoiced by BCP Council to FP	Net cost	VAT code	VAT amount
Company running and development advice costs undertaken by BCP Council on behalf of BCP FuturePlaces Ltd up to 23/03/2022 - Disbursements	£324,195.74	N	£0.00
Company running and development advice costs undertaken by BCP Council on behalf of BCP FuturePlaces Ltd up to 23/03/2022	£805,769.55	S	£161,153.91
Company running and development advice costs undertaken by BCP Council on behalf of BCP FuturePlaces Ltd up to 23/03/2022 - Charge for Room hire, Poole Museum 24/02/22	£58.00	E	£0.00
Resource Agreement Charges - IT Services provided to BCP FuturePlaces Ltd by BCP Council	£11,676.00	S	£2,335.20
Resource Agreement Charges - Legal Company Secretary Services provided to BCP FuturePlaces Ltd by BCP Council	£24,600.00	S	£4,920.00
Resource Agreement Charges - Finance Services provided to BCP FuturePlaces Ltd by BCP Council	£17,982.00	S	£3,596.40
Resource Agreement Charges - System Services provided to BCP FuturePlaces Ltd by BCP Council	£3,927.00	S	£785.40
Resource Agreement Charges - Procurement Services provided to BCP FuturePlaces Ltd by BCP Council	£14,945.00	S	£2,989.00
Resource Agreement Charges - Creditors Services provided to BCP FuturePlaces Ltd by BCP Council	£2,500.00	S	£500.00
Resource Agreement Charges - Internal Audit Services provided to BCP FuturePlaces Ltd by BCP Council	£3,387.00	S	£677.40
Resource Agreement Charges - Business Continuity Services provided to BCP FuturePlaces Ltd by BCP Council	£1,369.00	S	£273.80
Resource Agreement Charges - Insurance Services provided to BCP FuturePlaces Ltd by BCP Council	£943.00	S	£188.60
Resource Agreement Charges - Risk Management Services provided to BCP FuturePlaces Ltd by BCP Council	£1,287.00	S	£257.40
Resource Agreement Charges - Health and Safety Services provided to BCP FuturePlaces Ltd by BCP Council	£969.00	S	£193.80
0 SVF001116-ZF1100-B125-100001 28Mar Employee pension - February 2022	£175.02		0
0 SVF001116-ZF1100-B125-100001 28Mar Employee pension - March 2022	£1,050.00		0
0 SVF001116-ZF1100-B125-100001 28Mar Vitality Health - February 2022	£172.09		0
0 SVF001116-ZF1100-B125-100001 28Mar Vitality Health - March 2022	£313.65		0
DD - 29/03/2022 Aviva Pension	£1,633.34		0
VAT to be reclaimed directly by FP - part of disbursement recharge from BCP	£9,399.80		£9,399.80
<b>Total cost</b>	<b>£1,207,552.59</b>		<b>£187,270.71</b>
<b>Breakdown:</b>			
Cost invoiced by BCP Council	£1,213,608.29		
Pension and health insurance paid directly by the company	£3,344.10		
VAT to be reclaimed directly by FP - part of disbursement recharge from BCP	£9,399.80		
<b>Total</b>	<b>£1,207,552.59</b>		<b>£0.00</b>
ARG4	£100,000.00		
<b>Net cost for the year</b>	<b>£1,107,552.59</b>		<b>£221,510.52</b>
<b>TOTAL TO INVOICE BCP COUNCIL</b>	<b>£1,329,063.11</b>		

HSBC bank rec (this spreadsheet is originally in DN Bank/archive/)									
		Full Account Number	401307 - 12755815						
		BIC	HBUKGB4B						
		IBAN	GB92HBUKGB4B40130712755815						
YEAR	MONTH	Date	Narrative	Credit	Debit	AMOUNT	BALANCE	Posted (Y/N)	Contra Account
2021	11	26/11/2021	ADVICE CONFIRMS - BCP COUNCIL	5,000.00		5,000.00	5,000.00	Y	LOAN test
2021	12	20/12/2021	BCP COUNCIL AP	100,000.00		100,000.00	105,000.00	Y	ARG4 grant
2022	2	23/02/2022	VITALITY HEALTH FIRST PAYMENT		-172.09	-172.09	104,827.91	Y	Medical Costs
2022	2	25/02/2022	AVIVA PENSION		-175.02	-175.02	104,652.89	Y	Pension Control
2022	3	09/03/2022	VITALITY HEALTH 40025061333992		-313.65	-313.65	104,339.24	Y	Medical Costs
2022	3	28/03/2022	AVIVA PENSION		-1,050.00	-1,050.00	103,289.24	Y	Pension Control
2022	3	29/03/2022	AVIVA PENSION		-1,633.34	-1,633.34	101,655.90	Y	Pension Control
2022	4	11/04/2022	VITALITY HEALTH 40025061333992		-240.65	-240.65	101,415.25	Y	Medical Costs
2022	4	26/04/2022	BCP COUNCIL AP	1,329,063.11		1,329,063.11	1,430,478.36	Y	BCP Sales
2022	4	26/04/2022	Aviva Pension		-3,541.68	-3,541.68	1,426,936.68	Y	ZF1212-B212 Pension Control
2022	4	27/04/2022	BCP Futureplaces		-1,391,476.20	-1,391,476.20	35,460.48	Y	To BCP FP new Barclays acc

## Appendix 1.1 table 2 – 7 Dec 2022 and 27 Jan 2023 entry- Final 21/22 invoices

Council and FPL accounts produced on an accruals basis, so whilst physical transactions took place in 22/23 (see bank statement attachments), amounts were correctly accrued to 21/22 accounts.

BCP Council Final 2021/22 (after final reconciliation) Invoice to FPL (on 7 December 2022) and FPL bank statements 27 Jan 2023 paying the Council for this invoice – note VAT status of individual invoice lines, the invoice is disbursement or recharge of costs invoices, no VAT on salary costs for example.  
(Note net total, £262,253.70 is the same as the FPL invoice to the Council)

<b>Bournemouth, Christchurch and Poole Council</b> <b>PO Box 722, Poole, Dorset, BH15 2YE</b> <b>Payment Line 01202 672932 (Select Option 5)</b> <b>Enquiries 01202 123113</b> <b>E-mail income.svpp@bcpcouncil.gov.uk</b>			
<b>B C P Futureplaces Ltd</b> <b>B C P Civic Centre</b> <b>Bourne Avenue</b> <b>Bournemouth</b> <b>BH2 6DY</b>		<b>Invoice Number: 12869640</b> Please quote invoice number when making payment <b>Invoice Date/Tax Point: 07.12.2022</b> <b>Due Date of Invoice: 07.12.2022</b> <b>VAT Registration No: GB 313 0880 34</b>	
<b>Special Instructions</b>			
<b>Description</b>	<b>Amount (£)</b>	<b>VAT %</b>	<b>VAT Amount (£)</b>
COMPANY RUNNING AND DEVELOPMENT ADVICE COSTS UNDERTAKEN BY B C P COUNCIL ON BEHALF OF B C P FUTUREPLACES LTD UP TO 31/03/2022	205417.09	20.00	41083.42
COMPANY RUNNING AND DEVELOPMENT ADVICE COSTS UNDERTAKEN BY B C P COUNCIL ON BEHALF OF B C P FUTUREPLACES LTD UP TO 23/03/2022 - DISBURSEMENTS LESS ADJUSTMENTS TO FIRST INVOICE	86577.83	0.00	0.00
	-29741.22	20.00	-5948.24
<b>Total Amount: £ 262253.70    Total VAT: £35135.18    Invoice Total: £ 297388.88</b> <b>TOTAL NOW DUE: £ 297388.88</b>			

27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	1HQ LIMITED	Payt Run	62,650.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	BCP Employee Secondme	Payt Run	-14,400.21
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	BEVAN BRITTAIN LLP LTD	Payt Run	5,096.90
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	BUSINESS SOUTH LTD	Payt Run	5,000.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	CASTLETOWN LAW	Payt Run	7,449.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	Comensura - Andrew Bur	Payt Run	2,854.24
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	Comensura - Rebecca Clc	Payt Run	2,286.88
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	COMPANIES HOUSE	Payt Run	0
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	CROWNE ASSOCIATES LT	Payt Run	-8,850.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	DIXON ARCHITECTS	Payt Run	12,665.63
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	GERALD EVE LLP	Payt Run	-2,000.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	HILTON HOTELS LTD	Payt Run	-950
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	Institute of Economic De	Payt Run	-599
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	ING MEDIA LIMITED	Payt Run	14,000.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	Inner Circle Consulting Lt	Payt Run	84,797.50
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	MAKE (UK) LIMITED	Payt Run	131
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	MARSH LTD	Payt Run	0
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	MIRIM Expenses	Payt Run	2,927.83
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	PAUL MURRAIN URBAN I	Payt Run	5,045.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	Phil Jones Associates	Payt Run	2,100.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	Smart Place Economic Ar	Payt Run	1,845.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	SONOVATE LIMITED	Payt Run	21,000.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	SPACE SYNTAX	Payt Run	40,000.00
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	WSP (UK) Ltd	Payt Run	19,203.93
27/01/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	VAT	Payt Run	35,135.18

## Appendix 1.1 table 2 – 6 Dec 2022 and 23 January 2023 – Final 21/22 invoices

Council and FPL accounts produced on an accruals basis, so whilst physical transactions took place in 22/23 (see bank statement attachments), amounts were correctly accrued to 21/22 accounts.

FPL invoice and FPL bank statements showing invoice was paid by the Council on 23 Jan 2023 – note VAT status this is a sales invoice so VAT at 20%.

Also note FPL in receipt of the Council's schedule for recharge of costs incurred by FPL but initially recorded in Council cost centre and ledger.

(Therefore, note net total, £262,253.70 is the same as the BCP Council invoice to FPL)

**FuturePlaces.**

**BCP Futureplaces Limited**  
Council Civic Centre, Bourne Avenue  
Bournemouth  
BH2 6DY

**INVOICE**

BCP Council  
Council Civic Centre, Bourne Avenue  
Bournemouth  
BH2 6DY

Invoice No FPL0002  
Invoice Date 06 December 2022  
Due Date 05 January 2023  
Purchase Order  
VAT Number 388 679 709

Description	Rate of VAT %	Excluding VAT £	VAT £	Total £
DEVELOPMENT ADVICE 2021/22 - Additional charges	20%	262,253.70	52,450.74	314,704.44

NET TOTAL

262,253.70

VAT TOTAL

52,450.74

TOTAL DUE

314,704.44

**Enquiries**  
Marta Patsalis  
01202-128451  
[Marta.Patsalis@bcpcouncil.gov.uk](mailto:Marta.Patsalis@bcpcouncil.gov.uk)

**PAYMENT METHODS**  
Please remit your payment to the following account:  
HSBC  
Sort code: **40 13 07**  
Account number: **12755815**  
Please ensure you quote the invoice number when making payment

Registered in England and Wales, No: 13465045  
Registered Office: BCP Civic Centre, Bournemouth, BH2 6DY

FPL Barcalays Bank account extract showing £314,704.44 in the credit column (payment from BCP Council for the above invoice)

20/01/2023	FP-CREDITORS BACS DDR	Direct Debit	48,309.85		207,011.81
23/01/2023	BCP COUNCIL AP 791111 BGCFrom: 20-68-95 50197939	Bank Giro Credit		314,704.44	521,716.25
27/01/2023	FP-CREDITORS BACS DDR	Direct Debit	419,122.67		102,593.58





## Appendix 1.1 table 2 – 15 March 2023 and 28 March 2023 – 22/23 Financial year invoices

BCP Council invoice number 13022114 to FPL for 22/23 costs incurred by FPL but where costs were posted to Council cost centre and ledger(s) (in the exact same way as for 21/22, this is for the interim period before the working capital loan facility was approved in July 2022.

Note VAT status of individual invoice lines, invoice number 13022114 is disbursement or recharge of costs invoices, no VAT on salary costs for example.

The second invoice, 13052647 is the Councils 22/23 recharge for services to FPL and is a sales invoice so VAT is at 20%

 <b>Bournemouth, Christchurch and Poole Council</b> Revenues and Benefits, PO Box 722, Poole, BH15 2YE			
<b>Payment Line</b> Enquiries E-mail	<b>01202 672932</b> (Select Option 5) 01202 123113 income@bcpcouncil.gov.uk		
B C P Futureplaces Ltd B C P Civic Centre Bourne Avenue Bournemouth BH2 6DY		<b>Invoice Number: 13022114</b> Please quote invoice number when making payment <b>Invoice Date/Tax Point: 15.03.2023</b> <b>Due Date of Invoice: 15.03.2023</b> <b>VAT Registration No: GB 313 0880 34</b>	
Special Instructions			
<b>Description</b>	<b>Amount (£)</b>	<b>VAT %</b>	<b>VAT Amount (£)</b>
COMPANY RUNNING AND DEVELOPMENT ADVISE COSTS UNDERTAKEN BY BCP COUNCIL ON BEHALF OF BCP FUTUREPLACES LTD UP TO 17/02/2023	459421.06	20.00	91884.21
COMPANY RUNNING AND DEVELOPMENT ADVISE COSTS UNDERTAKEN BY BCP COUNCIL ON BEHALF OF BCP FUTUREPLACES LTD UP TO 17/02/2023 - DISBURSEMENTS	169329.33	0.00	0.00
<b>Total Amount: £ 628750.39</b>		<b>Total VAT: £91884.21</b>	
<b>Invoice Total: £ 720634.60</b>		<b>TOTAL NOW DUE: £ 720634.60</b>	

 <b>Bournemouth, Christchurch and Poole Council</b> Revenues and Benefits, PO Box 722, Poole, BH15 2YE			
<b>Payment Line</b> Enquiries E-mail	<b>01202 672932</b> (Select Option 5) 01202 123113 income@bcpcouncil.gov.uk		
B C P Futureplaces Ltd B C P Civic Centre Bourne Avenue Bournemouth BH2 6DY		<b>Invoice Number: 13052647</b> Please quote invoice number when making payment <b>Invoice Date/Tax Point: 28.03.2023</b> <b>Due Date of Invoice: 28.03.2023</b> <b>VAT Registration No: GB 313 0880 34</b>	
Special Instructions RESOURCE AGREEMENT CHARGES			
<b>Description</b>	<b>Amount (£)</b>	<b>VAT %</b>	<b>VAT Amount (£)</b>
IT SERVICES PROVIDED	12893.81	20.00	2578.76
LEGAL COMPANY SECRETARY SERVICES	27165.78	20.00	5433.16
FINANCE SERVICES PROVIDED	19857.52	20.00	3971.50
SYSTEM SERVICES PROVIDED	4336.58	20.00	867.32
PROCUREMENT SERVICES PROVIDED	16503.76	20.00	3300.75
CREDITORS SERVICES PROVIDED	2760.75	20.00	552.15
INTERNAL AUDIT SERVICES PROVIDED	3740.27	20.00	748.05
BUSINESS CONTINUITY SERVICES	1511.78	20.00	302.36
INSURANCE SERVICES PROVIDED	1041.36	20.00	208.27
RISK MANAGEMENT SERVICES PROVIDED	1421.24	20.00	284.25
HEALTH AND SAFETY SERVICES PROVIDED	1070.06	20.00	214.01
<b>Total Amount: £ 92302.91</b>		<b>Total VAT: £18460.58</b>	
<b>Invoice Total: £ 110763.49</b>		<b>TOTAL NOW DUE: £ 110763.49</b>	

FPL pay both invoices on 31/3/23

31/03/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	BCP - Resource Agreem	Payt Run	92,302.91
31/03/2023	FP-CREDITORS BACS DDR - BOURNEMOUTH CHRISTCHURCH AND POOLE COUNCIL	VAT	VAT	18,460.58



## Appendix 1.1 table 2 - 7 June 2023 entry – FPL NED Karima Fahmy's Governance Review

### BCP FUTUREPLACES LIMITED – GOVERNANCE REVIEW

#### BACKGROUND AND SCOPE

As part of the Board's broader review of FuturePlaces, I have undertaken a review of certain governance aspects. As outlined in Lord Kerslake's email to the FuturePlaces Board dated 18 April 2023, I have approached the review as a stocktake, rather than a comprehensive review and have focused on considering lessons learned over the first year of operation, and on considering how the original operational model (developed before the company commenced) and practice can be improved upon, and adapted to present operational and market conditions.

In undertaking my review, I have met with: Graham Farrant (Chief Executive, BCP Council), Julian McLaughlin (Service Director – Infrastructure, BCP Council), Sarah Good (Head of Delivery – Regeneration, BCP Council), Cllr Phil Broadhead (former Leader, BCP Council), Gail Mayhew (MD, FuturePlaces), Craig Beevers (COO, FuturePlaces) and Rob Dunford (Corporate, Business Case & Commercial Manager, FuturePlaces). My sincere thanks go to all who have taken part for their assistance with this review.

I have additionally been provided with, and reviewed relevant sections of, several documents including: BCP Urban Regeneration Company Commissioning Plan; Smart Growth Associates Review of Business Model of BCP FuturePlaces; FuturePlaces Business Plan 2021/23 (October 2021); FuturePlaces Business Plan Refresh (May 2022); FuturePlaces Annual Review 2022-23; FuturePlaces Headline Programme; FuturePlaces Governance & Reporting Schedule & Terms of Reference; FuturePlaces-Members Engagement Forum (MFEF) Terms of Reference.

#### SUMMARY FINDINGS

There was general consensus that there is genuine need for FuturePlaces and, in particular, the specialist regeneration and private sector real estate expertise and experience which FuturePlaces brings. It was observed that there were good levels of engagement between FuturePlaces and relevant departments within BCP Council, as well as stakeholders in the BCP community and more broadly (eg Homes England). There was a strong desire, from everyone I spoke to, for FuturePlaces to be successful in delivering much-needed regeneration for Bournemouth, Christchurch and Poole.

It was a recurring theme in the conversations I had that there was lack of a shared vision and alignment on the aims & objectives of FuturePlaces. It was generally acknowledged that the operational model under which FuturePlaces is currently operating is quite different to the model devised at inception and, as a result, there is a lack of clarity and consistency between BCP Council and FuturePlaces on, amongst other things, respective roles & responsibilities, and commissioning & funding processes and procedures. It was felt that now was an opportune moment to "reset" on these various aspects.

Although not the focus of my review, issues were raised in relation to the breadth of work being undertaken by FuturePlaces. Concerns were raised as to the capacity within BCP Council and FuturePlaces – from both a resource and funding perspective – to deliver all the projects currently being worked on.

#### MOVING FORWARD

I have set out below, for consideration and discussion, some observations and suggestions arising from my review.

1. **Aims & Objectives:** The current lack of alignment on the aims & objectives of FuturePlaces is problematic and should be addressed. There would be benefit in the BCP Council and FuturePlaces teams working together to reach agreement on a short and simple statement of the Purpose, Aims & Objectives for FuturePlaces. This statement should align with and support the delivery of the

Regeneration Strategy of the in-coming BCP Council Leadership and should recognise FuturePlaces's status as a wholly-owned Teckal company of BCP Council.

2. **Roles & Responsibilities:** Similarly, the current lack of clarity and consistency in relation to respective roles & responsibilities is giving rise to frustration and the potential for duplication in some areas and gaps in resource in other areas. Included within the output from (1) above should be a clear articulation of the respective roles & responsibilities of FuturePlaces and each of the relevant departments and functions within BCP Council. This should address, amongst other things, which matters are within (and what is out-with) the scope of FuturePlaces; the support and resource to be provided by BCP Council departments and functions to FuturePlaces; and respective roles & responsibilities with respect to the commissioning process (see further on commissioning at (3) below). Once projects are commissioned, there would be merit in establishing project-specific roles & responsibilities using a RACI matrix or similar tool to provide clarity and streamline decision-making at project level.
3. **Commissioning:** The intended process and framework for commissioning is set out in the BCP Urban Regeneration Company Commissioning Plan. My observations on the Commissioning Plan are as follows:
  - (a) It is not clear to me, from the conversations I had, that the structure, framework and principles set out in the Commissioning Plan have been consistently implemented.
  - (b) There are a number of aspects of the Commissioning Plan which are out of date or require refreshing, for example, to ensure alignment with the Regeneration Strategy of the in-coming BCP Council Leadership, and the current structure and resource within the Client Team.
  - (c) A key area which is out of date and requires updating is Section Three on Financial Strategy. I am aware that a separate review is being undertaken to consider appropriate funding models.
  - (d) The Commissioning Plan makes reference to a Commissioning Agreement and Resource Agreement as key documents which underpin the smooth functioning of the Commissioning Plan. As far as I understand, neither the Commissioning Agreement nor the Resource Agreement have as yet been entered into.
  - (e) The Commissioning Plan includes, as FuturePlaces's Initial Workplan, a list of 20 Site-specific and Thematic Projects, as well as a number of Cross-Cutting Strategic Initiatives. Given current capacity within BCP Council and FuturePlaces, from both a resource and funding perspective, this list should be significantly rationalised down to focus on a small number of priority projects which can be seen through to delivery. For each of these priority projects, a clear scope, budget, deliverables, timeline and key milestones should be agreed; and a change control process established and adhered to.

The critical importance of having a workable, robust and transparent process for commissioning and funding the work of FuturePlaces is self-evident, and yet appears to be lacking. Once this process is defined and in place, it should be strictly adhered to.
4. **Ways of working:** I am aware that Ways of Working exercises have previously been undertaken between FuturePlaces and BCP Council teams and that formal and informal collaborative working practices have been put in place. Given the importance of ensuring continuous and effective communication, collaboration and cooperation between FuturePlaces and BCP Council teams, these ways of working practices should be kept under review and regularly discussed and refreshed to ensure they continue to remain relevant and fit for purpose.

Karima Fahmy  
7 June 2023

## Appendix 1.1 table 2 - Working Capital Loan summary

Working Capital Loan summary						
			21/22	22/23	23/24	
Bank statement date	Ledger posting date	Description	£'000	£'000	£'000	
26/11/2021	31/03/2022	Advance of the working capital loan facility being place to ensure Direct Debit payment can be made from Future Places new bank account.	5			£400k Working Capital Loan
03/05/2022	03/05/2022	Transfer £10k as advance of the £400k working capital loan		10		
17/05/2022	17/05/2022	Transfer £385k as advance of the £400k working capital loan		385		
10/08/2022	10/08/2022	Transfer as extension of the working capital loan		800		Extended Working Capital Loan Facility
27/10/2022	28/10/2022	Working capital loan facility		850		
02/02/2022	03/02/2022	Working capital loan facility		1,450		
21/04/2023	21/04/2023	Working capital loan facility			500	
02/06/2023	02/06/2023	Working capital loan facility			750	
27/03/2024	28/03/2024	Repayment from Future Places			-2,350	
n/a	31/03/2024	Write off loan			-2,400	
		<b>Total per annum</b>	<b>5</b>	<b>3,495</b>	<b>-3,500</b>	
		<b>Cumulative amount reported</b>	<b>5</b>	<b>3,500</b>	<b>0</b>	

The loan peaked at 2/6/2023 when the amount drawdown totalled £4.750M.  
FPL repaid £2.350M on 27/3/2024 which resulted in the Council having to write off £2.4M

## **Appendix 2.1**

### **Options comparison, report supplementary document, 26 May 2021 report to Cabinet referred to as Appendix 1 in that report**

#### **Appendix 1**

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#### **USP Report Supplementary Document - Options comparison rationale document**

This document provides the rationale to support the assessment of the alternative options considered by the Council for the regeneration vehicle.

#### **Alternative options**

The alternative options considered by the Council as part of this assessment are:

- A. Do nothing – continue to manage and deliver the regeneration portfolio in line with current arrangements.
- B. Urban Regeneration Company (URC) - this could be a wholly owned company providing regeneration, development, and project management services to the Council.
- C. Special Purpose Vehicle – Is a model typically used to bring forward individual development sites by the Council acting alone or in partnership with other organisations.
- D. Joint Venture – The Council would enter into a Joint Venture arrangement on one or more sites where an external partner that brings has specific expertise, ownership interests or resources.
- E. Strategic Partnership – a Homes England initiative which allocates significant Affordable Homes Programme funds on a long-term development basis to those organisations (Southern have £55m to deliver over 1000 homes) who have land, planning and build skills.
- F. Expansion of existing wholly owned Council Company (Seascope Homes) - the scale could be increased to deliver more homes and greater returns to the Council's general fund. The company could build out and manage residential developments brought forward by any of the above options.

#### **Appraisal criteria**

To objectively appraise the alternative options, the Council developed six criteria that spanned the different elements necessary to accelerate regeneration delivery as follows:

- 1. Value for money – The model must offer a value for money solution for the Council to deliver its regeneration ambitions. Value for money is assessed by considering the costs associated with the establishment and operation of the new vehicle compared to the speed and scale at which it could deliver the schemes within the regeneration portfolio. A general assumption used for the purpose of the appraisal is that the regeneration portfolio has the potential to deliver significant and substantial financial returns for the Council and economic benefits for the area and communities.
- 2. Dedicated leadership and focus – successful delivery of regeneration projects heavily relies upon dedicated and consistent leadership and focus. Without it, projects will not be delivered at the pace required to meet the Council's ambitions.
- 3. Accelerated delivery – The Council wishes to accelerate delivery of its regeneration portfolio. By doing so, these large-scale assets can be utilised quicker to their fullest potential for the benefit of the local residents and



yield substantial financial and economic benefits for the Council, residents and communities.

4. Adaptability and flexibility – The regeneration delivery model must have the ability to adapt and flex easily to changing Council, stakeholder and market conditions and requirements.
5. Scalability – The model must allow the Council the possibility to scale up and down over time to respond to the Council's requirements and the opportunities within the market.
6. Talent attraction – Competition for individuals with development and project management skills is high and there is an overall shortage across the industry (add supporting information).

## **Options appraisal**

### **Do Nothing**

The do-nothing scenario assumes the Council will continue to deliver the projects within the regeneration portfolio as it has done to date. Doing so would have a neutral impact on value for money as the costs of delivery compared to the scale and speed of delivery are unlikely to change. The Council does not currently have dedicated regeneration leadership that can provide consistent focus to the delivery of its regeneration portfolio; consequently, it is unlikely that the delivery will be accelerated. Retaining the delivery of regeneration within the Council would provide the ability to be adaptable and flexible though not quickly scaling up and down to respond to changing Council objectives and market conditions due to the nature of Council processes and the timescales associated with some decision making. Finally, it is unlikely in the do-nothing option that the Council would be able to attract and retain the very best regeneration and development practitioners given the Council salary structures and reward system.

### **Urban Regeneration Company**

The creation of an Urban Regeneration Vehicle (URC) is likely to provide greater value for money as the costs associated with its creation and ongoing operation are likely to be significantly and substantially smaller than the financial and economic benefits that would derive from the greater speed and scale of delivery that it would enable. The URC would be led and managed by an Executive team providing dedicated and focussed leadership. The Executive team would be supported and held accountable by the URC company board, whose membership would include independent non-executive director that would provide additional leadership and capability in the fields of regeneration, development and place making. As a consequence, it is highly likely that delivery will be accelerated. The URC model provides greater ability to adapt and flex to meet changes to Council objectives and market conditions and also the ability to scale up and down as circumstances change over time. This can be accomplished through the adoption of robust yet flexible policies on employment and recruitment. Finally, the URC could become a beacon that could attract and retain the very best talent that the market has to offer. This would be achieved through the creation of a high performing team culture, compelling employment offer, and the enticement of leading and delivering the most exciting regeneration portfolio in the south of England. Examples of successful wholly owned Council regeneration companies include Be First in the London Borough of Barking and Dagenham.

### **Special Purpose Vehicle**

The creation of a single or multiple special purpose vehicles (SPV) is unlikely to improve value for money as the set-up costs for each are unlikely to propagate a substantial

and significant change in delivery profile. SPV's would not enable dedicated and focused leadership across the portfolio and consequently, on their own, are unlikely to enable accelerated delivery of the regeneration portfolio. SPV are typically established to deliver individual developments or groups of developments; they therefore have little flexibility and adaptability to respond to changing Council, stakeholder and market conditions and requirements and typically do not have the ability to scale up and down to meet changing needs. The creation of one or more SPV's is highly unlikely to be able to attract and retain the best talent the market has to offer.

#### Joint Venture

The creation of Joint Venture is assessed to have a neutral impact on value for money because the set-up costs are unlikely to be compensated by a substantial and significant change in delivery. While Joint Ventures can provide dedicated leadership and focus it has been assessed that, for the range, scale and most importantly early stage of the projects within the Councils portfolio, that this model is unlikely to be the most suitable approach. The Joint Venture model with the right partner can accelerate delivery and can be adaptable and flexible to changing Council, stakeholder and market requirements and can scale up and down to respond to changing needs. A Joint Venture could also attract talent within the regeneration and development market.

#### Strategic partnership

A strategic partnership with Homes England is a long-term arrangement to deliver affordable homes in return for capital funding from Homes England. It therefore provides an opportunity for the Council to leverage greater investment into the area to support the delivery of affordable homes though, on its own, it not a model that can be used to deliver all the Councils regeneration ambitions. It offers value for money because it brings in additional funding. It is not yet clear how much local leadership Homes England would offer for strategic partners however typically leadership and focus on delivery remains the responsibility of the Council. The additional funding is likely to have a positive effect on accelerating delivery however its unlikely to offer significant adaptability and flexibility to meet the changing Council and stakeholder requirements. It is not yet clear if it will be possible to scale a Strategic Partnership and it is unlikely to change the ability of the Council to attract and retain the very best talent.

#### Expansion of existing wholly owned Council Company

The expansion of an existing wholly owned Council Company is unlikely to offer the best value for money because although the set-up costs minimal it is unlikely that a company not designed to deliver large scale regeneration and development projects will mean a material change in delivery. Company leadership is unlikely to have the skills and focus and consequently accelerated delivery is unlikely to be achieved. An existing company will already have a business plan and constitutional arrangements and therefore is highly unlikely to be adaptable and flexible and highly unlikely to be able to scale. An existing company will already have a track record no it is unlikely to be able to use that track record to attract and retain the very best talent.

#### Summary

The table below summarises how the six options compare using the following ratings of likelihood of meeting the Councils assessment criteria: Highly likely, Likely, Neutral, Unlikely and High Unlikely.

Option/ Criteria	Do Nothing	Urban Regeneration Company	Special Purpose Vehicle	Joint Venture	Strategic Partnership	Expansion of existing wholly owned Council Company
Value for money	Neutral	Likely	Unlikely	Neutral	Likely	Unlikely
Dedicated leadership and focus	Unlikely	Highly likely	Unlikely	Neutral	Neutral	Unlikely
Accelerating delivery	Unlikely	Highly likely	Unlikely	Likely	Likely	Unlikely
Adaptability and flexibility	Likely	Highly likely	Highly unlikely	Likely	Highly unlikely	Highly unlikely
Scalability	Neutral	Highly likely	Highly unlikely	Likely	Neutral	Highly unlikely
Talent attraction	Unlikely	Highly likely	Highly unlikely	Likely	Unlikely	Unlikely

### **Appendix 3.1- Recruitment of Executive Directors, NEDS and staff**

#### **Email sent to candidate on Monday 5 July 2021, @12.06 by Head of HR BCP Council**

Subject: URC MD Offer

[REDACTED]

Thank you for your time on Friday and I will follow up with further feedback from the panel with a call later in the week but I am delighted to inform you the panel would like to proceed to offer.

The details of the offer are attached in draft form as we can work with our HR providers to refine the details following your response. I have [REDACTED] Mandy from PurpleHR who have been appointed to support the URC.

The only addition that I believe was discussed after the panel on Friday was the addition of Private Health Insurance which [REDACTED] can add into the offer but I wanted to get your initial feedback as soon as possible to understand if you felt you would be in a position to accept the offer that we would hope to be effective as of the 5 July 2021?

Please let me know if you have any questions?

Regards,

#### **Email sent by candidate on Monday 5 July 2021, @14.11, to Head of HR BCP Council**

Hi [REDACTED]

Many thanks for sending this and am delighted to be proceeding.

As discussed I will want to review the offer with an employment solicitor

Please advise whether BCP can cover the cost of this advice?

With kind regards

#### **Email sent to candidate on Monday 5 July 2021, @18.38pm, by Head of HR BCP Council**

**Subject: RE: URC MD Offer**

[REDACTED]

Understood, we will pay up to £500 plus VAT for legal advice.

Regards,

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#### **Email sent to Panel on Tuesday 6 July 2021 by Head of HR BCP Council**

Panel,

Thank you all for your time on Friday to support the recruitment and appointment of the Managing Director for the Urban Regeneration Company (URC) for BCP Council. We interviewed [REDACTED] as the recommended and preferred candidate. Following the initial debrief it was recommended that feedback be submitted and a decision to appoint would be made following the collation of that feedback.

A summary of the feedback is below;

- The candidate has extensive experience in regeneration and place shaping
- The candidate is highly regarded and has national influence regarding the stewardship approach to regeneration
- The candidate was deemed to be competent for the role as MD of a URC for BCP Council
- Areas for support and development were identified;
  - Financial and commercial planning
  - Creative visioning and marketing for the future of the place
  - Operational delivery

The decision to proceed to offer was the majority, however the development and support requirements were noted and a commitment was made to ensure the right skills, experience and governance is brought into the URC and BCP Council to ensure the MD is set up for success. This will evolve as the business plan is developed and iterative in approach that will require a proactive and engaged board to contribute to this required outcome. The board will also be responsible for setting the objective and managing performance of the MD and team.



## Email sent 14 June showing [REDACTED] was already working for the council and who the Head of HR believed had received an offer from Cllr Mellor, Leader of the Council

**From:** Dave Anderson <dave.anderson@bcpcouncil.gov.uk>

**Sent on:** Monday, June 14, 2021 4:04:22 PM

**To:** [REDACTED] <[REDACTED]@bcpcouncil.gov.uk>; Graham Farrant <graham.farrant@bcpcouncil.gov.uk>

**Subject:** RE: URC MD

Thank you [REDACTED]. We have a site tour of the BIC, Winter Gardens and wider Arc with [REDACTED] and Inner Circle tomorrow. With regard, to the organisational structure of the URC my view is that we need first to work through the Business Plan that Inner Circle are preparing and the Commissioning Plan that Sarah G and myself are working on.

The initial structure that [REDACTED] set out looks to me to be rather top heavy in terms of senior posts with insufficient Development Manager boots on the ground.

We need to ensure that business plan strategy informs the organisational structure. There will no doubt be key posts that will need to be filled to allow the URC quickly to build momentum. However, I'd prefer to clarify the priority appointments and then give ourselves a little more time to consider the organisational architecture that will give us the best prospects of building and sustaining success. Regards, Dave

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**From:** [REDACTED] <[REDACTED]@bcpcouncil.gov.uk>

**Sent:** 14 June 2021 16:53

**To:** Graham Farrant <graham.farrant@bcpcouncil.gov.uk>

**Cc:** Dave Anderson <dave.anderson@bcpcouncil.gov.uk>

**Subject:** URC MD

Graham,

I did have 15 minutes in the diary to talk to you but assume this was an error as you are on leave but I was going to take the opportunity to update you following a conversation that I had with [REDACTED] on Friday. We had a 1 to 1 to swap notes on our understanding of the situation and to see what I can do to support the commitments that have been made so far.

Below is a summary of what I think the stages are that I wanted to run past you in draft to confirm I have the right end of the stick and I will work them up from there.

1. [REDACTED] has a 4 week contract for consultancy currently via creditors (ie. as a supplier not an employee).
2. I suggest at the end of this commitment we put in place a further 4 – 6 week contract that will be as an Interim MD post, we will have to bring this inside IR35 but can still do this via the same mechanism that we have in place. I believe this will be @ £1500 per day 5 days per week so will be c.£45000 plus tax & NI.
3. The final stage will be a permanent offer of employment as the MD for the URC (which I believe [REDACTED] has already received from Drew) when it is established and we will have to employ direct. I was open that there will have to be a form of selection to justify the offer and position and that is work we have yet to do but I believe that we can make it safe for scrutiny purposes without causing a huge investment in time and resources, especially if a lot of the validation and vetting has already been completed.

will work up stage 2 for your sign off when you return from leave, no need for a response unless I am well wide of the mark.

Dave – cc'd for information and also as I know you and [REDACTED] are together this week. If it is helpful for me to meet with you both at any point please let me know? [REDACTED] and I did start to get into to organisational design and the requirement for you and [REDACTED] to be fully aligned, which is key especially as I know we are starting to pull in resources.

Regards,  
Lucy.

## Email containing legal advice on the appointment and which suggested an initial appointment on a consultancy basis.

**Subject:** URC / Appointments

[REDACTED]

Further to my e-mail of yesterday, I have now spoken with Graham and Chris concerning the proposed appointment of the Managing Director. I understand that it was put forward on Friday that an appointment should be made imminently of an identified individual. Officer advice has therefore been requested by Graham and Susan as to the processes / steps required in order to effect such an appointment and the corresponding timeframe for that appointment.

From an operational perspective, I do not think an appointment by the URC would be possible at this stage. I think that the "go live" date (or shortly beforehand) is when the contracts of employment should take effect (i.e. 1 November 2021 based on the current timeline) and I agree with Graham that the best way forward for now might be simply to engage the potential candidate on a consultancy basis with a specified activity schedule for the services they are required to deliver to the Council.

I have reached that conclusion because:

- (i) there is currently no incorporated legal entity;
- (ii) the company has no other directors or staff;
- (iii) the company would not be funded to pay for staff costs (other than via the commissioning contract unless a working capital loan is agreed);
- (iv) the company would not yet be in a position to provide commissioned services to the Council (absent a workforce) and the scope of services is not yet determined in any event (and will need to develop in line with the business plan);
- (v) the shareholder agreement governing the decisions that the board may take (and the decisions that are reserved) is not yet in place;
- (vi) the operational aspects of payroll are not in place (e.g., will the Council provide payroll services under the support services agreement?);
- (vii) the terms and conditions and role profiles will require development;
- (viii) agreement as to the appropriate recruitment process will need to be reached.

I believe that it is proposed to complete the pension and payroll workstream by the circa mid-August and it is anticipated that the terms and conditions and role profiles will be in agreed as part of that workstream. **[Note: Please refer below to the critical path work programme developed by Inner Circle.]**

Please could you comment on the further issues / considerations you think are likely to be required in relation to points (v) to (vii) above, including the process for agreeing the terms and conditions (and whether this might require union input given the potential application of TUPE to some existing staff), pensions admission arrangements and the recruitment procedures you would advise? I am particularly mindful that the Council may need to undertake further work around the development of the role profiles and, potentially recruitment, to mitigate the risk of any successful equal pay claims arising.



### 3.1.9 Email from Leader after interview

**From:** Councillor Drew Mellor <Drew.Mellor@bcpcouncil.gov.uk>

**Sent on:** Friday, July 2, 2021 5:38:24 PM

**To:** [REDACTED]@bcpcouncil.gov.uk>

**Subject:** URC MD

Hi [REDACTED]

For the avoidance of doubt I am happy to proceed to offer [REDACTED] the MD position on the basis of that interview.

Drew

End of appendix 3.1

### **Appendix 3.2.20 – Head of Delivery (Commissioning Team) view on what needed to happen to the Council's Commissioning Plan – date 9/3/23**

#### **Commissioning Model**

The Commissioning Plan produced by the council, focuses on the legalities of the relationship, and provides a framework for delivery - including performance, reporting, compliance, audit, risk, and value for money.

The Commissioning Plan also identifies two key areas that will enable quality management within the company: the first - monitoring and evaluation; and the second - clarity over critical success criteria and key performance indicators (KPIs) to be used for measuring success.

However, to-date FuturePlaces' Business Plans have focused more on the Stewardship Approach - based on the Building Better, Building Beautiful philosophy - and the project section does not tie-back to the Commissioning Plan or other council Strategies including the Big Plan, housing targets etc.

There are few, if any, key performance indicators provided in the Business Plan and no clear idea of what success will look like. As a result, the council has only a very high-level view of the projects being proposed, and no clear idea of the outputs or outcomes anticipated until the Outline Business Case stage at which point FuturePlaces may already have made significant financial and resource commitments.

Along with clearly identified KPIs for specific projects, including targets and contribution to Big Plan ambitions etc, the Commissioning Plan also requires the company Business Plan to set out a phased programme for the preparation of sites for development. There is evidence of detailed programming work undertaken by FuturePlaces, but this is not being shared or included within the Business Plan.

The URC was created to provide the council with the skills, expertise, and resources to progress regeneration projects at pace. The council is required to support these activities and regular briefing sessions with Housing, Transport and Engineering, Planning etc, have been scheduled. However, without clear project scope, deliverables, and programme timelines it is impossible for council departments to resource plan.

This lack of transparency makes it difficult to evidence that projects are moving at pace and, due to the differing expectations of the company versus the council, cabinet deadlines have been missed.

Similarly, prioritisation is an issue. With the construction environment constantly changing, significant increases in inflation, the rising cost of materials, and the council's pressured budgetary position, project prioritisation and strategic programming will be even more vital to the success of these schemes.

The Business Plan should provide advice to the council on which projects to proceed with at pace, and which to use as longer-term more strategic assets. As set out in the Commissioning Plan, such advice should also consider the best option for the council including promoting sites to the investment market, direct development, or suitable exit routes such as disposal. Rather, there appears to be a drive to progress all the schemes simultaneously without the internal resources to deliver, incurring considerable external

consultant costs, and an over-reliance on council resources to prioritise FuturePlaces work over other council priorities due to the reactive rather than pro-active approach.

The council needs to take a more proactive and transparent approach to commissioning; working collaboratively with FuturePlaces to ensure both parties are prioritising projects that will be self-funding, make a revenue or capital return to the council, or can be supported through investment or grants. Not every scheme needs to be progressed with stewardship at its heart nor should FuturePlaces be averse to recommending disposal in order to fund more strategic sites or schemes that will have the most benefit to the local communities.

**Proposed Action:**

- The council should review the Commissioning Plan alongside the development of a new corporate strategy to ensure that the outcomes and performance indicators are still valid, taking into consideration the council's budget position and any changes to strategy or policy.
- FuturePlaces to produce Project Outline Case documents (or include sufficient project detail in their 2023/24 Business Plan) for those projects without a current OBC. These should be related back to the outcomes included in the Commissioning Plan. This must also include a phased programme for the preparation of sites for development along with KPIs for specific projects, clearly identified targets (including contribution to revenue generation, housing targets and Big Plan ambitions etc). N.B. The Commissioning Team did offer to support FuturePlaces with drafting these documents in 2022 but after a month the offer was rejected.
- There is evidence of detailed programming work undertaken by FuturePlaces, but this is not being shared. Suggest that this information – clearly identifying when council departments will be required to provide support and when - is provided as part of the reporting regime to ensure sufficient resource can be scheduled for each project or resourcing issues identified early in the programme. For example, FuturePlaces commissioned invasive ground investigation works at Holes Bay which the council was not aware of, including the adjacent recreation ground which is out of the red-line area of the scheme. Numerous urgent meetings had to take place with estates, FM, legal and the environment team to ensure the works did not cause any ecological issues and agree a workaround where the council placed the order so it could rely on the findings and recharge FuturePlaces for the resultant report, and for legal to issue an access licence to the contractor during the Christmas break to minimise penalty charges caused by the delay.
- Ideally, a back-to-basics prioritisation and scoping session should be undertaken – to ensure both parties understand the parameters, outputs, outcomes, timeframes, budget etc and agree which projects should be prioritised. This will prevent duplication (it is likely that much historic work can still be relied upon) and would provide early warning of any timing or scheduling issues. As the council's development and regeneration advisers, FuturePlaces should recommend which to proceed at pace, which to use as longer-term more strategic assets and not be afraid to consider the best option for the council, including disposal, in order to fund projects with the greatest benefit to the community.
- The financial landscape has changed dramatically over the past two years and urgent reassessment is needed in terms of the business plan. Part of FuturePlaces' remit is to advise the council, and this must include not only prioritisation considering budgetary constraints, but a recognition that we cannot deliver everything despite political pressure. As part of their proposals, FuturePlaces' advice should include

evidence of what is the market doing, what the council should invest in, what has the change in interest rates done to the property market, etc.

End of Appendix 3.2.20

## Appendix 4.1.4 – FPL P&L account

	2021/22		2022/23		2023/24		Aggregate P&L		Aggregate Totals P&L		
	(18/6/21 to 31/3/22)		(1/4/22 to 31/3/23)		(1/4/23 to 31/3/24)				FPL Exp.	Income	Income
FPL Profit and Loss Account	£	£	£	£	£	£	£	£	£	From BCP	Other
TURNOVER											
UK sales (BCP Council)		1,354,806		72,645		3,301,300		4,728,751	J	4,728,751	
COST OF SALES											
Consultancy Fees	-411,799		-1,712,284		-1,022,327		-3,146,410		-3,146,410		
GROSS PROFIT (Loss)		943,007		-1,639,639		2,278,973		1,582,341			
Administrative Expenses											
Directors' salaries	-98,750		-314,512		-227,077		-640,339		A		
Directors' NI	-14,274		-46,902		-26,420		-87,596				
Directors' pension - defined contrib.scheme	-750		-8,850		-5,421		-15,021				
Directors' bonuses	-9,700		-36,875		0		-46,575				
Wages and salaries	-69,987		-527,228		-505,229		-1,102,444		B		
Employers NI	-5,274		-72,119		-57,136		-134,529				
Employers pensions - defined contrib.scheme	-475		-8,056		-10,571		-19,102				
Employers bonuses	-6,907		-56,994		0		-63,901				
Subcontractor costs	-390,537		-259,621		-57,739		-707,897		C		
Recruitment costs	0		-23,043		-9,000		-32,043				
Staff training	0		-1,840		0		-1,840				
Staff welfare	-516		0		0		-516				
Health and safety costs	-969		-1,070		-729		-2,768				
Protective clothing	0		-865		0		-865				
Private health costs	-582		-6,015		-5,414		-12,011				
Travel and subsistence expenses	-1,284		-7,489		-7,129		-15,902				
Travel expenses	-1,691		-5,104		-3,159		-9,954				
Hotel expenses	-1,473		-6,788		-1,023		-9,284				
Rent	0		-36,000		-35,550		-71,550		D		
Rates	0		-1,834		-62		-1,896				
Other premises costs	0		-2,565		0		-2,565				
Computer software, consumables	-3,598		-684		-1,545		-5,827				
Computer software costs	-317		-1,872		0		-2,189				
Computer and IT consumables	0		-695		-85		-780				
Printing, postage and stationery	-235		-1,054		-2,236		-3,525				
Postage	-142		0		0		-142				
Courier services	0		-112		0		-112				
Advertising and marketing costs	-196,932		-55,942		-14,680		-267,554		E		
Exhibitions	-10,128		-7,733		-1,173		-19,034				
Training seminars and workshops	0		-573		-4,435		-5,008				
Audit fees	-5,600		-5,600		-6,200		-17,400				
Legal fees	-52,687		-2,100		-41,941		-96,728		F		
Consultancy fees	-76,852		0		0		-76,852		G		
Management fees (BCP Council Services to FPL)	-86,072		-91,234		-141,755		-319,061		H		
Subscriptions	0		-40		-732		-772				
Payroll fees	0		-4,899		-3,148		-8,047				
Bank charges	0		-737		-377		-1,114				
Depreciation of computer equipment	-2,600		-6,621		-4,265		-13,486				
Depreciation of plant and machinery	0		-1,266		-1,108		-2,374				
Entertaining	-242		0		0		-242				
Sundry expenses	-1,852		-1,821		0		-3,673				
Profit/loss on disposal of tangible fixed assets	0		0		-8,830		-8,830				
	-1,040,426		-1,606,753		-1,184,167		-3,831,346			-3,831,346	
Other Operating Income											
Government grant receipts - net		100,000		0		0		100,000	I		100,000
Interest receivable		0		0		233		233			233
OPERATING PROFIT		2,581		-3,246,392		1,095,039		-2,148,772			
Interest payable and similar expenses											
Other interest payable	-10		-8,786		-218,890		-227,686			-227,686	
PROFIT FOR THE FINANCIAL PERIOD		2,571		-3,255,178		876,149		-2,376,458		-7,205,442	4,728,751 100,233

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

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