

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 06 November 2025 at 6.00 pm

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

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

Also in attendance: Cllr M Cox (virtually)

55. Apologies

Apologies were received from Cllr S Bartlett and Lindy Jansen-VanVuuren.

56. Substitute Members

There were none

57. Declarations of Interests

There were none.

58. Confirmation of Minutes

The minutes of the meeting held on 24 September 2025 were confirmed as accurate record for the Chair to sign.

Voting: Agreed with no dissent

59. Public Issues

The following public issues were received in relation to the draft - Internal Audit - BCP FuturePlaces (FPL) Investigation Report (Scope items 1 to 8):

Public Questions from Mr Ian Redman:

Question 1.

BEIS said the council had discretion on how to award Additional Restrictions Grants but that these funds were to be used "to support businesses severely impacted by coronavirus restrictions and the rise of the omicron variant" - which Future Places, as a new company, was definitely not! Future Places were urged to apply for a £100,000 ARG grant by "the BCP City Panel". Who were members of the "city panel" and which council officers approved the grant?

Response:

The criteria for latter elements of the ARG grant (schemes 3 and 4) could fit wider criteria as set out in [government guidance](#)

Point 1 on page 4: This guidance is intended to support Local Authorities in administering the Additional Restrictions Grant (ARG) to provide direct business grants and wider business support.

Point 21 on page 5: With the exception of the third top-up payment, Local Authorities can use ARG funding for business support activities. This may primarily take the form of discretionary grants, but Local Authorities could also use this funding for wider business support activities.

And Point 34 on Page 8: Previous guidance for the Additional Restrictions Grant indicated that businesses must have been trading before relevant restrictions were introduced in order to be eligible. This is no longer the case. All businesses that are trading and meet other eligibility criteria may apply to receive funding under this scheme. There is no starting date from which businesses must have been trading in order to qualify for grant funding.

This was all set out in the Council's published schemes, which were all approved by Corporate Management Board.

Entities who were involved in the City Panel are shown in the snip at 5.10.2 of the report. The BCP Council Leader and Deputy Leader were also invited.

Officers who approved the grant on the Council's award panel were the Director of Development and Director of Destination and Culture, supported by two officers from Economic Development who were advisors to the panel.

Question 2.

Once awarded to Future Places, the £100,000 grant was transferred to a separate company, 1HQ Limited, so that it could carry out a "city identity study". The resulting report by 1HQ Limited is available online, and consists of 35 pages, 15 of which are photographs of Bournemouth or full-sized page numbers. The observations in the report aren't particularly striking either. Whose job was it, at Future Places or BCP Council, to ensure quality control and value for money, especially in this scenario, where £100,000's worth of work had supposedly been undertaken?

Response:

As with all the ARG grants, the responsibility for delivering the outcomes and outputs stipulated in application forms was with the applicant, in this case, Future Places. Future Places were also required to provide a monitoring report detailing how the outcomes and outputs were delivered. All reports needed to be sent to the Council's Economic Development team as part of the grant conditions. The monitoring report for this grant was received.

Question 3.

The timeline mentions several whistleblowing reports from the executives at Future Places but none from council officers. Were any concerns raised by council officers about Future Places, such as - the vast sums being allocated to the company - total project cost for the Poole Civic Centre alone was estimated at £51.8 million - the cost of projects not taken forward would have to be written-off - providing a loan that had no hope of being repaid (per the external audit report), etc. -If yes, when were these concerns raised, what exactly were they, and what action was taken? Concerns about the Bayside Restaurant were raised at the outset by council officers but ignored by management.

Response:

Various concerns were raised by Council officers, the report identifies a number of these concerns, for example those highlighted at 3.2.20 and 3.5.9. The concerns were voiced to the shareholder representative and it was agreed that a review after the local elections to align the Council's Corporate Strategy, the Council's Commissioning Plan for FPL and the FPL Business Plan was required.

Public Questions from Mr Alex McKinstry:

Question 1.

Can you confirm that the date of the email in paragraph 3.1.14 is without doubt 2 June 2021? This seems remarkably early. Amongst other things the email - reproduced in full on page 185 - describes a decision made the previous Friday to appoint "a named individual" to the managing director role; the previous Friday would have been 28 May, at which point the MD-to-be had been working for the Council for a matter of days. (Her earliest expense claim was 18 May.) Can you double-check the date, therefore?

Response:

The email referenced at paragraph 3.1.14 is without doubt dated, Wednesday 2 June, 2021, time stamped 11.40am.

Question 2.

Where exactly does the quote come from in Paragraph 6.2.3, informally defining the role of the shareholder representative?

Response:

The quote at 6.2.3 is the judgement of the investigator based on all the evidence gathered including from parties involved in the investigation.

Public Statements from Mr Ian Redman:

Statement 1

Council's should not benefit from Additional Restrictions Grants per BEIS and ARG guidance. section 26 of ARG guidance says "All funding provided under this scheme should provide direct support to businesses". The £100,000 grant to Future Places, paid to 1HQ for a placemaking study, must have breached these guidelines. The Future

Places MD said, in the progress report, that the grant met "two core objectives" - "To articulate for BCP Council a fresh and distinctive narrative", and identifying "place values" for the URC. The award panel, similarly, said: "It could be significantly beneficial to BCP and aligns with aims and objectives of the new EDS and Big Plan". The beneficiaries of this project were clearly the Council and its URC, and this should be reported as a misuse of public funds under the Local Government Finance Act.

Statement 2

The Future Places report overlooks many questions from residents (page 164 onwards). One key element missing from the report, who introduced Gail Mayhew to the Council; were procurement rules and financial regulations followed; who signed the purchase order for her initial consultancy services; and whether alternative quotes were sought. Other outstanding questions include the loan agreement - whether it was right for the CFO to allow it, given the significant risk of default; the shareholder role - whether the CEO failed to put robust scrutiny in place; and why Grant Thornton never raised the alarm until it was too late. A major concern is why the council's Leadership didn't commission this investigation when it was first suggested at Council in November 2023. Memories were still fresh; documents locatable; and councillors and officers still around to be held accountable. This report is two years late.

The Chair read out the following point of clarification in relation to Statement 2:

"The Council wishes to clarify matters that it considers to be misleading in Mr Redman's statement number two. The loan agreement was agreed by Cabinet and then Council, the CFO's role was to highlight the financial implications and risk, which are set out in the report. It was not the role or responsibility of Grant Thornton to raise the alarm on matters pertaining to specific council decisions. Grant Thornton raised concerns from a wider governance perspective in their annual VFM opinion at the earliest opportunity with regard to FuturePlaces Ltd."

Public Statements from Mr Alex McKinstry:

Statement 1.

It's disgraceful that a £100,000 Covid support grant was used to fund a "city identity study" - 35 pages, of which half were illustrations. But look closer. The application, and financial waiver, state FuturePlaces was "requested" to apply for this grant by "the BCP City Panel". Also on this panel was the Ceuta Group - whose subsidiary, Ceuta Secretaries Ltd, was secretary to 1HQ Ltd, the company that did the study and was indeed sole bidder for this £100,000 project. They shared the same registered office and director. Other panel members included Bourne Asset Management Ltd, whose director went on to become *de facto* FuturePlaces landlord; and a great many concerns from residents about that particular matter are cited on page 169. The Council's dealings with this "city panel" need examining, as several threads of Drew Mellor's administration were intertwined with it.

Statement 2.

Paragraph 5 3 10 *et seq.* considers "THE STEWARDSHIP INITIATIVE" - seemingly an unincorporated business, of which the FuturePlaces MD was co-founder. This connection wasn't mentioned in the 2021 business plan (which is now publicly available, incidentally), or at any Council meeting, despite the Initiative gaining potential kudos from "the Stewardship kitemark", which would be applied to FuturePlaces projects. This should have been put front and centre by administration politicians likewise the arrangement at 5 3 14, whereby 1% of property sales on FuturePlaces sites would be paid into a "Stewardship fund". That detail was buried in the appendix to an exempt document. The two co-founders of the Stewardship Initiative had senior posts in companies awarded £187,000 by FuturePlaces, and doubtless the Committee will examine whether overlapping interests were declared; to what effect; and what Chinese walls were in place.

Statement 3.

Reserved Matter 39 of the Shareholder's Agreement restricted approval of any bonus, profit-sharing or share option scheme to Council; and this was serious stuff, as a share option scheme would have removed the company's Teckal status. Of course this matter should have been referred to *full* Council, therefore. Ditto Reserved Matter 40 - the actual bonus payments - given the size of these payments, concerns about the company's underperformance (with business cases delayed), plus other controversies: indeed, I doubt whether the 2023 bonuses would have passed full Council, given the changed administration. The shareholder representative - who had no voting rights - sitting mutely at related board meetings, was no substitute for the full Council endorsement that these matters surely warranted. The Committee should therefore reject Paragraph 5 1 9, and find that the Shareholder's Agreement was breached in respect of Reserved Matters 39 and 40.

Statement from Mr Adam Sofianos:

Ever since the creation of FuturePlaces, the project has been scrutinised and criticised by local residents.

That criticism has been entirely validated.

But history should also note how people connected to FuturePlaces tried to deflect and deter this scrutiny.

In a 2023 Council meeting, then-leader Phil Broadhead controversially dismissed residents asking questions about FuturePlaces as "election candidates". Earlier, in a 2022 committee session, one of his councillors condemned public criticism as "hearsay, misinformation and fake news," while the FuturePlaces managing director complained about "kangaroo court commentary".

Yet scrutiny was, and remains, utterly justified.

And now, as councillors contemplate what to do next, a critical question must be answered.

What actions will this Council take to ensure that something as damaging as FuturePlaces can never happen again?

Only when that objective has been met, can Council look those residents in the eye, and tell them the case is closed.

60. DRAFT - Internal Audit - BCP FuturePlaces (FPL) Investigation Report (Scope items 1 to 8)

The Committee considered the report of the Head of Audit and Management Assurance (HAMA), a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book.

This was the second committee meeting to consider the draft Internal Audit investigation report on BCP FuturePlaces Ltd (FPL). This report covered scope areas 1 to 8 (all scope areas). The Committee had previously reviewed an initial part A which covered scope areas 1 to 4 at a meeting on 24 September 2025. It was noted that there may be a need for a least one further meeting to allow the Committee sufficient time to digest and review the findings to determine next steps. At the conclusion of the investigation there may still be gaps in understanding, and the Committee may or may not decide that further investigation through other means was required.

The Chair explained that the Committee would pick up where it left off on 24 September at the end of Scope Area 3, continuing to make comments and identify areas where clarification was needed and/or where further consideration may be required. She also suggested that members send any further questions to her and the HAMA, she would then compile these into a list to aid discussion at the next meeting.

The Chair and members thanked the HAMA for the amount of work taken to produce a report of such depth and breadth.

Scope 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).

- The HAMA's recommendation at 4.1.2 regarding Council Teckal companies filing Profit and Loss (P&L) accounts was noted

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

- Members commented that 'where the money went' was now very clear, with consultancy fees accounting for over 40% of FPL total expenditure.
- A member suggested that the list of consultants seemed very long and commercial in nature. It was noted that this may be what one would expect in the private sector. It may be useful to seek examples of comparative fees for regeneration work.
- A member commented that the wide range of consultants could indicate a scattergun approach and a lack of focus. Also it seemed that some consultants appeared to provide similar expertise to FPL.

- Members queried tendering procedures and whether value for money (VFM) was achieved. Members were referred to Section 4.2 of the report which set out the arrangement for procuring suppliers.
- The HAMA was unable to locate any working paper to account for the manual adjustment of £8,467, despite best endeavours.
- The potential link between some consultants and the Stewardship Initiative was flagged – see also 5.3 below.

Areas for consideration:

- **Whether to undertake a benchmarking exercise on consultancy fees for regeneration work**
- **Whether more information is required on the approach taken to appointing consultants and whether VFM was provided**

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

4.1.8 Drilldown C – Staff salaries £1,319,976

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

- A Member commented that the salaries seemed ‘eyewatering’ and VFM was again questioned.
- It was noted that the approach to the recruitment and payment of FPL staff had been a conscious decision. It was clarified that the various ‘set up’ reports to Cabinet and Council stated that Council did not have the appropriate staffing capacity to lead FPL from within.

4.1.12 Drilldown G – Legal Fees £96,728

- Members noted the lack of clarity identified by the HAMA regarding the payments of £10,000 and £10,125 to Knight Frank for commercial reviews of the Stewardship Model for the URC.
- Members also noted a payment of £19,995 for a further stewardship model review by Castletown Law.

Area for consideration: Whether further information is required to clarify the purpose and outcome of the Knight Frank and Castletown Law reviews of the Stewardship model

4.1.13 Drilldown H – Consultant £76,852

- Comments included that the FPL structure looked top heavy and that there would have been less need for consultants if more staff with relevant expertise been recruited.
- The HAMA explained that as part of the decision to create FPL, it had been clearly stated that FPL would grow incrementally and would need to rely considerably on consultants in the interim period.

4.1.14 Drilldown I – Management fees - BCP Council services to FPL £319,061

- The HAMA explained that the £0.00 entries for some Council services were FPL's P&L figures. These did not tally with the Council's recharges and did not reflect the actual amounts paid.
- It was noted that FPL staff had been located in Council premises without charge for approximately nine months. In principle this was contrary to Government guidance, although in practice as the sole entity, there was no competitive advantage for FPL to gain.

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

- The HAMA clarified the process followed for the subject matter expert (SME) review by Council staff which resulted in the summary financial position shown in Appendix B.
- Members discussed if there was value in seeking further information from SMEs on how they assessed the value of work FPL proposed transferring to the Council on each project.
- If work was classed as useful to the Council it was paid for, if not useful it was written off. Members noted that ultimately the cost to the taxpayer was the same, the Council ultimately funding all £7.2M of gross FPL costs. It was also noted that some data was of use to the Council even if projects would never be progressed.
- The HAMA confirmed that all the work undertaken was still available.

Area for consideration: Cost-benefit of seeking further information from SMEs on how value of project work was assessed

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

- It appeared that procurement was reviewed by the FPL Board at each meeting.
- Members noted the tension which existed between FPL and Council procurement staff, as identified in 4.2.9. This was partly attributed to the lack of a Resource Agreement and a lack of clarity on the respective roles and responsibilities of FPL and the Council.
- A Member commented that the procurement seemed too broad
- It was noted that FuturePlaces Studio was separate, unrelated entity.

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

- Members were advised that this information was theoretically available but not in a readily accessible form and would require a significant amount of time to complete fully and accurately. Some details were already available in section 4.1.15 of the report.
- It was suggested that it may be helpful to provide details for one project/business case as an example. Some members felt this would aid transparency in the public arena, others felt that it would use additional time and resource to establish what was already known.

Area for consideration: Cost-benefit of seeking further information to detail expenditure on an example project/business case

4.4 Detail which projects produced Initial and Full Business Cases.

- Members questioned the outline business case (OBC) for Poole Civic Centre in terms of the amount paid for the OBC and whether the proposal for a boutique hotel on that site was realistically deliverable, particularly in view of the £52 million total project cost.
- It was noted that the Big Plan had included initial plans to invest an additional £2 million a year (from revenue budget) in regeneration and a £50 million 'Futures Fund' for infrastructure investment.
- In view of this, Members questioned what had motivated FPL to pursue a project with a total cost of £52 million. Had the risks been considered and did this reflect a lack of understanding of Council finances and the political environment?
- It was acknowledged that there had been a different financial climate at that time, the cost of borrowing had been extremely low and the then Administration had a different approach to risk and the debt ceiling.
- It was pointed out that there was a need for context and objectivity. It may not necessarily be helpful to draw comparisons between what was considered acceptable then and now, rather the committee should focus on questions of clarification.
- A Member cautioned against speculation when information was incomplete and suggested that it may be necessary to question the FPL MD, FPL COO and other parties to ensure a balanced outcome. It was noted that the HAMA had indicated in his report some areas where this input may be sought if the committee so wished.

Area for consideration: Whether more information is required to gain a better understanding of why the total project costs shown in section 4.4.5 of the report were considered acceptable

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

- Members questioned whether project scope creep was inevitable
- With regard to the meeting with KPMG, it was noted that the FPO COO had indicated that in his view his attendance at that meeting was due to his previous experience in banking rather than his role with FPL.
- Members were advised that as the detail of this communication was not in the public arena, it may be a matter for the committee to follow up with the FPO COO so it could be placed on public record.

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

- It was noted that the initial working capital loan agreement set up for £400,000, was in line with other council companies precedent.
- The £5,000 transaction in Year 1 was a test to ensure direct debit payment could be made from FPL's new bank account.
- Members agreed that Section 4.6.4 was clear in specifying the amounts borrowed, repaid and written off
- The HAMA confirmed the dates each loan agreement was signed.

Scope 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.

- The HAMA's recommendation on Reserved Matters was noted.
- Bonuses had formed part of a package to attract staff from the private sector. Although Members acknowledged this was normal in the private sector, it was problematic in a public funding context.
- It was confirmed that the working capital costs of the loan agreement could be used for the payment of bonuses.
- Some members questioned the justification for the bonus payments.
- There was no record found of how the rationale for paying bonuses was agreed, however this did not necessarily mean it didn't exist.
- Members noted that it appeared that the Board and the shareholder representative were aware there was an approval process to follow as a reserved matter. Sections 5.1.12 and 5.1.13 of the report explained how this was dealt with in 2022/23.
- It was difficult to make any comparisons regarding bonuses with other Teckal companies as none had a structure like FPL

Area for consideration: Whether any further clarification is required on the process followed for agreeing bonus payments

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

- A headhunter had been appointed to recruit non executive directors at a cost of £13,000. Again it was noted that this was common practice for established companies in the private sector but caused tension here.

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

- It was acknowledged at the time that councillors serving on the FPL Board was not ideal, that a conflict would exist regardless of any training provided.
- Although this was only meant to be a temporary arrangement, a Member commented that the perceived need to establish FPL at pace led to this conflict.

- It was noted that these issues had subsequently been addressed in the DLUHC governance review (linked to Best Value Notice) and Council owned companies Shareholder governance review (see Scope section 3.2)
- It was noted that the FPL MD was a co founder of the Stewardship Initiative (SI) with two individuals who worked for companies which later gained business from FPL. While this information was in the public domain, the lack of any formal declaration meant that no measures were able to be considered to address this.
- It was also unclear whether the Council was aware of the apparent proposal of FPL to adopt the SI “kitemark”, which may have resulted in 1% contribution to fund stewardship support and compliance (although any funding model would have required Council approval)

Areas for consideration:

- **Whether there is a need to ask those involved how any conflicts of interest were managed**
- **And specifically, whether further information is required on any potential conflicts of interest in relation to the Stewardship Initiative – whether these were identified at the time and if so, how they were managed**

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.

- It was noted that the committee had the option of seeking clarification from FPL MD and FPL COO regarding the appointment of the Strategic Engagement Director if it so wished.

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.

- It was unclear what options for potential premises the former Leader of the Council looked at between the Board meeting in May 2022 and the securing of premises at Bourne House in July 2022.
- There was no evidence to suggest that the eventual acquisition, by the former Leader, of Hinton Road Investment Ltd (HRIL) had any influence on FPL initially occupying Bourne House, Exeter Rd.
- It was likely that whilst being a councillor, in the lead up to the elections, the former Leader would have been in discussions to acquire HRIL but at that stage there was no pecuniary interest to declare. It was noted that a declaration, that the councillor was in negotiations, may have been prudent in the circumstances.
- Members asked why FPL did not use Council premises. It was explained that FPL felt the lack of confidential space was incompatible with how they wanted to work and the Council did not feel it was appropriate to make an exception for FPL.

- The Board was advised that it could not exercise the break clause until rent payment was brought up to date. It decided to pay the first six months of the second year's rent and exercise the break clause. This saved FPL (and ultimately the public purse) £27,000 minimum.
- The nature of the FPL COO's whistleblowing disclosure and the HAMA's findings at section 5.5.33 of the report was noted.
- It was noted that a third party referral to the Police regarding the former Leader of the Council's ownership of HRIL was closed without any further action necessary.

ACTION: Monitoring Officer to seek clarity on when exactly a councillor's term of office ends after an election.

Areas for consideration: Does the committee need any further information on i) how the premises were acquired, (ii) whether a declaration should have been made when negotiating the purchase of HRIL and (iii) the rationale for the rent payment in September 2023.

At that point the Chair concluded the meeting, indicating that a further meeting would be arranged to consider the rest of the report.

Cllr S Armstrong arrived at 6.14pm

Cllr C Weight left at 7.52pm

The meeting was adjourned between 8.11pm and 8.29pm.

Sam Acton left during the adjournment

Cllr M Phipps left at 9.30pm

The meeting ended at 9.41 pm

CHAIR