

Notice of Audit and Governance Committee

Date: Thursday, 6 November 2025 at 6.00 pm

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



Membership:

Chair:

Cllr E Connolly

Vice Chair:

Cllr M Andrews

Cllr S Armstrong
Cllr S Bartlett
Cllr J Beesley

Cllr M Phipps
Cllr V Slade
Cllr M Tarling

Cllr C Weight

Independent persons:

Lindy Jansen-VanVuuren

Samantha Acton

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=6622>

If you would like any further information on the items to be considered at the meeting please contact: Jill Holyoake on 01202 127564 or email democratic.services@bcpCouncil.gov.uk

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

This notice and all the papers mentioned within it are available at democracy.bcpCouncil.gov.uk

AIDAN DUNN
CHIEF EXECUTIVE

29 October 2025

**DEBATE
NOT HATE**



Available online and
on the Mod.gov app

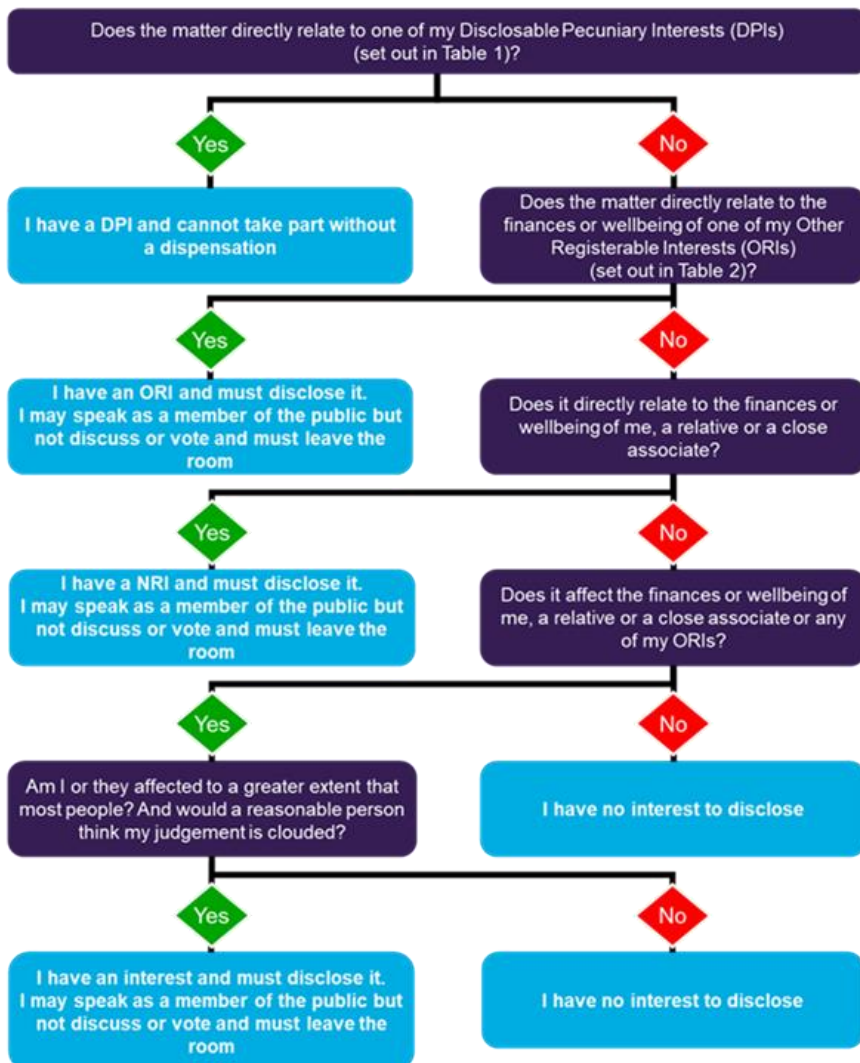


Maintaining and promoting high standards of conduct

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. Confirmation of Minutes

To confirm and sign as a correct record the minutes of the additional meeting held on 24 September 2025.

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5. 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.bcpCouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&info=1&bcr=1>

The deadline for the submission of public questions is midday on Friday 31 October 2025 [midday 3 clear working days before the meeting].

The deadline for the submission of a statement is midday on Wednesday 5 November 2025 [midday the working day before the meeting].

The deadline for the submission of a petition is Thursday 23 October 2025 [10 working days before the meeting].

ITEMS OF BUSINESS

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

This draft investigation report - BCP FuturePlaces Ltd (FPL) covers scope areas 1 to 8 (all scope areas).

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This A&G Committee meeting will be the second meeting on this matter. The Committee has previously reviewed an initial part A which covered scope areas 1 to 4 at a meeting on 24 September 2025. The meeting only managed to review scope areas 1-3.

To allow the Committee sufficient time to digest and review the findings to determine next steps there may be a need for a least one further meeting.

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.

NOTE:

In relation to the confidential Appendix (Section F of the report), 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 item of business on the grounds that it involves 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.’

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

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

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

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

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

Present virtually: Lindy Jansen-VanVuuren

34. Apologies

Apologies were received from Cllr Clare Weight.

35. Substitute Members

Cllr Bernadette Nanovo substituted for Cllr Weight on this occasion.

36. Declarations of Interests

There were no disclosable pecuniary interests on this occasion.

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

37. Public Issues

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

Question 1.

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

Response from the Chair:

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

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

Question 2.

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

Response from the Chair:

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

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

Question 3.

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

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

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

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

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

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

Response from the Chair:

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

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

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

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

The date for email quoting legal advice was 2 June 2021

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

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

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

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

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

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

Statement 1.

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

Statement 2.

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

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

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

Statement 1

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

Statement 2

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

Statement 3

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

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

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

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

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

38. Exclusion of Press and Public

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

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

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

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

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

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

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

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

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

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

Scope 1. Timeline and key decisions:

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

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

Actions highlighted for this item:

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

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

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

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

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

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

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

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

Actions highlighted for this subsection:

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

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

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

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

Actions highlighted for this subsection:

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

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

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

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

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

Actions highlighted for this subsection:

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

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

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

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

Actions highlighted for this subsection:

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

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

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

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

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

Actions highlighted for this subsection:

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

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

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

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

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

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

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

Actions highlighted for this subsection:

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

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

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

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

The meeting ended at 9.45 pm

CHAIR

AUDIT AND GOVERNANCE COMMITTEE



Report subject	DRAFT - Internal Audit - BCP FuturePlaces (FPL) Investigation Report (Scope items 1 to 8)
Meeting date	6 November 2025
Status	Public Report
Executive summary	This draft investigation report - BCP FuturePlaces Ltd (FPL) covers scope areas 1 to 8 (all scope areas). This A&G Committee meeting will be the second meeting on this matter. The Committee has previously reviewed an initial part A which covered scope areas 1 to 4 at a meeting on 24 September 2025. The meeting only managed to review scope areas 1-3. To allow the Committee sufficient time to digest and review the findings to determine next steps there may be a need for a least one further meeting. 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.
Recommendations	It is RECOMMENDED that A&G Committee notes: a. the Draft Internal Audit investigation findings report covering scope areas 1 to 8. It is RECOMMENDED that A&G Committee agrees to determine the next steps (an action plan) which may include: a. The need for further FPL investigation A&G Committee meeting(s). b. To agree to close the internal audit led investigation covering the <u>original</u> scope (moves report from Draft to Final). c. The need to (or not to) commissioning other forms of enquiry or investigation – i.e. matters beyond the original scope of the Internal Audit led investigation. d. Asking specific individuals specific questions and/or to invite specific comment. e. How the Committee considers reactive comments from individuals to the Internal Audit investigation report.

Reason for recommendations	To note the Draft Internal Audit led investigation findings report for scope areas 1 to 8 and to agree an action plan to bring the A&G Committee investigation to a conclusion.
Portfolio Holder(s):	Cllr Mike Cox, Finance
Corporate Director	Aidan Dunn, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance (HAMA) ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk
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.
12. The Chair of A&G Committee, Cllr Connolly 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 determined that the A&G Committee meeting on 24 September 2024 should receive 'Part A', covering scope items 1 to 4*, and a subsequent (this) meeting would receive a 'Draft' final report incorporating all scope items 1 to 8.

This approach also provided the investigator time to finalise investigation work particularly scope items 5 – 8.

**The meeting on 24 September 2025 ended with scope items 1 to 3 having been reviewed*

14. Whilst it may be possible for this (6 November 2025) A&G Committee meeting to review the remaining scope areas, 4 to 8, of the investigation report, it seems likely that at least one further meeting, to finalise matters to the satisfaction of the Committee, will be required.

Draft BCP FuturePlaces investigation report – scope areas 1 to 8

15. All agreed scope items 1 to 8, and the 35 sub-scope questions have been reported on in this Draft report.
16. The investigation report remains 'Draft' until the A&G Committee confirm they agree the investigator has reasonably responded to the original scope. At this point the report will be marked 'Final'.
17. Finalising the initial Internal Audit led investigation report does not necessarily mean the A&G Committee will also finalise their consideration of FPL matters. The Committee has consistently stated that further lines of enquiry may be considered which include:
- Commissioning other forms of enquiry or investigation – i.e. matters beyond the original scope of the Internal Audit led investigation
 - Ask specific individuals specific questions or to invite specific comment
 - Consider reactive comments from individuals to the initial Internal Audit investigation report
18. Other specific points to note are:
- The A&G Committee have publicly invited anyone with an interest to proactively submit any comments or evidence, relevant to the scope, to the investigator (or Committee Chair). Where comments and evidence have been proactively received, they have been incorporated where relevant into the report. Inevitably this has required the investigator to exercise judgement on relevance.
 - 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 agreed. 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).
 - The draft report does not include or seek to retro-fit reactive comments from individuals, sent to A&G Committee members, to part A of the report (scope sections 1-4).
 - In scope sections 1-4, red text indicates a change or addition from the text previously considered by the Committee, this was as a result of new or additional evidence gleaned during work to complete scope sections 5 to 8.

Independence of Internal Audit

19. 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.
20. The team has been externally assessed as compliant with those professional standards and code of ethics.
21. 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.
22. 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

23. A&G Committee has previously discussed and voted on the options for this investigation. An initial Internal Audit led investigation was agreed.
24. 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.
25. 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

26. The Head of Audit & Management Assurance conducted the investigation, utilising some limited support from other salaried staff in the team. The cost of the investigation to date (24/9/25) is approximately £34,650. (77 days x £450 day rate).
77 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 90 hours. The notional cost* of these additional hours is approximately £5,400 ((90 / 7.5) x 450).

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

Summary of legal implications

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

Summary of human resources implications

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

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

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

Background papers

None

Appendices

Report – DRAFT - INTERNAL AUDIT REPORT - Creation, operational running and closure of BCP FuturePlaces Ltd. (Company no. 13465045)

Confidential Appendix (Section F of the report)

DRAFT - INTERNAL AUDIT REPORT
Creation, operational running and closure of BCP
FuturePlaces Ltd. (Company no. 13465045)



This report is structured in the following way:	Pages
Front page	1
Section A - Background and summary objectives	2 to 4
Section B - Key Findings	5 to 139
Section C - Recommendations	140 to 141
Section D – Scope sub-questions appendix	141 to 151
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)	152 to 187
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.	188 to 189
Back cover	190

Author & Issued by:	Nigel Stannard, Head of Audit & Management Assurance (Chief Internal Auditor)	
Date	06/11/2025	
Distribution:	A&G Committee members Millie Earl - Leader of the Council Mike Cox – Portfolio Holder	Version Number: Draft v1.00 (Scope items1-8)

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.

That 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.

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 this DRAFT report incorporating scope items 5 to 8.

It has been necessary to add to or adjust PART A report findings, in scope items 1-4, in a limited number of areas as new or related information was subsequently identified in the Draft report, changes or additions are shown in red text.

Whilst the Interim Corporate Director for Resources reported, 11 January 2024, on lessons learnt from the closure of BCP FuturePlaces, agenda item 8 – Council Owned Companies Shareholder Governance Review, **this Draft investigation report includes recommendations, at Section C, where it is appropriate to do so and assign lead officer and target dates for implementation.**

I propose that A&G Committee will monitor the implementation of 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 total cost of the investigation up to this Draft report stage has been approximately £34,650. This is 77 days using a £450 per day proxy.**

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

**This report is marked Draft, and will not be considered Final until the A&G Committee agree that the investigator has responded to the original agreed scope to the satisfaction of the Committee – at that point it does not necessarily mean that the A&G committee consider the investigation is complete.
(just the investigator's role in completing the original scope is complete)**

A&G Committee members have recognised that, at the conclusion of this part of the investigation, there may still be gaps in understanding, some scope sub-questions which 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

The committee has also received reactive comments from individuals to the initial PART A of the report and are likely to receive further reactive comments to this Draft report. Committee will need to determine how it wishes to consider these comments, including whether any response, committee debate or other action is required.

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	View link
10.02.2021	Cabinet	Minutes of meeting	View link
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</i> <i>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>	View link
10.03.2021	Cabinet	Minutes of meeting	View link
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>	View link
26.05.2021	Cabinet	Minutes of Meeting	View link
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>	View link

		<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>	View link
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>	View link
29.09.2021	Cabinet	Minutes of Meeting	View link
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>	View Link
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 Chairman used casting vote</i>	View link
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>	View link
27.10.2021	Cabinet	Minutes of the Meeting	View link

10.03.2022	Audit & Governance Committee	Minutes of the Meeting <i>A briefing presentation about FuturePlaces</i>	View link
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>	View link
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>	View link
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.</i> <i>The funding model agreed is explained as the 'rule of thirds', where invoices presented to the Council by FPL will be:</i> <i>1/3 relevant external cost (consultants, 3rd party fees)</i> <i>1/3 FPL overheads (staffing and admin costs)</i> <i>1/3 Contribution to FPL profit and reserves</i> <i>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>	View link
22.06.2022	Cabinet	Minutes of the Meeting <i>Recommendations unanimously agreed</i>	View link
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>	View link
07.09.2022	Cabinet	BCP FuturePlaces Ltd - Appointment of Independent Chair and Non-Executive Directors (NEDs)	View link

07.09.2022	Cabinet	Minutes of the Meeting <i>Recommendations unanimously agreed</i>	View link
11.01.2023	Cabinet	Bournemouth Towns Fund update <i>In addition to the main elements of the report this included a progress update form BCP FuturePlaces on its work to date on wider masterplan (phase2) and regeneration of Boscombe Town Centre</i>	View link
11.01.2023	Cabinet	Minutes of the Meeting	View Link
08.02.2023	Cabinet	Approve Outline Business Case (OBC) for Chapel Lane car park, agree to pay FPL £31k.	View link
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	View link
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)	View link
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.	View link
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 DLUH</i>	View link BV Notice Ext review
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</i>	View link

		A) Ensure it has a robust decision making process in place for specific initiatives including the transformation programme, BCP FuturePlaces and other service delivery models as well as capital projects and small investments. 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. 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. The external auditor noted:	
New administration 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. 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. 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.			
07.09.2023	Audit & Governance Committee	Minutes of the Meeting	View link
20.09.2023	Corporate and Community Overview & Scrutiny Committee (renamed Overview & Scrutiny Board)	Minutes of the Meeting <i>Scrutiny of the report to Cabinet (27/9/23) recommending closure of BCP FuturePlaces.</i> <i>Minutes included a public statement from Gail Mayhew, Managing Director, 'FuturePlaces' <u>Statement</u></i> <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>	View link

		<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>	View link
27.09.2023	Cabinet	Minutes of Meeting	View link
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>	View link
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. Voting: For: 57, Against: 5, Abstention: 3.</i>	View link
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 undertaken by the Interim Corporate Director for Resources in November 2023.</i> <i>The review recommends changes designed to provide clearer understanding of the respective</i>	View link

		<i>roles, decision-making arrangements, and improved accountability along with next steps for implementation should these recommendations be approved.</i>	
10.01.2024	Cabinet	Minutes of the Meeting	View link
11.01.2024	Audit & Governance Committee	Council Owned Companies Shareholder Governance Review <i>Following a question raised at Council on 7 November 2023, the Leader of the Council has asked the Audit & 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> <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 undertaken by the Interim Corporate Director for Resources in November 2023.</i> <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>	View link
11.01.2024	Audit & Governance Committee	Minutes of the Meeting	View link
17.07.2024	Cabinet	Financial Outturn Report <i>BCP FuturePlaces Ltd</i> <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> <i>16. In September 2023 the company's only shareholder, BCP Council resolved to bring all 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</i>	View link

		<i>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.</i> <i>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</i> <i>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.</i>	
25.07.2024	Audit & Governance Committee	Grant Thornton: Interim Auditor's Annual Report for the year ended 31 March 2024 <i>Grant Thornton note the closure of BCP FuturePlaces and recommendations previously made are closed</i>	View link
25.07.2024	Audit & Governance Committee	Minutes of the Meeting	View link
02.10.2024	Cabinet	Council owned companies Shareholder Governance Review <i>This report sets out the action taken following the reports to Audit & 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.</i> <i>In response to the recommendations from both Audit & Governance Committee and Cabinet this report now sets out the detailed governance framework proposed by BCP Council via the establishment of the Shareholder Advisory Board and the Shareholder Operations Board together with supporting Guidance for Councillors and Officers appointed to Outside Bodies.</i> <i>A further report providing an update following a review of the existing Council owned companies on</i>	View link

		<i>their effectiveness will be presented to a future meeting of Cabinet.</i> <i>It is also noted that in line with the governance framework initially approved by Audit & 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>	
02.10.2024	Cabinet	Minutes of the Meeting	View link
15.10.2024	Council	Minutes of the Meeting	View link
Reconvened on 04.11.2024		Council approved the inclusion of the Shareholder Governance Framework in the Council's Constitution subject to amendments <i>RESOLVED that Council: -</i> <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> <i>(b) Approve the Guidance to Councillors and Officers Appointed to Outside Bodies for inclusion in the Council's Constitution; and</i> <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>	
20.03.25	Audit & Governance Committee	<i>Review of BCP FuturePlaces Limited</i> <i>Following the Committee's debate on 28 November 2024, and 27 January 2025, the purpose of this report is to provide an overview of BCP FuturePlaces Limited from its inception to the most recent decision making relating to shareholder governance in so far as it relates to BCP Council</i>	View link

End of Table 1

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	Articles of Association
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 5 further interim staff members including Chief Operating Officer (COO) and Strategic Engagement Director. All 5 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 6 thematic projects and further mentioned FPL involvement in a number of cross-cutting strategic initiatives.	See 3.4
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 independent executive directors need to be appointed asap	Filing History

29 Oct 2021	First formal FPL Board meeting, Cllr Broadhead nominated as Chair. Thereafter Board meetings took place on an approximate 6 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>	See 5.10
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>	Signed agreement available on file
27 Jan 2022	Managing Director and Chief Operating Officer are formally registered as directors of company lodged at Companies House	Filing History
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.	See 5.5
1 Feb 2022	Formal Termination of appointment of Graham Farrant as a FPL director on 31 January 2022 lodged at Companies House	Filing History
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)	Articles

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	Available on file																
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	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 . <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> <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> <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> <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>	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)	See 5.5
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	Filing History
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	Filing History
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	21/22 Accounts
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	Filing History
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	Filing History
Mar 2023	FPL Chair initiates three reviews (one from each NED) of arrangements • Governance Review – Karima Fahmy • Projects Review – Pat Hayes • Investment Review – Ian Marcus (paused until after elections)	
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	CEx - internal Gov.Review
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 know 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>	Company Hs link 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	Ext review

	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	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. 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). FPL MD asserts 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.	
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. Update – The COO's report is considered by The Board on 4/9/23, agreed that the Chair would address the matter with the BCP Chief Executive	Report available on file Minutes of Board 4/9/23 referred to as Confidential item
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	Filing History
3 Aug 2023	FPL invoice the Council for three Outline Business Cases (OBC). 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) (Note as a result of Cabinet resolution 8 March 2022) FPL also invoice for further outline business case costs for Chapel Lane £44218.71 + VAT, I can find no	Invoices and bank statements available on file

	Cabinet approval for this, Cabinet only appear to have approved £31k (see 9 Feb 2023 entry on this table) 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 Exec. 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, COO ask whether full Council decision 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. <i>Note FPL was never insolvent and the legal advice helped this be so.</i>	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. 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." 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." 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 Boan 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." 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."	

23 Aug 2023	Extraordinary FPL Board, key minuted points: 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.." 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." 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 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." 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."	The redacted at the time box says Constitution Hill (the smaller redaction box is initials of the external legal advisor)
30 Aug 2023	Extraordinary FPL Board, key minuted points: 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. 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. RESOLVED: That FuturePlaces continue to trade. 7 DRAFT LETTER OF ASSURANCE 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. 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. 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.	

	Board also discussed the issue of (office) rent, after receipt of facts from a FPL employee the Board agreed to: 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.	For rent issue see 5.5
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	Filing History
10 Oct 2023	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 & Management Assurance. The COO does not send email to NS. 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.	Decision record on file Reported to Audit & Governance committee in annual report 17 Oct 2024
17 Oct 2023	FPL invoice the Council for £100,000, DLUCH grant funded design code costs for Poole Quay (£25k) and Landsdown (£75k) BCP Council pays invoice on 20/10/23	Invoice and bank statements available on file
1 Nov 2023	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&L account). <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>	
2 Nov 2023	FPL invoices Council for £6,000 Strategic Car park Review part of the 23/24 LTP. See first payment 27 July 2023. BCP Council pays invoice on 10/11/23	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	Filing History
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	22/23 Accounts
10 Jan 2024	Appointment of Mr Chris Shephard as a director on 9 January 2024 lodged at Companies House	Filing History
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	Filing History
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	23/24 Accounts
18 Sept 2024	Application to strike the company off the register, lodged at Companies House	Filing History
1 Oct 2024	First Gazette notice for voluntary strike-off (Companies House notice)	Filing History
17 Dec 2024	Final Gazette dissolved via voluntary strike-off	Final Gazette

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.



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 Chairman 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

A5	Status: Recommendations Approved (subject to call-in) Call-in to apply: Yes Open	Proposed Regeneration Vehicle Options Appraisal	RESOLVED that: - (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 (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. Voting: Unanimous Portfolio Holder: Regeneration, Economy and Strategic Planning <u>Reason</u> 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
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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:

Option/ Criteria	Do Nothing	Urban Regeneratio n 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

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 masterplanning 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.

End of 2.1

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

BCP Regeneration - Corporate Priority		
Budget Requirements	2021/22	2022/23
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
Total	3,351,658	3,307,657
Existing Budget		
Corporate priority - Regeneration	(1,750,000)	(1,750,000)
Existing BCP staff base budget	(226,400)	(226,400)
Total	(1,976,400)	(1,976,400)
Additional Budget request 2021/22 – URC and Client teams	1,375,258	1,331,257
Budget Requirements	2021/22	2022/23
Development enabling costs	1,935,440	2,946,405
Existing Budget		
Existing Capital Investment Programme revenue budgets (applied as appropriate)	(286,650)	(807,850)
Additional Budget request 2021/22 – Development enabling costs	1,648,790	2,138,555
Total Additional Budget request 2021/22	3,024,048	3,469,812

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, 1st April 2022 to 12th 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
- 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. See Appendix 3.1
- 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 5th July to 1st October, Total £57,600 – the description on the invoice was: INTERIM MD role URC.
- 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 (2/6/2021), 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&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 (6/9/2021), 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 into this.

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)

- 3.1.32 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.
- 3.1.33 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.
- 3.1.34 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 Chairman used his casting vote.
- 3.2.3 The minutes state that before being put to the vote a wider debate ensued where the Chairman expressed some 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 DLUHC 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 March 2023 (19/3/2023) 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 Commissioning Team view. As a result of work undertaken in section 5.7 of this report it was identified that FPL's Board was informed that on 6 January 2023 the drafts were with the Council for review. It would appear therefore that FPL and the Council had opposite views – both parties seem to be saying that it was waiting for the other party to finalise and agree.

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.

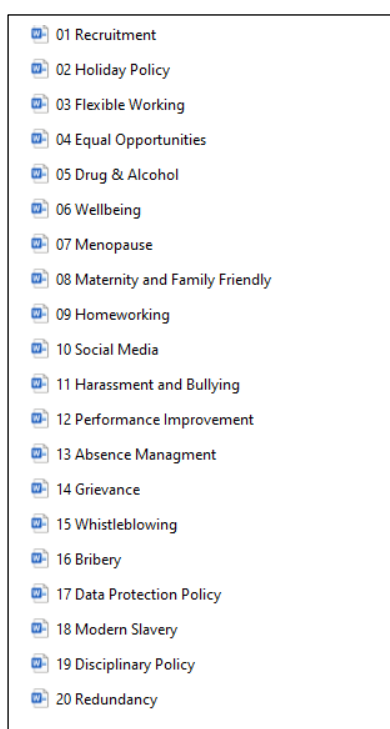
3.3.1 BCP Council stipulated (Teckal company status, control test, states that the Council must have decisive control, and similar to its own departments) that FPL was to follow certain key Council governance arrangements, arguably the two key arrangements being:

- 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 **shareholder representative**, 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 then 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			
BCP FuturePlaces Annual Report 2022-2023. https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://democracy.bpcouncil.gov.uk/documents/s40201/Appendix%25201%2520FuturePlaces%2520Annual%2520Review.pdf&ved=2ahUKEwllqrTe-uWHAxUjW0EAHYNxDNwQFn0ECB0QAQ&usq=AO1vVaw2JX7chfFgqz0x7YW6R4N32			
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:

20 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		Stace / Gail Mayhew / Craig	Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board'
13 competitive dialogue process	BCP FuturePlaces	Beevers	Board: Updates via Board Projects Update Commissioning Team: Fortnightly progress reports Monthly report to BCP CEOs 'Big Plan Delivery Board'
Dolphin Centre Re-provision - funding and delivery		GT3 / Gail Mayhew / Craig	Board: Updates via Board Projects Update
14 options strategy	BCP FuturePlaces	Beevers	

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	Workinn 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 Turlin 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	Cotlands Road ⁽¹⁾	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; suppl 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](#)

CAPITAL AND RESERVES		
Called up share capital	8	1
Profit and Loss Account		(2,376,458)
SHAREHOLDERS' FUNDS		<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	
Total	7,205,442	

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
Total				640,337	46,575	87,597	15,021	789,530

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
Total	69,987.19	6,906.85	5,273.60	475.00	82,642.64

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
Total	527,227.99	56,993.88	72,118.65	8,055.65	664,396.17

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 BONUSSES) 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
Total	480,229.12	25,000.00	57,136.26	10,571.44	572,936.82

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
	Total 21/22	196,932.26
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
	Total 22/23	55,942.08
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
	Total 23/24	14,680.00
	Total Marketing and Communications costs	267,554.34
*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		
21/22	£	
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>	
22/23		
Land mark Chambers	<u>2,100.00</u>	QC advice on PwLB funding
23/24		
LACEYS 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><u>96,727.40</u></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.

To:	BCP Council Bournemouth Christchurch and Poole Council Town Hall BOURNEMOUTH Dorset BH2 6DY																		
Date:	8 th July, 2021																		
Contact:	Gail Mayhew, Principal																		
Supplier Number:	132474																		
TO Purchase Order:	BCP171752																		
Invoice Number:	BCP – 01-6-21																		
In Re:	Strategic Regeneration Consultancy - BCP Council																		
Rate:	Fixed price contract - £18,000																		
Scope of work:	Strategic Advice – regeneration policy and development of the URC																		
Expenses:	<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, Bournemouth 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, Bournemouth 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																		
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, Bournemouth 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																		
Total:	£18,581.17																		

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

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

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
Total	86,072.16	91,232.85	141,754.50	319,059.51
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 £92,302.91+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

FPL Sales Invoices to BCP Council	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:

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
Total	£2,819,021.55	£1,713,430.34	£218,038.68	£1,495,391.66	£2,691,704.99

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:

Our Frameworks

Our procurement frameworks offer the public sector a rapid, compliant, and cost-effective route to market for professional services.

NEPRO³ ➔

Available to any organisation in the UK's public sector, NEPRO³ is a rapid and fully compliant route to market for professional services – covering 20 comprehensive categories of spend.

COCH National Framework ➔

Through this versatile framework, we support the public sector in compliantly delivering their tender requirements when they experience capacity and resource challenges.

4.2.4 There is a cost of using Bloom Frameworks, typically adding approximately 5% 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% Bloom overhead offers better value for money than the cost it would incur obtaining quotes 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 25th 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 st 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	MIPIIM PR	ING Media	w/c 23 rd 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 rd January 2023	£25,000
Lansdowne	Public Realm	Alan Baxter	w/c 23 rd January 2023 – awaiting brief approval	£14,000
Lansdowne	Lansdowne Landscape Design Brief	The Landmark Practice	w/c 23 rd 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 rd 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 th 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 rd 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).

FPL Sales Invoices to BCP Council	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

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).

4.4.5 FPL produced for the Board, 9/11/2022, a briefing note that showed an estimate of future costs, including additional cost, to get to the Full Business Case (FBC) stage and ultimately to build out the project for four projects where OBC had been completed.

OBC Estimated Invoice and Future Cost Amounts							
Project	External Costs to OBC	Future Places Invoice Amount	Incremental costs to FBC	Expected FP Invoice Amount	Total external costs to FBC	Total FP invoice to FBC	Total Project costs to build
CHAPEL LANE	10,325	30,975	251,000	753,000	261,325	783,975	9,434,735
CHRISTCHURCH CIVIC	56,211	168,633	323,000	969,000	379,211	1,137,633	26,959,540
CONSTITUTION HILL	13,890	41,670	173,500	520,500	187,390	562,170	30,113,082
POOLE CIVIC	83,184	249,551	353,500	1,060,500	436,684	1,310,051	51,859,048
TOTAL	163,610	490,829	1,101,000	3,303,000	1,264,610	3,793,829	118,366,405

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' has 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 risks 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:

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	
		Total per annum	5	3,495	-3,500	
		Cumulative amount reported	5	3,500	0	

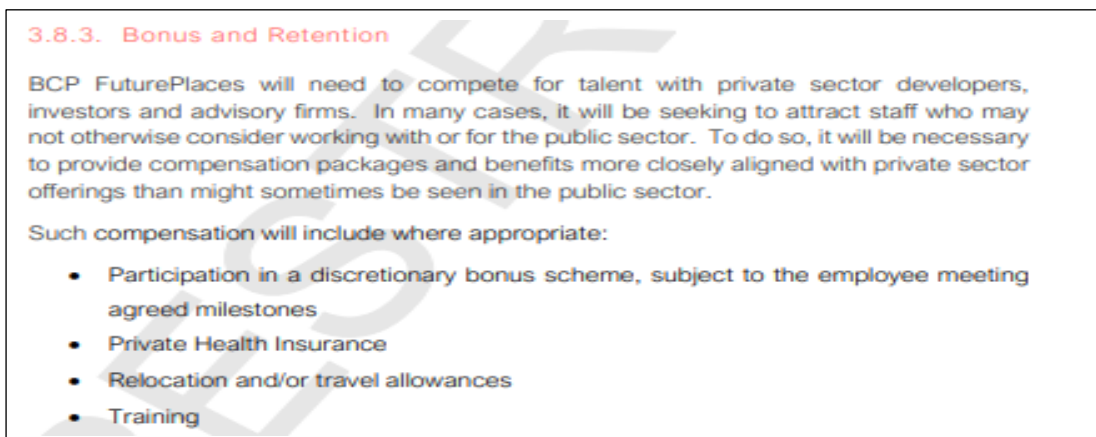
The loan peaked at 2/6/2023 when the amount drawdown totalled £4.750M.
FPL repaid £2.350M on 27/3/2024 which resulted in the Council having to write off £2.4M

End of 4.6

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.

- 5.1.1 The issue of staff bonus payments is inherently controversial in a public funding context but is fairly normal in a company context. Bonus payments can be paid based on a variety of factors, in the BCP FuturePlaces case the Cabinet approved (27/10/21) BCP FuturePlaces Business Plan(s) stated:



- 5.1.2 The Shareholder Agreement dated 25 January 2022 includes the concept of reserved matters in the following important contextual paragraph:

With the exception of the Reserved Matters, the business and all affairs of the Company shall be managed by the Board. To that end subject to those exceptions, the Board shall have full and complete authority, power, and discretion to direct, manage and control the business and the affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incidental to the management of the Company.

- 5.1.3 The Reserved Matters schedule 3, of the Shareholder Agreement, had wording which could be interpreted in different ways and I have made a recommendation to ensure wording is more specific in any future similar agreements. The FPL Shareholder Agreement wording was:

- All Reserved Matters shall only be effective if approved by the Council
- The following matters are Reserved Matters unless (where relevant) they have been approved in advance by the Council under the Business Plan

- 5.1.4 A resident has interpreted that the first bullet point above means that all Reserved Matters should be referred to Full Council. In my opinion this was unlikely the intent given the usual remit of Full Council, Cabinet would more likely be the decision making body if that were the intent. I consider the more likely intent was that 'the Council' would agree the matter via the client commissioning team or shareholder representative at the Board, given the wording at 5.1.2. There were 42 Reserved Matters in total and whilst it could be argued most were potentially rare events it would not seem proportionate, to me, that all matters would only be effective if approved by Full Council.

- 5.1.5 The second bullet point above may be interpreted that because the business plan was agreed by Cabinet (the Council), then the principle of bonus payments had been agreed in advance. This may be the case in principle but to follow this through to having

advance approval of an actual bonus payment, the business plan must have said something like ' a XX% bonus will be paid subject to ' in my opinion. This wording did not exist, so in my opinion there was no prior approval. This seems to be the interpretation of the FPL Board and the shareholder representative too as bonus approval was sought when required.

5.1.6 The circumstances with regard actual bonus payments paid was complicated by unavoidable timing delays and accruals in the accounts which were adjusted. Appendix 5.1.6 includes evidence and documentation used to corroborate facts outline below.

5.1.7 Bonus payments appear to have been made on a team basis, rather than subject to individual performance. The rationale appears to be that contributions to a team effort was more important than the individual. Bonus payments were made to eligible individuals at a pro-rate of 10% of relevant salary for 2021/22 and at 12.5% of annual salary in 2022/23, no bonuses were paid in 2023/24. Pro-rata of relevant salary meant, for example, if an employee worked for FPL for say two months in a particular year then they received 10% bonus on their two months aggregate salary.

5.1.8 Bonuses were paid based on the FPL team delivering against the business plan objectives.

- In 2021/22 this was, the objectives of the business plan were achieved, successful set up, initial recruitment, set up of internal governance and begin work on outline business cases (14 sites) and thematic projects (6 projects), and begin work with Council on cross cutting strategy initiatives.
- In 2022/23 this was stated as, 'Outline Business Cases (OBC) were delivered on time and on or ahead of budget'.

5.1.9 The 2021/22 bonus scheme was approved by Lord Bob Kerslake, Chair of the Board. This was delegated to Lord Kerslake at the Board meeting on 11 November 2022, at which the Shareholder representative, the Chief Executive, was present and so too was the Director of Finance and the Director of Law & Governance and Monitoring Officer. It should be noted that this approval was some 8 months after the year end and the delay seems to have been deliberate, pending recruitment of the Chair and or Non-Executive Directors (NEDs). The Council was aware and agreed the delegation through the shareholder representative and other officers present, it is therefore reasonable, in my opinion, to assume that the Council agreed this Reserved Matter.

5.1.10 In making the delegated decision Lord Kerslake made the decision that a previously accrued for 20% bonus (in the draft 21/22 accounts) was in fact reduced to 10%. I cannot determine who made the original 20% bonus assumption, the accrual journal was posted by the FPL financial controller, but this individual was likely to be acting on instruction.

5.1.11 The final 10% bonus for 21/22 was paid to seven eligible members of staff in November 2022 payslips, some 8 months after year end. Personal tax and NI contributions were made by staff in the months' pay the bonus was paid. The bonus sum in 2021/22 was £16,606.85.

5.1.12 The 2022/23 bonus was paid on a much more timely, and 'normal', basis in May 2023 payslips, two months after year end. Note this was only 6 months after the payment of the 2021/22 bonus because of the late payment of that bonus in November 2022. The 2022/23 bonus scheme appears to have been agreed by the Remuneration Committee which appear to have been made up of the Chair and other NEDs of the Board. I have been unable to locate or ascertain whether the Remuneration Committee was minuted.

5.1.13 The Shareholder Representative was not at the Board meeting on 28 April 2023 where the recommendations of the Remuneration Committee were discussed. The minutes strongly indicate that the Board were aware the Council (shareholder representative) needed to agree what was a Reserved Matter, and so the Board Chair agreed to liaise with the Chief Executive:

7.6. The ToR for the Remuneration Committee had been circulated to the Board and were submitted for approval. These were agreed.

7.7. The proposal resulting from the Compensation Review was submitted for Board approval, and was agreed. It was recommended that BK would liaise with GF regarding formally communicating the proposal to shareholders.

5.1.14 The final 12.5% bonus for 2022/23 was paid to twelve eligible members of staff in May 2023 payslips, the bonus sum was £93,868.88.

5.1.15 No bonuses were paid in 2023/24.

5.1.16 Total bonuses paid aggregate to £110,475.73 (£16,606.85 + £93,868.88) and these sums are shown in the FPL Profit & Loss account (P&L) which was independently audited by FPL's external auditor (Hixsons).

End of 5.1.

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

Non-Executive Directors (NEDs) (including Chair (of the Board))

5.2.1 The minutes of the FPL Board meeting on 29 October 2021 (the first Board meeting) say this:

16.1 The Board received a recommendation to appoint a headhunter to undertake the recruitment of the NEDs. It was noted that the brief for the role had been developed and agreed earlier in the year.

The Board approved the recommendation to appoint a headhunter to undertake the recruitment of the NEDs.

5.2.2 The report to Cabinet, 7 September 2022, Agenda Item 7 explains the process followed and recommended the following:

It is RECOMMENDED that Cabinet:

(a) Recommend that Council confirms the appointment of Lord Kerslake to the position of independent Chair of the BCP FuturePlaces Ltd company board, and for him to take up that position at the next FuturePlaces board meeting.

(b) Recommend that Council delegates the appointment of two further independent NEDs to the Chief Executive of BCP Council, as Shareholder Representative, in consultation with the new independent Chair of BCP FuturePlaces Ltd and bring details of those appointments back to council for information.

(c) Recommend that Council approves the resignation of Councillor Phil Broadhead from the board upon the appointment of Lord Kerslake, and the resignation of Councillor Drew Mellor upon the above appointments having been made.

[http://ced-pri-cms-2.ced.local/documents/g5013/Public%20reports%20pack%2007th-Sep-2022%2010.00%20Cabinet.pdf?T=10&\\$LO\\$=1](http://ced-pri-cms-2.ced.local/documents/g5013/Public%20reports%20pack%2007th-Sep-2022%2010.00%20Cabinet.pdf?T=10&LO=1)

The Cabinet report was put before Council on 13 September 2022, although the meeting did not convene, as a mark of respect due to the death of her majesty Queen Elizabeth II.

5.2.3 The report to Cabinet explains the following key points :

- Recruitment agency Berwick Partners was appointed by FPL to manage the NED recruitment process for the advertising and selection FPL Board Chair and NED roles.
- Berwick Partners, part of Odgers Berndtson the UK's leading and largest executive search firm, focuses on senior leadership roles within the private and public sector. They were selected based on their successful track record within the specific sector of urban regeneration companies, and their ability to access and attract exceptional candidates from a range of organisations

5.2.4 The cost of the work undertaken by Berwick Partners was £13,659.46 and this included costs associated with final recruitment of all NED's not just the Chair. The costs appear against the Recruitment Cost category within the Administration Expenses section of FPL P&L account for 2022/23.

Executive Directors

5.2.5 The appointment process for the Executive Directors, namely the Managing Director and Chief Operations Officer, is set out in detail in section 3.1 of this report. For the avoidance of any doubt it does not appear that any 'head-hunter' fees were paid for supporting the appointment process.

Core Staff

5.2.6 The appointment process for core staff, i.e. all other staff except the Executive Directors, appears to have varied but it appears that no 'head-hunter' fees were paid for supporting any appointment process.

5.2.7 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.

End of 5.2

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

5.3.1 At each FPL Board meeting, the first of which occurred on 29 October 2021 and the last on 25 July 2024, there was an agenda item headed 'Declaration of Interests'. The agenda item included 'standing' declarations from FPL Board members that were amended as required. By their nature these remained fairly static, an example is shown at Appendix 5.3. Whilst it may be inferred it is not clear in some examples what the relevant interest actually is (being declared), such as a 'member of', 'director of' and whether the interests are paid, voluntary, or as part of role as a councillor.

5.3.2 There was also a clear expectation, and this was recorded in each meeting minutes, that Board members were required to make any declarations at the beginning of each meeting specific to the agenda items being discussed. i.e. in a very similar fashion to Council committee meetings. I can find no specific example where anyone made a declaration, the minutes said:
'No conflicts of interest were reported'. An example is shown at Appendix 5.3.

5.3.3 At the Board meeting on 16 December 2021, the Council's Director of Law and Governance & Monitoring Officer made the Board aware of the following (recorded in Board minutes):

2. Conflicts of Interest

- 2.1. No conflicts were declared for the matters on the agenda.
- 2.2. SZ informed the Board members of changes in the LGA Code of Conduct for Councillors, which would likely put DM and PB in direct conflict at Cabinet or other council meetings when the wellbeing or financial affairs of Futureplaces was discussed. The Board members thanked SZ for the update and agreed to undertake the necessary training to ensure that all requirements are met.

It has been stated by the FPL MD and FPL COO, and there is evidence on file, that both had expressed their concerns to the Monitoring Officer (Oct 2021) around Board governance and the need to appoint an independent Board (NED's) as soon as was practicable.

5.3.4 This is the issue considered at 3.2.8 to 3.2.9 and which led to the DLUCH external assurance review (linked to the Council's Best Value Notice, see 6/9/23 entry in Section 1.1, Table 1 above) finding:

'The original governance structure 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'.

5.3.5 The point here is that however much training takes place and individuals understand the position, there will always be a conflict of interest, which can only be resolved by the Council member (and company director) never being party to making a decision of the Council affecting the company.

- 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.

Source - 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](#)

5.3.6 This conflict of interest matter was specifically addressed by the Council when the Leader was required to make a Portfolio Holder Decision on a funding carry forward decision which impacted FPL. [View link](#)

5.3.7 In this decision the Chief Executive granted a dispensation, enabled in the Council's Constitution on page 3-65, which in turn enabled the Leader to make the decision as relevant Portfolio Holder.

Conflicts of interest declared by Cabinet member consulted on this decision	Drew Mellor Phillip Broadhead Directors of BCP FuturePlaces Ltd Executive decisions made by individual members of local authority executives (Portfolio Holder decisions) are prescribed decisions for the purposes of section 9G(4) of the Localism Act 2000 which means that there is a duty to keep a written record of these decisions which must contain, inter alia, the reasons for the decision, the alternative options considered and a record of any conflict of interest declared by the Portfolio Holder and which relates to the decision. Reg 13 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 also includes the requirement that, where such conflict has been declared, the decision record must include a note of dispensation granted by the relevant local authority's head of paid service. Chief Executive comment: I have reviewed the conflicts of interest that have been declared on this decision. There is an identified potential conflict of interest from Cllrs Mellor and Broadhead in taking this decision, which is not a Disclosable Pecuniary Interest, but has correctly been entered in the register of "Other Interests" as required by the Code of Conduct in the BCP Council Constitution. Their positions on the BCP FuturePlaces Board have the potential to fetter the proper exercise of their decision-making about the company while acting in their Council roles, which has been recognised. The proposed decision is a prescribed decision under the Localism Act 2000 which means that it needs to comply with the requirements set out in the legislation and in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. Having considered the issues, I am prepared to grant a dispensation for this decision to be taken by Cllr Mellor. BCP FuturePlaces is being funded by grant funding, covering costs incurred at this stage, but not contributing to any surpluses, in a manner similar to the way that service directorates are funded and therefore I am content that the dispensation is appropriate for this decision.
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5.3.8 Recommendations made by the Interim Corporate Director for Resources report, 10 January 2024, on lessons learnt from the closure of BCP FuturePlaces via agenda item 13 – Council Owned Companies Shareholder Governance Review, if followed through into any future company governance arrangements will mean similar dispensations will likely not be required. [View link](#)

5.3.9 I have found no examples of any pecuniary interest declarations being made.
Pecuniary interests are financial interests, typically held by public officials or individuals in positions of trust, that create a potential for financial gain or loss, such as employment, investments, or business contracts. These interests must be disclosed under various regulations to prevent conflicts of interest and maintain transparency, ensuring decisions are not unfairly influenced by personal financial gain.

5.3.10 Confidential Appendix 3.1.19 in Section F of this report shows that the Stewardship Initiative was co-founded in March 2020 by the FPL MD, before her involvement in FPL,

and with (co-founders) two individuals who worked for companies or bodies that would later gain business from FPL to the combined value of £187,000 (a rounded figure).

- 5.3.11 Whilst this co-founder relationship is clear to see on open-source public websites it does not appear to have been declared formally by the FPL MD such that additional controls or mitigation could have been put in place, such as segregation of duty control to authorise payments to those bodies. (by someone without the close association).

As A&G Committee have been previously briefed, the public perception resulting from a non-declared perceived conflict of interest can be as damaging as it actually existing. Any declarations are to protect the reputation of the individual and the entities involved.

It should also be noted that the FPL MD did declare a possible future directorship in a Stewardship Community Interest Company (CIC)(see Appendix 5.3), but my research would appear this was never actually formed.

- 5.3.12 The initially approved FPL Business Plan, considered and approved by Cabinet on 27 October 2021 (shown in that report's confidential appendix 2), included a footnote hyperlink (at page14) to the Stewardship Initiative website. Whilst the covering Council report summarises what the Stewardship approach to regeneration meant and stood for, the FPL MD's co-founding involvement does not appear to have been mentioned.

A Stewardship Approach to Regeneration

30. FuturePlaces plans to pursue an approach to regeneration based on principles of stewardship. These are founded upon research first identified by the Building Better Building Beautiful Commission and then undertaken by the Stewardship Initiative which has completed a systematic review of high quality, contemporary housing schemes and the commercial conditions under which these have been taken forward. In every case, high quality, residentially led urban development at scale has been shown to be the product of long-term landowner involvement, and of a patient approach to financial returns. BCP Council, as a long-term actor within the area, is well placed to implement a stewardship approach to placemaking within its conurbation, supporting the area now and in the future.

[Cabinet 27 October 2021 - Restricted content](#) - this link is only available to Councillors because of the restricted content, Agenda Item 10 starting on page 103.

- 5.3.13 The FPL Business Plan itself went into further detail on the Stewardship proposition and introduced the concept of the Stewardship Kitemark. The extract from the FPL Business plan on page 175 (of the above Cabinet report) said this:

A Stewardship Kitemark has been promoted by The Stewardship Initiative as a potential benchmark setting out measurable standards to help embed the key stewardship characteristics into schemes. This has attracted the attention of DLUHC, Homes England and the Archbishop of Canterbury's Commission on Housing. It is proposed that BCP FuturePlaces adopts the Stewardship Kitemark to pilot the standard across its schemes. (See Appendix 1)

- 5.3.14 The Stewardship Kitemark, on pages 216 to 220 (of the above Cabinet report) included this section D Funding Stewardship:

D. Funding Stewardship		
One per cent for Stewardship	One percent of house sold values to fund stewardship support and compliance via The Stewardship Institute, Neighbourhood Planning (A.2 & 3. above)	To support a financially sustainable stewardship model.

It is unclear to me whether Cabinet, or more generally the Council, was aware or considered the apparent significance of this funding proposition. Based on the words on the page, it would appear that FPL were proposing to adopt the Stewardship Kitemark* and that Kitemark appeared to include a 1% funding top-slice to fund stewardship support and compliance.

**The stewardship kitemark does not appear to be a registered or formal kitemark, it appears to be a proposition*

5.3.15 It appears to me that the conceptual proposition/plan at least was the Stewardship Initiative, co-founded by the FPL MD, could be funded going forward by any successfully completed FPL project or schemes where houses were built.

5.3.16 It is impossible for me to say whether this would have happened had houses been built and sold in BCP schemes, or whether the Council would have adopted the line that the Stewardship Kitemark was nothing more than aspirational words on a page. The gateway and governance model the Council agreed would have resulted in the Council having to approve specific scheme details including the funding model proposed.

5.3.17 I have noted that the latest version of the Stewardship Kitemark on the Stewardship Initiative website has been slimmed down and does not include the section D funding section shown at 5.3.14. It is also marked at the top right hand corner in small text as DRAFT for consultation.

[Ethos — The Stewardship Initiative](#)
[Microsoft Word - FINAL TSI Stewardship Kitemark Website](#)

End of 5.3

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.

5.4.1 I have found no examples of written declarations, whether this be by email, by minutes of meetings or in other ways of any declarations regarding personal friendships and or business associations during the recruitment of staff to FPL.

5.4.2 Section 3.1 of this report has considered the appointment process for the FPL Executive Directors, the MD and COO, and the Strategic Engagement Director, and all staff in general.

5.4.3 Confidential Appendix 3.1.19 in Section F of this report shows there was an established professional relationship between the MD and the COO before the MD recruited the COO to FPL.

5.4.4 In the case of the Strategic Engagement Director, as stated at 3.1.29, the Chief Executive (after rumours circulated) was told by the then Leader of the Council that the Leader had not met the individual in any significant way prior to his appointment.

5.4.5 The FPL COO has asserted that the Strategic Engagement Director (SED) was in fact recruited by the Council having been interviewed by the Interim Regeneration Director at the time when the FPL MD and the FPL COO were hired. The FPL COO further asserts that the interview (for the SED) took place and the offer was made by the council before the FPL MD and FPL COO joined. When the FPL COO first came to Bournemouth for interview, it was the SED who met him at the station and took him to the Council offices.

5.4.6 Elements of this assertion seem counter to the email identified and shown at 3.1.17 dated 9 July 2021 from the FPL MD. Audit & Governance Committee may wish to specifically seek clarification from the FPL MD and the FPL COO on this matter.

End of 5.4

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.

This scope section has been written in approximate timeline order

5.5.1 FPL first office base was in the Poole Civic Centre Annexe, which was also referred to as the Poole Adult Social Services building. FPL occupied this space from Autumn 2021 to approximately May 2022. I can find no evidence that BCP Council charged FPL to occupy this office space.

5.5.2 Whilst the costs to the Council were 'sunk' costs, statutory guidance states that Council companies must be charged for works, goods or services, and Councils must not provide works, goods or services 'for free'. Doing so would understate the true cost of operating the company. *(and in the case of competition, place the company at an unfair advantage over competitors, not actually relevant in FPL case)*

5.5.3 FPL Board papers on 27/1/2022 show that FPL was given notice by BCP Council that the Poole Civic Centre Annexe was to be decommissioned in May 2022. These papers also show that an alternative space may have been found at Carters Quay (meanwhile use, so only temporary) which may have been suitable, subject to commercial terms. Ultimately suitable commercial terms could not be negotiated.

5.5.4 FPL vacated the Poole Civic Centre Annexe and staff who required office space temporary located, for a period between approximately April and July 2022*, in either the BCP Council Civic Centre Annexe or the BCP Council Civic Centre Extension (both in Bournemouth). During this time permanent alternative premises options were identified including at Poole Housing Partnership Offices, Beech House Poole, AECC University College, Bournemouth (only temporary to approximately September 2022) and in spaces in Boscombe, Poole and Bournemouth.

**similar to 5.5.1, I can find no evidence that BCP Council charged FPL to occupy this office space, 5.5.2 is also relevant*

5.5.5 At the FPL Board meeting on 12 May 2022, the issue of staying permanently somewhere in the BCP Civic Centre campus in Bournemouth was considered:

Premises

- BCP FuturePlaces is currently occupying space in the Poole Adult Social Services building which is due to be decommissioned in May 2022.
- Carters Quay could not be secured due to uncertainty over interpretation of rules regarding Council purchase of assets.
- Space at PHP considered and found to be unsuitable
- AECC have offered temporary space to FuturePlaces at Zero Cost to BCP Council until September.
 - Trial day held. Space found to be suitable.
 - Needs:
 - Printer
 - Licence to Occupy
- Other space in Boscombe, Poole High Street and Bournemouth under consideration.
- Space at Bournemouth Civic Centre would be shared hotdesking space, as BCP Property Team unable to offer dedicated space. Question to shareholder as to whether this is correct?
 - Presently discounted as incompatible with the working model of the company

5.5.6 The Chief Executive, as shareholder representative, agreed with the BCP Property Team, stating that the new BCP Council model of hybrid-working was hot desking, with private meeting rooms bookable on an 'as and when needed' basis. FPL Executive Directors told the Board this was incompatible with how FPL needed to work particularly around drawing and design facilities and mainly confidentiality matters. Making an exception for FPL, appears to have been discounted on the basis that numerous other Council teams and departments could also argue the need for confidential areas/offices. FPL executive directors assert that the Chief Executive said to them both, "you would do me a favour if you were to find your own offices". The (former) Chief Executive has said he does not recall using that phrase.

5.5.7 The minutes and action log to the 12 May 2022 FPL Board meeting says this:

8. Premises

8.1. The Board members discussed the need for the Company to find premises given the imminent move of teams from the current location. Various options were discussed and DM agreed to look into these outside of the meeting.

ACTION: DM to look into potential premises for the Company headquarters.

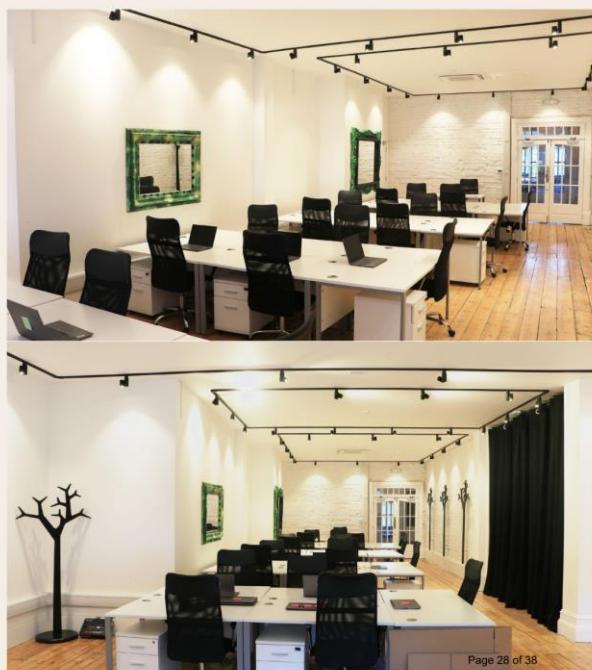
5.5.8 I have been unable to ascertain whether DM (former Leader of the Council) was simply reviewing the various options already identified, i.e. those at 5.5.4, or whether DM would look into other potential premises.

5.5.9 Either way the FPL Board, on 18 June 2022, reviewed this summary infographic:

Office Accommodation

- FuturePlaces no longer has access to dedicated space in Poole Civic Centre Annex and is temporarily hot-desking in Bournemouth Town Hall Extension.
- Dedicated space is not available, which is proving to be problematic
 - Meeting room capacity and number
 - Drawings and Design Facilities
 - Other teams confidentiality
- Limited availability of suitable space in either Bournemouth or Poole.
- After extensive search, space has been found at Bourne House, Bournemouth.
- Summary
 - Approx 1,100sq ft
 - £4500 per month, including costs (utilities, rates, cleaning, IT infrastructure, security etc), negotiated down from £5500
 - £10,000 costs to install glass partition for meeting rooms
 - Compares extremely favourably with other serviced offerings (eg Echo building, £80psf)
- Available from August
- Budget of £62,000 available for office for FY 22/23
- Total cost is $9 \times £4500 + £10000 = £50,500$ for FY22/24 with £13,500 forward funded for FY23/24.
- Budget of £62,000 available
- Some small additional expenditure required for shelves, printer, server etc.
- Recommendation : to enter into a 24 month lease with a 12 month break for the premises and acquire additional sundry items as required.

FuturePlaces.



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5.5.10 The FPL Board minutes for that meeting (18/7/22) say this:

8. Premises

- 8.1. CB confirmed that new Company premises had been secured and that work would shortly commence to fit out the space to suit the needs of the Company and its employees. CB confirmed that the main adaptations were within budget, and that all additional works required had been listed within the report.
- 8.2. After due consideration, the Board agreed the premises and the additional works required to fit out the space to the specifications required.

5.5.11 The FPL COO entered into a license/rent agreement on 2/8/2022 with Hinton Road Investments Ltd, who were the rent collecting entity (aka letting agent and Bourne group business administrating entity) within the Bourne group of companies. The agreement was signed via a secured document signing portal. FPL paid Hinton Road Investment Limited, £71,550 which is shown in the FPL bank reconciliation on 29/7/2022. The invoice was made up of two lines thus:

Description	Net £ amount	VAT @20% in £	Invoice £ Total
Line 1 - Deposit (refundable)	6,750	0	6,750
Line 2 - Licence Fees – Office 2 Bourne Park (12 months upfront Aug22-July23)	54,000	10,800	64,800
Total Invoice (No.19052)	60,750	10,800	71,550

5.5.12 The agreement was for 24 months, with a formal 12 month break clause, and a 3 month notice period. I have obtained the opinion of the current Council's Head of Estates, they have stated to me that whilst towards the higher end of typical costs, for what was essentially a serviced office space, and taking into account the floor area and the number of desks, the amount paid by FPL appeared to offer reasonable value for money.

5.5.13 On 5 May 2023, the former leader of the council, having not stood for re-election as a councillor at the 4 May 2023 local elections, became the sole Director of Hinton Road Investment Ltd. Whilst a gross simplification the 'Bourne' group of companies were in financial difficulties and administrators had been appointed. In the Administrator's update report dated 7 June (available at Companies House) it would appear that the former leader of the council purchased Hinton Road Investment Ltd for £1 but in doing so took on the liabilities of the company (see appendix 5.5.13).

5.5.14 I have been unable to find an explanation for how and why the former leader of the council, knew of the opportunity to seek to make the purchase of Hinton Road Investment Ltd. The former leader certainly knew of the individual who was seeking to sell Hinton Road Investment Ltd, on account of a homeless shelter project at St Stephens Road the individual was involved in with the Council in 2021/22.

5.5.15 I have found no evidence to suggest that the eventual acquisition, by the former leader of the council, of Hinton Road Investment Ltd had any influence on FPL initially occupying the office space 2 at Bourne Park, Exeter Rd.

5.5.15 The timing of the former leader becoming the director of Hinton Road Investment Ltd seems to have been deliberately linked to the passing of the local election date – i.e. being one day after the elections.

5.5.16 It seems likely that whilst being a BCP Council councillor, in the lead up to the elections, the former leader would have been in discussions to acquire Hinton Road Investment Ltd but at that stage there was no pecuniary interest to declare. A declaration, that the councillor was in negotiations, may have been prudent in the circumstances.

5.5.17 Whilst councillors are encouraged to make declarations in as real time as possible there is a 28 day window for councillors to make a declaration for any new interests.
[Openness and transparency on personal interests.](#)

5.5.18 FPL Board minutes on 4 August 2023 state the following:

5.6. KF requested further detail on the FP office lease agreement. CB confirmed that as previously reported to the Board, the office lease was for 24 months, with a break at the 12-month point, the exercise date having now passed. CB advised that he had negotiated a further break option to terminate the lease agreement 6 months into the second year. CB advised that FP would be expected to pay rent due for the next 12 months but would serve notice to exercise the 6-month early termination option once the new break had been documented and the rent paid. Meanwhile, the landlord had been asked to seek an alternate tenant, and if such a replacement could be found early, FP would be prepared to vacate early in return for rebate. CB commented that the landlord was under no obligation to seek a new tenant, and even if found would be under no obligation to provide a rebate.

12.1. The Board discussed FP moving to BCP offices. CB raised concerns over the feasibility of such a move, including concerns over confidentiality. GF suggested that a number of meeting rooms could be block booked for FP use. It was suggested that such a move required further consideration.

5.5.19 At the FPL Board meeting on 23 August 2023, these meetings now being weekly and attended by Pinsent Masons who were advising the directors on legal matters associated with the Council's likely intent to close the company, the following update and then action was agreed:

3 UPDATE ON COMPANY'S FINANCIAL POSITION

- 3.1 It was confirmed that updates on the FuturePlaces financial position would be provided at each weekly meeting. Items to be paid in the coming week included circa £109k for the August payroll. The £54k + VAT for office rent had previously been paid but had since been returned due to the supplier's change of bank account.
- 3.2 The Board approved the payment of the rent charge subject to FuturePlaces immediately exercising the 6-month break clause discussed at the 04 August 2023 meeting, together with the payment of the August payroll. The Board considered that payment of payroll to be critical for FuturePlaces' continued trading in the short-term, which for the reasons set out below was in the best interests of its relevant stakeholders and supported by the Council.

ACTION: FUTUREPLACES TO IMMEDIATELY INFORM THE OFFICE LANDLORD OF THE INTENTION TO EXERCISE THE 6-MONTH BREAK CLAUSE.

5.5.20 The snip above 5.5.19, at 3.1, shows the Board, with the legal advisor present, was at that point reviewing cost items to be paid on a weekly basis to ensure, in their role as directors, that the company was solvent, minimising costs and able to trade until the managed closure point.

5.5.21 The snip at 5.5.19, point 3.1 also shows a change of bank account issue which was associated with the change of ownership of Hinton Road Investment Ltd.

5.5.22 During the week between the Board meeting on 23 August 2023 (above) and the Board meeting on 30 August 2023, due diligence was carried out by FPL staff to ensure there was a clear understanding of the change of ownership and any associated changes to bank details of Hinton Road Investments Ltd. The COO was not able to attend the Board meeting on the 30 August 2023 (he was on holiday), he had previously given instruction to not pay the rent licence invoice, until the ownership picture was clear. In a document the COO subsequently provided to the Chief Executive this was produced:

26 Aug 2023 - CB is on holiday. Asks DN by text "...do we have a rent assignment letter yet". [redacted] replies "i have no rent assignment letter. Nothing official at all". CB replies "Take it your not paying anything until we have a rent assignment letter". [redacted] replies "I will wait for instruction on raising anything to process further" and "I repeat [sic] Invoice received for £54k but no further processing has been done or will be done without specific instruction from you, Gail or the NEDS". CB replies, "Thx, thats perfect". No further discussion between CB and [redacted] whilst he is away.

Redactions on this page are initials or names of FPL staff who were not Executive Directors

5.5.23 A FPL employee attended the Board meeting on the 30 August 2023 to inform the Board of the due diligence exercise outcomes. In very simple terms

- The landlord was the same landlord as when the first year licence fee payment was made in August 2022.
- The rent collecting entity, letting agent (Hinton Road Investment Ltd) holding the lease agreement with FPL (signed by the FPL COO on 14/8/23) to receive the licence fee on behalf of the landlord, was also the same entity (albeit under new directorship) as when the first year payment was made.

The Board minutes for 30 August 2023 say this:

- 7.6 [redacted] joined the meeting at 16:51 to aid discussion on the payment of the office rent. [redacted] advised that the office lease had originally been agreed for a 24-month term. CB had subsequently negotiated a new 12-month lease with a 6-month break clause, effective as of January 2024, at the same rent value. Serving of the break clause required 3 months' notice. FuturePlaces had not currently paid any rent and could not activate the break clause prior to paying rent. It was therefore recommended that FuturePlaces make payment for 6 months' rent, but instantly exercise its break option.
- 7.7 GM advised that she supported the recommendation based on the information available, but highlighted that in CB's absence she was not aware of what had previously been agreed between CB and the landlord. GM advised that while FuturePlaces rent payment was in arrears, the landlord was not chasing on the anticipation that a resolution would be confirmed upon CB's return.
- 7.8 GF advised that, as representative of the shareholder, he supported the recommendation as this would preclude paying a full 12-month term and then relying on the landlord to subsequently pay 6 months money back. It was suggested that payment for the first 6 months be paid immediately, with a discussion around the second 6 months to be held upon CB's return. GF advised that there was no objection to paying the current landlord, and confirmed there were no concerns regarding the effect of the payment on the cash position of company.
- 7.9 The Board noted the minutes of the previous meeting, at which the Board had agreed that officers should immediately exercise the 6-month break option. The Board stressed the need to effect this action immediately.
- 7.10 [redacted] advised that there many be challenges in making a payment in the current week, as decision makers at the landlord were currently away and an invoice from the landlord was necessary. It was confirmed that there was an invoice for circa £54k.
- 7.11 The Board approved the immediate payment of 50% of the current £54k invoice, together with the immediate exercising of the 6-month break clause option. The Board instructed CH to liaise with the landlord's administrator to obtain an invoice to the correct amount to enable this payment, and to confirm with the landlord once the payment had been processed.

Redactions above are the name and then initials of the FPL employee

ACTION: [redacted] to liaise with the landlord's administrator to obtain an invoice to the correct amount, and to issue immediate payment followed by confirmation to the landlord.

RESOLVED:

1. That the Chair be authorised to sign the final agreed assurance letter on behalf of the Board;
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.

Resolved 1 (left) does not refer to the rent issue.

5.5.24 The Board's urgency to pay for the first six months of the second year licence appears to stem from the advice received that the break clause could not be exercised until rent payment was up to date, which at that point it was not. (see 5.5.23 - 7.6 in the snip on previous page).

The FPL MD later asserted that the Board inexplicably insisted, and having been pressured by the shareholder representative to do so, for the rent being paid when there was no imperative to do so and it would have been more appropriate to wait until the COO return from holiday to determine exactly what he had agreed to.

5.5.25 Exercising the break clause would 'save' FPL (and ultimately the public purse) £27,000 minimum (second six months, of year 2, rent). FPL staff correctly raised the purchase order (FPL300060) via a purchase order requisition (REQ:020543). When the invoice was presented, the purchase order was 'goods/service receipted' by the FPL financial controller and thus the invoice was paid ('three way match' principle).

5.5.26 The table below summarises the second year payment and subsequent partial refund and deposit refund to the point of FPL Closure.

Date	Description	Net £ amount	VAT @20% in £	Gross £ Total (reconciled to bank statements)
4 Sept23	FPL Pay Hinton Road Investment Ltd first six months (yr2) and exercise the break clause	27,000	5,400	32,400
10 Jan24	No obligation partial rent rebate* refund £3,150 for 3 months (Nov, Dec, Jan)	(9,450)	(1,890)	(11,340)
10 Jan24	Refund of deposit, paid in yr 1 (see 5.5.11)	(6,750)	0	(6,750)
	Total Yr 2 Total cost	10,800	3,510	14,310

**Hinton Road Investment Ltd were not obligated to offer a rent rebate but did so because the break clause was exercised and they were, seemingly, able to find an alternative tenant*

5.5.27 Note that the FPL P&L figure, aggregate rent of £71,550 (see 4.1.10) is summarised in the table below:

	Net £ amount
Year 1 table @ 5.5.11	60,750
Year 2 table @ 5.5.26	10,800
Total	71,550

- 5.5.28 This is how the Bournemouth Echo reported the issue of FPL office rental:
[Hinton Road Investments received £27k from FuturePlaces | Bournemouth Echo](#)
- 5.5.29 For completeness and transparency, but not directly related to the 5.5 scope question wording, and as stated in table 2 at 1.1 of this report on date entry 10 October 2023, the FPL COO sent what he says was a Public Interest Disclosure Act (aka Whistleblowing) disclosure to the Chief Executive. By this point the COO had resigned from FPL and was seeing out his notice period on gardening leave.
- 5.5.30 The Council could have taken the view that the Whistleblowing disclosure could have been sent to the FPL board to consider, the COO was still a FPL employee and as shown at 3.3.3, FPL had its' own Whistleblowing policy. Taking into account the closely approaching TUPE transfer date of 1 November 2023, and the fact the COO had addressed the disclosure to the Council's Chief Executive, the Council pragmatically considered the matter via its' Whistleblowing Policy.
- 5.5.31 The COO asserted in his disclosure that the Board did not have what was an Executive Officer function delegation to authorise part (50%) payment for the 2nd Year rent and exercise the break clause immediately. The relevant PIDA disclosure was cited as – Failure to comply with a legal obligation.
- 5.5.32 I am one of the Council's Whistleblowing disclosure receiving officers, and I considered the COO's disclosure in line with the Policy. I determined that there was no failure to follow a legal obligation. The COO was formally informed of this decision on 24 November 23 and was also supplied with appeal routes internal and external to the Council.
- 5.5.33 The summarised reasons for determining there was no failure to follow a legal obligation were as follows:
- The Board formally took the decision with all relevant information available to it. (see above)
 - The FPL MD (executive director) was in attendance at the Board meeting, and although stating her preference to wait until the FPL COO returned, she says in her own words in another document she 'demurred' to the will of the rest of the Board.
 - There was an obvious desire to minimise cost to the company, in the lead up to the wind-down of the company, and the public purse (best value duties) by activating the break clause asap
 - The correct legal entity was paid in the same way as in 2022 (Year 1).
 - There was no need for a rent assignment letter, the landlord was not assigning the rent to any other company or entity
 - The COO himself signed, in a secure e-document portal, the licence agreement on 14 August 2023 and the payment was made to the entity stated in that document (see appendix 5.5.33)
 - The COO seems to acknowledge in 5.5.22 (above) that the only way rent payment would be authorised was if the COO or the MD or the NED's approved payment – saying "Thx that's perfect".

It should be noted that I was asked to investigate the circumstances of the rental payment by the shareholder representative back in September 2023 to determine if any councillor(s) or former councillor(s) should have disclosed any Disclosable Pecuniary Interest (DPI). Based on the findings of that investigation, which were similar or identical to the matters considered

in 5.5 above, the shareholder representative determined there was no grounds for consideration to refer to the Police for failure by any councillor to disclose a DPI.

I am aware that the Police did receive a third party referral into this matter and based on the evidence supplied by the Council to the Police, the referral was closed without any further action necessary.

End of 5.5

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

5.6.1 The FPL MD has submitted a timeline which shows that on 17/8/23, the COO had: 'negotiated the appointment of Pinsent Masons as insolvency advisor'.

5.6.2 I am unclear what the term 'negotiated' means. I can find no Procurement Decision Record (PDR), but this does not mean it does not exist. The total amount paid to Pinsent Masons, shown in the table at 4.1.12, was £41,540.50 (excluding VAT) and this was charged to the FPL P&L account.

5.6.3 The closure of any company can be a complex matter and it seems perfectly reasonable to me that legal experts were procured to advise the company and its' directors. The Council had its' in-house legal team to advise (the Council).

5.6.4 Scope question 5.6 above states: '.....to support them on the accounts closure process' – I believe, from the minutes and information reviewed, the legal support obtained was more technical advice on the closure of the company and advice to the company and directors, and not specific to the accounts closure process (although there was obvious parallel related advice relevant to the accounts).

5.6.5 Some examples of topic advice the FPL Board received from Pinsent Masons include:

- How to complete a solvent wind-down, to allow continued trading
- Obtaining a Letter of Assurance from the Council – so insolvency would not be an issue- i.e. the Council committed to ensuring that no external creditor would go unpaid at the end of the wind-down
- Deed of Termination
- Company Articles that needed changing at key points of the wind-down
- Transfer Agreement – of business, assets and employees
- Deeds of indemnity between the Council and NED's
- Documents in connection to terminating Services Agreements as a pre-step to solvent wind-down of FPL
- Director's responsibilities to ensure any sales are not executed undervalue
- Members voluntary liquidation vs Dormant strike-off (*latter preferable and what happened*)

In some cases draft documents were prepared for FPL Board and Council agreement

5.6.6 From 18/8/23 the FPL Board agreed to meet on a weekly basis (virtually by MS teams), from this date and weekly until 31/10/23 a Pinsent Masons representative was invited and attended. After 31/10/23 Pinsent Masons provided some additional remote advice but did not attend Board meetings.

5.6.7 After discussing advice from relevant parties including Pinsent Masons, the FPL Board agreed on 31/10/2023 the following related to the company wind-down process:

APPROVAL OF DOCUMENTS

5.5 The terms of the Documents having been carefully considered; it was unanimously:

RESOLVED: that:

1. the terms of each of the Documents and any other documents ancillary to, or to be entered into by the Company in connection with, the Documents or the Transaction (the "Ancillary Documents") be and are approved by the Company;
2. any one director, or, in the case of a deed, any one director in the presence of a witness, any two directors, or any one director and the company secretary are authorised to execute and deliver the Documents and the Ancillary Documents with any amendments, variations or additions that they in their absolute discretion considers appropriate and such authorisation includes the authority to execute the Documents and the Ancillary Documents by applying an electronic signature; and
3. any director or the company secretary is authorised to certify as true a copy of any other document which is to be delivered by the Company in connection with any of the Documents.
4. the company secretary be instructed to complete the appropriate entries in the books of the Company and arrange for any forms to be completed and filings to be made.

End of 5.6

5.7 Did the Board provide adequate oversight of the company and its activities, at all stages.

5.7.1 This scope question is difficult to answer because it cannot be answered by factual evidence alone, there is an inherent need to apply judgement and opinion to the evidence obtained to determine adequacy, or not.

5.7.2 I have sought to provide factual evidence below to allow members of the A&G Committee to determine for themselves whether they believe the Board exercised effective oversight of the company at all stages.

5.7.3 Relevant evidence is summarised below:

- Scheduled and forward planned Board meetings every 6 to 8 weeks
- Standard item agenda
- Some agenda papers/reports
- Some agenda items verbally presented

Agenda

Item		Lead	Format
1.	Welcome	Chair	Verbal
2.	Notice and Quorum	Chair	Verbal
3.	Register of Interests	Chair	Verbal
4.	Minutes of the meeting held on 16.12.2021 and Matters Arising	Chair	Paper
5.	Governance Documents - Memorandum & Articles of Association - Shareholder's Agreement - Loan Agreement - Terms of Reference	CB	Paper
6.	Finance - Workflow KPI - Revenue Model and Working Capital	CB	Paper
7.	Risk Register	CB	Verbal
8.	Human Resources	CB	Verbal
9.	Premises		
10.	Marketing and Communications	GM	Verbal
11.	Procurement Proposal Update	GM	Verbal
12.	Project-Specific Items for Board Attention	GM	Verbal
13.	Any Other Business	Chair	Verbal
14.	Date of next meeting: 17 March 2022 at 14:00	Chair	Verbal

- Board meetings minutes and actions list were produced, see 4 in the snip above (reviewed and approved at start of each meeting, (for the previous meeting)).
- Board meetings appear to have lasted approximately 2 hours.
- A mix of in-person and MS team
- Attended by key standing Board members who were, the Directors (Executive and Non-executive (NED)), the company secretary, shareholder representative (the BCP Council Chief Executive).
- The shareholder representative was a formal observer (for the Council).
- If Executive directors or shareholder representative were not able to attend a nominated deputy generally attended.
- Several Council officers had standing invites to Board meetings including the MO and CFO and a Commissioning Team representative. *The MO and CFO attended regularly until mid-2022 and then attended when they judged specific agenda items or papers required their attendance.*
- From 1 October 2022 independent Chair, Lord Kerslake appointed
- 3 further independent NEDs from early 2023 (19 January and 13 February(x2) respectively)

5.7.4 The Board was appraised of key activity such as this example during the early months of FPL (21/22), in reports considered by the Board:

1.1 MD's Executive Summary	Key Highlights in Period • Corporate set up of BCP FuturePlaces completed. • Approval of business plan by full council. • Consolidation of Senior Leadership Team (COO & Investment Director; Corporate Engagement Director and Interim Development & Design Director) Recruitment of Bid Writing & Corporate Manager; recruitment of Charette Manager. • Identification of procurement process to secure key resource to cover project inception phase to strategic outline business case. • Westminster launch of BCP FuturePlaces • Identification of Poole Quays and Poole Promenade projects and establishment of these as shared BCP Council and BCP FuturePlaces projects. • Inception of Place Potential workstream to support Leaders Panel engagement and Local Plan vision statement. • Completion of Castletown Law review of BCP FuturePlaces Teckal structure to consider robustness; completion of Knight Frank exercise to consider potential for municipal stewardship funding model. • Initiation of discussion with Rettie & Co on affordable housing investment proposition (complementary to stewardship proposition). • Initiation of discussions with Space Syntax on application of integrated urban model to support project development and, potentiall, the local plan process. • Initiation of consultancy work and continued project management of 14 projects, • Initiation of thematic projects (Green Car Parks, Super Loos) • Initiation of area based Charettes (Westover Road, Poole Old Town, Winter Gardens Quarter, Sandbanks, Landsdowne/Cotlands, Christchurch High Street)
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3.1 Project Status	Project Summary • New projects started in reporting period (New PIDs completed or in development) 3 • PIDS developed 2 • Projects at Strategic Outline Case stage 0 • Projects at Outline Business Case Stage 0 • Projects at Full Business Case Stage 0 • Studies completed and closed: 12 studies have been completed to date (10 December 2021) - ◦ Holes Bay Planning Strategy (Part 1) ◦ Holes Bay and Poole Civic Centre Commercial Analysis ◦ Poole Quays Promenade ◦ Poole Civic Centre Hotel (Capacity) Feasibility ◦ Poole Civic Centre Hotel Analysis ◦ Poole Civic Centre Hotel (Financial) Feasibility ◦ Poole Civic Centre Hotel Costings Study ◦ Bournemouth Winter Gardens and BIC ◦ Two Rivers Meet & Christchurch Civic Campus Capacity Study ◦ Heart of Poole Capacity Study ◦ Castletown Law Legal Review ◦ Stewardship Funding Review
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And some further examples later in FPL existence period (22/23)

Activities Media Coverage of Lord Kerslake Appointment • Very positively recieved. See for example • https://www.business-live.co.uk/economic-development/former-civil-service-head-lord-25206926 • https://www.insidermedia.com/news/south-west/independent-chair-joins-futureplaces-uk-real-estate-investment-infrastructure-forum • https://www.ukreil.com/investment-news/kerslake-regen-company • https://www.propertyweek.com/news/lord-kerslake-to-chair-bournemouth-regeneration-company/5122280.article • https://www.housingtoday.co.uk/news/ford-kerslake-appointed-chair-of-local-authority-owned-regen-company/5112818.article • https://www.insidehousing.co.uk/news/news/former-civil-service-head-to-chair-south-west-regeneration-company-78470 Lord Kerslake set to become chairperson at BCP Council's Future Places Bournemouth Echo • New Narrative of BCP Region as Quality of Life Capital on the South Coast established and tested. Holes Bay Stakeholder Engagement • 28 Sept – 21 Nov ongoing Christchurch Stakeholder 360 Interviews • 28 Sept – 21 Nov ongoing Wessex Fields Charette • 17/18 October Crown Estate • Visit 28 October, good interest in pursuing marine sports centre FuturePlaces	
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- 5.7.5 When Lord Kerslake was appointed as NED and Chair of the Board, (1/10/23) he did not instigate sweeping changes in the way the Board operated or in the way it received information and reports. This could be viewed as a positive endorsement, from a very experienced NED, that the Board was generally providing adequate oversight of the company.
- 5.7.6 Lord Kerslake did ask for some changes to the format of the management accounts at his first meeting as Chair of the Board, on 9 November 2022, the details of which would be agreed outside of the meeting between him and the FPL COO who was the action owner. The changes were agreed, and new format management accounts appeared in Board papers thereafter.
- 5.7.7 Lord Kerslake also urged, at this meeting and in relation to the two governance documents outstanding, the resource agreement and the commissioning agreement (contract), that a practical solution be sought to ensure the final documents could be agreed. At the next two Board meetings an update was provided which said, 'Reviews on-going', and by the meeting on 6 March 2023 the update was 'Draft with BCP Council for final sign-off'.
- 5.7.8 At the Board meeting on 13 June 2023 the following update was provided:

Governance Issues

- **Commissioning Agreement**
 - Near final form, schedules agreed and with Council for final review
 - Potential issue around Council proposed clause to take forward projects without FuturePlaces (terms agreed, but some issues remain)
 - Issue now around funding of work, and commissioning of Council by BCP.
 - On hold pending resolution of wider funding issues and external review.
- **Funding of workstreams post OBC**
 - **Business Plan, S1.1.1** "Approval of a single option proposal and its inclusion within the Council's Capital Investment Programme, will trigger an invoicing event at which time it is agreed that FuturePlaces **may invoice for work to date on the project, and periodically thereafter for any further work contained within the approved business case.**"
 - **Business Plan, S.7.6** "...If a capitalisation event can be achieved faster, then any expenditure **after that point can be invoiced and the working capital loan partially repaid**"
 - **Progress on periodic invoicing, principle now seems to be accepted but not yet tested**

- 5.7.9 As described in 5.6, during the closedown of the company period, the Board decided to meet on a weekly basis and included legal advisors at these meetings.
- 5.7.10 The relationships between NED's on the Board and the Executive Directors on the Board appear to have been negatively impacted by a series of events or alleged events, which are shown below in approximate timeline order:

June 2023	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. The COO makes what he says is a Public Interest Disclosure Act (PIDA) (aka a Whistleblowing disclosure) to the FPL Board. The FPL COO and FPL MD both assert that the Board accepted the disclosure as a PIDA. I can find no evidence in the Board minutes* to suggest the disclosure was accepted as a PIDA, and in my opinion it was unlikely to meet the definitions of the Act. Whether it was or was not a PIDA, the disclosure was taken forward by the acting chair of the Board (independent NED) who was tasked with speaking to the Council's shareholder representative (Chief Executive).
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	FPL MD asserts nothing was done (see 17 Aug 2023 entry). 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. <i>*The FPL MD has stated the FPL COO raised concerns at the next Board meeting about the minuting of his PIDA. It is unclear from the minutes what these concerns were, and the minutes were eventually agreed by the Board.</i>
7 June 2023	A NED produced a 'stocktake' Governance Review (2 pages), this was challenged by FPL MD on issues that she says imply fault of FPL. No changes were made, and the review was formally issued.
July 2023	The FPL MD asserts that one of the NED's does not attend briefing meetings or site visits or Board meetings – raised with Shareholder Representative to resolve, but nothing happened.
25 July 2023	FPL COO raises concerns that Board meetings are not being properly minuted, using his PIDA disclosure as an example.
3 August 2023	FPL MD asserts that the DLUCH published assurance review lacks balance and FPL executive directors had not been afforded opportunity to comment or challenge content of the report. Bournemouth, Christchurch and Poole Council: external assurance review - GOV.UK The MD asserts the Board and the shareholder representative take no action, stating: "it's too late now its (sic) on the record"
17 August 2023	When raised by the FPL MD with the Council's Chief Operating Officer she says she is unaware of PIDA issues raised against the council's Commissioning Director who she line-manages.
18 August 2023	The FPL MD asserts that the Board Chair refuses the FPL COO's request to record the Board meeting to assist in more accurate minutes being produced.
23 August 2023	The FPL MD asserts that the Board and the shareholder representative take an aggressive tone with her, and she is berated on the timing and delivery of WIP and intellectual property to the Council, and also on the payment of rent and giving notice of office space.
29 August 2023	The FPL MD asserts that the Board Chair (via a MS teams call) insists on payment of rent and breaking of lease
31 August 2023	FPL MD asserts she becomes aware (at the Bournemouth air festival) of at least one round of meetings between Board members and the shareholder representative but excluding the executive directors.
Mid-August 2023	The FPL Board start discussing the draft Cabinet committee paper produced by the Council for 'Future of FuturePlaces', executive directors have a view that the report infers fault of FPL on several issues including governance related concerns.
6 Sept. 2023	One of the NED's states at the Board meeting "There is a need for the report to be factually accurate but (he) considered the report was reasonably objective and did not contain any slights on FPL executives or undermine the company".
8 – 20 Sept 2023	FPL MD asserts that she and FPL COO and other senior FPL staff meet with Board Chair to express concerns at the inaccurate basis of the 'Future of FuturePlaces Cabinet committee Report', but no major changes are made. (See scope area 7.1)

End of 5.7

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

5.8.1 Aside from the formal decision making Council reports outline in table 1 at 1.1 of this report, this section seeks to identify steering groups or boards that may have influenced FPL.

5.8.2 The most significant and influential such board was the Big Plan Delivery Board which met on an approximate monthly-six weekly basis. This Board, in matters relevant to FPL, sought to bring together all the Council's regeneration aspirations in line with those stated in the Big Plan. The FPL MD and COO were members of this Board together with other relevant Council officers such as those in housing, planning, destination and culture, finance, legal, economic development and transport and engineering. The Chief Executive also attended as did the Leader and Deputy Leader. The Board chair was the Council's Chief Operations Officer.

5.8.3 The Big Plan Delivery Board, strategically reviewed project progress mapping these against the Big Plan aspirations. Consequently this Board also considered matters where FPL and other Council delivery vehicles or companies may have been involved, such as the Bournemouth Development Company LLP (BDC). For example, I have identified this minuted entry below (9/12/22) that shows the interaction between FPL and BDC on the Winter Gardens scheme:

Bournemouth Development Company

- Partnership 5-year rolling Business Plan usually updated annually but delayed pending budget conversations and results of the car parking study. Date in the new year to be agreed with particular focus on how the Winter Gardens can be brought forward working with FuturePlaces.
- Durley Road – completed and units fully sold.

5.8.4 The FPL Business Plan and Stewardship proposition (linked to the Building Better, Building Beautiful Commission (BBBBC)) particularly emphasised public engagement (wide, deep and early) and one way FPL achieved this was through the use of charrettes – charrettes definition is: a meeting or workshop devoted to a concerted effort to solve a problem or plan the design of something. FPL used charrettes widely to obtain community stakeholder engagement and so in that sense they were steering or advisory meetings to influence the projects FPL were seeking to deliver.

5.8.5 FPL also sought to keep stakeholders updated on schemes, one such example was the Holes Bay Former Power Station Redevelopment Event at 6pm on 12 January 2023. This event explained how FPL had sought public engagement through a series of events (between 27 September and 21 November 2022) in the local community attended by about 400 people, one on-line presentation and two visits to local schools (including Cornerstone Academy) – these events sought to identify what stakeholders wanted to see in their community from any redevelopment, and to feedback what had been said.

5.8.6 At the request of the Council's Overview & Scrutiny Committee, the FPL Board considered creating a FPL/ BCP Council member forum to give a two way communication and engagement platform. The Forum would not be decision-making. At the FPL Board meeting on 18 July 2022, the following draft terms of reference were considered:

Members FuturePlaces Engagement Forum (M-FEF)

Draft Terms of Reference

Purpose

The Members FuturePlaces Engagement Forum has been established as a bidirectional conduit between FuturePlaces and the elected member. It is a forum for efficiently communicating FuturePlaces activity to elected members, and receiving comments, suggestions and proposals for improvement to regeneration schemes from elected members.

Members of the forum will:

- Act as a conduit to their political group, relaying updates on the activities and developing program of FuturePlaces.
- Fairly and even handedly reflect the views of their entire political group in M-FEF meetings.
- Bring to the attention of Corporate Management Board and Portfolio Holder(s) any opportunities strategic risks or other issues that require attention.
- Respond promptly to e-mailed consultation.
- Keep confidential any matters of a commercial or sensitive nature discussed within or ancillary to M-FEF meetings.

Meetings and Logistics

- Meetings of the Forum will be facilitated and chaired by the Chair of FuturePlaces, the Council's Urban Regeneration Company, or the Chair's nominated deputy.
- Meetings will generally be held every 4 months for two hours, although these may be extended or held more frequently by agreement.
- The forum will be invited to call at least one meeting per year in person, the rest by teleconference.
- The forward plan, agenda arrangements, milestone tracking, and action logs will be managed by the FuturePlaces team.
- Action notes will be supplied to all members of the M-FEF for reference. Whilst these notes will not be generally be published, there may be occasions where they are subject to a Freedom of Information (FOI) request, should one be received.
- Any papers associated with each meeting will be distributed at least three days before the meeting.
- If any M-FEF member cannot attend, then they should nominate an appropriate deputy in their place and inform the FuturePlaces team prior to the meeting.
- FuturePlaces may call upon expert officers, agencies or others to provide the M-FEF with expert commentary where appropriate.

Membership

Chair – Chair, FuturePlaces or nominated deputy from FuturePlaces

Portfolio Holder for Regeneration
Lead Member(s) for Regeneration

One elected member representative each from;

- Conservative
- Liberal Democrats
- Christchurch Independents
- Poole Independents
- Poole Local
- Bournemouth Independent & Green
- Labour
- Unaligned

Gail Mayhew, Managing Director, BCP FuturePlaces
Craig Beevers, COO and Director of Investment, BCP FuturePlaces
[REDACTED] Corporate Engagement Director, BCP FuturePlaces

Sarah Longthorpe, BCP Director of Delivery - Regeneration (as required)

Other FuturePlaces Staff may be invited to speak or attend as necessary.

5.8.7 The inaugural meeting of this group seems to have taken place on 9 March 2023. (this was stated in the covering report to Cabinet 8 March 2023, that considered the FPL Annual Review 2022/23). I have been unable to ascertain with certainty how many more meetings of this group took place. Lord Kerslake's availability to Chair the meeting before his death on 1 July 2023, and the May2023 election period, may have both played a part in this meeting not meeting as regularly as envisaged.

5.8.8 In terms of other steering or advisory groups to FPL, I have identified a number of named groups/entities that FPL attended or had communications with, sometimes regularly sometimes one-off, but this appears to be more on a two-way engagement basis. Such groups, entities, forums and boards included:

- Towns Fund Board (Boscombe)
- Poole stakeholder design panel
- Holes Bay stakeholder engagement panel
- Poole Quay Forum
- Developing BCP Forum
- BCP Cultural Compact
- BH Live
- The local Business Improvement Districts (BIDs)

End of 5.8

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

5.9.1 I have identified that FPL had 'professional business relationships' with external bodies, initiatives and companies. Examples included, but were not limited to, business relationships with:

- Suppliers of works, goods and services (contract management relationships)
- MHCLG – external funding opportunities, bids e.g. £10M capacity fund, Levelling Up Fund 2
- DLUHC – Design code funding bid
- Local Enterprise Partnership (LEP)
- Homes England – efforts to secure a bespoke funding agreement for stewardship pilot
- Legal & General – as key landowner in BCP (Dolphin Centre) – joint venture opportunities
- Poole Harbour Commissioners

5.9.2 I have not identified any meaningful relationships between FPL and the Council's other companies – which were Bournemouth Building & Maintenance Ltd (BBML), Seascope South Ltd, Seascope Homes and Property Ltd, Aspire Adoption Ltd (now ceased trading), Tricuro Ltd and Tricuro Support Ltd.

5.9.3 In the case of the Bournemouth Development Company (BDC) LLP, a Limited Liability Partnership, (a 50:50 partnership between BCP Council and Community Solutions for Regeneration (Bournemouth) Ltd – a subsidiary of Muse Places Ltd, a Morgan Sindall Group company), FPL had a limited working relationship in so far as there was some inter-play between BDC and FPL projects/schemes.

5.9.4 The most significant example is in the FPL scheme known as Site2 - BIC/Winter Gardens/ARC, as stated in the original and revised FPL business plans. In the original FPL business plan (Cabinet approved 27/10/21) the scheme was broken down into three sub-elements:

- 2a - Bournemouth International Centre (BIC)
- 2b - Winter Gardens
- 2c - Bournemouth ARC

5.9.5 In the case of 2b – Winter Gardens, the FPL business plan said this:

- This is a Bournemouth Development Company (BDC) scheme.
- FPL providing limited place making input to coordinate emerging ideas for the BIC and ARC into the refinement of this scheme.
- To review the conference and event market post Covid to consider potential synergies between the two sites
- Coordinate between key BCP Council departments and BDC
- To inform development of the scheme and Council decision making
- Identification of spatial strategy for the re-provision of the key uses included within the BIC.

5.9.6 In the revised/updated FPL business plan (Cabinet approved 22 June 2022) it said this:

- 2a - Winter Gardens Review – requested by Council due to changing market and policy circumstances
- 2b - BIC Capacity Study and Re-provision – requested by council in consequence of 2a

- 2c – Westover Rd – charette and urban design strategy – activation of the ARC project

5.9.7 Whilst the exact meaning of some of the wording at 5.9.5 and 5.9.6 is debateable and arguable, it seems likely to me that it was always planned for FPL to have some role in the Winter Gardens scheme, which was rightly shown as a fundamentally a BDC scheme. It seems likely to me that for FPL, what was originally planned to be a 'limited place-making input' turned into something more as the wording 'changing market and policy circumstances' imply in the revised FPL business plan.

5.9.8 An email on 10 August 2021, from the Council's Interim Director of Delivery to the Leader, Deputy Leader, Chief Executive, several representatives from BDC (MUSE) and several council officers headed:
'Development Discussions'

Subject: Development Discussion

Thank you for taking the time to attend our meeting at the Hilton and thanks again to Muse for hosting the event. It was good to be able to meet in person and discuss key issues impacting on the development of Bournemouth and wider conurbation. In terms of immediate actions:

- I will work on a brief for a review of car parking supply and demand taking account of changing mobility patterns and options;
- We'll work jointly with BDC to explore options for closing the viability gap on the Winter Gardens scheme, including reducing the quantum of public car parking and reassessing the space allocated for leisure;
- The URC and BDC will work quickly to clarify if the option to locate the BIC on the Winter Gardens site is feasible;
- The URC will conduct a 'place potential' study to assess the development potential of the Lansdowne and Station Quarter areas;
- BDC and the URC will work on study of development options for Lansdowne/ Cotlands including the scope to introduce a multi storey car park to free up surface car parking in the area;
- I will organise a series of regular meetings (every month to 6 weeks) involving the Council, BDC and URC to discuss development priorities and opportunities across the conurbation;
- We'll aim to host a follow up discussion of last night's group in a few months' time (late October/ early November) once the URC is fully up and running;
- We'll work jointly on research into the office market to identify scope to provide future anchor tenants for a central business district at Lansdowne.

Please do not hesitate to let me know if there are any actions I have missed. Many thanks again for a productive and enjoyable discussion.

This email states there was a viability gap on the (BDC) Winter Gardens scheme (2nd bullet point in the snip above) and that FPL will work quickly, with BDC, to clarify if it was feasible to locate the BIC on the Winter gardens site (3rd bullet point in the snip above).

5.9.9 In response, seemingly, to the third bullet point above, an email on 16 November 2021 from the FPL MD to the Council leader, deputy leader, chief executive, several representatives from BDC (MUSE) and several other council officers, headed:
'FuturePlaces Strategy Note & Capacity Study Winter Gardens for Conferencing & Exhib Space'

appears to set out and shape the work FPL was proposing for the site. The email summarises by saying:

"What this shows is that the Winter Gardens site could accommodate the conferencing and exhibition space. Look forward to discussing tomorrow".

The full proposition document is shown at Appendix 5.9.9

5.9.10 It was also stated in a later email from the FPL MD to various officers and the Leader and deputy leader, (17 Dec 21) that a Project Meeting took place on the 17 November 2021, with MUSE present (stated officer names) where this was stated as the outcome:
"We agreed FuturePlaces would take the lead on the feasibility/testing stage whilst there is a pause in the project as MUSE/BCP establish position on Winter Gardens.

We are developing programme of work to be undertaken and will present this to you separately.

Key Points:

WG

- Refine & test Conference/Expo/Hotel/Production Centre proposition for Winter Gardens (? Performance Hall element - small scale tied in with Cultural compact)
- Movement and Access study - revised Winter Gardens
- Future of Conference/Expo - peer testing of IPW report findings to confirm assumptions
- Soft Market Testing of Conference Facility
- Operational testing/market testing

BIC

- Capacity / Feasibility Study BIC site

BIC Events Space

- Refine/test large events space brief and specification
- Locational option testing
- Movement & Access Study preferred option
- Test-fit preferred option
- Operational testing/market testing

Strategic Business Case - all elements

Design Briefing - all elements

Investment prospectus

Parking Study (DA)

Meanwhile use and PR/Comms

5.9.11 In a BDC Board report, dated 27 April 2022, (Development manager's board report), it was stated, against progress report status, there were 'viability concerns' for the BDC Winter Gardens mixed use development scheme and whilst demolition was successfully completed on site in December 2021, the schemes key issues and risks showed this:

- Viability
- Economic and market changes
- Political landscape
- Construction cost inflation and impact on contractor market
- Commercial occupier demand
- Wider marketplace and pipeline of town centre residential proposals
- Plan B.....will BDC be involved?

5.9.12 The report goes on to add this:

'The development manager is waiting for feedback on next steps, programme etc from the Council and Future Places to assess options for accommodating a replacement "BIC" conference, exhibition, arena and hotel facility. Given the scale of the requirement, there are a limited number of sites available for the new facility. Some of the options include using the Winter Gardens site and could lead to the release of the BIC site'.

BIC re-provision – Future Places Plan B – Future Places will be submitting a paper to cabinet setting out their business plan, including a project initiation plan for a new conference facility in time for July Cabinet. FPL have committed to sharing relevant section of the plan with BDC.

The Council was presented with a viable and deliverable funding proposal in January 2022 whereby the Council enters into a Regeneration Lease over a number of apartments. The Council is conducting its own due diligence on potential funding of schemes including Regeneration Lease structures. The future of the (BDC) scheme looks uncertain.

5.9.13 What this all seems to show to me, is BDC had an approved scheme (planning permission granted, including a non-material application revision), but there were viability concerns and FPL was tasked (joint meeting at 5.9.8) with considering the viability of a broader plan B for the site.

It was the case that the Leader, Deputy Leader, Chief Executive, other council officers and BDC/MUSE officers were all clear that FPL were undertaking more extensive work on the wider BIC/Winter Gardens/ARC project.

5.9.14 The FPL Annual Review reported to Cabinet on 8 March 2023 said this on the scheme:

The Bournemouth International Centre (BIC) is one of the largest venues for conferences and events in southern England and is a critical driver of the local economy. It was initially built as a project to support the regeneration of Bournemouth with the aim of extending the season and bringing in a much wider catchment to the town. The venue has now become dated and tired and has experienced a huge growth in competition nationally, having previously been a pioneer of the conference market in the UK. BCP's vision, as set out in the Big Plan, is to invest into the BIC to create a premier event, conference, exhibition, entertainment, sustainable business tourism and touring venue. This will place Bournemouth once again at the forefront of the industry and catalyse long-term economic impact for Bournemouth, Christchurch, and Poole.

The existing building is a large, internalised space and, whilst well-located is not fully optimising its unique seafront setting. In its current form, the BIC is impacting to cut off access to the seafront, however, could be remodelled to support the wider regeneration of the West Cliff area of Bournemouth as a high quality, sea-facing hotel and residential quarter. A critical factor in considering options for refurbishment or redevelopment will be the maintenance of the conference and events programme such that businesses that benefit from the trade generated by the BIC within the town centre are not impacted by a temporary closure of the facility.

FuturePlaces has been working with BCP Council Destination Team, BH Live and Bournemouth Development Company to consider whether, if taken together with the Winter Gardens site, a solution might be brought together across the wider site area that would enable a sequential development approach, preserving trade and supporting a wider area regeneration, including opening up improved access to the seafront.

Industry experts have been engaged to evaluate the future conferencing and events market post COVID, considering the impacts of hybrid conferencing and working, and increasing environmental requirements on businesses and audiences. This builds on prior feasibility work, to inform further testing of the spatial requirement, potential market positioning and format.

The reports reinforce the importance of expanding the volume of over-night stays through residential conferencing to bring high value economic capture into the local economy as well as looking at how the events offer for the conurbation can be supported at different levels of event scale. The importance of securing regeneration of the retail and accommodation offers to complement a renewed BIC has been underlined to support the destination offer.

A physical capacity study of the location is testing the potential fit, movement and access arrangements and sequencing to support continuity of events and conferencing in the town, as well as the optimisation of these valuable sites for enabling development and regeneration.

5.9.15 Based on the schedule of FPL Work in Progress, works that the Council paid for at the closure point of FPL, shown at 4.1.15 and considered in more detail at scope section 7 of this report, the Council agreed to pay £167,532.43 for BIC/Winter Gardens work in progress. The implication of making this payment was that the Council considered the work useful in bringing forward a viable scheme in future.

End of 5.9

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

Additional Restriction Grant 4 (Covid)

5.10.1 During the course of the investigation the issue of the Council awarding a grant of £100,000 to FPL from the (Covid) Additional Restriction Grant (ARG4) has been raised by councillors of the A&G committee.

5.10.2 This is how the application form was completed by FPL – this section answers the question, **please describe your organisation:**

Future Places is a wholly owned, Teckal company that exists to rapidly progress the investment and regeneration agenda across Bournemouth, Christchurch and Poole, through a stewardship-led approach to place development. We are undertaking the development management work for 14 strategic sites across the area, but ultimately, our work contributes to the overall place positioning of the BCP area, adding value to our unique selling proposition within the inward investment market.

Future Places is a member of the BCP City Panel, an informal reference group for stimulating growth, ideas-generation and cross-sector collaboration. The BCP City Panel comprises influential, dynamic and industry-leading individuals who are all advocates for the place and change-makers in their respective industry. Member representatives are from:

- Bourne Asset Management (property sector)
- Bournemouth Symphony Orchestra (cultural sector)
- Ceuta Group (creative sector)
- Fired-up Hospitality (leisure, retail and hospitality sector)
- Future Places (regeneration and place stewardship)
- JP Morgan (financial sector)
- Verve Properties, UK (estates investment sector)

In support of the overall economic prosperity of the area, the BCP City Panel has requested that Future Places submits an application for ARG funding to progress a project that commissions detailed work to:

- deeply understand and define our place's position in the inward investment market
- capture the unique properties that define our area and make it stand out
- craft a story for our place that compels investment and relocation

Future Places needs this foundation in order to market the sites and attract private sector investor to the area and contribute to stewardship and prosperity across the BCP area. This work must be data-led to properly draw out our area's USP through an overarching, place-positioning story on behalf of the city-region's industry and business. This story must feature a compelling hook that furthers the inward investment, expansion and skills retention needs of the BCP area and businesses.

Future Places will act as lead client for this work and will provide end-user input and act as lead stakeholder for the Panel; BCP Council communications and marketing will commission and manage delivery of this project on our behalf through the contracting of world-leading external agency support. The department will do this as part of their already-contracted support to Future Places; consequently there will be no ARG grant paid to the council for this service.

5.10.3 This section of the application form, completed by FPL answers the question, **Please provide a headline summary of your project, which will be used for reporting to Government and Freedom of Information requests regarding this funding. 50 words maximum:**

This project will provide a deep understanding of relative perceptions of the area, capture the DNA and flavour of BCP, create a compelling hook for our place that complements existing narratives; it must resonate with and create pride amongst residents, whilst being owned by the business community and enable further growth and investment.

Example - Birmingham

Creating a BOLD narrative for Birmingham City Council

Be Bold, Be Birmingham is an aspiration for our city and all who live and work in it.

We're a unique city which has always sought to create, improve, grow bigger and do better.

We are in golden decade of opportunity with HS2, Smithfield, the Commonwealth Games and more all coming to our city.

This is our Bold ambition as a council to support, encourage and facilitate the city to reach its potential by creating:

A Bolder **Fairer** Birmingham

A Bolder **Healthier** Birmingham

A Bolder **Greener** Birmingham

A Bolder **Prosperous** Birmingham

This narrative and place identity assets are shared widely and belong to the people and businesses of Birmingham... the work was led by the council but they encourage everyone to use them and own them



Example – Regen Melbourne



- 5.10.4 This section of the application form, completed by FPL answers the question, **Please describe your project in full detail. What will you do? Who is it for the benefit of? What difference will the project make (consider economy bounce back/pride in place/innovation)? What will the money be spent on? Include details of any partners and/or match funding. 400 words maximum. Please provide a separate budget sheet detailing what you will use the grant for and how much you will spend for each item listed by you.**

Working in collaboration with BCP Council's Communications & Marketing and Economic Development functions, we will engage a leading local creative agency. Their commission will be to use data and research to provide an honest assessment that creates deep understanding of our place profile and position within the inward investment and relocation space, relative to national and global competitors. From this, key commercial audiences will be established and a creative marketing hook developed for our place, creating a story that captures the distinctiveness and DNA of BCP, that complements and underpins existing narratives for visitors, investment, and residents. This story must instil pride in local people and feel authentic and inspirational to them too.

The objectives of this project are to:

- collate and present an honest assessment of our area's reputation relative to competitors, based on evidence, data and research, leading to a deep understanding of perceptions held by key stakeholder groups, in particular potential investors and companies seeking to relocate
- instil pride and a sense of shared purpose through the creation of a strong and compelling 'brand BCP' that captures the unique properties that define our area, challenges misconceptions and makes us stand out
- craft a story for our place that compels investment and relocation and is transferable and relatable at key investment opportunities, including MIPIM
- build affinity amongst our city region businesses and business leaders for brand BCP, whilst ensuring authenticity amongst our residents too
- reflect, complement and add value to existing narratives for visitors, investment, and residents
- support BCP-based businesses emerge from the pandemic, by creating momentum for the place and a suite of shareable, free-to-access assets and content for practical use in the future, designed to support the growth and attraction of our priority sectors as defined in the Economic Development Strategy (financial services and fin-tech; AEM and marine/aerospace; health and care; env-tech and sustainable construction; creative and digital tech; RHL).

This ARG-funded work will wraparound the council's own Big Plan aspirations, to provide a place positioning offer over and above that owned and delivered by Future Places or BCP Council.

Building on research and knowledge already held, it will reflect the destination brand offer and aspirations of the cultural inquiry to capture the essence of our place – an eventful place, a thriving place, a happy place, an innovative place, a place of fruitfulness, fun and festivals – to craft a compelling story for economic investment and personal relocation that boosts our sectors and our skills offer.

This project will craft a story from the very essence of Bournemouth, Christchurch and Poole.

- 5.10.5 BCP Council award panel, deputy leader of the council plus four officers, meeting notes from 30 November 2021 at 12pm, said this:

Targeted business support services for key sectors

- o Place branding and marketing for increasing inward investment and demand for local businesses

Applicant	FuturePlaces (URC)
Amount	£100k
Proposal	Commission a leading local creative agency to assess and understand the area and create a story and marketing hook for investment. Instil pride and sense of shared purpose through the creation of brand BCP.
Outputs/Outcomes	Improved business engagement; increased web traffic; uplift in enquiries and demand for commercial space and increased brand recall rates in targeted sectors
Score	17 – overall it could be significantly beneficial to BCP and aligns with aims and objectives of the new EDS and Big Plan. Lower score on deliverability as no figures for deliverables stated (i.e. 15% uplift in web traffic etc) but these will be captured in monitoring reports – it is accepted that detailed deliverables cannot be provided until the creative agency is secured.
Meeting notes	PB is chairman of Future Places so withdrew from the process. Consensus all round from the Award Panel. All happy to support. No objections or concerns.

5.10.6 FPL were informed, by letter from the Council, on 8 December 2021 that they had been successful in their ARG4 application of £100,000. FPL representative signed a grant acceptance letter, on the same day, including provisions covering requirements to supply information including project progress and outcomes to the Council, with repayment clauses should these not be satisfactorily supplied.

5.10.7 FPL went to the market seeking quotes from three 'leading local creative agencies' before confirmation they had been successful in their bid, this was at FPL risk. FPL produced a waiver (to financial regulations) on the basis that they only received back one valid quote from the three companies approached. The waiver said this:

Background Information																																					
In support of the overall economic prosperity of the area, the BCP City Panel has requested that Future Places applies for ARG funding to progress a project that commissions detailed work to: - deeply understand and define our place's position in the inward investment market - capture the unique properties that define our area and make it stand out - craft a story for our place that compels investment and relocation Funding was released on 30 November 2021. It must be fully spent by 31 March 2022.																																					
Key Supporting Reason(s) for Waiver																																					
The funding available must be fully spent by 31 March 2022. There is no flexibility to extend beyond that date, therefore swift procurement is a requirement of completing the work. A three-quote procurement process was undertaken whereby three local agencies were invited to quote, ensuring that all money is spent externally of the council and of FuturePlaces. Clear evaluation criteria was included and had a 90% quality weighting. One bid was received from the local company 1HQ Limited. The summary evaluation matrix has been included below:																																					
<table border="1"> <thead> <tr> <th colspan="2">QUALITY AND PRICE EVALUATION MATRIX (SIMPLE)</th> </tr> </thead> <tbody> <tr> <td>Contract Name:</td> <td>City Identity - the Big Conversation</td> </tr> <tr> <td>Contract Reference:</td> <td>DN585018</td> </tr> <tr> <td>Quality</td> <td>90%</td> </tr> <tr> <td>Price</td> <td>10%</td> </tr> <tr> <td>Bidder Name:</td> <td>1HQ Limited</td> </tr> <tr> <td>Stage 1 - Preliminary Compliance Check</td> <td>Pass</td> </tr> <tr> <td>Stage 2 - SQ Pass or Fail Compliance Check</td> <td>Pass</td> </tr> <tr> <td>Total Quality Score</td> <td>76.00%</td> </tr> <tr> <td>Adjusted Quality Score</td> <td>100.00</td> </tr> <tr> <td>a Weighted Quality Score</td> <td>90.00</td> </tr> <tr> <td>Quality Position</td> <td>1</td> </tr> <tr> <td>Total Price</td> <td>£ 100,000.00</td> </tr> <tr> <td>Adjusted Price Score</td> <td>100.00</td> </tr> <tr> <td>b Weighted Price Score</td> <td>10.00</td> </tr> <tr> <td>Price Position</td> <td>1</td> </tr> <tr> <td>a + b Final Weighted Score</td> <td>100.00</td> </tr> <tr> <td>Final Evaluation Position</td> <td>1</td> </tr> </tbody> </table>		QUALITY AND PRICE EVALUATION MATRIX (SIMPLE)		Contract Name:	City Identity - the Big Conversation	Contract Reference:	DN585018	Quality	90%	Price	10%	Bidder Name:	1HQ Limited	Stage 1 - Preliminary Compliance Check	Pass	Stage 2 - SQ Pass or Fail Compliance Check	Pass	Total Quality Score	76.00%	Adjusted Quality Score	100.00	a Weighted Quality Score	90.00	Quality Position	1	Total Price	£ 100,000.00	Adjusted Price Score	100.00	b Weighted Price Score	10.00	Price Position	1	a + b Final Weighted Score	100.00	Final Evaluation Position	1
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This Waiver is being requested as we are unable to obtain 3 bids within the short timeframe. FuturePlaces wishes to support local businesses in line with the council's financial regulations that promote quotes being obtained from local suppliers. Given that this work is designed to support the economy to recover and emerge from the pandemic, and that this contract is particularly suited to digital and brand agencies local to BCP, the waiver is requested and considered appropriate.																																					
Demonstration of Value for Money																																					
The Director for Communications and Marketing set an estimated budget of £100,000 based on costs for supply from previous similar contracts and soft market testing. A clearly defined scope was provided setting out requirements to ensure that the supplier understands the outputs and quality required. The Director for Communications and Marketing and the Council's FuturePlaces team will monitor the contract and review the outputs to ensure that the required quality and value for money are achieved.																																					

5.10.8 At this time I was involved in the waiver process, my role was not to approve the waiver principles (that was a role for the requestor and the strategic procurement team manager), but to consider compliance with financial regulations and any wider issues.

5.10.9 In the section of the waiver requiring my input, I recorded the following:

Comments:	
Discussion with Chris Shephard has taken place – whilst this waiver principally covers the waiving of a requirement in Financial Regulations a certain understanding of the wider grant conditions and context was also required. During this due diligence it was identified that certain grant conditions needed to be explained principally: <u>Exclusions to Additional Restrictions Grant funding</u> 31. Businesses that have already received grant payments that equal the maximum permitted levels of subsidy will not be eligible to receive funding. 32. For the avoidance of doubt, businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme. 33. ARG funding should not be used as a wage support mechanism, for capital projects that do not provide direct business support, or to fund projects whereby Local Authorities are the recipients. This grant is distributed to the Council's wholly owned urban regeneration company, BCP <u>Futureplaces</u>, the grant monies are not being used to supplement any internal cost within the company or BCP Council. <u>All of</u> the grant money is being spent with the recipient company in this waiver, 1HQ Limited, for the benefit of the 'BCP conurbation' and the people and business therein following this grant condition: 20. 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. Place branding was an explicit scheme with the Council's published application <u>documents</u>. <u>BCP Additional Restrictions Grants (ARG) 15102021 (bcpcouncil.gov.uk)</u>	The hyperlink in this snip is no longer active

5.10.10 Based on the information supplied, I was satisfied that the service director had consider the matter of grant eligibility and in particular section 33 in the above snip.

5.10.11 Section 4.1.11 of this report shows that FPL paid 1HQ Ltd £107,150 for the work specified. 1HQ produced a final summary report in September 2022 titled, Bournemouth, Christchurch and Poole – The Big Conversation – Place Value Identification to inform a Brand & Place Making Strategy.

5.10.12 The FPL MD produced an ARG stream 4 Project Report for the Council, the grant issuing service, on 15 December 2022 (deadline was 31st December 2022) which summarised the project and confirmed that FPL had followed all required grant criteria. The report summary said this:

Describe how Your Project has progressed and the steps that You have already taken and/or intend to undertake to complete Your Project (maximum 400 words)
The project set out to provide a deep market research-based 'discovery' exercise to provide an understanding of perceptions of place within of the BCP area to create a responsive and compelling narrative to inform place making, branding and policy development that complements existing narratives and is reflective of local values and aspirations. Multiple residents, businesses and organisations were canvassed through a variety of techniques to generate an objective survey of views and opinions as to the key qualities of place that are valued locally and what individuals and organisations' aspirations are for the future development of BCP. Through undertaking the work, the intention is that future positioning of BCP and the overall place proposition will resonate with and create pride amongst residents, whilst being owned by the business community and enable further growth and investment. This work has been carried out under the title of "<i>The Big Conversation</i>" and has resulted in the delivery of two core objectives. 1) To articulate for BCP Council a fresh and distinctive, locally resonant narrative on which to build a strong brand to represent the region

- 2) To identify for FuturePlaces a set of core "place values" that should be reflected and embedded in its proposition for regeneration and growth.

A subsidiary outcome will be for the body of work to be available to BCP departments as they consider how the research and narrative informs departmental objectives, service provision and policy development.

Which milestones and/or deliverables have You achieved to date? For example, jobs created/safeguarded, number of events delivered, number of attendees at events and/or match funding secured

Milestones:

- Stage 1: Research and Insights - COMPLETE
 - Kick off meeting
 - Alignment of research sample
 - Data review and stakeholder interviews
- Stage 2: Big Conversation Research – COMPLETE
 - Resident group discussions
 - Local business in-depth interviews
 - Potential investor interviews
 - Local newspaper interviews
 - "Area safaris", observations and intercept interviews
 - Narrative Development, quantitative research
 - Telephone surveys x600 (200 per town)
- Stage 3: Final report – COMPLETE
 - Quantitative online research
 - Final report and recommendations for BCP narrative and brand start

Deliverables:

- "The Big Conversation" – Place Values Identification to inform a Brand & Place Making Strategy –summery & full report
- Participation in presentations and feedback to BCP Council.
- £28,580 match funding

Please return this Progress Report, along with any supporting information/evidence by email to the Economic Development team at BCP Council using argstream4@bcpcouncil.gov.uk by no later than the date that BCP Council has requested of You.

Signed:	Gail Mayhew
Date:	23/12/22
Position/Job Title within Your Organisation/Company:	Managing Director

5.10.13 Note the match funding mentioned in the FPL MD's report included VAT. Including VAT, FPL spent £128,580, i.e. £28,580 more than the £100,000 grant. Net of VAT spend was £107,150 as shown at 4.1.11.

Loan Interest calculation

5.10.14 There were two loan agreements over the life of FPL. The first loan agreement was signed on 25 January 2022, with a loan facility of up to £400,000. The prevailing interest rate calculation in this agreement was 0.6%. This was a fixed rate and was calculated as 0.5% above the Bank of England base rate as at 24 June 2021 which was 0.1%.

5.10.15 The second loan agreement was signed on 9 August 2022, with a loan facility of up to £8M. The first loan was subsumed into the second loan agreement, by this I mean it was not an additional loan meaning the loan facility was not £8.4M in total.

5.10.16 The wording in the loan agreement with regard to interest, at 6.1 stated the following:

6. INTEREST

- 6.1 The Borrower shall pay interest with effect from the execution date on the Loan at the rate of 0.50% over the base rate of Bank of England. That rate shall continue until 31 March 2023. From 1 April 2023 the interest rate shall be adjusted at 0.50% above the then prevailing Bank of England base rate and that practice shall continue and rate of interest shall be adjusted on 1 April of every succeeding year for the next 12 months for rest of the loan facility term.

5.10.17 Whilst there may be some ambiguity in what exactly is meant by the execution date*, it appears to me that the calculated loan interest in the 22/23 financial year did not follow the wording in the snip at 6.1 above.

**ambiguity because the new loan agreement was signed on 9 August 2022 but in the definitions section of the agreement the 'Loan Availability Period (from and to date)' actually started on 29 July 2022 and ended on 31st March 2027. Whilst this is only a 13 day difference, the Bank of England announced a base rate change on 4 August 2022, so the prevailing interest rate was 2.25% (if execution date was considered to be 9 August 2022 when the document was physically signed) or the prevailing interest rate was 1.75% (if execution date was considered to be 29 July 2022 using the 'from and to' date of the agreement).*

5.10.18 FPL were actually charged a fixed interest rate of 0.6%, throughout the financial year 22/23 on the basis it was the prevailing rate at 1/4/22. This resulted in an interest charge to the FPL P&L account of £8,786. The figure was agreed by both the Council and FPL.

5.10.19 In my opinion, FPL should have been charged a fixed interest rate of 0.6% to the point the new agreement was executed and then either 2.25% or 1.75% from that point depending on the interpretation of the execution date. This would have either resulted in an interest charge of £31,064 (2.25%) or £24,424 (1.75%). See appendix 5.10.18.

5.10.20 The implications of this were:

- The FPL P&L account, and therefore the overall cost of FPL was understated by either £22,278 or £15,638, depending on the interpretation of the execution date (see above).
- The net impact for the Council was nil. Although the Council would have had more recorded income (more interest received from FPL) the final write-off, of costs, would have been higher by the same amount.

It must always be remembered that the Council was FPL sole customer and funder. Of the £7.2M of gross costs FPL incurred, (see 4.1.4 and £7.1M after application of ARG4 grant) the Council paid for this either as a turnover/sales payment £4.7M or cost/loan write off £2.4m.

5.10.21 The interest calculation for the 2023/24 year was calculated in accordance with the wording at 6.1 in the snip above, a fixed rate of 4.75% for the whole year (the Bank of England base rate, at 1/4/23, of 4.25% + 0.5%, per the loan agreement), this figure was £218,890.

Actioned vs Authorised (in respect to payments)

5.10.22 The FPL COO has asserted that 'FPL never had the ability to action a payment from its own bank account. All payments were actioned by the BCP Council accounts team. Payments could not be made by the company, or its directors'.

5.10.23 It is my belief that this statement is a matter of technical fact. It is also my belief that the BCP Council accounts team (sic) only actioned payments which were properly authorised by the FPL Executive team or their delegated representative. This includes the authorisation to pay the 'rent' in 2023 (see 5.5.25) which was authorised by the FPL

financial controller. A clear electronic system record exists on my file to evidence this fact.

5.10.24 The BCP accounts team were not a 'gatekeeper' and did not have the ability to 'veto'* a properly authorised payment instruction from the FPL team.

**in practice if an exceptionally large or 'strange/standout' payment is properly authorised, utilising judgement a member of BCP account team may ask a supervisor or line manager to take a look – it should be noted that there is legal liability to make the payment at this point, because the works, goods or services have been provided by the supplier in good faith and received by the council or FPL (except in the case of a payment in advance).*

5.10.25 FPL in that respect was identical to any council team or department. By this I mean that council teams and departments do not have the ability to 'action' payments leaving the council, this is done by the central finance team. The 'authorisation' of those payments is however a matter for the council teams and departments, as it was for FPL.

5.10.26 The council team or department or FPL in 'authorising' a payment to be made, were in parallel instructing the central finance team to 'action' the payment.

i.e. Proper Authorisation = Instruction (to finance/accounts team) to action the payment

End of 5.10

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.

6.1.1 This question has been partially answered at section 3.2.10, the table below summarises:

Governance Document	When agreed	Who agreed / signed (by FPL and BCP Council)
Shareholder Agreement	25 January 2022	FPL Board – Council's Monitoring Officer and FPL MD signed the agreement
Resource Agreement (Support Service Agreement)	Appears to exist in draft form only (not formally agreed or signed) A simple financial schedule existed	
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.	
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
Lease / Licence to occupy Council Premises	No such agreement	-
Lease / Licence to occupy External premises (Bourne Gdns, Exeter Rd)	Yr1 = 2/8/22 Yr2 (part) = 8/14/23	FPL COO FPL COO

6.1.2 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 Commissioning Team view. As a result of work undertaken in section 5.7 of this report it was identified that FPL's Board was informed that on 6 January 2023 the drafts were with the Council for review. It would appear therefore that FPL and the Council had opposite views – both parties seem to be saying that it was waiting for the other party to finalise and agree.

- 6.1.3 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.
- 6.1.4 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.
- 6.1.5 At the time, and now in fact, the Council chooses not to have internal and individual service level agreements (between council services). Instead service levels and standards are set out in annual 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.

End of 6.1

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

- 6.2.1 The Council's (former) Chief Executive was the shareholder representative on the board, having been the initially appointed, and sole, company director to facilitate company set up. (i.e. a non-executive director until 31 January 2022)
- 6.2.2 The Shareholder Agreement agreed and signed by the Council and FPL does not appear to refer to or define the role of shareholder representative. **I will be making a recommendation** that this should at least feature in the 'Definitions and Interpretation' section of any future Shareholder Agreement documents that may exist.
- 6.2.3 The shareholder representative role informally appears to have been defined as: 'the shareholder representative was an invited observer to FPL Board meetings and also advised the Board on the position of the Council pertaining to agenda items being considered'.
- 6.2.4 In practice the shareholder representative also appears to have acted as the conduit by which the Council or FPL sought to resolve strategic issues, tasking council representatives or resources where needed. One significant example of this was facilitating the letter of assurance the Council provided to FPL in order to ensure solvent FPL trading until wind-down. The letter is available on file (FPL Board minutes 230913) and is signed by the shareholder representative. The FPL COO asserts this letter was unreasonably delayed.
- 6.2.5 The shareholder representative also appears to have advised the FPL Executive Directors on matters of local government and BCP Council specific detail such as Constitutional matters, committee cycle preparation although there appears to have been some overlap with the Commissioning Team in this regard.
- 6.2.6 It has been stated by FPL Executive Directors that the shareholder representative's attendance at the FPL Board resulted in the Council (its' representative) having a clear sight of all the material strategic issues impacting FPL. FPL Executive Director's assert that the shareholder representative should have spoken up if there was a Council concern over specific issues, especially those that were eventually cited in governance reports and the report which recommended FPL closure to Cabinet 27 September 2023. These included:

- a. Capitalisation can only be applied to capital work delivery. It is not applicable to revenue-based work such as public workshops (charettes), planning frameworks and reference masterplans unless they generate a capitalisation event, where the cost can be included in the future value of the asset. All costs may be capitalised if procured as part of a package of advice if associated with an approved capital scheme. The changing economic climate is impacting on how quickly projects get to a capitalisable point in time.
- b. Where a capitalisation event does not occur following works completed by FuturePlaces it is difficult for BCP Council to pay these revenue costs within the June 2022 agreed funding mechanism. However, it should be noted that some of these projects, such as charettes and planning frameworks may contribute to enabling the wider programme, including specific capitalisable events.
- c. While the agreement of a "three times cost" charge was market tested and shows value for money when applied to FuturePlaces internal and staffing

costs, its application to work commissioned by FuturePlaces adds unnecessary cost to the Council and cannot represent best value.

- d. The Council has awareness of expenditure through a range of mechanisms within the governance model but can only control FuturePlaces' expenditure through the agreement of the annual business plan at Cabinet. The company has control of expenditure decisions between the annual approval processes.
- e. FuturePlaces value is held in its Intellectual Property (IP). The Company seeks to protect its IP to protect its financial position. In practice this means FuturePlaces is minded to only release final reports to its customers on confirmation of payment for work. This runs counter to the shareholder agreement which enables the Council to access any documentation on request. This juxtaposition has become increasingly challenging for the Company and Council to navigate over time.

- 6.2.7 The FPL Executive Directors have the view that if any issues did exist (not just those issues shown in the above snip) they were primarily/all of the Council's own making on the basis that FPL was only following the Council approved Commissioning Plan and the Council approved FPL Business Plan.
- 6.2.8 It was also asserted that many of the issues were falsely represented in any case (referenced at various places through this report, such as at 5.7.10) and were ambiguous or defamatory and the shareholder representative did little or nothing to allow corrections to be made or to bring to task those making the comments (internal and external to the Council) and more generally allowed a culture of misinformation and criticism (of FPL) to prevail. This culminated in the FPL MD making what she says was a PIDA (aka Whistleblowing) disclosure and grievances. (see 7.1.27 for more detail)
- 6.2.9 It seems to me that the clear role of the shareholder representative, agreed informally by all parties, was to advise the FPL Board and the Executive Officers of the position of the Council on matters pertaining to FPL. By definition therefore, there was, in my opinion, a need for the shareholder representative to express the political position(s) of the Council and its' elected members in what was a complex multi-party/group Council.
- 6.2.10 During the period of the Conservative administration, the shareholder representative was expressing the position of the Council of being supportive of the FPL concept and the relationship between the parties and the individuals was generally smooth.
- 6.2.11 The FPL MD asserts that in September 2022, the shareholder representative stated to the FPL MD and FPL COO "If Vikki Slade gets in to power (at next elections) she will close down FuturePlaces". Assuming the shareholder representative did make this comment, the context has not been provided, this appears to me to be the shareholder representative highlighting a possible significant change in the Council position – one the FPL leadership should be aware of.
- 6.2.12 I have identified that the Liberal Democrat Party local manifesto stated that they would undertake a review of FPL, with a view to significantly reduce the current programme of works and to prioritise some key deliverables. The Labour Party manifesto stated that they would close FPL. Other groups or party manifestos were silent on FPL according to representatives from the group or parties.
- 6.2.13 In April 2023 the FPL MD has stated that she prepared an Options Paper, dated 25 March 2023 – that was considered at a meeting between the FPL Executive team, the shareholder representative and the commissioning team. The options included:
- Closedown

- Reduction in Programme
- Internalisation of regeneration function
- Attracting bespoke funding deal with Homes England
- Potential of a portfolio investment via third party investor into programme

6.2.14 Consequently, the FPL MD has stated that she agreed to produce 'a revised business plan focused on 5 early wins; 5 long term projects focussed, manageable programme aligned to new administration policy' (sic).

6.2.15 It appears to me that the statement, attributed to the shareholder representative at 6.2.11, gave the FPL MD a six month period to prepare for a potentially new political perspective, which was ultimately acted upon as shown at 6.2.13 and 6.2.14.

6.2.16 The shareholder representative led a meeting on 9 August 2023 with the FPL MD and FPL COO, where he expressed the view that the Council was moving towards closing down the company and this would be put before Cabinet in September for decision.

6.2.17 The shareholder representative and the BCP COO met FPL staff setting out the Council intention to close the company and transfer staff to BCP Council on 11 August 2023.

6.2.18 The shareholder representative attended an Extraordinary Board meeting of the FPL Board, on 18 August 2023, which was called to discuss 'FuturePlaces current financial and operational position and its future prospects' in consequence of the intended decision to close FPL. In that meeting the shareholder representative is attributed, in the minutes, to making the following statements:

3. Potential future prospects of FuturePlaces

- a. GF, as shareholder representative, explained that no decision had yet been taken by the shareholder as to the future of FuturePlaces and that the most recent formal decision taken by the shareholder was to formalise the working capital facility. GF explained that local elections had taken place in May 2023 and as a result the Council had changed from a Conservative

minority to a Liberal Democrat-led Council; this signalled a direction change in the scale and scope of regeneration delivery.

- b. GF explained that the Council are considering the position of FuturePlaces and that a Cabinet meeting had been scheduled for 27 September 2023 where a recommendation would be reached on the future direction of FuturePlaces. The recommendation would then be taken to the Council for a decision; the date of the Council meeting had not yet been finalised but was likely to be around 10 October 2023.
- c. GF explained that the Cabinet are currently considering 3 options. An option to maintain the current status quo is not likely to be recommended as it is considered unaffordable. Whilst GF emphasised that no formal decision had yet been taken, current indications were that the Council would look to create regeneration capacity within the Council and not via a third party. GF explained that analysis is underway to review each project and to determine, for example, which projects require additional work, which projects can be exited, which projects require the Council to pay FuturePlaces for work already undertaken, which projects are in planning etc. The Board discussed whether there was benefit in extending the period of the wind-down (option 2), noting in particular the knowledge held by FuturePlaces staff. GF agreed that FP Co may produce an Option 3 scenario (a tapered wind down) for inclusion in the Cabinet Report.

- 6.2.19 Whilst considered in more depth at scope section 7, the FPL MD asserts that the shareholder representative 'overruled' the inclusion of an 'Option3' scenario in the report to Cabinet, which was an orderly closure of the company over 9 to 12 months 'to protect shareholder value'.
- 6.2.20 The FPL MD has asserted that she became aware, on 31 August 2023, that the shareholder representative had at least one meeting with the NED's without the FPL Executive Directors being invited.
- 6.2.21 This does not appear to me to be particularly remarkable, the meeting appears to be the shareholder representative informing the NED's of the forming Council position regarding the likely closure of the company, in the same way the shareholder representative met with the FPL Executive Directors described at 6.2.16.
- 6.2.22 The FPL COO has asserted that the shareholder representative 'reneged on paying a bill for work he, himself, has asked FPL to undertake'. I have been unable to find what this may refer to, through my own research and without seeking clarification from the FPL COO. A&G Committee may wish to ask the FPL COO to state what this work was and how much the work cost FPL to complete. Further, A&G Committee may wish to seek a reply from the former Chief Executive to the assertion.

End of 6.2

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

6.3.1 The Shareholder Agreement dated 25 January 2022 includes the concept of reserved matters in the following important contextual paragraph:

With the exception of the Reserved Matters, the business and all affairs of the Company shall be managed by the Board. To that end subject to those exceptions, the Board shall have full and complete authority, power, and discretion to direct, manage and control the business and the affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incidental to the management of the Company.

6.3.2 The Reserved Matter schedule included 42 item lines. Most of the reserved matters items could be characterised as being significant and rare, even very rare events. The Reserve Matters schedule is shown at Appendix 6.3.2. (over 3 pages).

6.3.3 The interpretation of the wording at the head of the reserved matters schedule:

‘All Reserved Matters shall on be effective if approved by the Council’

is crucial to answering the 6.3 question. The matter has already been considered to an extent earlier in this report at 5.1, on the subject of bonus payments.

6.3.4 I have made a recommendation to ensure future wording of similar agreements do not require interpretation, rather it is explicit. ‘....approved by the Council’ may be explicitly enhanced by alternatives such as:

- ...approved by Full Council
- ...approved by Cabinet
- ...approved by the Council’s shareholder representative
- ...approved in some other way the Council agrees (e.g. Leader, Portfolio Holder decision)

6.3.5 In my opinion, it may be appropriate to create sub-sections within the reserved matters schedule; the Council may decide that for certain reserved matters the approval by Full Council should apply, whereas other reserved matters may be approved by some other decision maker – proportionality being the driver for this decision.

6.3.6 I have been unable to reconcile, with certainty, of the 42 reserved matters, which reserved matters actually required the Council to approve the matter during the life of FPL. Some matters were obvious, such as 6. Agreeing the appointment or removal of the chair of the Board, which was agreed by Cabinet and then Council when the appointment of Lord Kerslake was recommended. Others are less obvious such as 18. Appoint any agent or intermediary to conduct the whole or part of the Business

6.3.7 I have made a recommendation that the Council should consider whether a ‘Reserved Matter log’ be kept by the company secretary and or commissioning team which shows sequentially, by date, any reserved matter approval decisions and who or what Council entity made the decision.

6.3.8 Aside from the reserved matter schedule, the main Shareholder Agreement contained a series of terms or clauses, which simplified, compelled either the Council or FPL to act in stipulate ways, to provide the other with information and comply with other specific terms. The Shareholder Agreement ran over some 22 pages so is not appended to this report but is available on file should the A&G committee wish to review it.

- 6.3.9 Elsewhere in this report and in statements made to the A&G committee in the past, there has been much debate on whether the Council and/or FPL adhered to the shareholder agreement or not – and that is the genesis of the 6.3 scope question.
- 6.3.10 On the one hand there have been statements made that FPL failed to provide the Council with certain information (financial), kept certain reports in draft form, needed constant reminding from the Council's Commissioning Team to complete required information on time to meet deadlines, and so on.
- 6.3.11 On the other hand there have been statements made that the Council was inappropriately trying to micro-manage FPL, not recognising the wording at 6.3.1, that the shareholder representative told FPL executive directors to keep reports in draft (to avoid them being subject to Freedom of Information requests), the Commissioning team was only ever two people (when originally intended to be six people) and failed to exercise the commissioning role thoroughly, and so on.
- 6.3.12 It seems to me that the Shareholder Agreement, at least initially until about January 2023, was used by the Commissioning Team, the Council's shareholder representative and FPL as a document to be aware of in its' strategic form and not one to hold the other party to account over perceived failure to adhere to in every exact detail.
- 6.3.13 By this I mean, using the financial reporting as an example, the Shareholder Agreement required very specific financial information to be provided such as monthly management accounts (shareholder agreement ref 3.1.1). Management accounts were produced by FPL for the FPL Board meetings which were not monthly but were more 6 to 8 weeks in frequency. The Council's shareholder representative and the Commissioning team did not request monthly management accounts, all parties seemingly (by their inaction) considered the financial reporting to the Board frequency perfectly acceptable.
- 6.3.14 It should be noted too, that the Council was in full control of the financial reporting of FPL in the 2021/22 financial year.
- 6.3.14 There were other examples where the exact requirements of the Shareholder Agreement were not strictly adhered to, such as the second year FPL Business Plan content, but in accepting the Business Plan as presented by FPL the Council's shareholder representative and the Commissioning team, must have considered the content acceptable, and the omissions were not material or significant.
- 6.3.15 Ultimately, Cabinet agreed the second year FPL Business plan on 22 June 2022. Cabinet was not told in the covering report, authored by the Council's Director of Delivery – Regeneration, of any omissions (of information) required by the Shareholder Agreement. For example the shareholder agreement states that a balance sheet forecast (ref 2.3.2) and a minimum 3 year financial strategy plan (ref 2.3.3) should be included in the Business Plan.
- 6.3.16 As intimated at 6.3.12, from about January 2023, the relationship between the Council's Commissioning Team and the FPL Executive Directors seems to have been more adversarial and from that point there was more examples, by referring to Business Plans, Commissioning Plans and the Shareholder Agreement, of parties stating the other party had not complied with or followed the agreement or plan.

End of 6.3

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

6.4.1 I am the Head of Audit & Management Assurance and I am therefore inherently conflicted in providing an opinion on the adequacy of the role of the Council's internal audit team in matters pertaining to FPL.

6.4.2 I have provided below a factual analysis of the work carried out by internal audit and an insight into the judgements made by me and my audit managers in the direction of scarce resource. A&G Committee members can consider and make a judgement on the adequacy of the role of internal audit in light of this information or may wish to obtain the judgement of some other officer such as the new Chief Executive or the new Interim Monitoring Officer.

6.4.3 The original plan of the A&G meeting was to obtain the views of the (then) Monitoring Officer in determining the 6.4 scope conclusion.

6.4.4 The FPL COO has provided an opinion to A&G Committee regarding Internal Audit activity and interaction with FPL, comments include:

- failure of the internal audit team to ever look FuturePlaces or the council commissioning whilst it was extant.
- Are the person(s) making the determination aware that NS has had prior involvement in FP investigations, and took no steps in his role of internal auditor during the time the company was extant? It seems unlikely that an impartial observer could come to the conclusion that he was not conflicted, yet we are not offered any comfort that the determination was made at the right time in possession of the right facts.

For the avoidance of doubt the FPL COO has also commented on my suitability and my independence with regard to this investigation.

Internal Audit work undertaken

6.4.5 Internal Audit facilitated a 2022/23/24 review of governance arrangements for Council companies, including BCP FuturePlaces. This review evaluated client-side (Council) and entity-side (company) controls against best practice guidance issued by Local Partnerships, an in-house public sector consultancy jointly owned by the LGA, HM Treasury, and Welsh Government.

6.4.6 Issues were raised with relevant officers, and the work was reported to the Audit & Governance Committee as part of the Chief Internal Auditor's annual report of 27th July 2023, [Chief Internal Auditors Annual Opinion Report 202223.pdf](#) . (Paragraph 26 and line 26 in Annexe1)

6.4.7 The resulting Internal Audit Briefing Note was incorporated into the Interim Corporate Director of Resources' report to the Audit & Governance Committee on 11th January 2024, agenda item 8 and appendix 4. The Council's decision to close the company in September 2023 meant that specific actions that may have been relevant to BCP FuturePlaces were superseded. [Council Owned Companies Shareholder Governance Review.pdf](#)

6.4.8 As part of the resulting remedial actions, the Monitoring Officer's report to Cabinet on 2nd October 2024 set out a detailed governance framework for Council-owned companies, taking into account lessons learned following the closure of BCP FuturePlaces. This included the establishment of a Shareholder Advisory Board and a Shareholder

Operations Board, and the provision of Guidance for Councillors and Officers appointed to Outside Bodies.

6.4.9 Internal Audit also coordinated the gathering of assurance work and evidence base for the production of the Annual Governance Statement (AGS) for 2022/23 and 2023/24. This work culminated in BCP FuturePlaces governance arrangements featuring as a significant governance issue in the 2022/23 AGS. An action plan was reported and agreed by the Audit & Governance Committee on 27th July 2023, agenda item 16, shown below:

3	BCP FuturePlaces Ltd - The governance of BCP FuturePlaces Ltd, the Council's URC (Urban Regeneration Company) has been a matter of significant local concern. The Leader and Deputy Leader were both appointed to the Board in the formative stages and have only recently been able to step back from the Board as a very strong team of the independent Chair and new non-executive directors have been appointed. New ongoing consultative arrangements with a cross-party group of councillors have been established. The Council has appointed the Chief Executive to be the Shareholder Representative on the board and other Council officers attend board meetings in an advisory capacity including the S151 officer, Monitoring Officer and Director of Infrastructure. The commissioning arrangements are established but scope creep is a danger, and some projects have become wider and less focussed than originally intended, increasing the financial risk to both the Council and BCP FuturePlaces Ltd. There is, as a result, reduced focus on the core projects which means they are taking longer to deliver than first envisaged. <i>(Extract from BCP Council Assurance Review)</i> Both the (former) Leader and Deputy Leader have now resigned from the Board and four independent non-executive directors have now been appointed.		
	Action Points	Responsible Officer	Target Date
	Review the operation of the governance arrangements following the appointment of the non-executive directors to ensure governance and structure is effective and fit-for-purpose. <i>(action point based on CMB/Assurance Review)</i>	The Chair/non-executives Chief Executive / CMB	September 2023
	The adopted funding regime for BCP FuturePlaces Ltd contains risk for both parties, which could be reduced by a mixed model of funding. The Council should consider working with BCP FuturePlaces Ltd to identify a new, mixed, funding regime for 2023/24 which would directly cover more of the costs as they are incurred to reduce future risk. <i>(from Assurance Review)</i>	Chief Executive and Director of Finance	September 2023
	The Council and BCP FuturePlaces Ltd should work together to consider the scope of regeneration projects being pursued to bring the core projects more into focus and to programme non-core schemes further out to balance the projected workload and pipeline more evenly. The governance and workload review of BCP Future places to be carried out by the new Board will address this issue. <i>(from Assurance Review)</i>	The Chair/non-executives Chief Executive / CMB	September 2023

6.4.10 Utilising information gleaned from the Commissioning team, I undertook a review on the existence of, and adequacy of the HR policies adopted by FPL, see 3.3.3. The 20 HR policies adopted by FPL from generic templates provided by Purple HR were reviewed. A formal report was not considered necessary, the review took the form of more informing the judgements and risk assessment process adopted by Internal Audit to determine specific audit coverage.

Factors considered when making the judgement on whether specific audit coverage was required – risk based

6.4.11 The significant factors in my decision making / judgement to commit internal audit resource, a finite resource of 12 full time equivalents, beyond that summarised above, to specific audit assignments within FPL were as follows:

- Assurance from other sources, the FPL Board – overseen by experienced group of Directors, NED's, Executive Directors and shareholder representative – expectation the Board would reach out if they considered Internal Audit independent assurance was required.
- Assurance from other sources, Commissioning Team – overseeing relationship and performance, albeit the team was smaller than first reported.
- Financial considerations – Council gross expenditure circa £1Bn per annum, FPL gross expenditure peaked (annual figure) at £3.3m (2023/24).
- People – a FPL workforce which peaked at 17 FTE.
- Third parties – Procurement arrangements, FPL were following Financial Regulations and supported by the Strategic Procurement Team

- Company infancy/tangibility of audit area to carry out detailed assurance work
- Policies – the existence and reasonableness of policies as per 6.4.10 above
- Existence of a shareholder agreement approved by Council.
- Council approved FPL business plan and annual review.

6.4.12 Notwithstanding the small reconciliation differences identified at 4.1.14 associated with the aggregate figures shown in the FPL P&L account and the invoices submitted by BCP Council, FPL paid the Council about £9,300 for Internal Audit services over the three financial years life of FPL. This equated to just under 7 days per year internal audit work (just under 21 days in total).

6.4.13 The actual days worked, summarised at 6.4.5 to 6.4.10 was slightly more than the 21 days paid for but it should be stated that some of the benefits and outcomes of this work was more beneficial to the Council than FPL, such as work undertaken on the client side (council) governance arrangements with the company.

End of 6.4

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.

6.5.1 Section 4.5 of this report refers to one example where FPL may have acted outside their terms of reference of being 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’.

6.5.2 Section 4.5 also notes that the involvement (in the beach hut proposal) was limited to the attendance by the FPL COO to a meeting in London with KPMG, by invite of the then Leader.

6.5.3 I have found no other clear evidence that FPL acted outside of their fundamental terms of reference or sought involvement in any scheme without some form of BCP Council awareness, be that formally, via the Business Plan/Commissioning Plan process, or informally via other means (see perceptions of the Commissioning team at 3.2.21).

6.5.4 Further, the FPL Executive Directors stated in various documents and various board and meeting minutes on a regular basis that FPL could only be involved in projects where a funding source was identified by FPL/Council. This example is from the second year FPL Business Plan:

1.1.2 Additional Projects

BCP Council has asked FuturePlaces to look at additional projects as it became clear that FuturePlaces has the relevant knowledge and experience to undertake them. Some of these are site specific and fit within the funding mechanism outlined above. Others relate to place-making and support for existing council functions without being directly connected to a particular site, such as financing of Council assets, development of design codes and of the Big Conversation etc.

One of the key issues addressed in this document is the provision of resource necessary to deliver upon additional projects as these are identified, and the next steps in the execution of the original projects.

Any such additional projects that cannot be funded from FuturePlaces’ own funds will only be undertaken if sufficient funding can be secured, such as by means of grant money, external financing or funding by BCP Council from its revenue budget. Any incremental funding would require prior approval from BCP Council.

6.5.5 The FPL Executive Directors were therefore, in my opinion, mindful of balancing wanting to positively respond to any Council ask to provide knowledge, experience and expertise in projects or matters but also realised that FPL or the Council needed to identify a funding source for that activity.

6.5.6 I do believe that the FPL Executive Directors may have been a ‘sounding board’, when invited to comment, to the ideas of the Leader, Deputy Leader, shareholder representative and other council officers, but this was, in my opinion, not particularly remarkable and not materially different to how the views of other senior council officers may have been sought.

End of 6.5

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.

7.1.1 The Cabinet report of 27 September 2023 can be accessed via this link [View link](#). The report's executive summary reads as follows:

The Future of BCP FuturePlaces Ltd, investment and development

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.

7.1.2 The timeline shown at 1.1 Table 2 of this report from approximately May 2023 is relevant and whilst a gross simplification it was asserted by the FPL Executive Directors that the Commissioning Director, the Commissioning Team, the shareholder representative, and the non-executive directors all at various points contributed to a campaign of negative false narrative that (partially) influenced the newly formed Cabinet (following the local elections) into the ultimate decision to close FPL.

7.1.3 It is further asserted, this campaign of false narrative included providing the DLUHC (linked to BCP Council Best Value Notice) assessor with narrative that may have been wrongly interpreted as attached to FPL.

7.1.4 The FPL MD made this public statement at the Overview and Scrutiny (O&S) meeting on 20 September 2023, where O&S considered the Cabinet report (27/9/23):

Statement

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 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.

7.1.5 Turning back to the report itself and what occurred to achieve the final version, the next numbered paragraphs are in approximate timeline order.

7.1.6 On 15 August 2023, the FPL MD sent an email to the Chief Executive, the Council's Chief Operations Officer (the report author) and the Council's Interim Corporate Director of Resources, all three NED's were copied in, as was the FPL COO and two other FPL staff members. The email was headed 'Third Way Option'. Fundamentally, this was the FPL MD offering a 'third option' in the way FPL could be closed, and the option was what became known as a tapered or orderly wind down of the company, to protect shareholder value. The email is shown at Appendix 7.1.6.

Note the heading 'third way option' has been somewhat confusing to unpick, there was indeed a third option in the final report, but it was not the FPL 'third way option'.

7.1.7 The report author, the Council's Chief Operating Officer sent a reply email on 20 August 2023, stating:

'I'm putting the third option Gail has shared into the draft cabinet report so that this is part of the draft paper going to CMB on Tuesday. Once CMB have had sight I'll share with all here'.

Tuesday = 22 August 2023

7.1.8 In reply, the FPL MD sent a reply email on 20 August 2023 which said:

'To note that we have not set a timeframe for the wind-down as this would need to be established with the Council as shareholder.'

To reinforce that this is not a pitch to keep FuturePlaces going, but rather envisages a realistic timeframe for a handover of projects and/or identification of third party sale/delivery arrangement'.

7.1.9 Between 20 August 2023 and 6 September 2023, the draft Cabinet Report was made available in a shared storage file area where extensive edits, comments and tracked changes were made by a number of Council and FPL staff who were given access. On 6 September the Council's Chief Operations Officer (the report author) sent an email to the FPL MD (and all those referred to in 7.1.6) which was headed:

"Future of Future Places draft cabinet report 01092023 ver 2 _ FPCo Comments & Clarifications" with you

7.1.10 This email had two attachments; the first attachment was a 'clean' latest draft version of the Cabinet report; the second was an extensively commented upon/tracked changes by FPL representatives and the Council's report author responding to those comments and tracked changes in a detailed fashion. (both attachments are available on file).

7.1.11 In simplified terms the report author accepted some track changes and did not accept others. The report author added comments explaining reasoning for those decisions. It is clear from correspondence that the FPL MD and FPL colleagues were of the strong view the report lacked context, background and balance. The comment below, although not covering all matters, summarises the overall FPL collective senior staff view:

As a general comment, the analysis of the options in the paper is neither complete, nor balanced. There are other options available, including a tapered closure (previously suggested and included, but now removed from this paper?), or enabling a different exit from the BCP/FP relationship (e.g. seek external funding, change TECKAL status etc). Whilst these may not be desired by BCP, it seems odd not to include a full range of available options in order to provide Councillors with full transparency. Whilst it is to be expected that BCP will wish to write the paper in a way to presents its preferred option in the best light, it does raise concerns about transparency/fairness of the process for current FP employees

06 September 2023, 09:08



Jess Gibbons

Thanks [redacted] the tapered approach was removed following discussion and agreement with Gail, who agreed it would be better delivered through Option 1.

06 September 2023, 14:44

Whilst intuitively a tapered closedown does indeed fit with Option 1, which was the 'Closure of FPL and the bringing in-house of the development and investment activities of the company', the final report did not refer to a tapered closedown by name, instead a timeline table was produced at para 30 (table 28.1), which ran from 27 September 2023 Cabinet decision date to Qtr1 2024. i.e. a period of between 3 to 6 months depending on the interpretation of what qtr1 2024 means

7.1.12 The FPL Board met on 6 September 2023, and this snip below shows the minuted discussion points covering the report to Cabinet:

	9. BOARD RESPONSE TO CABINET PAPER
9.1	GM confirmed comments on the draft Cabinet report had been passed to the Council's Chief Operating Officer, who had advised that some suggested amendments had not been agreed. Concerns over accuracy of the contents of the report, and its impact on employee reputations, job prospects, and the reputation of the Company therefore remained. Additional concerns related to the Board's ability to fully retain the Company's value and the undermining of external partners' willingness to participate in future work.
9.2	█ advised that based on the assurances that all external creditors were to be paid, the sole remaining creditor and shareholder would be the Council and any reputational damage would be applicable to the Council only. If the Council accepted this and continued to support FP despite such risks, then this was not a concern for the Board.
9.3	IM accepted the need for the report to be factually correct but considered that the report was reasonably objective and did not contain slights on FP executives or undermine the Company. However, the recent letter addressed to GF was not referenced in the report, and it was felt that the Council should be made aware of its contents. Additionally, details of write-offs should be set into the context of what the Council was receiving in return, i.e., work in progress, etc. PH advised that he agreed with the points raised by IM.
9.4	GF highlighted that the report referred to costs while financial matters remained under review. It was therefore likely that the report to the forthcoming Scrutiny Committee would need to be published using estimated figures.
9.5	GM referred to the report's highlighting of governance issues and suggested that these had been addressed via the appointment of Lord Kerslake and the current Directors. It was suggested that the report confirm that both CB and GM had raised concerns over the previous appointment of Councillors to the Board. It was felt that the report should also advise that issues relating to the lack of consulting with Council officers were a result of certain officers not attending meetings, while issues of under delivery were a result of the Company being instructed to curtail project delivery prior to the May local election.
9.6	GF highlighted the need to ensure accuracy of actions and dates within the report and agreed to circulate the most recent draft of the report following the meeting.
	ACTION: GF to circulate the most recent draft of the report following the meeting.
9.7	KF summarised by reiterating that the report was owned by the Council and noted that while comments and suggested amendments had been aired, ultimately it was for the Council to incorporate or amend as appropriate.

9.2 Redaction = initials of Pinsent Masons legal representative advising the Board on company closedown matters

9.3 Audit & Governance Committee may wish to ascertain what the 'recent letter addressed to GF' contained and why it was important to be included in the report, and whether it was actually included or not in the final report. *(I have been unable to locate the letter)*

7.1.13 The issue of why a tapered closure of FPL option was originally in a draft version of the report and then removed is partially explained at 7.1.11. It seems to me that the FPL Executive Directors did not agree with this version of events and maintained that an explanation of why a 'tapered closure' (third option) was removed from the report, was not provided to them or adequately explained.

7.1.14 FPL Executive Directors maintain that both the Chief Executive and the Council's Chief Operations Officer (report author) initially gave assurances that the 'tapered closure option' would be in the report and then changed their minds.

7.1.15 I have been unable to determine with certainty whether there was a more detailed plan of what a 'tapered closure' meant. I have seen various comments which may intimate what was meant, in simple terms, was a consolidation of projects to some key sites, bringing OBC's forward for those sites, including potential investor details, and this all taking between 9 to 12 months. However this is speculative and caveated with other comments I have seen essentially saying that the exact details of a tapered closedown would need to

be agreed with the Council (see 7.1.8) taking a number of external and internal factors into account.

7.1.16 The FPL Board met on 13 September 2023, and the snip below shows the minuted discussion points covering the report to Cabinet, in a public relations and communications context:

7.	PR AND COMMS
7.1	GM highlighted recent reporting in local news. The Board reminded officers of the previous agreement that officers were to consult the Board prior to any press releases. JG confirmed that the story in the local news was not in response to a press release but was instead based on the publication of the draft cabinet report. A press briefing was scheduled for later in the day, at which KF would be present. JG advised that internal communications regarding FuturePlaces had been circulated to members of the Council's Senior Leadership. It was agreed that JG would forward a summary of these internal communications related to the Board. ACTION: JG to forward a summary of internal communications to the Board.
7.2	CB suggested that ambiguity within the cabinet report regarding control/governance issues had resulted in public comments being directed at FuturePlaces staff rather than the Council. A number of FuturePlaces staff had raised concerns over defamatory comments. It was suggested that issues of control/governance failures had been identified as being the Council's responsibility, and the report should be corrected. JG advised that the Council had worked to address concerns raised by FuturePlaces on the content of the report, though further discussions could be held if concerns remained.
7.3	GM advised that a request had been submitted for the report to omit quoting the DLUHC review comments in full, unless it were explained that the control issues were thought to be on the Council side. JG advised that the report had maintained the quotes in full because the Council had accepted DLUHC governance review report in its entirety. GM advised that FuturePlaces staff did not agree on the accuracy of what was reported by DLUHC as governance issues raised had been resolved. It was suggested that the report could also be amended to highlight other companies also under review, to mitigate the focus on FuturePlaces and its staff. (PH joined 11:13)
7.4	KF suggested that as the report was now in the public domain, it was the Board's responsibility to collectively manage how to discuss the report in public, and particularly at the forthcoming press briefing.
7.5	The communications plan, as set out in the accompanying papers, was highlighted. GM advised that concerns over the plan had been passed to the Council's Director of Communications. CB advised that key messaging had previously been agreed with GF, but that this had been superseded. CB suggested that the plan to clarify ambiguous wording regarding the concerns raised by DLUHC that had been directed at the Council, and should present greater balance by including reference to FuturePlaces having been referred to as 'a thought leader' in the field, the awards the Company had received, and the positivity towards the work of the company in some sections of the public.
7.6	PH and IM suggested that it was not the purpose of the plan to act as an advocate for FuturePlaces and that upon reading the cabinet report and communication plan, they were satisfied that the FuturePlaces brand was not being tarnished.

7.1.17 The FPL MD asserts that the FPL Board made recommendations to the Chief Executive and or the Council's Chief Operations Officer (report author) that the "attacks on FPCo governance should be toned down", "detrimental comments on FuturePlaces governance should be toned down".

7.1.18 Whilst it is undoubtedly the case that the FPL Executive Director's aired their strong views at the Board meetings, including those words at 7.1.17 above, I have not been able to identify in those Board minutes any recorded recommendations or actions where it was

formally agreed (by the Board) to ask or recommend to the Council that changes to the report should be made.

7.1.19 The comments of the independent NED's, in the snips previously shown at 7.1.12 and 7.1.16 seem to indicate a different view – “the report was reasonably objective and did not contain slights on FP executives or undermine the company” and that “the FuturePlaces brand was not being tarnished”.

7.1.20 In the lead up to the O&S committee considering the Cabinet report (20/9/23) and the Cabinet meeting itself (27/9/23), the FPL MD has provided a timeline which indicates a series of events that appear to show significant relationships breakdown between the FPL MD and the Chief Executive and between the FPL MD and the FPL Board members.

12th or 13th Sept	The Board review the Future of FuturePlaces Report. The Board agree that the detrimental comments on FuturePlaces governance should be toned down in the Report. The Board make this recommendation to GF, however this is not acted upon by him.
13/9/23	GM writes email to Cllr Steve Bartlett querying the accuracy and balance of the Future of FuturePlaces Committee Report, offering to attend to O&S meeting 20/9/23 to answer Member questions. (GM had leave booked and if her presence was required, she would have had to cancel travel plans.)
14/9/23	Pre-meeting of FPCo Board prior to 20/9/23 Overview & Scrutiny Meeting to consider the Future of FuturePlaces Report. Interim Chair, NEDs and GF aggressively tell GM that it was inappropriate for her ‘tell’ Steve Bartlett that she should be invited Overview & Scrutiny Meeting. GM defends position saying that she had offered to make herself available and was certainly not demanding to attend. It was decided between Interim Chair, NEDs and GF that Karima Fahmy and Pat Hayes would attend the Overview & Scrutiny meeting representing FuturePlaces.
15/9/23	GF calls GM and reprimands her for sending Cllr Bartlett email saying: <i>“You’ve done it now”</i> <i>“Do you want to bring us all down with you?”</i> <i>“It will be gloves off with the officers now”.</i> <i>“You’ve put Steve Bartlett in a very difficult position”.</i> GM asks what he suggests should be done to rectify the situation (re Steve Bartlett) and GF suggests that he will send a form of words that GM should issue. GM says she will consider the form of words; and as quid pro quo GF should make amendments to the Committee Report to bring accuracy and balance.

The draft watermark in the snip above is the FPL MD's watermark which is shown throughout the document.

7.1.21 Cllr Bartlett has confirmed to me that it was his decision as Chair of the O&S committee to ask the Interim Chair and NED's to attend the O&S meeting and certainly not decided between the Chair, NED's and the Chief Executive, as asserted above (14/9/23). The comments attributed to the Chief Executive (15/9/23) have not been confirmed as being

factually accurate. A&G Committee may wish to specifically ask the former Chief Executive for comment.

7.1.22 The Cabinet report itself contained a 'Summary of Financial Implications' section which spanned from paragraph 42 to 72, and covered the financial implications of the four options presented which were:

- Option 1 – Bring development delivery back into the Council (Recommended)
- Option 2 – maintain the current status quo (FPL continues)
- Option 3 – Continue FPL under a revised funding model
- Option 4 – BCP Council pauses all non-Housing Revenue Account development activity

7.1.23 For the avoidance of any doubt the financial implications of option 1 assumed a closure timeline as produced at para 30 (table 28.1), which ran from 27 September 2023 Cabinet decision date to Qtr1 2024. *i.e. a period of between 3 to 6 months depending on the interpretation of what qtr1 2024 means.*

7.1.24 The Cabinet report also contained a 'Summary of Legal Implications section' which at paragraph 76, stated that if the decision was taken to bring the delivery of development services in-house the Transfer if Undertakings (Protection of Employment) Regulations 2006 (TUPE) would apply to all FPL employees currently undertaking such work. A member of the public has subsequently questioned the Council on this matter and has asserted that TUPE should not have applied. The Council, via the Corporate Director of People & Culture, has provided a response, confirming TUPE was correctly applied. It is understood that the resident remains of the view that TUPE should not have applied.

7.1.25 The Cabinet report also contained a 'Summary of risk implications' table, the risks associated with:

- Loss of Staff
- Value for Money
- Reputation

were considered across the four options (as at 7.1.22)

7.1.26 The Cabinet report also contained a 'Summary of equality implications', and a more detailed equality impact assessment: conversation screening tool.

7.1.27 For completeness and transparency but not directly related to the 7.1 scope question wording, and as stated in table 2 at 1.1 of this report on date entry 21 November 2023, the FPL MD sent what she says was a Public Interest Disclosure Act (aka Whistleblowing) disclosure to me (Head of Audit & Management Assurance). By this point the FPL MD had TUPE transferred into the Council and was in negotiations to leave the Council, which would ultimately be via redundancy.

7.1.28 The FPL MD asserted in her disclosure that the manner in which the closure (of FPL) was brought about, centered on the creation of an unfair, untrue, adverse narrative surrounding FuturePlaces to "justify" closure - which did not support open and fact-based political discussion and decision making which is not in the public interest, and may have impacted on securing best public value. The disclosure also included the Hinton Road Investment rent decision referred to by the FPL COO disclosure (see 5.5.33)

7.1.29 I am one of the Council's Whistleblowing disclosure receiving officers, and I considered the FPL MD's disclosure in line with the Policy. I determined that the disclosure(s) were not relevant qualifying PIDA disclosures but might be grievance matters. In the case of the

rent disclosure matter the same response at 5.5.33 was given – i.e. there was no failure to follow legal obligations.

7.1.30 The FPL MD was formally informed of the decision on 6 December 23 and was also supplied with appeal routes internal and external to the Council. By this time the FPL MD had submitted a parallel grievance, in any case, and this, I understand, was considered in line with the Policy.

7.1.30 I also understand the FPL MD has complained about how this grievance was handled, to which the Council has responded, the FPL MD remains aggrieved.

End of 7.1

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.

7.2.1 The process for determining what work (in progress) was to be paid for and what was not paid for as part of the final settlement was agreed by Cabinet on 27 September 2023.

Appendix 3 set out the principles to be applied to the financial closure of FPL,

Recommendation D read:

d) Delegates to the Director of Finance in consultation with the Chief Operations Officer, Portfolio Holder for Finance and Leader the implementation of these decisions and application of these principles (Appendix 3) to enable closure of FuturePlaces accounts and to report the final outcome position back to Cabinet.

Principles to be applied to the financial closure of BCP FuturePlaces Ltd The purpose of this document is to set out for Member consideration the principles to be applied to closure of BCP Future Places Ltd financial accounts in respect to work-in-progress. This framework will help in determining the eligibility, value and funding sources for work being acquired by the council. Principle 1: Eligibility Information and advice would be considered eligible subject to the following considerations. 1. All items purchased must be for a clear rationale in line with existing council objectives and priorities. 2. All documents and advice must be reviewed and signed off by the relevant officer and subject matter expert. Principle 2: Valuation Information and advice would be valued subject to the following considerations: - 1. On an open book arrangement, the council would seek confirmation of any third-party external spend incurred by FuturePlaces and apply a multiplier of [1.8] (based on the standard ratio of external to internal costs experienced by the company.) - o The council can place confidence in the value of third-party costs due to BCP FuturePlaces adhering to the same procurement process of the council due to its Teckal status. 2. Where there are no third-party costs, FuturePlaces would need to evidence any time spent on a project via timesheets. The council would consequently be willing to pay 3 times the base salary cost of the time incurred. Principle 3: Funding Information and advice would be funded subject to the following considerations: - 1. For continuing schemes that have already experienced a capitalisation point, any additional costs could continue to be capitalised in line with pre agreed budgets. - o Should the required expenditure create an additional funding need then the necessary approvals would need to be sought to increase the budget within the capital programme. 2. For any new schemes that are clearly supporting the acquisition or construction of a capital asset, then these costs could also be capitalised subject to: - o Sufficient clarity on the intended outcome. - o A business case including funding source approved in line with the financial regulations. - o The scheme and the associated budget being included in the council capital programme.	3. For any schemes earmarked for disposal, then costs incurred could be funded from the disposal proceeds. - o Subject to adhering to the parameters allowed, particularly noting the 4% cap on non-housing disposals. - o Depending on the timing of the disposal it may be necessary to raise a capital debtor at year end to cover the cost incurred. 4. For any general information and advice relevant to feasibility studies or assisting with policy setting then these costs would require a revenue funding source. - o No provision currently exists for such expenditure therefore the necessary approvals would need to be sought for inclusion in the council's MTFP. 5. Any packages of information the council does not require would not be purchased and remain as an unrecoverable cost burden in the company. Principle 4: Assets As at the 31 October 2023 BCP FuturePlaces Ltd is predicted to hold the following assets. <table border="1"> <tr> <td>£23,217</td> <td>ICT Equipment (Service Pro and Laptops)</td> </tr> <tr> <td>£7,120</td> <td>Glass Partitions</td> </tr> <tr> <td>£30,337</td> <td>Total Asset Valuation</td> </tr> </table> The council would pay the net book value for these assets and then capitalise the costs funded by prudential borrowing with the revenue charge part of the cost of the new Investment and Development Directorate.	£23,217	ICT Equipment (Service Pro and Laptops)	£7,120	Glass Partitions	£30,337	Total Asset Valuation
£23,217	ICT Equipment (Service Pro and Laptops)						
£7,120	Glass Partitions						
£30,337	Total Asset Valuation						

7.2.2 The 1.8 multiplier, see Principle2: Valuation, point 2 in the snip above is meant to represent the FPL overhead of procuring, commissioning, project managing etc...the third party external spend incurred. The 1.8 was a negotiated judgement but was effectively 0.2 less than the overhead rate agreed with the Council and used by FPL in their OBC pricing*, with the profit and contribution to reserves element being excluded.

**the rule of thirds applied – of the invoice amount, one third is staff costs, one third is a contribution to other costs and overheads (including external expenses and third-party fees, and one third profit and reserves*

7.2.3 The FPL COO has asserted that the Cabinet agreed process for agreeing the final settlement was fundamentally flawed and lacked objectivity. See principle 1: Eligibility, point 2 in the snip above.

The FPL COO asserts that 'appointing the buyer of the work as the subject expert who will determine the price' was a laughable concept.

7.2.4 It is my assertion, determined from the evidence I have reviewed, that FPL provided the value of the work proposed to be transferred (see 7.3) and the Council's subject matter experts merely decided by reviewing that work, documents and advice, in whatever form that was in (such as, but not limited to):

- Feasibility studies
- Technical reports
- Unsubmitted OBC's
- Other

whether they considered the work (in progress) was useful to the Council and should be funded in line with the Principle3:Funding statements numbered 1 to 5 in the snip shown at 7.2.1.

7.2.5 Further, whilst I can see it was reputationally important to FPL to minimise the value of any un-paid for work, as this had a direct impact on their P&L account and would ultimately show as a final trading loss (£2.376M), the Council and the subject matter experts had no financial incentive to not be objective or to understate the value of work (in progress) that should be funded in the final settlement.

7.2.6 Ultimately, from the Council's perspective, subject matter experts were only really determining the categorisation between:

1. Work (in progress) the Council would pay for as a 'sale'; it being useful in future for the Council (The final settlement)
2. Work (in progress) the council would pay for as a 'write-off'; it being of no use to the Council (The Council Write-off)

7.2.7 The Council was FPL's only customer and therefore funded (ultimately paid for) every penny of FPL net spend (£7.1m, £7.2m gross less ARG4 grant 0.1m) over the life of the company, this simple table summarises that, utilising figures shown in scope section 4 of this report.

	Scope Section 4 ref	£	£
FPL Expenditure			
FPL total gross spend over the life of the company	4.1.4	7,205,442	
ARG 4 Grant and interest		(100,233)	
FPL total net spend over the life of the company		7,105,209	
Council Funding			
2021/22 Revenue Budget	4.1.15		1,354,806
2022/23 Sales of OBC's	4.1.15		72,645
2023/24 Sales of OBC's, 2x studies	4.1.15		609,595
2023/24 Final settlement			2,691,705
2023/24 Council Write off			2,376,458
			7,105,209

7.2.8 It has been asserted or suggested by at least one member of the public, that the Council could have over-paid at the final settlement to avoid embarrassment to the Council and FPL resulting from a more significant (larger) write-off (of FPL's costs). i.e. more of the work undertaken by FPL actually had no value or use to the Council.

7.2.9 It is very difficult for me to repudiate this assertion, and I have been unable to obtain what could be described as reliable evidence to do so. Ultimately judgement was exercised by the subject matter experts, and as described at 7.2.5 there was no incentive to act other than objectively.

End of 7.2

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

7.3.1 The schedule below was shown at scope section 4.1.15 of this report and is shown again below for ease of reference and sets out the work (in progress) paid for and not paid for. The schedule below was part of a longer summary report which is shown at appendix 7.3.1.



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
Total	£2,819,021.55	£1,713,430.34	£218,038.68	£1,495,391.66	£2,691,704.99

7.3.2 For avoidance of any doubt I have not sought to review the judgements made by the subject matter experts (such as detailed working papers), column 2 in the table above. I have also not reviewed the reductions to expenditure in columns 3 above showing items previously paid for in 21/22 (when all of FPL costs were funded from revenue, in the same way as an in-house service).

7.3.3 This could all be done should the A&G Committee consider it necessary, I have chosen not to prioritise, should any anomaly be found there is no obvious remedy given the time elapsed and the closure of the company and all accounts.

7.3.4 There would also be limited impact on the Council given the funding explanation summarised at 7.2.5 to 7.2.7. The only impact would be an equal and opposite adjustment to the Final settlement figure and the Write off figure, still resulting in the Council funding the total net cost of FPL over its' operating period, £7,105,209.

End of 7.3

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.

8.1.1 The Interim Corporate Director for Resources produced a report to Cabinet, 10 January 2024 titled, Council Owned Companies – Shareholder Governance Review (Agenda Item 13). The report included, at section 2, 'Lessons learnt from BCP FuturePlaces Limited'.

[Cabinet - 10 January 2024 link here](#)

8.1.2 The Audit & Governance Committee also received an almost identical version of this report on 11 January 2024, (Agenda Item 8).

[A&G Committee - 11 January 2024 link here](#)

8.1.3 The lessons learnt section included:

2. Lessons Learnt from BCP FuturePlaces Limited

- 2.1 The Council took the decision to close BCP FuturePlaces Limited in September 2023 and bring its development and investment activities in-house by the end of March 2024. The lessons learnt are set out below:
- 2.2 **Clarity Concerning Roles and Responsibilities:** it is the Council's responsibility to perform the role of shareholder. There should be clear dividing lines between the role of the company and the role of the shareholder. 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. Any Council officers appointed to the board of a Council company must have regard to their responsibilities to the Council and to the company, which may point to a conflict of interests that must be recognised and resolved. Where possible company boards should be populated with directors with appropriate knowledge and experience of running a company, with industry-related expertise.
- 2.3 **Capacity of the Shareholder Function:** the Council's shareholder team was reduced due to budgetary pressures from the initially envisaged team of 6 to 2. Also, the Council effectively removed any regeneration expertise from the shareholder side when the company was established. This created difficulties for the Council in performing the shareholder role, both in terms of capacity and in terms of commissioning expertise and support for members.
- 2.4 **Shareholder Decision Making:** the process for shareholder decision-making requires operational, strategic, and political input, and the governance should reflect this and allow space for the necessary conversations and analysis at each level. Officers report that there was blurring of the respective roles of members and officers, with unclear and informal routes for operational decision-making and policy-making in the run up to formal decisions being made.
- 2.5 **Commissioning:** the Council, as shareholder, should ensure its commissioning is clear and reflects the corporate strategy and the priorities of the administration. In turn, the company should be clear about the work that has been commissioned and focus upon delivery. In practice, it has been reported that the company sometimes initiated work without a clear commission. This is in part due to mixed messages from the shareholder about the scope to do so, exacerbated by a mixture of formal and informal methods of communication. The agreed process also allowed projects to develop within the company with only a very high-level view of the projects being provided to the shareholder until the Outline Business Case stage, at which point the company had in some cases made significant financial and resource commitments.
- 2.6 **Prioritisation:** The company business plan should respond to the shareholder's commissioned priorities, setting out its proposals for delivery and resourcing. The approach in practice was to progress all schemes simultaneously. This put pressure on company resources, requiring additional capacity to be procured from consultants, and also put pressure on Council resources.
- 2.7 **Flows of information:** the shareholder requires timely information from the company in order to plan its own activities in support of the company as well as hold the company to account for delivery. Shareholder capacity to request, manage, process, and respond to information, or the absence of it, is essential. Officers have observed that information was

not shared, or not shared in a timely way. For example, detailed information about programming was not provided through the annual business plan, nor subsequently.

- 2.8 **KPIs:** the shareholder is responsible for holding the company to account for performance, and this means there should be objective measures that can be applied. Typically, this will be financial targets or project milestones. In relation to FuturePlaces officers reported an absence of KPIs and there being no clear definition of what success will look like. This is related to concerns about information flows.
- 2.9 **Financial Management:** the shareholder's commissioning role also includes making arrangements to fund the activities of the company. Where the activities are funded directly by the Council through working capital loans, there is also a 'lender' role to consider. The interaction between commissioning and lending roles should be managed in a clear way. It is the responsibility of the company directors to ensure that the company remains a going concern and thus cash flow planning should be a focus for both the company and the shareholder. The business plan should be regularly reviewed to respond to changes in the economic circumstances.
- 2.10 **Legal Documentation:** there should be a complete set of documents setting out the relationship between the parties, and these should be in line with company law and best practice. Whilst the overarching documents were completed, due to disagreement between the parties the Commissioning Agreement and the Resourcing Agreement which covered the detail of the working arrangements were not finalised. These documents should be reviewed over time to ensure that they remain fit for purpose and reflect current Council requirements and priorities.
- 2.11 **Resolution of Disagreements / Disputes:** there is evidence of difficulty being experienced by the parties in resolving disagreements and disputes. For example, officers have noted differences in understanding between the Council and the company in relation to how the financial model works. Another example is the company's focus on the 'Stewardship Approach' to investment, based on the Building Better, Building Beautiful philosophy, which appears to have caused the business plan to diverge from the shareholder's intentions.

8.1.4 The report(s) went on to then suggest a range of improvements to governance and next steps, summarised by this statement:

"The Council will manage its companies in line with the lessons learnt and best practice guidance".

Accordingly the proposed arrangements for shareholder governance were set out in a series of appendices which included:

- Shareholder Governance diagram
- Shareholder Advisory Board – Terms of Reference
- Shareholder Operations Board – responsibilities and membership
- Internal Audit – Briefing Note – referred to at 6.4.7 in this report

8.1.5 The report also highlighted this specific lesson learnt and action point with regard to councillors also being company directors.

- 3.5 Where needed, an action plan will be developed in relation to each company to bring arrangements in line with the best practice standard. For some time, the council has been working towards company boards that contain either members or officers but not both. It will now move towards officer only representation on company boards, and this will be dealt with through the company reviews. It is noted that in some cases members are already appointed to company boards and such arrangements will continue until such time as the review is completed and a new arrangement can be phased in.

8.1.6 Cabinet Resolved this:

RESOLVED that Cabinet: -	
(a)	Approved the shareholder governance model set out at Appendix 1 for adoption by the Council in relation to all Council companies with immediate effect, subject to the amendment of the third red box on the right, replacing the words “Company has no role at scrutiny –“with “Company may be requested to provide evidence to support scrutiny as required .”;
(b)	Noted that the future arrangements for Council companies will be based on the Local Partnerships best practice model, Local Authority Company Review Guidance;
(c)	Noted that a review of all Council companies will be undertaken based on the work started by internal audit and actions plans completed to ensure that the company arrangements comply with the best practice model. This review will be completed by 31 March 2024 with progress and subsequent action plans reported to Cabinet in July 2024;
(d)	Noted that the review of council companies will also consider in each case whether the original reason for establishing the company still applies and appraise the future options for delivering the function performed by the company, taking into account the cost benefits, the benefits to residents, the importance for accountability and transparency, and the avoidance of potential conflict between the aims of the council and those of the council company; and
(e)	Noted that although the scope of this report is limited to companies where the council is a shareholder, a second phase that will be the subject of a future report will consider council control and representation on the boards of other organisations such as charities, associations, community interest companies, and societies.
Voting: Unanimous	

8.1.7 Cabinet received an update report on 2 October 2024, from the Monitoring Officer, the report set out the action taken following the reports to Audit & 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.

[Cabinet - 2 October 2024 - link here](#) (the report)

8.1.8 The report stated that both the Shareholder Advisory Board and Shareholder Operations Board had been established, and their respective roles were more fully articulated. The snips below show the Shareholder Advisory Board’s remit and membership on the left, and the Shareholder Operations Board’s remit and membership on the right, as agreed by Cabinet.

2. A Shareholder Advisory Board has been established with the following remit: • To formulate policy direction for Council companies prior to formal consideration and adoption by Cabinet; • To consider proposals from the Shareholder Operations Board for council company creation, liquidation, disposal and acquisition, appointment of directors annual business plan, governance and financing; and • To receive and consider reports on company performance 3. The Shareholder Advisory Board will not have day to day operational control over any of the companies of which the Council is a shareholder.	5. A Shareholder Operations Board has been established to report to the Shareholder Advisory Board. This is an Officer Board which will have the responsibility of • Supporting the Shareholder Advisory Board; • to oversee the implementation of decisions by Cabinet concerning council companies; • to oversee commissioning of work from council companies • to oversee the due diligence upon and validation of the business plan received from council companies prior to presentation to the Shareholder Advisory Board • to oversee funding arrangements for council companies • to oversee the performance of council companies and ensure they meet the council's objectives and priorities 6. The membership of the Shareholder Operations Board is proposed to be: • Chief Executive (Shareholder representative) • Chief Operations Officer • Director of Finance or Deputy • Director of Law and Governance or Deputy • Corporate Director of Wellbeing • Corporate Director of Children's Services
It is proposed that the core membership of the Shareholder Advisory Board will be: • Leader of the Council – Portfolio Lead (Chair of the Board) • Cabinet Member for Finance • Cabinet Member for Transformation, Resources & Governance • Chief Executive • Chief Operations Officer • Director of Finance or Deputy • Director of Law and Governance or Deputy • Corporate Director of Wellbeing • Corporate Director of Children's Services 4. Other Portfolio Holders, Officers and Portfolio Leads may be invited to attend specifically for items that fall within their remit, present reports, or otherwise support the meeting as required.	

The concept of Link Officers (Council client side) was also introduced, replacing the role of the Commisisioning Team in the FPL context, these officers would be the lead operational link and support the roles and responsibilities of Shareholder Operations Board. There is one link officer for each company.

8.1.9 The report included a 21 page BCP Council Constitution Shareholder Advisory Board and the Shareholder Operations Board Governance Framework document. (available in the link above at 8.1.6)

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8.1.10 The 21 page framework document outlines, amongst other things, the (minimum) frequency of board meetings. It is stated that both boards shall meet a minimum of three times per year. One of the meetings will be to receive the annual reports and accounts for each company, and the other two meetings will consider performance monitoring.

- 8.1.11 It was also stated that the Shareholder Advisory Board would on at least every two year basis, consider the need for the continued operation of each company.
- 8.1.12 The Shareholder Advisory Board met on three occasions in 2024. The Shareholder Operations Board met twice in 2024. The boards have not met in 2025.

Shareholder Advisory Board meeting dates	Shareholder Operations Board meeting dates
31/01/2024	25/01/2024
08/04/2024	27/03/2024
16/12/2024	

- 8.1.13 The report also included, BCP Council Constitution Guidance to Councillors and Officers Appointed to Outside Bodies (available in the link above at 8.1.6)



Guidance to Councillors and Officers Appointed to Outside Bodies

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Guidance to Councillors and Officers Appointed to Outside Bodies.....

1 Introduction.....

2 Issues to consider before appointment.....

3 Application of the Council's Code of Conduct for Members

4 Predetermination and Bias

5 Legal status, capacity, duties and liabilities

6 Liability, Insurance and Indemnity

Appendix A – Duties and Responsibilities of a Director of Limited Liability Compar (both Teckal and Non-Teckal).....

1 Directors Duties

2 Acting within powers - Consequences of exceeding authority.....

3 Duty to act for the company and risk of local authority becoming a shadow director

4 Requirement for appropriate level of skill and expertise

5 Avoid conflicts of interest – Council vs Company.....

6 Other responsibilities

Annex 1: Summary - Cabinet, Shareholder Advisory Board and Shareholder Operations Board and Companies

1 General.....

2 Cabinet

3 Shareholder ADVISORY BOARD and Shareholder OPERATIONS BOARD

4 Director

5 Simple checklist.....

Appendix B – Duties and Responsibilities of a Trustee of Trust or Charitable Trust

Appendix C – Duties and Responsibilities of a Member of Unincorporated Association.....

Appendix D – Duties and Responsibilities of a Member of Steering Group, Joint Committee or Partnership Body

- 8.1.14 The report also stated that work to review the existing companies had not progressed significantly:

Review of BCP Council owned companies

11. Alongside the development of the governance framework, a review of the existing council owned companies is being undertaken to ensure they are still fit for purpose and continue to meet the best interest of the council. It had been hoped to provide the detailed review of council owned companies in this report in line with the recommendation by Cabinet in January 2024. However this has not proved possible and details of the review will be detailed in a future report to Cabinet alongside the review of those appointed as Directors to council owned companies as detailed below.
12. The Council has the following companies:
- BCP FuturePlaces Limited -this is in the process of being closed down with Companies House
 - Aspire Adoption Limited – this is in the process of being closed down with Companies House
 - Bournemouth Development Company LLP (a 50:50 partnership between BCP Council and Community Solutions for Regeneration (Bournemouth) Limited – a subsidiary of Muse Places Ltd, a Morgan Sindall Group company)
 - Bournemouth Building & Maintenance Limited
 - Seascope Group Limited (including its subsidiaries Seascope South Limited and Seascope Homes and Property Limited)
 - Tricuro Ltd and Tricuro Support Limited

Appointment of Directors to Council owned companies

13. The framework approved by Audit & Governance Committee and Cabinet in January 2024, advised that BCP Councillors would no longer be appointed to the Boards of council owned companies. There are a number of Councillors currently appointed to the Boards of council owned companies and the adoption of this revised governance framework will result in those Councillor appointments being terminated and replaced with suitably skilled officers nominated by the Chief Executive. In order to

replace the BCP Councillors with Officers, the Articles of Association for each company will need to be reviewed and therefore it is proposed that an update on these appointments will be provided in a future report to Cabinet.

8.1.15 Verbal explanations appear to have been provided to Cabinet at the meeting explaining why the reviews of each company had not progressed – explanations included conflicting priorities (e.g. Community Governance Review), inability to recruit a permanent company secretary, who would fulfil the role for all companies, and who would be tasked with some of review elements.

8.1.16 I have agreed with the (new) Chief Executive that both the Shareholder Advisory Board and the Shareholder Operations Board will meet as soon as is practicable and the minimum number of meetings (see 8.1.9), at least initially – more may be required, will be added to the corporate diary/calendar going forward.

8.1.17 Whilst the A& Committee may identify 'lessons learnt' in the context of this report and the committee meetings where the FPL matters have been discussed, I have identified a number of 'lessons learnt'. I have incorporated them into recommendations which are shown in Section C of this report.

End of 8.1

C. Recommendations

In the table below I have made a series of recommendations deriving from findings in this report.

Whereabouts in this report	No.	Recommendation	Assigned to, Target date
3.1	1	As a matter of formal policy, senior* company executive directors should be appointed via Council instigated open advertising, which should be live for at least 15 working days (3 weeks) <i>*the Council should pick a grade or £ salary banding to define senior, say above £75,000?</i>	Head of Paid Service, (or delegate) Immediately
3.1	2	Company executive directors should be selected using the same selection/interview process adopted for Council Corporate Directors	Head of Paid Service, (or delegate) Immediately
3.2.9	3	Councillors who are also company directors may proffer evidence or advice to the council (when and if invited to do so) but must not be a party to (take part in voting) making a decision of the Council affecting the company.	Monitoring Officer, immediately
3.2.10	4	For all existing Council companies ensure that the required/approved/agreed governance documents are actually in place and up-to-date.	Company Secretary/Company link officers, 01/04/2026
3.2.10	5	For any new council company to be set up in future, all governance documents must be agreed and signed by the council and company representatives within six months of company incorporation date. Any exceptions must be escalated to the Shareholder Advisory Board by the shareholder representative and company secretary	Shareholder representative and Company Secretary Immediately
3.2.25 (A)	6	The Council should pre-define, in the Shareholder Agreement or other suitable governance document, 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).	Shareholder Advisory Board 1/04/2026
3.2.25 (B)	7	Further, what is the trigger that means a decision is required from councillors (Cabinet) to materially evolve a project – this could be budget increase or decrease for example as a proxy.	
3.3.5	8	As a matter of formal Policy the Council should determine whether, to evidence the Teckal decisive control test, council Teckal companies should follow all Council policies (or some key Council policies or be free to operate their own policies agreed by the company board).	Shareholder Advisory Board 01/04/2026
3.4.9	9	Publish (public reports) all BCP Council Teckal company Business Plans and financial information including budgets and financial outturn.	Company Secretary /Company link officers 01/04/2026

4.1.2	10	Full P&L accounts should be filed/delivered to the registrar (Companies House) to enhance transparency and public understanding.	Company Secretary With effect from 2025/26 reporting
5.1	11	Any proposal or Business Plan where any bonus payment scheme is suggested must be firstly agreed by the Shareholder Advisory Board and then by Full Council.	Shareholder Advisory Board Immediately
5.1.3 (and 6.3.4)	12	Shareholder Agreement – Reserved matters pages may be enhanced by sub-sections; it may be appropriate that for certain reserved matters the approval by Full Council should apply, whereas other reserved matters may be approved by some other decision maker – proportionality being the driver for this decision	Shareholder Advisory Board 01/04/2026
5.3	13	The Council should stipulate that future declarations of interest, made by company directors, should be more than just a list of entities or bodies – the actual interest should be clearly recorded, such as a member of / director of and should include whether the interest is paid/non-paid/voluntary/on the basis of their roles (as a Councillor or MP or similar)	Shareholder Advisory Board Immediately
5.5	14	Council companies should physically locate, as an office base, in a council owned property, the council must appropriately charge the company for that occupation. Any proposal to occupy third party premises must be firstly approved by the Shareholder Advisory Board and then Full Council.	Shareholder Advisory Board Immediately
6.2.2	15	Any Shareholder Agreement, should formally define the role of the shareholder representative.	Shareholder Advisory Board 01/04/2026
6.3.7	16	The Council should consider whether a 'Reserved Matter log' be kept by the company secretary and or commissioning team which shows sequentially, by date, any reserved matter approval decisions and who or what Council entity made the decision.	Shareholder Advisory Board 01/04/2026
8.1.4, 8.1.5 and 8.1.14	17	An action plan be agreed by the Shareholder Advisory Board to progress the governance reviews of council companies as agreed in respect Cabinet and Audit & Governance – the action plan should specifically include the plan to terminate councillors as company directors.	Shareholder Advisory Board 01/04/2026
8.1.9 8.1.10	18	Shareholder Advisory Board and Shareholder Operations Board meetings (x3 per year, minimum) to be added to the corporate calendar.	Chief Executive Immediately

End of recommendations

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 Gail Mayhew 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 James Croker as stated in *Private Eye*?
- Why was James Croker 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
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

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

The appointments of Gail Mayhew, James Croker 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
(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

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 Davies' 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 Richard Davies, 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 Mr Davies' 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 Richard Davies, 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 Richard Davies)?

- Did any of Richard Davies's 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 eg. 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 Neil Fraser's 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?

End

Investigators further notes, questions received from various parties:

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
Total	1,213,608.29	177,870.91	1,391,479.20

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
Total Amount: £ 1130023.29	Total VAT: £161153.91	Invoice Total: £ 1291177.20	
TOTAL NOW DUE: £ 1291177.20			

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	969.00	20.00	193.80
RESOURCE AGREEMENT CHARGES PROVIDED TO BCP FUTUREPLACES LTD BCP COUNCIL			
Total Amount: £ 83585.00	Total VAT: £16717.00	Invoice Total: £ 100302.00	
TOTAL NOW DUE: £ 100302.00			

Account Number	Account Name	Currency	Account Type / Status		
63753751	BCP FUTUREPLACES LTD	GBP	Current / OPEN		
IBAN	Bank Identifier	Bank Name			
GB75BARC20689563753751	206895	BARCLAYS BANK PL			
Address					
cestershire,U					
1Entry Date	Transaction Details	2Transaction Type	Payment Amount	Receipt Amount	Ledger Balance
	Balance Brought Forward				0
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	£64,839.15
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	£11.60
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 SVF00116-ZF1100-B125-100001 28Mar Employee pension - February 2022	£175.02		0	£35.00
0 SVF00116-ZF1100-B125-100001 28Mar Employee pension - March 2022	£1,050.00		0	£210.00
0 SVF00116-ZF1100-B125-100001 28Mar Vitality Health - February 2022	£172.09		0	£34.42
0 SVF00116-ZF1100-B125-100001 28Mar Vitality Health - March 2022	£313.65		0	£62.73
DD - 29/03/2022 Aviva Pension	£1,633.34		0	£326.67
VAT to be reclaimed directly by FP - part of disbursement recharge from BCP	£9,399.80		£9,399.80	£9,399.80
Total cost	£1,207,552.59		£187,270.71	
Breakdown:				
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			
Total	£1,207,552.59			£0.00
ARG4	£100,000.00			£20,000.00
Net cost for the year	£1,107,552.59			£221,510.52
TOTAL TO INVOICE BCP COUNCIL	£1,329,063.11			£36,119.77
				£34,239.81
				£1,879.96
				£9,399.80

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

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)

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			
B C P Futureplaces Ltd B C P Civic Centre Bourne Avenue Bournemouth BH2 6DY		Invoice Number: 12869640 Please quote invoice number when making payment Invoice Date/Tax Point: 07.12.2022 Due Date of Invoice: 07.12.2022 VAT Registration No: GB 313 0880 34	
Special Instructions			
Description	Amount (£)	VAT %	VAT Amount (£)
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	86577.83	0.00	0.00
LESS ADJUSTMENTS TO FIRST INVOICE	-29741.22	20.00	-5948.24
Total Amount: £ 262253.70 Total VAT: £35135.18 Invoice Total: £ 297388.88 TOTAL NOW DUE: £ 297388.88			

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 BRITAIN 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 Cl	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	MIPIM 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@bccouncil.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%

 Bournemouth, Christchurch and Poole Council Revenues and Benefits, PO Box 722, Poole, BH15 2YE																							
Payment Line Enquiries E-mail	01202 672932 (Select Option 5) 01202 123113 income@bcpcouncil.gov.uk																						
B C P Futureplaces Ltd B C P Civic Centre Bourne Avenue Bournemouth BH2 6DY		Invoice Number: 13022114 Please quote invoice number when making payment Invoice Date/Tax Point: 15.03.2023 Due Date of Invoice: 15.03.2023 VAT Registration No: GB 313 0880 34																					
Special Instructions																							
<table border="1"> <thead> <tr> <th>Description</th> <th>Amount (£)</th> <th>VAT %</th> <th>VAT Amount (£)</th> </tr> </thead> <tbody> <tr> <td>COMPANY RUNNING AND DEVELOPMENT ADVICE COSTS UNDERTAKEN BY BCP COUNCIL ON BEHALF OF BCP FUTUREPLACES LTD UP TO 17/02/2023</td> <td>459421.06</td> <td>20.00</td> <td>91884.21</td> </tr> <tr> <td>COMPANY RUNNING AND DEVELOPMENT ADVICE COSTS UNDERTAKEN BY BCP COUNCIL ON BEHALF OF BCP FUTUREPLACES LTD UP TO 17/02/2023 - DISBURSEMENTS</td> <td>169329.33</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td colspan="2">Total Amount: £ 628750.39</td> <td>Total VAT: £91884.21</td> <td>Invoice Total: £ 720634.60</td> </tr> <tr> <td colspan="4" style="text-align: right;">TOTAL NOW DUE: £ 720634.60</td> </tr> </tbody> </table>				Description	Amount (£)	VAT %	VAT Amount (£)	COMPANY RUNNING AND DEVELOPMENT ADVICE 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 ADVICE COSTS UNDERTAKEN BY BCP COUNCIL ON BEHALF OF BCP FUTUREPLACES LTD UP TO 17/02/2023 - DISBURSEMENTS	169329.33	0.00	0.00	Total Amount: £ 628750.39		Total VAT: £91884.21	Invoice Total: £ 720634.60	TOTAL NOW DUE: £ 720634.60			
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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	
		Total per annum	5	3,495	-3,500	
		Cumulative amount reported	5	3,500	0	

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 appendix 1.1

Appendix 2.1

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

Appendix 1

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

End of appendix 2.1

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 cc'd [REDACTED] 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 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,

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 2021, 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]; 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

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,

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 Gail Mayhew 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.

- [REDACTED] has a 4 week contract for consultancy currently via creditors (ie. as a supplier not an employee).
- 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.
- 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 sent 2 June 2021, to the Head of HR containing legal advice on the appointment and which suggested an initial appointment on a consultancy basis.

Subject: URC / Appointments

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:

- there is currently no incorporated legal entity;
- the company has no other directors or staff;
- the company would not be funded to pay for staff costs (other than via the commissioning contract unless a working capital loan is agreed);
- 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);
- the shareholder agreement governing the decisions that the board may take (and the decisions that are reserved) is not yet in place;
- the operational aspects of payroll are not in place (e.g., will the Council provide payroll services under the support services agreement?);
- the terms and conditions and role profiles will require development;
- 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.

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				
Directors' NI	-14,274		-46,902		-26,420		-87,596		A		
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				
Employers NI	-5,274		-72,119		-57,136		-134,529		B		
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

End of appendix 4.1.4

Blank Page – formatting anomaly

Appendix 5.1.6 Bonus Payments – evidence schedule

2021/22 Bonus

The bonus payments were accrued for and feature in the 2021/22 BCP FuturePlaces (FP) accounts but were not actually paid to staff until Nov 2022 (pay packets of eligible staff), i.e. some 8 months after the Financial year end.

GL Transactions

FuturePlaces.

[Print](#) - [Export](#)

BCP Only

PAYROLL

Contra

Not Sure

SUM TOTAL

(0.00)

SUBTOTAL

185,344.04

Trial Balance = 0.00

Missing Codes = 0

Posting Date	Accounting Period Name	Project Code	Project Description	Journal Name	Journal Line Description	Amount	Journal Number	Match to COA Mapping
				ITEMS DNO - YE Adj	PW0004 [19-WE1001-1101-10000] 08APR BBBCA E040779 P10970 SAL H [19-WE1001-1101-10000 P:DAVID NORTH S:DAVID.NORTH			
11-Jul-2022	Mar-2022	10000	No Project	29-Mar-2022 (david.north) Manual	0 DN0032 [16-ZF2100-B116-10000] Bonus accrual	28,762.50	2688360	OK
12-Jul-2022	Mar-2022	10000	No Project	25-Mar-2022 (david.north) Manual	0 DN0034 [16-ZF2100-B116-10000] Bonus accrual update	4,451.20	2691187	OK
02-Nov-2022	Mar-2022	10000	No Project	31-Mar-2022 (david.north) Manual	0 DN0056 [16-NF0001-4813-10000] 02Nov Communication Support FY2122 Carly Hoyle & Nick Breakspear	(9,356.66)	2975841	OK
21-Nov-2022	Mar-2022	10000	No Project	31-Mar-2022 (david.north) Manual	0 DN0063 [16-ZF2100-B116-10000] 21Nov Bonus reduction to 10%	(16,606.85)	3021767	OK

- 8.3. The Board members agreed that the bonus decision be delegated to BK with payment to be actioned before the end of the year.

ACTION: Bonus proposal to be agreed by BK and actioned for payment prior to year end

09.11.22	7.2	meeting	CB	meeting	This will come to a future meeting.	Active
09.11.22	8.2	Obtain Council approval for the NED appointment and make the offer ASAP	CB	ASAP	Council approval obtained and appointment imminent	Active
09.11.22	8.3	Bonus proposal to be agreed by BK and actioned for payment prior to year end	CB	ASAP	Complete	Propose to close
09.11.22	11.1.2	Alignment of multiple projects to be considered and brought back to a future meeting	GM	Next meeting	Ongoing	Active

2022/23 Bonus

The 2022/23 bonus was paid in May 2023 payslips, i.e. some 2 months after the financial year end but again the bonus payments were accrued for and feature in the 2022/23 accounts. The bonus was 12.5% to all eligible staff.

The 9 March 2023 Board papers said this:

- Bonuses for 22/23 will become a live issue from month end.
 - OBCs delivered on time and on or ahead of budget
 - Proposals to be made to remuneration committee in time for ratification at next board meeting

The minutes for that meeting (9 March 2023) said this:

- 6.7. The Board agreed to establish and Remuneration Committee of the NEDs to agree and recommend the compensation and bonuses for staff.

The 28 April 2023 Board papers said this:

- Remuneration Committee appointed and met
 - ToRs for noting and approval
 - Verbal report on progress
 - Proposal on Compensation Review for approval

The minutes for that meeting (28 April 2023) said this:

- 7.6. The ToR for the Remuneration Committee had been circulated to the Board and were submitted for approval. These were agreed.
- 7.7. The proposal resulting from the Compensation Review was submitted for Board approval, and was agreed. It was recommended that BK would liaise with GF regarding formally communicating the proposal to shareholders.

Note - Individuals pay tax and NI contributions on any bonus payments in the month the bonus was paid (in November 2022 for 2021/22 bonus, and in May 2023 for 2022/23 bonus). Company accounts were correctly constructed on an accruals basis

The schedule below shows the total bonus position split between Directors and other staff to enable full reconciliation to the detailed P&L account.

Staff Bonuses				
	2021/22	2022/23	2023/24	
Position	Directors Bonus 10%	Directors Bonus 12.5%	Directors Bonus nil%	
Chief Operating Officer & Investment Director	3,535.62	18,125.00	0.00	
Managing Director	6,164.38	18,750.00	0.00	
Total	9,700.00	36,875.00	0.00	46,575.00
Position	Bonus 10%	Bonus 12.5%	Bonus nil%	
Employee A	1,520.55	3,750.00	0.00	
Employee B	3,726.03	12,500.00	0.00	
Employee C	1,191.78	9,375.00	0.00	
Employee D	394.52	7,760.41	0.00	
Employee E	73.97	11,423.08	0.00	
Employee F	0.00	0.00	0.00	
Employee G	0.00	2,241.36	0.00	
Employee H	0.00	4,416.67	0.00	
Employee I	0.00	1,718.75	0.00	
Employee J	0.00	1,562.50	0.00	
Employee K	0.00	2,246.15	0.00	
adjust.		-0.04	0.00	
Total	6,906.85	56,993.88	0.00	63,900.73
	16,606.85	93,868.88	0.00	110,475.73

No bonus payments were made for financial year 2023/24.

End of appendix 5.1

Appendix 5.2 - Independent Chair and NED Recruitment Process

This is a direct cut and paste from the Cabinet report dated 7/9/2022

6. Recruitment agency Berwick Partners was appointed by FuturePlaces to manage the NED recruitment process for the advertising and selection of BCP FuturePlaces Chair and NED roles.

7. Berwick Partners, part of Odgers Berndtson the UK's leading and largest Executive Search Firm, focuses on Senior Leadership roles within the private and public sector. They were selected based on their successful track record within the specific sector of urban regeneration companies, and their ability to access and attract exceptional candidates from a range of organisations.

8. A benchmarking exercise was undertaken by the agency of other local authority trading companies (LATCs), development corporations, and LEPs to assist with building a comprehensive picture and advise on the role and an appropriate level of remuneration.

9. The opportunity was advertised on the agency website and a variety of other websites such as The Guardian, LinkedIn, WomenonBoards, NonExecutiveDirectors.com, BCP Council website and The NED Exchange to ensure the widest possible reach and to ensure that the opportunities attracted strong interest from a diverse range of high calibre applicants.

10. Berwick Partners also used their experience and expertise to make targeted approaches to other suitable candidates with relevant experience.

11. Following the successful recruitment campaign, Berwick Partners screened and interviewed applicants using agreed criteria, resulting in a longlist of recommended candidates. Three of these candidates were short-listed for interview by the Managing Director (MD) and Chief Operating Officer (COO) of FuturePlaces for the position of Chair. All three were high calibre individuals with relevant backgrounds and experience in placemaking and regeneration.

12. The short-listed candidates were interviewed by the MD and COO resulting in the recommendation of Lord Kerslake as the preferred candidate for Chair.

13. Lord Kerslake was also interviewed by a panel consisting of FuturePlaces board members Councillor Drew Mellor, Councillor Phil Broadhead, and Graham Farrant, BCP Council's Chief Executive, on 25 July 2022. This panel supported the recommendation to appoint Lord Kerslake as independent Chair.

14. An introductory meeting also took place on 15 August between Lord Kerslake and Cllr Vikki Slade, Leader of the Opposition.

15. Lord Kerslake became Permanent Secretary for the Department for Communities and Local Government (DCLG) on 1 November 2010. He was also Head of the Civil Service from January 2012 to September 2014. His previous roles include:

- Chief Executive of the Homes and Communities Agency, the national housing and regeneration agency for England
- Chief Executive of Sheffield City Council,
- London Borough of Hounslow as Director of Finance and a further seven years as Chief Executive.

16. Lord Kerslake has also been a non-executive board member at DCLG and was a member of both the Equalities Review Panel and the National Employment Panel. Lord Kerslake was knighted for services to Local Government in 2005 and made a Life Peer, taking the title Baron Kerslake, in 2015. A more detailed biography of Lord Kerslake is attached at Appendix A.

17. The Chair, in particular, will be expected to use his professional contacts to further the network of the company, to supervise delivery of strategic objectives, and to test the appropriateness of governance structures.

18. The recruitment of two further NEDs has been halted temporarily to enable Council to approve the appointment of Lord Kerslake as independent Chair of BCP FuturePlaces.

19. If the recommendations are approved the Chief Executive of BCP Council, as Shareholder Representative, and the new independent Chair will select appropriate candidates for the remaining **two NED positions**, following an appropriate recruitment and selection process, and bring details of those appointments back to the council for information.

This was later adjusted to three NEDs on the advice of Lord Kerslake

End of appendix 5.2

Appendix 5.3 – Declarations of Interest

Example of 'Standing' declarations

FuturePlaces.

Register of Directors Interests

Board Member	Interest
Councillor Philip Broadhead	Seascope Group Ltd Seascope Homes and Property Ltd Poole Business Improvement District Christchurch Business Improvement District Bournemouth Coastal Bid, Bournemouth Town Centre Bid Bournemouth International Airport Consultative Committee Tourism Destination Management Board LGA General Assembly Key Cities Board Conservative Party Conservative Councillors' Association Local Government Association National Trust Key Cities Group Bournemouth West Conservative Association St Christopher's Church BDHD Consultancy Ltd Spouse - GP Partner – Talbot Medical Centre Board Member of the Conservative Party
Councillor Drew Mellor	Seascope Group Ltd Dorset Local Enterprise Partnership Tricuro Executive Shareholder Group Dorset LEP Board of the Unitary Councils' Network (UCN) South West Councils South West Councils Employers Panel LGA General Assembly Chair of Trustee Stormbreak Governor Bishop Aldhelm's Primary School Nutech Engineering Services Limited

	VEPG Limited Venture Engineering Group Limited
Gail Mayhew	Director of Smart Growth Associates (I may also become a director of The Stewardship CIC in process of being founded)
Craig Beevers	Directorship in family-owned group of companies which owns 100% of the Equity in SLC Property Ltd ("SLC").

Example of meeting specific declarations

MINUTES OF THE BCP FUTUREPLACES LIMITED BOARD OF DIRECTORS MEETING HELD ON FRIDAY 29 OCTOBER 2021 - 1.30PM-3PM ON MS TEAMS

Present Phillip Broadhead - Chair (PB)
Graham Farrant Director (GF)
Andrew Mellor Director (AM)

In attendance Gail Mayhew MD Designate (GM)
Dave Anderson Interim Development Lead (DA)
Craig Beevers Chief Operating Officer (CB)
Tapiwa Songore Interim Company Secretary (TS)
Chris Twigg Director of Urban Regeneration (CT)

Item

1 Welcome

1.1 GF welcomed everyone to the meeting.

2 Appointment of Chair

2.1 Nominated by and seconded by AM and seconded by GF, PB was appointed to the role of Chair

PB took over as Chair at this point

3 Notice and Quorum

3.1 PB advised the Board that due notice of the meeting was given in accordance with the Articles and that a quorum of three Directors was present.

4 Conflicts of interest

4.1 No conflicts of interest were reported

End of Appendix 5.3

Appendix 5.5 – Rent, Office 2 Bourne Park, Exeter Rd, Bournemouth

5.5.13 – Extract from administrators update report 7 June 2023

- Hinton Road Investments Limited (HRI)

HRI owns Bourne House, 23 Hinton Road, Bournemouth.

The property is subject to finance from MSP Capital Limited (MSP) in the sum of £1,625,000. The loan agreement with MSP was due to expire at the end of April 2023.

If the loan with MSP was not extended, then the company would be in default of its agreement and face punitive fees and potentially foreclosure.

The company did not have sufficient funds to pay the extension fee of £25k and the director therefore looked at alternative options.

* Having obtained an indication of the value of the site at £1.75-£1.95m, the director entered discussions to sell the shares in HRI.

The director considered a sale of the shares in HRI was the best option for creditors and the group as it would enable the team of staff to be transferred to the buyer ensuring continuation of trading and the mitigation of creditor claims that could arise on cessation.

The director was concerned that his team were very unsettled since the UTB funding had been declined and that they were already running on a minimum level of staff, such that if they had any staff leave that this would likely mean that the group couldn't operate and provide the services to the tenants.

By transferring the staff to HRI and selling the shares, HRI can provide the necessary services required to all group companies enabling them to continue to trade, whilst also proving the staff with comfort and security around their positions.

Whilst the sale of the shares by BAM in HRI was only for £1, so it generated no funds into BAM, the purchaser has taken on the liabilities of HRI together with the staff.

In addition, one of the assets of HRI was the intercompany debtors and as part of the sale agreement, any funds due to HRI from group companies that are repaid over and above the level of creditors that were taken on as part of the sale purchase, will be paid to BAM, so that the creditors of BAM receive the benefit and not the purchaser.

There is also a potential further realisation from the sale in respect of the difference in the sale price attributed to the property of £1.818m and the MSP finance of £1.65m, being £168k, that may become due once the creditor position has been worked through and it is known what creditors have been paid as part of the purchase of the shares.

It must be clearly stated that mention of Bourne House above, which is in Hinton Road, and which was owned by Hinton Road Investment Limited, is not Bourne Park, Exeter Road which was the building occupied in Office 2 by FPL.

Appendix 5.5.33 – COO e-docu. signed licence (rent) agreements for year 1 and 2

DocuSign Envelope ID: FAF50CE4-EE52-4E7F-AC85-2EBFD02C10E2

Office Licence Agreement



Business Centre Address (Premises)		Business Centre Bank Details	
Bourne House		Barclays	
23 Hinton Road		Hinton Road Investment Ltd	
Bournemouth		Sort Code: [REDACTED]	
BH1 2EF		Account No. [REDACTED]	

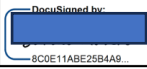
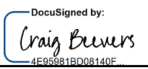
Company		Title	
BCP FuturePlaces Limited		Managing Director	
Name		Gail Mayhew	
Address		01202 126885	
Bourne Avenue		gail.mayhew@bcpfutureplaces.co.uk	
City/County		COO & Dir of Investment	
Bournemouth		Name	
Postcode		Craig Beevers	
BH2 6DY		Tel	
		01202 126211	
Company Reg No.		Email	
13465045		craig.beevers@bcpfutureplaces.co.uk	

Billing Address		Title	
BCP FuturePlaces Limited		Accounts	
Name		[REDACTED]	
Address		Tel	
Bourne Gardens, Exeter Park Road		[REDACTED]	
City/County		Email	
Bournemouth		craig.beevers@bcpfutureplaces.co.uk	
Postcode		[REDACTED]	
BH2 5AY			

Notice Period		3 months	
Start Date		1st August 2022	
Earliest End Date		31st July 2023	

Monthly Invoice		Max Licence Fee		£ 4,500.00	
		Max Contract Service Fee		£ -	
		Subtotal		£ 4,500.00	
		VAT		£ 900.00	
		Total Fee		£ 5,400.00	

Term		Months 24 (with 12 month break clause)		Days 0	
		Licence Fee		£ 4,500.00	
		Setup Fee		£ -	
		Contract Service Fee		£ -	
		Deposit Required		£ 6,750.00	
		Deposit Already Held		£ -	
		Deposit Due		£ 6,750.00	
		Subtotal		£ 11,250.00	
		VAT		£ 900.00	
		Total First Payment		£ 12,150.00	

Signed for and on behalf of Hinton Road Investment Ltd ("Owner")		For and on behalf of you The Client	
Name	[REDACTED]	Name	Craig Beevers
Title	Centre Manager	Title	chief operating officer
Date	2/8/2022	Date	2/8/2022
Signature		Signature	

This agreement is made between the Owner and the Client (as defined above) and the Client confirms that the Client has read and understood the Terms and Conditions and agrees to be bound by them and the Owner agrees to provide the services and facilities as mentioned in the Terms and Conditions. Hinton Road Investment Ltd Registered Office: Bourne House, 23 Hinton Road, Bournemouth, Dorset, BH1 2EF. Registered in England No 08676587. You should note that this agreement does not end automatically but as provided in paragraph 2 of the Terms and Conditions.

Office Licence Agreement



Business Centre Address (Premises)		Business Centre Bank Details	
Bourne House		Barclays	
23 Hinton Road		Hinton Road Investment Ltd	
Bournemouth		Sort Code: 20-11-39	
BH1 2EF		Account Number: 53721906	

Company		Title	
BCP FuturePlaces Limited		Managing Director	
Name		Gail Mayhew	
Address		01202 126885	
BCP Council Civic Centre		gail.mayhew@bcpfutureplaces.co.uk	
Bourne Avenue		COO & Dir of Investment	
City/County		Name	
Bournemouth		Craig Beevers	
Postcode		Tel	
BH2 6DY		01202 126211	
Company Reg No.		Email	
13465045		craig.beevers@bcpfutureplaces.co.uk	

Billing Address		Title	
BCP FuturePlaces Limited		Accounts	
Name		[REDACTED]	
Address		Tel	
Bourne Gardens, Exeter Park Road		[REDACTED]	
City/County		Email	
Bournemouth		craig.beevers@bcpfutureplaces.co.uk	
Postcode		[REDACTED]	
BH2 5AY			

Notice Period		3 months	
Start Date		1st August 2023	
Earliest End Date		31st January 2024	

Monthly Invoice		Max Licence Fee		£ 4,500.00	
		Max Contract Service Fee		£ -	
		Subtotal		£ 4,500.00	
		VAT		£ 900.00	
		Total Fee		£ 5,400.00	

Term		Months 12 (6 month break clause)		Days 0	
		Licence Fee		£ 4,500.00	
		Setup Fee		£ -	
		Contract Service Fee		£ -	
		Deposit Required		£ 6,750.00	
		Deposit Already Held		£ 6,750.00	
		Deposit Due		£ -	
		Subtotal		£ 4,500.00	
		VAT		£ 900.00	
		Total First Payment		£ 5,400.00	

Signed for and on behalf of Hinton Road Investment Ltd ("Owner")		For and on behalf of you The Client	
Name	[REDACTED]	Name	craig beevers
Title	Centre Manager	Title	chief operating officer
Date	8/14/2023	Date	8/14/2023
Signature		Signature	

This agreement is made between the Owner and the Client (as defined above) and the Client confirms that the Client has read and understood the Terms and Conditions and agrees to be bound by them and the Owner agrees to provide the services and facilities as mentioned in the Terms and Conditions. Hinton Road Investment Ltd Registered Office: Bourne House, 23 Hinton Road, Bournemouth, Dorset, BH1 2EF. Registered in England No 08676587. You should note that this agreement does not end automatically but as provided in paragraph 2 of the Terms and Conditions.

End of appendix 5.5

Appendix 5.9.9 – FPL proposition document on Winter Gardens site dated 14 Nov2021 from FPL MD to Leader of the Council, deputy leader, chief executive, representatives from BDC (MUSE) and various council officers

Page 1

BCP FuturePlaces

BIC/Winter Gardens Briefing Note

Co-ordinated approach to development of the sites to achieve optimal land use and the most viable delivery outcome

14th November 2021

1 Background

This note has been prepared to build on information initially created by Inner Circle Consulting to inform the basis of the business plan of the BCP FuturePlaces company. The BIC was identified as a key FuturePlaces project with the optimisation of the site and re-provision of the BIC representing one of the most prestigious projects in their scope of work. This ties in with the overall place strategy BCP FuturePlaces have been asked to formulate which will consider the future of Bournemouth as a visitor destination – the site and the conferencing/exhibition/events facilities form a key component of this. The FuturePlaces team were further asked to contribute to the review of the BDC Winter Gardens project to consider optimal, and most viable delivery options.

2 Key Issues

The Council will need to determine whether to continue with the planned BDC scheme for the Winter Gardens or to allocate more time to further assess the potential to progress a coordinated approach for the combined BIC/Winter Gardens/Westbourne Hotel sites. The proposition argued in this note is that a coordinated approach to the development of the BIC, Winter Gardens and former Westbourne Hotel sites will derive the greatest economic benefit to BCP Council and will enhance the standing of Bournemouth in the medium to long term. There is a one-off opportunity to consider these sites as strategically key to the rejuvenation of the Bournemouth Arc.

This approach might further produce a more optimal and integrated urban footprint that would knit together the wider Winter Gardens Quarter as a new prime visitor destination and act as the focal point of a high value urban village encompassing many of the currently under-performing retail and leisure offerings in the area.

There is pressure to commit to the BDC Winter Gardens project to demonstrate new investment in the town; regeneration of a long-stalled site and to maintain the momentum of the BDC relationship. However, this comes with a potentially significant cost to the Council. Further, the present approach which anticipates the re-provisioning of the BIC on its current footprint, may not represent the most optimal use of this highly visible site, arguably one of the prime real estate opportunities on the South Coast.

There is a strong case to look at whether a coordinated approach to the combined sites would help to:

- unlock the Seafront's full potential anchoring the forward destination strategy for Bournemouth;
- allocate land uses in their optimum locations (eg high value hotel and residential uses with sea views);

Page 2

- provide the potential for continuous trading for the BIC whilst redevelopment takes place at the Winter Gardens
- secure the multiplier economic benefits this brings for local businesses both directly and indirectly.

Finally, there may be merit in considering separately the needs of conferencing and exhibition space with those of mass events. In the post Covid, post- COP 26 environment all sectors are in the process of reformulating their ways of doing business and respective offers. Whilst we gather that the Pattern study is suggesting that market evidence is demonstrating market bounce back, in the medium term there are likely to be significant shifts in how conferencing and large-scale event attendance adapts to the new health & wellbeing environment; evolving commercial practices and the greening of movement agenda. All this must be considered to inform a future-proofed BIC proposition.

3 Further Issues – Winter Gardens

3.1 Planning

We understand that a fresh planning application will be required for the development of the Winter Gardens site, no matter what its proposed use might be.

3.2 Value for Money

A key issue question for the Council to consider is whether a primarily residential scheme represents best value for money, or whether an investment in re-provisioning the conference and exhibition element of the BIC on this site (subject to technical viability) would represent superior value for money across a range of value measures. This needs to be tested objectively and systematically.

3.3 Operational Benefit

A further critical issue is whether the benefit of moving ahead rapidly with the present project delivers a greater gain to the Council than potentially enabling an approach to emerge that would optimise real estate opportunity represented by the BIC site whilst enabling a re-provisioning of the BIC facility on a parallel basis such that the new build can be constructed without closure of the current operation.

4 Proposition

If more time can be allocated to assessing the potential for a coordinated approach to the BIC/Winter Gardens/Westbourne Hotel sites the full potential for this crown jewel of a location could be planned and bring potentially significant additional benefits over and above the current site by site approach.

Additional time would enable:

- A further review of the future of conferencing and exhibition facilities including investigation of the technical requirements of hybrid conferencing; user experience research; market segment research; operational impacts of the post-COVID and COP-26 environments;
- Further review and due diligence of the future servicing and green accessibility approach to large scale events venues;
- Consideration of locational options for alternative configurations;

Appendix 5.9.9 continued

Page3

- Consideration of movement and pairing impacts of respective configurations;
- Comparator research.

This review would enable the identification of options to test against a range of parameters and the production of a robust development and delivery framework, strategic business and economic case.

5 Spatial assessment of Winter Gardens site

A high-level assessment of the volumetric capacity of the Winter Gardens site to accommodate the areas noted by BDP Pattern (excluding the event space) has been carried out.

The key findings are:

- The site could accommodate all noted space requirements
- The main access would be from the south east, on the current BIC roundabout
- Service access would be off Exeter Road at the north east corner (lowest point of site)
- The conference breakout space would look south to the sea
- The exhibition centre would sit in the bowl of the arboretum that was the quarry
- A 90+ bed hotel sitting above the plenary and providing direct access to the conference facilities and the roof top garden of the exhibition centre

Please refer to Appendix 1

6 Headline Cost / Benefit Evaluation

6.1 Current Winter Gardens Approach

Costs:

- Cost to BCP that may be required to render a residential scheme viable
- Cost of BIC redevelopment on current footprint c£250-£300m cost [Source: Pattern 13.08.2020 presentation slides]
- BCP estimate of loss of direct and indirect trade over a 3-5 year period during redevelopment of BIC at c£10m per annum [Source: BCP Council]

Benefit:

- Stalled site unlocked to produce a quality residential scheme
- Maintenance of sunk investment in site
- Income from any PRS investment

Indirect Effects:

- Impact on congestion, movement & parking (TBC)
- Impact on adjacent property values (TBC)
- Place making impact on wider Winter Gardens Area (for consideration – is large footprint building a good neighbour within the Arc context?)

6.2 Potential Coordinated Approach

Costs:

- BIC redevelopment on Winter Gardens % of £250-£300m cost (adjusted to represent aspects of conference/exhibition/venue facility located on site)

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- Redevelopment of large venue elsewhere % of £250-300m (adjusted to represent aspects of conference/exhibition/venue facility located off site)
- Acquisition of land for aspects of mix (eg Event space), if not on council estate
- Increased management costs potentially if splitting site functions locationally

Benefit:

- No loss of direct and indirect trade as continuity of BIC facility will be provided, therefore operational loss is nil
- Gain on potential additional GDV optimising current BIC site for high value uses c£50m [Source: Inner Circle rough working Spring 2021]

Indirect Effects:

- Impact on congestion, movement & parking (TBC)
- Impact on adjacent property values (TBC)
- Place making impact on wider Winter Gardens Area (for consideration – impact of more integrated footprint structures on wider area?)
- Impact of re-located events arena on alternative location? (TBC)

A systematic cost/benefit analysis of the key options should be undertaken to support this crucial decision.

The numbers set out are by their nature very high-level and will require more detailed interrogation to substantiate

However, the summary headline figures indicate this coordinated approach could result in significant savings for BCP as well as considerable place-making gain for this prime area of Bournemouth. In addition, a coordinated approach will retain the functioning continuity of the BIC in the interim.

7. Recommendation

This headline analysis underlines the need for more detailed testing of options, impacts and numbers in order to evaluate the optimal approach to the location.

Our recommendation is that the optimal approach is evaluated through the production of a strategic outline case in accordance with our agreed investment framework. We will lead on the production of the SOC with BDC as one of the key stakeholders.

We would propose that the scope of the SOC includes:

- The BIC site
- The Winter Gardens site
- Alternative sites for the events space

The SOC would:

- Explore the strategic case in the context of the destination strategy for Bournemouth and the opportunity for market making
- An economic assessment of the potential for wider economic benefits of continued trading of BIC
- A financial appraisal of the capital and revenue costs and benefits of the different options
- To consider alternative locations for the events element of the BIC

Page 5

- For an operational study to consider the impact of splitting the conferencing and events element.
- A more detailed spatial assessment of the optimum locations for each of the usages across the available sites including whether the site can accommodate a high-quality conferencing and associated uses proposition.
- The alternative commercial delivery and operational models for the entire scheme (including the role of the URC, BDC) with significant leadership and input from the BCP leisure team

We would anticipate that it will take up to a number of months to produce the SOC, dependant on agreed extent.

The URC budget currently includes sums to cover the work on the BIC site in 21/22 and 22/23 respectively. We would anticipate that additional specific funding maybe required for this SOC and would aim to confirm these amounts and the funding sources by the end of the year.

End of appendix 5.9

Appendix 5.10.18 – Interest calculation

To Financial Accounts		Ok	
To Trial Balance	ZF2100-B202	-3,500,000.00	
		£	
	LOAN TRANSFERRED	-3,500,000.00	
	Balance per Trial Balance	-3,500,000.00	
	Difference	0	
		Ok	
FROM THE BANK STATEMENTS		31/03/2023	0.60%
	Loan Amount	Days	
26/11/2021	5,000.00	490	40.27
03/05/2022	10,000.00	332	54.58
17/05/2022	385,000.00	318	2012.55
10/08/2022	800,000.00	233	3064.11
27/10/2022	850,000.00	155	2165.75
02/02/2023	1,450,000.00	57	1358.63
LOAN AMOUNT	3,500,000.00		
		8,695.89	To date
			10.27 to 2021/22 P&L
			8,685.62 to 2022/23 P&L
			8,695.89

9 August assumption					
	08/08/2022	09/08/2022	0.60%	2.25%	
	days at 0.6	days at 2.25			
26/11/2021	255.00	235.00	20.96	72.43	93.39
03/05/2022	97.00	235.00	15.95	144.86	160.81
17/05/2022	83.00	235.00	525.29	5577.23	6102.52
10/08/2022		233.00	0	11490.41	11490.41
27/10/2022		155.00	0	8121.58	8121.58
02/02/2023		57.00	0	5094.86	5094.86
					31063.57
					31063.57
					22,367.68

29 July assumption					
	28/07/2022	29/07/2022	0.60%	1.75%	
	days at 0.6	days at 1.75			
26/11/2021	244.00	246.00	20.05	58.97	79.02
03/05/2022	86.00	246.00	14.14	117.95	132.09
17/05/2022	72.00	246.00	455.67	4540.89	4996.56
10/08/2022		233.00	0	8936.99	8936.99
27/10/2022		155.00	0	6316.78	6316.78
02/02/2023		57.00	0	3962.67	3962.67
					24424.11
					24424.11
					15,728.22

End of appendix 5.10

**SCHEDULE 3 –
RESERVED MATTERS**

All Reserved Matters shall only be effective if approved by the Council.

The following matters are Reserved Matters unless (where relevant) they have been approved in advance by the Council under the Business Plan:

Constitution of the Company

1. Varying in any respect the Articles of the rights attaching to any of the shares in the Company.

Officers and Shareholders of the Company

2. Agreeing the appointment and the appointment terms (including any remuneration terms) of all Directors ;
3. Agreeing the removal of all Directors (including any terms on which Directors are removed from their office as Directors);
4. Agreeing the appointment and the appointment terms (including any remuneration terms) of the company secretary of the Company;
5. Approving the admission of further shareholders to the Company or agreeing any rights or restrictions attaching to any shares allocated to such new shareholders;
6. Agreeing the appointment or removal of the chair of the Board (except there the chair is absent in which case the Board will appoint an alternate chair);
7. Agreeing or approving the maximum size of the Board;
8. Agreeing or approving what, if any, goods or services Directors may provide to the Company.
9. Agreeing the appointment and removal of the Independent Chair.

Future direction and development of the company

10. Forming any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not);
11. Amalgamating or merging with any other company or business undertaking;
12. Selling or disposing of any part of the Business ;
13. Entering into an agreement to do any of the things listed at paras 9-11 above.
14. Entering into any arrangement, contract or transaction with either a capital value over £500,000 (five hundred thousand pounds) or otherwise a value of over £1,000,000 (one million pounds).

15. Adopting or amending the annual Business Plan and any in-year changes;
16. Passing any resolution for its winding up or presenting any petition for its administration (unless it has become insolvent);
17. Agreeing or approving the services to be provided by the Company to the Council;
18. Appoint any agent or intermediary to conduct the whole or any part of the Business;
19. Apply for the listing or trading of any shares in its issued capital or debt securities on any stock exchange or market.

Management of the business of the Company

20. Changing the Company's registered address;
21. Changing the Company's name;
22. Creating or agreeing to create a charge, security or Encumbrance over the Company's assets, shares or income;
23. Adopting, amending or agreeing any other material amendments to the terms and conditions on which any employee of the Company is employed. employed.
24. Changing the nature of the Business or commencing any new business which is not ancillary or incidental to the Business or other than as contemplated by the Business Plan and / or defraying monies in connection therewith.
25. Agreeing to enter into or entering into any acquisition or disposal of any material assets by the Company;
26. Sell, transfer or otherwise dispose of any of Company assets on terms whereby such assets are or may be leased to or re-acquired or acquired by it;
27. Sell, transfer or otherwise dispose of any of its receivables on recourse terms;
28. Enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts;
29. Enter into any other preferential arrangement having a similar effect as clause 28;
30. Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Business or materially varying any such arrangements, contracts or transactions;
31. Granting rights (by licence or otherwise) in or over any intellectual property owned or used by the Company;
32. Changing the Company's auditors;
33. Agree to make or making any loan (otherwise than by way of a deposit with a bank or other institution, the normal business of which includes the acceptance of deposits or in the ordinary course of business) or granting any credit (other than in the normal course of trading) or giving any guarantee (other than in the normal course of trading)

- or indemnity;
34. Borrowing any monies (other than normal trade credit);
 35. Changing the financial year end of the Company;
 36. Increase or reduce the amount of its issued share capital, grant any option or other interest over or in its share capital, redeem or purchase any of its own shares or otherwise alter, or effect any reorganisation of, its share capital.
 37. Issuing or allotting any shares.
 38. Making or permitting to be made any change in the accounting principles adopted in the preparation of its audited or management accounts except as may be required to ensure compliance with relevant accounting standards under the Companies Act 2006 or any other generally accepted accounting principles in the United Kingdom.
 39. Establishing or amending any profit-sharing, share option, bonus or other incentive scheme of any nature for Directors or employees.
 40. Making any bonus payment to any Director or employee.
 41. Agreeing to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any employee of, or consultant to, the Company at a rate in excess of the annual rate set by the Council or increasing the remuneration of any such person to a rate in excess of an annual rate set by the Council.
 42. Instituting, settling or compromising any material legal proceedings instituted or threatened against it or submitting any dispute to arbitration or alternative dispute resolution.

End of Appendix 6.3.2

Appendix 7.1.6 – Email from FPL MD – Third way option 15 August 2023

Subject: Third Way Option

Hi Graham

As we discussed last week - and has been previously raised with Cllr Cox - we are keen to propose a third scenario in the paper currently in drafting on the future of FuturePlaces.

The principle aim of this would be :

a) to show that full due diligence on respective options has been done
b) to maintain momentum on projects and delivery timetable; and to protect shareholder value through and orderly wind-down work-out
c) to maintain Homes England / external investor confidence - whilst nevertheless moving ahead with the administration's clear desire to move towards a new arrangement for regeneration in the light of present economic and financial circumstances and their prioritisation. (to note that Lord Kerslake had some frank discussions with politicians on this point across the political spectrum, individually and through the MFEF Board). We have had a clear steer from HE and from investors that flip flopping will not likely be read positively.
d) to maintain BCP capacity whilst a regeneration capacity is built. To note on this point, that the essential skill set needed for the next stage of taking key projects forward will be a high quality estates / land and property input to support resolution of complex L+P issues; structuring arrangements; viability testing and conditioning deals). In the first instance we could work closely with Miles / Irene and Rebecca to ensure full integration and gradual handover.

In theory, if a revised paper (to include Option 3) is to go to the 27th September Cabinet, as we heard on Friday, then it would need to go to CMB attendees tomorrow, ahead of their meeting next Tuesday. Please advise. **We can change the timings but I will want to give everyone a chance to read the report before it goes to the next stage.**

Presumably there is a paper already in drafting, so might Karima might have been able to secure a copy even if you do not want to disclose tis to the full FP team? **Happy to share that with all the directors.**

This would enable us to template Scenario 3 in line with the other scenarios.

If this timetable cannot be met, are you able to skip CMB step and go straight to the joint Cabinet/CMB step, which would then, potentially, mean the paper would have until 1st September to be prepared?

As you mentioned on Friday, there is currently no Council meeting thereafter until 7th November.

Would this imply that a special meeting, if required, be sometime after 11th October to allow Place Overview & Scrutiny a chance to review first? **We are working on a date for an additional Council meeting close the date of the Cabinet.**

A final point that Andy Renton has raised with us is that - if Council were to agree the currently proposed route for Holes Bay - we would need a decision (CMB or Full Council?) to proceed with setting a competitive dialogue process in motion to seek an investor / master developer. The same would apply should you want to go down that route at Wessex. This potentially needs to be built into cabinet briefing timetable - we had hoped to be in a good position on this by now, but the review process has overtaken the programme. Please advise if you would like us to start to prepare a paper to support a decision on seeking an investor/master developer? **Jess and Julian will work out the decision-making process and advise.**

To note we are also looking for a date for a 'Key Decision' meeting - to agree the remediation and flood defence strategy. We would anticipate attendance as being BCP CEO, COO, Director of Infrastructure, Head of Estates; Head of Planning and Finance Team. Christine and Verity are structuring this meeting on the lines of the meeting adopted on the BIC in the Spring. Are you happy for this to proceed? **Happy for that meeting to be set up.**

We will provide you with a note on the present programme at Holes Bay so that you can assess the present critical path, deliverables and consider whether you want to proceed at the present pace; budget implications and interaction with Option 3 proposal. **That would be good to see.**

To note that the window to apply for BIL funding from Homes England is tight and we are currently well placed. Again we'd like to establish what level of Council decision making would be required to make the bid so that we can programme that in. **When does a bid have to be submitted by? I cannot see a deadline on the HE website?**

The dark or bold text is the Chief Executive's reply to matters or questions posed within the original email by the FPL MD.

End of appendix 7.1

Appendix 7.3.1 – Summary schedule compiled by Commissioning team

FuturePlaces Document Review FINAL UPDATE 13 December 2023

Agreed Process

As part of the September Cabinet Report, setting out the options for the future of FuturePlaces, proposed principles for the financial closure of the company were included as an appendix. This included principles in relation to the handover of project documentation from FuturePlaces to the Council in terms of eligibility, valuation, and funding (copy attached at Appendix A).

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.

Anticipated Timeline

(Key: blue complete, green on track, amber partially completed, red overdue)

Date	Action	Progress
25 September	SMEs sent explanation of the anticipated process.	Complete
29 September	Spreadsheet received from FP listing all expenditure by consultant, the name of the report produced and justification for commission along with a document file for each project	Complete
13 October	Reminder sent to SMEs	Complete
24 October	PIDs and/or POCs sent to the council on 24 October. Largely compiled by Christine Hobday based on information from project leads. These have not been approved and are described as snapshot summaries.	Complete
17 November	SME review complete	Complete
17 November – 30 November	Two-week contingency to chase anything outstanding and deal with any queries	Complete
1 December	SME review complete	Complete
4 December – 21 December	Financial review and valuation	Complete ahead of schedule
7 February	Settlement reported in the Budget Cabinet Report on 7 February and considered by Council on 20 February	On track

Appendix A

Principles to be applied to the financial closure of BCP FuturePlaces Ltd

The purpose of this document is to set out for Member consideration the principles to be applied to closure of BCP Future Places Ltd financial accounts in respect to work-in-progress. This framework will help in determining the eligibility, value and funding sources for work being acquired by the council.

Principle 1: Eligibility

Information and advice would be considered eligible subject to the following considerations.

1. All items purchased must be for a clear rationale in line with existing council objectives and priorities.

2. All documents and advice must be reviewed and signed off by the relevant officer and subject matter expert.

Principle 2: Valuation

Information and advice would be valued subject to the following considerations: -

1. On an open book arrangement, the council would seek confirmation of any third-party external spend incurred by FuturePlaces and apply a multiplier of [1.8] (based on the standard ratio of external to internal costs experienced by the company.)
 - The council can place confidence in the value of third-party costs due to BCP FuturePlaces adhering to the same procurement process of the council due to its Teckal status.
2. Where there are no third-party costs, FuturePlaces would need to evidence any time spent on a project via timesheets. The council would consequently be willing to pay 3 times the base salary cost of the time incurred.

Principle 3: Funding

Information and advice would be funded subject to the following considerations: -

1. For **continuing** schemes that have already experienced a capitalisation point, any additional costs could continue to be **capitalised** in line with pre agreed budgets.
 - Should the required expenditure create an additional funding need then the necessary approvals would need to be sought to increase the budget within the capital programme.
2. For any **new** schemes that are clearly supporting the acquisition or construction of a capital asset, then these costs could also be **capitalised** subject to:
 - Sufficient clarity on the intended outcome.
 - A business case including funding source approved in line with the financial regulations.
 - The scheme and the associated budget being included in the council capital programme.
3. For any schemes earmarked for **disposal**, then costs incurred could be funded from the **disposal proceeds**.
 - Subject to adhering to the parameters allowed, particularly noting the 4% cap on non-housing disposals.
 - Depending on the timing of the disposal it may be necessary to raise a capital debtor at year end to cover the cost incurred.

4. For any **general** information and advice relevant to feasibility studies or assisting with policy setting then these costs would require a **revenue** funding source.
 - No provision currently exists for such expenditure therefore the necessary approvals would need to be sought for inclusion in the council's MTFP.
5. Any packages of information the council does not require would not be purchased and remain as an unrecoverable cost burden in the company.

Principle 4: Assets

As at the 31 October 2023 BCP FuturePlaces Ltd is predicted to hold the following assets.

£23,217 ICT Equipment (Service Pro and Laptops)

£7,120 Glass Partitions (NB. sold by FuturePlaces and not purchased by the Council)

£30,337 Total Asset Valuation

The council would pay the net book value for these assets and then capitalise the costs funded by prudential borrowing with the revenue charge part of the cost of the new Investment and Development Directorate.

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
Total	£2,819,021.55	£1,713,430.34	£218,038.68	£1,495,391.66	£2,691,704.99

End of appendix 7.3

Confidential Appendix (Blank) – Page 188

Confidential Appendix (Blank) – Page 189

End of confidential appendix 3.1.19

Back page and end of report

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

Document is Restricted

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