

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

Minutes of the Meeting held on 03 December 2025 at 6.00 pm

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

Present: Cllr S Armstrong, Cllr J Beesley, Cllr B Nanovo (In place of Cllr V Slade), Cllr M Phipps, Cllr M Tarling and Cllr C Weight

69. Apologies

Apologies were received from Cllr S Bartlett, Cllr V Slade, Samantha Acton and Lindy Jansen-VanVuuren.

70. Substitute Members

Notification was received that Cllr B Nanovo was substituting for Cllr V Slade for this meeting.

71. Declarations of Interests

There were none.

72. Confirmation of Minutes

The minutes of the meeting held on 6 November 2025 were confirmed as an accurate record.

Voting: Agreed with no dissent

73. Public Issues

The following public issues were received:

**Question from Ian Redman.**

The core requirement under Section 151 is to ensure that the Council's finances are handled: prudently, affordably, sustainably and lawfully with proper risk management.

These duties apply whenever public money is at risk, including when a Council lends money to a third party, especially a council-owned company like FuturePlaces.

The £8m working capital loan was approved with no deliverable repayment plan in place (4.6.1–4.6.4).

How did the CFO judge this loan to be prudent, affordable and sustainable when FuturePlaces had no guaranteed means to repay it?

**Response:**

The report to Cabinet and Council (22 June 2022 and 12 July 2022) set out the financial and legal implications, in paragraphs 40 to 57. In that report paragraph 48 stated:

The business plan from FuturePlaces as attached indicates that the £8m working capital loan facility can be repaid to the council. The current cashflow indicates the debt will peak as £5.3m in quarter 1 2023/24 reducing to nil by the end of 2026/27 financial year.

The report also set out the financial risks and stated there may be future need for provisions to be made for potential losses, although no such provision was being made at that point.

**Question 1 from Alex McKinstry.**

5.10 of tonight's report considers the £100,000 Additional Restrictions Grant (ARG) - a type of Covid support grant - obtained by FuturePlaces to fund a "city identity study". A few details are missing however. Can you confirm the date of the application for this ARG (paragraphs 5.10.2 - 5.10.4); the identity of whoever it was who signed the application form (*ibid.*); and the identity of the FuturePlaces representative who signed the grant acceptance letter of 8 December 2021 (paragraph 5.10.6)? I'll be content with the job title if it wasn't a senior officer, or a councillor, signing these documents.

**Response:**

The date of the application was 5 November 2021.

The identity of the applicant was the FuturePlaces Corporate Engagement Director.

The identity of the FuturePlaces representative who signed the grant acceptance letter was the Corporate Engagement Director, this was signed on the 8 December 2021.

*Please note the terms Strategic Engagement Director and Corporate Engagement Director seem to have been used inter-changeably to describe the same post.*

**Question 2 from Alex McKinstry.**

Once awarded, the £100,000 ARG was in fact paid to a separate company - 1HQ Ltd - who actually carried out the city identity study. However, paragraphs 5.10.11 and 5.10.13 suggest that overspending and VAT pushed the overall cost of this project up to £128,580, and that the excess £28,580 was covered by way of "match funding". Where did this match funding derive from; and if it was in fact FuturePlaces who provided the match funding, where did they get the money from?

**Response:**

Although £28,580 was described as match funding, the VAT element of this sum was in fact recoverable. The actual net (of VAT) spend was £107,150. The net cost of £7,150 above the £100,000 grant was paid for by FuturePlaces and was thus part of the FuturePlaces P&L account for 2021/22. Section 4.1.11 of the investigation report shows this in some more detail.

The report also goes on to show that ultimately the Council paid for all costs incurred by BCP FuturePlaces and in this specific case in 2021/22 from

council revenue budgets (i.e. this spend was before the £8M working capital loan agreement).

**Question 3 from Alex McKinstry.**

Paragraph 6.3.11 contains the allegation that the shareholder representative "told FuturePlaces executive directors to keep reports in draft (to avoid them being subject to Freedom of Information requests)". If this allegation is true - and as far as I can see, it is only an allegation - it is truly shocking, as it suggests that the Council's most senior officer (then) was not only breaching Nolan Principles, but encouraging other senior figures to do likewise. For avoidance of doubt, was the Head of Audit ever made aware of any such practice - did it ever come up in Corporate Management Board meetings, for instance, or even in conversation - and as for the maker(s) of the allegation, have they cited any specific examples of this practice or provided any substantiating evidence? If so, can we have the fullest possible details?

**Response:**

The Head of Audit & Management Assurance (HAMA) has never heard of this as a deliberate practice or culture to avoid Freedom of Information request in BCP Council or predecessor councils. It has never come up in discussions or in Corporate Management Board meetings, when the HAMA was present.

The Head of Audit & Management Assurance is not a regular attendee of Corporate Management Board but as part of the investigation did specifically ask some standing members if it is a practice they have heard or witnessed. The response was this was not a deliberate practice or culture ever heard or witnessed.

**Statement from Philip Gatrell**

The investigation discloses governance weakness due to senior Officers' failures. Members must therefore ensure "lessons learned" are actioned.

External audits cannot detect all significant failings. As this resident's public issues have identified over six years.

But for certain residents' indefatigable input, this matter may have been consigned rapidly to history, notwithstanding consecutive Administrations' overview.

Preceding an information request for FuturePlaces' detailed accounts, I also emailed cautionary emphasis regarding statutory documents retention and the "Section 77" criminal offence of withholding records. Concerns increased during summer 2024 when information was released inordinately late.

Despite senior Officers' awareness, an enquiring resident was misinformed at this Committee that FuturePlaces "management accounts" were unavailable following "council and company" staff departures. That misdirection was withdrawn later at the 17 October 2024 meeting. My

precursory public issue notifying Members of the facts was however blocked as ineligible.

Internal audit clearly require additional resources enabling the full scope of duties.

**Statement from Ian Redman:**

When new leadership took office in May 2023, the warning signs were already flashing — yet no full reset was triggered.

- What was needed was **an immediate, independent investigation** into how a high-risk, high-cost venture had been allowed to operate with weak controls, vague commissioning, and no firm grip on public money.
- Instead, the council lost **more precious years** while governance gaps continued and officer-level failings went unchallenged.
- Political leadership cannot deliver accountability if it accepts assurances at face value; it must insist on evidence, documentation, and compliance with Financial Regulations.
- Crucially, the council should have confronted the **officer failures** that allowed processes to drift, controls to lapse, and public funds to be squandered.
- The public deserved decisive action in 2023, not delay.

**Statement 1 from Alex McKinstry.**

Suggested recommendations re 5 10 of tonight's report (Additional Restrictions Grant):

- That the "BCP City Panel" be investigated, by studying email traffic: there can't be too many emails containing the phrase "city panel". This was the panel that asked FuturePlaces to apply for a £100,000 grant for a "city identity study", and its members included the Ceuta Group, whose subsidiary was secretary to 1HQ - the company that ended up doing the study and receiving the grant. This may of course be a purely felicitous concatenation of circumstances. But I think it needs looking into;
- That no councillor / Council company sit on any "informal reference group" (such as the BCP City Panel) without this being declared as an ORI;
- That no councillor sit on any award-making body, such as the Additional Restrictions Grant assessment panel. The optics are terrible.

**Statement 2 from Alex McKinstry:**

Regarding the alleged keeping of documents in draft (paragraph 6 3 11); I'm amazed this is covered in just 25 words. Such a practice would not only have frustrated Freedom of Information requests. It would also have defeated the Council's entire scrutiny regime, as a "draft" is not classed as a document under the 2012 access to information regulations. I'm reminded of Cabinet - 9 February 2022 - where Opposition councillors asked to see a budget-related report prepared by KPMG; on 16 February, KPMG were asked to "update" the report in respect of interest rates; and then on 22 February, at full Council, the document was said to be "in draft" and not

producible. The Committee should seek expert opinion on what a "draft document" actually comprises, and enquire into whether such practices are continuing, or continuing covertly.

**Statement 3 from Alex McKinstry:**

Looking forward, the Committee's identification of recruitment, and "stewardship", as matters for further inquiry, is spot-on. (You'll see from paragraph 5.9.1 that the company was seeking yet more stewardship funding, this time from Homes England.) Less satisfactory was this Committee's discussion of the office premises - which skipped the assertion, in 5.5.14, that Drew Mellor "certainly" knew the director of the rent-receiving company thanks to a homeless hub project dating back to 2021. Likewise suboptimal was the Committee's discussion of bonuses, which ignored the pellucid public statement on this matter and was prefaced with the words, "We're all agreed that some reserved matters didn't have to go to full Council"! I was aware of no such antecedent concord. I regret, therefore, that in my view, the Committee reached entirely the wrong conclusions in these two serious matters of inquiry.

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

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

This was the third meeting to consider the draft Internal Audit investigation report on BCP FuturePlaces Ltd (FPL). The Committee had previously reviewed an initial part A report which covered scope areas 1 to 4 at a meeting on 24 September 2025. At its second meeting on 6 November 2025 the Committee had considered a report covering all areas (scope areas 1 to 8). The Chair explained that this meeting would pick up where it left off in November at the end of Scope Area 5.5, continuing to make comments and identify areas where clarification was needed and/or where further consideration may be required.

**Scope 5. Items requiring specific assurance (continued)**

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

- A Member questioned why the FPL Board agenda shown at 5.7.3 contained mostly verbal reports including the risk register. The HAMA explained that a typical agenda included more written reports than the example given with the risk register usually presented on screen.

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

- Members commented that the FPL's involvement with such groups was to be expected. It was noted that the list provided in the report was not meant to be exhaustive.
- A Member questioned whether FPL had undertaken wider community engagement. The HAMA referred to FPL's engagement with the local community on the Holes Bay scheme at 5.8.5 and advised that this was not an isolated example. The use of 'charettes' was also noted.

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

- The HAMA clarified that Bournemouth Development Company (BDC) did not pay FPL for its work on the Site 2 - BIC/Winter Gardens/ARC scheme. This work had been included in the FPL business plans approved by Cabinet. The Council had paid FPL for the work in progress as part of the closure settlement.

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

Additional Restriction Grant (ARG) 4 (Covid)

- While Members were able to disagree (and did) with FPL's application for the ARG and how the grant was used, the focus for the purpose of this investigation was around the process followed in awarding the grant.
- Members questioned the status of the BCP City Panel but were reminded that the decision maker in this case had been the Council.
- The HAMA advised that the Council had followed Government guidance and its own local scheme when awarding these grants.
- Members commented on similar examples in other councils where the use of ARGs had been questionable.
- It was noted that ARGs had been part of the then Government's attempt to kickstart the economy in what had been unique circumstances. ARGs were no longer in existence.

**Area for consideration: Whether councillor membership on award panels should be reviewed (although it is noted that Cllr Broadhead withdrew from the process in this case)**

Loan Interest calculation

- It was noted that the calculated loan interest in the 2022/23 financial year did not follow the wording in the loan agreement.
- Members were advised that there was a level of interpretation and ambiguity in the wording and that it was accepted in this case that the right interpretation hadn't been made at the time.
- Members noted that there had been no financial implications for Council in this case, however the Committee agreed that this needed to be addressed to ensure it didn't happen again.

**Area for consideration: Suggested recommendation to ensure the wording of loan agreements is more straightforward and easily understood by all parties and includes a definition of the term ‘execution date’.**

### **Scope 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.**

- Members expressed concern that the resource agreement and commissioning contract only ever existed in draft form.
- It was noted that as time went on more and more support services would have been provided by FPL not the Council but nothing concrete was in place. FPL and the Council had also disagreed on aspects of the commissioning contract.
- The HAMA commented that the Council as shareholder should have stepped in when it became clear agreement could not be reached and been more forceful in stipulating what went in the agreement / contract.
- Members’ comments included:
  - That initially, draft agreements may have been thought sufficient. This may have been due to setting up FPL at pace.
  - That the delay in finalising agreements seems to have led to increasing tensions between FPL and the Council.
  - That it was difficult to understand how it could have happened especially considering the amount of public money involved.
- Members also questioned the number of outline business cases (OBCs) which had been in draft form, although it was noted that this was not unusual for major work where review and input was required.
- Members were advised that just because a document was in draft form it did not necessarily mean that it was exempt from Freedom of Information (FOI) requests.
- Members were advised that service levels and standards between council services were agreed as part of their annual business plans.

**Area for consideration – Whether the Committee should ask questions/seek views of the relevant stakeholders on the impact of the resource agreement and commissioning contract remaining in draft**

**ACTION: Officers to seek clarification on the circumstances when draft documents are / are not exempt from FOI requests**

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

It was noted that this section provided factual analysis and insight only due to the HAMA being inherently conflicted. It was a matter for Committee to take a view or obtain an alternative view on the adequacy of the IA role.

6.4.5 – 6.4.10: Internal Audit work undertaken:

- Members asked about the degree of IA's involvement in FPL. The HAMA clarified that this had been stipulated by the Council in the resource agreement. As detailed in the report, this had equated to 21 days work over the lifespan of FPL, mainly as a service to the Council but also with some benefits for FPL.
- Members asked at what point IA became involved in FPL. The HAMA advised that FPL had always been factored into IA's risk assessment. The IA work undertaken was set out in this section of the report and had included a review of the adequacy and existence of relevant policies.
- Members commented on whether there should be a mechanism for more scrutiny during the initial set up of high risk projects.
- Members also commented that the natural role of audit was to be more backward looking.

6.4.11 – 6.4.13: Factors considered when making the judgement on whether specific audit coverage was required – risk based:

- Members noted that one of these factors was the short lifespan of FPL, meaning there was less audit area to carry out detailed assurance work,
- A Member questioned the level of oversight provided. The HAMA referred the committee to the lines of assurance in the Council's Assurance Framework - the first line being directors/managers, the second line which included the work of boards such as the FPL Board and other forms of assurance and the third line which was IA.
- Details of assurance from other sources were set out in the report. As an example Members were referred to section 5.7 which had provided further information about the FPL Board including the seniority of membership/attendance at meetings and the Board's oversight of the company and its activities during its lifespan.
- Members considered whether there should be more regular monitoring of progress by the Council for projects involving this level of investment. The Committee was advised that this point had already been addressed. Members were referred to Scope Area 8 (Lessons Learnt update) which set out details of the new shareholder governance arrangements.
- A Member commented that 'arms length' should not mean less oversight when public money was involved

**ACTION: Add to Forward Plan an update on the progress of shareholder governance arrangements and lessons learnt, following on from 2 October 2024 Cabinet update report on Council Owned Companies Shareholder Governance Review.**



**Scope 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.**

- The Chair referred to the different viewpoints and narratives of relevant stakeholders and the tensions involved.

**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.**

- Members noted that they had already discussed this in scope area 4.

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

- Members noted that they had already discussed this in scope area 4.
- Members' comments included that the closure of FPL had been a political decision, factors including the financial position of the Council at the time and with an awareness that some costs incurred by FPL on projects the Council then decided it would no longer prioritise or take forward would need to be written off.

**Scope 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.**

- A Member queried why some councillors were still company directors and noted that the Shareholder Advisory/Operations Boards were not listed as meeting this year.
- The Chief Executive gave an update on the work of the Shareholder Operations Board. The Board had met recently and was currently undertaking a review of all council owned companies. As soon as practicable the focus would then move onto the more member led Shareholder Advisory Board. Members were assured that the recommendation to no longer appoint councillors to company boards would be implemented.
- The Monitoring Officer advised that there was a formal process for updating arrangements and agreeing the appointment of directors to council owned companies. It was important to ensure this was done correctly in a considered manner rather than being rushed.
- A Member spoke of the need to be mindful of how and why some of the more historic entities such as BDC and Seascope had been set up, the need to recognise the different structures involved and the role of the committee in ensuring proper accountability and scrutiny of the process.

- A Member asked about the action plans to bring each company's arrangements in line with best practice. The Committee was assured that the lessons learnt for the Council would be taken forward, to ensure that in future the arrangements for governance and oversight were right and proportionate and properly considered. It was noted that specific arrangements may depend on the individual company and the element of risk. There was also a need to recognise the context, in terms of the current financial climate and the current Administration's approach.

**ACTION (already noted at 6.4): Add to Forward Plan an update on the progress of shareholder governance arrangements and lessons learnt, following 2 October 2024 Cabinet update report on Council Owned Companies Shareholder Governance Review.**

### Next steps

The Chair thanked the Head of Audit and Management Assurance for producing such a thorough and informative investigation report and for enabling the vast majority of content to be available in the public domain. She acknowledged the amount of work which the report had required of him. The Committee agreed that the report was an excellent piece of work for which he should be commended.

The Committee proceeded to discuss the next steps having completed its consideration of scope areas 1 to 8. The Committee did not yet feel in a position to finalise the report and adopt any recommendations until Members had the opportunity to ask written questions of relevant stakeholders involved in FuturePlaces. Members discussed the procedure for submitting questions through the Chair and the timescales for responding. It was noted that there was no obligation to reply. The Monitoring Officer commented on right to reply principles and the need to be aware of certain caveats, including a need to phrase questions with care. A Member asked about any requirements to publish responses. The Chair agreed to seek further advice on this so that the position could be confirmed with the relevant stakeholders. To ensure a consistent approach was followed, stakeholders who had already supplied previously submissions (some of which had been out of scope) would be included in the questioning process.

The HAMA advised that the majority of the scope sub questions listed in Appendix D had been answered in the report including all sub questions from the committee.

The HAMA clarified that his final recommendations were as set out in the report at Appendix C. Any further recommendations or comments were a matter for the Committee to progress. The Committee indicated that it was minded to accept in principle the recommendations at Appendix C but agreed to formally consider these and any further recommendations from Members at a future meeting as part of the final report together with any

information provided by relevant stakeholders in response to the committee's questions.

A Member commented on the need for residents to see that action would be taken if required.

The Chair acknowledged that there were differing views among Committee Members on the question of whether and when any external work would be required but she felt it was important to keep this option open.

**ACTIONS associated with next steps:**

- **Committee Members to send questions for relevant stakeholders involved in FuturePlaces to the Chair asap**
- **Chair to seek advice of the Monitoring Officer on the phrasing of questions and then arrange for final list to be circulated to Committee**
- **Issue written questions to the relevant stakeholders week ending 12 December 2025 and seek written responses by mid January 2026**
- **A final report to be presented to the Committee in early 2026, comprising a Forward from the Chair (a draft of which to be shared with the committee), the draft Internal Audit investigation report and a compilation of responses from relevant stakeholders**
- **Recommendations to be finalised and agreed by the Committee and referred to Cabinet and Council**

The meeting was adjourned between 7.50pm and 8.02pm

The meeting ended at 9.07 pm

CHAIR