BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL

AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 16 July 2026 at 6.00 pm

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

Present: Cllr S Bartlett, Cllr J Beesley, Cllr J Salmon, Cllr V Slade, Cllr M Tarling and Cllr T Trent

Also in attendance: Cllr M Phipps joined the meeting virtually

13. Apologies

The Chair advised that Cllr Phipps had sent her apologies for absence for attendance in person, however, would try to join virtually if possible.

14. Substitute Members

There were no substitute members on this occasion.

15. Declarations of Interests

Cllr Slade declared an interest as being the council leader during part of this process, but also as the former chair of Seascape Group until March of this year, which was talked about in the Governance of Council committees. Cllr Bartlett declared an interest as the previous Chair of the Overview and Scrutiny Board that scrutinised FuturePlaces reports. Cllr Tarling declared an interest as he had previously been interviewed by Future Places for a senior management role prior to being elected.

16. Public Issues

Public Issues in relation to Agenda Item 5: BCP FuturePlaces (FPL) Investigation Report – Final Summary

Questions from Mr Alexander McKinstry:

Question 1
Page 7, paragraph 8 of tonight's agenda pack notes that on 3 December 2025, this Committee resolved to send a series of written questions to FuturePlaces "stakeholders" in the week ending 12 December 2025, seeking responses by mid-January 2026. The following then appears in italics: "These dates were extended slightly in reality." Just out of interest, why were the dates extended, and what new dates were substituted?

Response:

Due to personal reasons, the Chair was unable to prepare and collate the stakeholder questions until early February 2026. Following consideration of appropriate wording of questions and ascertaining email addresses where possible, the questions were sent to stakeholders in April 2026. Some stakeholders were sent chasing emails in June 2026.

Question 2:
Can you provide a list of all stakeholders contacted for further information or clarification following the 3 December 2025 meeting, and clarify which stakeholders did not reply, or replied stating that they were unable or unwilling to assist with these enquiries? (I accept there was no obligation for any stakeholder to reply.) In addition, did former chair of FuturePlaces Philip Broadhead ever respond to the Chair's email sent sometime prior to 24 September 2025 (https://www.youtube.com/live/8-pK-1mJ_BQ?is=A0ydpeOm-gjRGVVr&t=45m4s), seeking his views on the scope of the investigation; and is there any likelihood of the abovementioned correspondence - questions and answers - being published, perhaps as a supplement if the FuturePlaces report ends up going to full Council?

Response:
Responses were sought from a range of former members, officers and Future Places representatives. Some former officers were unable to be contacted due to private data-sharing considerations. Some other stakeholders responded substantively, some declined to participate and some did not respond at all. The points raised in the responses have informed the Chair’s Foreword Statement.

The responses themselves are not being published because they contain material raising confidentiality, privacy and legal considerations. Some respondents specified the responses were in strictest confidence and they have replied to the Chair on this basis. Instead, relevant themes and perspectives have been reflected within the Chair’s Foreword.

The Chair did not receive a response from the email sent to former councillor Philip Broadhead to the email sent in August 2025.

Question 3
Revisiting the FuturePlaces report, I note that the then-Chief Executive, Graham Farrant, was asked about the recruitment of FuturePlaces' strategic engagement director, who was rumoured to know Drew Mellor - this is at 3 1 29 of the report - yet no questions seem to have been put to him about the recruitment of the managing director, a far more controversial matter in which he, Mr Farrant, was directly involved. This despite the fact that the "make it safe for scrutiny" email was disclosed in an FOI response of 16 May 2025; and that I read out said email at a meeting of this Committee, with the Head of Audit and Graham Farrant both present, on 29 May 2025. Graham Farrant did not retire until August 2025. Why was he asked about the recruitment of the strategic engagement director, but not the appointment of the managing director?

Response:
The then-Chief Executive was asked about the recruitment and appointment of the managing director and replies and comments are incorporated into the investigation report in section 3.1.

Questions from Mr Ian Redman:

Question 1:
The Cabinet reports of October 2021 and June 2022 described a comprehensive governance framework for FuturePlaces, including Commissioning Team oversight, Gateway approvals, shareholder controls, regular financial monitoring and audit assurance. The findings of this investigation suggest that the reality differed significantly from those arrangements. At what point did senior officers become aware that the governance framework approved by Cabinet was not operating as intended, who was responsible for ensuring those arrangements were implemented, and why was Cabinet not advised that the approved governance model was not being followed before substantial public funds had been committed?

Response:
The preamble to this question gives the questioner's own summary and not the conclusion of the report. The report and associated evidence shows that the situation was more complex and, in fact, an evolving one, as Future Places was being established.

There were many references in the Cabinet papers and other governance documents setting out that the arrangements were expected to evolve as Future Places was established. Indeed, the BCP Council funding model for Future Places changed in July 2022.

Further, this expectation of evolving arrangements was referred to in the Audit & Governance Committee meeting of 10th March 2022. The following excerpt from the minutes states:

"There was a recognition that 'FuturePlaces' was still in its early stages of development particularly within the area of the Business Planning process and in the realm of establishing robust governance arrangements and that, as work progressed, the Committee would therefore be likely to require some greater clarity in some areas."

"In conclusion, the Chairman of the Committee referred to the Committee's ambition to understand the arrangements for governance being established as 'FuturePlaces' evolved and to test those governance arrangements as the Company became fully operational and thereafter on an ongoing basis."

Section 3.2 of the investigation report responded to the scope question posed namely, "Consider the adequacy of the governance arrangements put in place by the Council for the operation of BCP Futureplaces Ltd".

This section of the report identifies some governance weaknesses such as the failure to agree certain governance documents and the view of the commissioning team representative that the scope for initially agreed schemes were being extended or changed but not via the officer team. The report goes on to identify when these issues were escalated and who with.

The shareholder representative and the Commissioning Team on the Council client side, and the Managing Director and FPL Board on the company side, was responsible for ensuring the governance arrangements were implemented. Other than the mechanisms referred to above, the investigation did not identify any formal escalation to Cabinet.

It is worth noting that the Leader and Deputy Leader of the Council were Board members of Future Places, and the Deputy Leader was Chair up until the point that Lord Kerslake became Chair in October 2022.

Question 2:
The FuturePlaces investigation concluded that there were significant weaknesses in governance, financial oversight, procurement and shareholder assurance. Looking back, what specific actions, within their respective statutory and professional responsibilities, should the Chief Executive, Section 151 Officer, Monitoring Officer and Head of Internal Audit reasonably have been expected to take to prevent or significantly reduce the losses? In each case, how does that compare with what was actually done at the time, and what changes have since been implemented to ensure those responsibilities are discharged more effectively in future?

Response:
The questioner's opening contextual summary is noted as his personal conclusions, they are not the conclusions drawn by the investigation report. It is not the case, for example, that the investigation concluded that there were significant weaknesses in financial oversight.

There are a few areas where Committee members have expressed a view that different actions should or could have been taken by officers. For example, the Committee expressed a view that the recruitment process for the Future Places Managing Director should have been an open and rigorous one. However, what specific actions should have been taken by officers at the time is a subjective question. The report did not determine that any of the statutory officers had failed to provide appropriate advice and guidance, or that they had not fulfilled their duties. Officers have to adhere to their responsibilities but also must not obstruct the will of an elected administration. If the processes are open to interpretation, officers' ability to challenge is limited.

The outcome of this investigation is to make specific recommendations to Council that the Committee believes will strengthen Council processes and procedures for the future.

Regarding the reference to reducing “losses”, it is not clear what losses are referred to. The value to BCP Council of the work produced by Future Places is not something statutory officers had a direct ability to control.

Question 3:
At the Audit & Governance Committee meeting on 10 March 2022, the Head of Audit & Management Assurance advised that BCP FuturePlaces had been incorporated into Internal Audit's audit programme. He explained that Internal Audit was developing a "trusted adviser relationship" that was "not just about retrospective look back", but would proactively support officers on matters where they "might not be conversant with what's required", including "things like financial regs". He further advised the Committee that there were no issues requiring its attention.
Given the investigation's findings of significant weaknesses in governance, financial oversight, procurement and shareholder assurance, what assurance and advisory work had Internal Audit actually undertaken by March 2022, how active was this "trusted adviser relationship" throughout the lifetime of FuturePlaces, and why were those issues not identified or reported to the Committee at that time?

Response:
The questioner’s summary of the investigation’s findings are his own and are not the conclusions drawn from the investigation’s report. The quotes provided from the Audit & Governance Committee meeting of 10 March 2022 are also not entirely accurate.

It is also relevant to state the minutes of the conclusion of that meeting in full:
In conclusion, the Chairman of the Committee referred to the Committee’s ambition to understand the arrangements for governance being established as ‘FuturePlaces’ evolved and to test those governance arrangements as the Company became fully operational and thereafter on an ongoing basis.

It was agreed that, in consultation with the Chairman and Vice-Chairman of the Committee, a document be prepared by ‘FuturePlaces’ taking account of the issues raised at the meeting in order to enable issues and concerns to be addressed by the Committee over time and, if necessary, identify areas where further clarity might be required. This would also be an opportunity to create a record of what had been covered as a baseline for future monitoring and allow the Company to work through and develop its governance arrangements.

The minutes of the subsequent meeting on 17 March 2022 states:
It was also noted that follow-up action identified by the Committee at its previous meeting relating to ‘BCP FuturePlaces’ was underway with, initially, the outcome of an update on that work going to the Chairman and Vice-Chairman of the Committee. The Chairman confirmed that if there were any further issues arising from the update which required further report to the Committee, an item would be added to the agenda for a future meeting as appropriate.”

The investigation report, at section 6.4, responds to the scope question "Consider the adequacy of the role of the Council's Internal Audit team". This section of the report details the work undertaken and the reporting to the A&G Committee.

PUBLIC STATEMENTS

Statements from Mr Ian Redman:

Statement 1:

Cabinet approved the establishment of FuturePlaces on the basis of a detailed governance framework, including shareholder oversight, Commissioning Team scrutiny, Gateway approvals, financial monitoring and regular assurance. On the basis of the public record, Members were entitled to expect those arrangements would be implemented. However, the subsequent investigation concluded that significant elements of the approved framework were either ineffective or not operating in practice. The report does not establish when the arrangements operating in practice diverged from those approved by Cabinet, who first became aware of that divergence, who was responsible for ensuring the approved arrangements were implemented, or why Members were not informed before further public funds and liabilities were committed. Without establishing that chronology and accountability, Members cannot be assured that Cabinet decisions are implemented as approved or that similar governance failures will be identified and escalated before substantial public funds are placed at risk.

Statement 2:

The investigation acknowledges that BCP Council cannot locate the Procurement Decision Record (PDR) for the £18,500 Smart Growth Associates purchase order and accepts that this may represent a breach of Financial Regulations. However, the obvious follow-up enquiries appear limited. In a normal local authority control environment, procurement approvals, invoice authorisations, finance system audit trails, emails and evidence that work was completed would ordinarily provide an audit trail, even where one document is missing. Yet the investigation also concluded it could not establish how or why Smart Growth Associates were selected, despite Gail Mayhew's documented participation in a recorded Holes Bay regeneration meeting in January 2021 attended by Graham Farrant and Adam Richens. The Chair's Foreword also acknowledges that members of the public, through Freedom of Information requests, identified relevant evidence that supported the Committee's work. Taken together, these omissions suggest that further relevant Council records may remain unidentified.

Statements from Mr McKinstry:

Statement 1:

The FuturePlaces report should have been commissioned at least two years ago. I was bitterly disappointed when Vikki Slade told this Committee, 11 January 2024, "We did have a discussion ... about whether to hold a formal investigation ... [But] what purpose would it have served?" At that point, two figures were still in public office who could have facilitated that investigation immeasurably. There may have been good reasons, for instance, why Graham Farrant approved of Drew Mellor sitting on a three-strong interview panel, having already promised the job to the sole candidate. Others have resisted or downplayed this investigation - "Good money after bad," "No smoking gun here," "90% of lessons have been learned" - so I'd like to thank those members who consistently supported it. The result is a 190-page report with 18 governance recommendations, so it turns out there was something to see here after all.

Statement 2

Regarding the Chair's foreword: I couldn't have bettered it, and my only gripe relates to paragraph 53 and the appointment of the managing director. While the monitoring officer did not formally intervene in that process, that alone doesn't convince me that the process was "not unlawful" and it's regrettable that a legal opinion hasn't been provided on this matter, despite being requested by Cllr Phipps at the 24 September 2025 meeting. Absent any legal opinion, I wonder if the Committee might consider approaching Dorset Police to establish whether there is a case to progress here - as was done with the "cleaning for votes" affair (see Standards Committee papers, 28 February 2023, item 7). That may sound alarmist, but the appointment process has been publicly described as "predetermined", "fixed", "reverse-engineered", "premeditated" (the BBC), "staggering", and "absolutely dreadful" - so an escalation shouldn't be surprising.

Statement 3

Part 5.5 of the FuturePlaces report describes Drew Mellor's involvement in the decision to source office space for the URC; the subsequent letting of premises in Exeter Park Road, whose *de facto* landlord was acquainted with Cllr Mellor; and Drew Mellor's acquisition of the rent-collecting company nine months down the line. The Chair notes (paragraph 108) that the investigation has not explored the relationships between Drew Mellor, the landlord, and the respective companies, nor any negotiations between them, and this is a striking omission, given the large number of public concerns raised about this matter which you can see in red ink on pages 177 and 178. All I'll say is that it's a shame that this part of the investigation was scoped so narrowly, as it stands out against the rest of the report, which is otherwise unsparing in its research and sedulous in its analysis.

17. <u>BCP FuturePlaces (FPL) Investigation Report - Final Summary</u>

The Head of Audit and Management Assurance (HAMA) and Chair of the Committee 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 was a summary of the BCP FuturePlaces Ltd (FPL) investigation process initiated by the Audit & Governance (A&G) Committee. The A&G committee agreed a scope and then considered the findings of a detailed investigation led by Internal Audit. The Committee considered the investigation report over three public meetings. One non-public financial focused briefing also took place. The Committee, via the Chairperson, asked a series of follow up bespoke questions to seek the perspectives from several relevant stakeholders. The Committee agreed that the Chairperson would write a foreword statement to summarise the investigation and provide an overview of what the Committee considered, including the perspectives of stakeholders, drawing the investigation to a conclusion.

The Chair thanked the HAMA for all his work in pulling the recommendations together and advised the Committee that she hoped her foreword, whilst it may not express the views of all Committee Members, adequately addressed the main themes which had been considered during the Committee's meetings regarding FuturePlaces.

The Committee considered the Future Places report and acknowledged it as a thorough piece of work, with discussion focusing on the need for clearer accountability, stronger actions arising from the findings, and consideration of wider lessons for the Council's long-term approach to regeneration.

Members discussed the strategic context of regeneration activity over a number of years, noting concerns about changing delivery models, the cost of unsuccessful projects, the need for a clear and consistent regeneration strategy, and the importance of maintaining cross-party support for major regeneration schemes over successive administrations.

It was suggested that the wider lessons from the investigation should be reflected in the minutes and considered through future work relating to regeneration, although views differed on whether these issues should form part of the report's recommendations.

Discussion took place regarding the Chair's foreword to the report, with comments made about the interpretation of evidence received, the treatment of stakeholder responses, and whether factual inaccuracies or omissions may exist within the foreword.

A member advised that they had received correspondence from former stakeholders raising concerns about aspects of the foreword and sought to raise these matters during the meeting. Members discussed the appropriateness of introducing this information at this late stage of the process.

The Monitoring Officer advised that it was a matter for the Committee to determine what information it wished to consider, although legal advice could be provided regarding any issues of privilege or defamation if required.

Members expressed differing views on the handling of the additional correspondence, with some emphasising the importance of correcting factual inaccuracies and others highlighting concerns about the late presentation of evidence and the need for proper process.

Following further discussion, the Chair proposed a short adjournment to allow the correspondence referenced to be considered by her before the Committee resumed its consideration of the matter.

The Committee adjourned at 7:17pm and returned to session at 7:33pm.

The Committee resumed following the adjournment and the Chair reported that the information shared regarding alleged inaccuracies in the foreword had been reviewed. The Chair concluded that the matters raised reflected differences of opinion and emphasis rather than factual inaccuracies, although a clarification was provided regarding references to Mr Beavers and Smart Growth Associates. It was Mr Beever's assertion that he had never been formally associated or employed by Smart Growth Associates and the Local Government Association, Councillors Forum Report, available on their website, suggesting he may be assicated or employed was incorrect. The Chair was happy to accept Mr Beevers clarification as fact.

The Committee then considered proposed additional recommendations arising from the investigation. A proposal was made for a statement of accountability to accompany the report to provide a concise summary of responsibility and key findings for the public.

The Monitoring Officer reminded members that the investigation had not made findings of wrongdoing against any individual and that it was not the role of the Committee to do so.

Members discussed accountability for the Future Places arrangements, with differing views expressed on the extent to which responsibility should be attributed to individuals, senior leadership, governance structures, or the wider system of decision-making that was in place at the time.

It was highlighted that the Committee agreed scope focused on the adequacy or not of governance and lessons learned rather than attributing blame, and it was noted that the investigation had been deliberately scoped to review processes rather than individual conduct.

Following discussion, the proposal for a separate accountability statement was not seconded and therefore withdrawn.

The Committee agreed to proceed by considering the report recommendations individually, with any proposals for additional recommendations or amendments to be discussed alongside the relevant recommendation rather than separate motions.

Recommendation 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)
the Council should pick a grade or £ salary banding to define senior, say above £75,000?

Recommendation 2:
Company executive directors should be selected using the same selection/interview process adopted for Council Corporate Directors

The Chair was supportive of the Recommendations however advised that a Committee Member had proposed a motion as follows:

a. *Recommendations 1 and 2 shall be replaced with a requirement that every executive-director position, chief-officer-equivalent position, or Council-controlled company role with potential total remuneration of £75,000 or more:*
- *is publicly advertised for at least 15 working days;*
- *follows the Council's Corporate Director recruitment and due-diligence process;*
- *uses a role description, person specification and scoring framework agreed before any candidate is approached;*
- *includes professional HR participation and at least one genuinely independent panel member;*
- *requires panel members and candidates to declare all relevant personal, professional, commercial and political relationships;*
- *requires references, employment-history checks and verification of qualifications before an unconditional offer;*
- *retains a complete written recruitment audit trail; and*
- *is not preceded by any offer, assurance, negotiation of terms or indication that a candidate has already been selected.*

b. No Leader, Deputy Leader, portfolio holder or company director shall constitute a majority of the panel appointing a senior executive to a Council-controlled company.

c. Any exceptional departure from these requirements must be approved in advance by Full Council.

In response to the recommendations, members supported following the Council's existing recruitment processes rather than specifying salary thresholds or remuneration levels, noting that such measures could quickly become outdated and may not accurately reflect total remuneration.

It was suggested that scrutiny should instead focus on reviewing the Council's HR recruitment policies to ensure they provide sufficient oversight and capture all relevant requirements.

Members also noted that some recommendations appeared to reflect previous governance arrangements rather than the Council's intended future operating model. It was clarified by the HAMA that the salary threshold included in the recommendation had been intended as an illustrative example rather than a fixed figure. Members agreed that the key requirement was to ensure the Council's established senior staff recruitment policies were applied consistently, as this would provide a robust recruitment process and avoided the need to create separate arrangements for council-owned companies.

In response to clarification from the Chair, it was confirmed that the motion did not have a secondar and therefore did not progress although the Chair highlighted the importance of the Committee having drawn out the discussion.

The recruitment process for Council Corporate Directors was discussed further with a Committee Member highlighting that the process involved multiple panels and not just one decision making panel.

Following further discussion, it was felt that a briefing be arranged on the recruitment process of corporate directors, including the various interview panels to understand policies and ensure it would be applicable and appropriate for Council owned company director recruitment. **ADD TO ACTION TRACKER.**

Recommendation 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.

In response to a query, it was clarified that a Councillor who was also a Company Director could never exclude themselves from responsibilities of the company director role and must therefore exclude themselves from their Council responsibilities when the Council votes on matter pertaining to the company of which they were a director.

Recommendation 4:
For all existing Council companies ensure that the required/approved/agreed governance documents are actually in place and up-to-date.

The Chair highlighted the planned briefing in September on council owned companies.

In response to some discussion, the HAMA clarified that he was trying to distinguish between existing and new Council companies with

Recommendations 4 and 5 and that the Committee would want reassurances that existing Council owned companies had all the relevant governance documentation in place.

Recommendation 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.

The Committee discussed the recommendation in the context of governance arrangements for new council-owned companies. It was recognised that governance documents for existing companies should be reviewed to ensure they were up to date, while for new companies the focus should be on ensuring appropriate governance arrangements were established at the right stage of development.

Members expressed concern that imposing a fixed timescale, such as six months from incorporation, could be either too restrictive or too flexible depending on the nature of the company and its activities. Discussion therefore focused on linking governance requirements to business case approval, operational activity and funding commitments rather than a specific timeframe.

The Chair noted that some initial funding may be necessary to recruit staff and develop governance documents but considered that greater clarity was needed regarding what activity could take place before governance arrangements were fully agreed.

The Monitoring Officer suggested that existing shareholder governance structures could play a role in considering proposals for new companies before they progressed to Cabinet or Council as an additional safeguard. Post meeting note – this was not discussed again during the meeting.

Following further discussion around the recommendation and how to safeguard the Council and its interests, the Committee decided it wanted to add its own additional recommendation, and it was Proposed, Seconded and agreed by the Committee to add an additional Recommendation as follows:

Recommendation 5a:
The business case for any future Council owned company must set out what activity may take place in advance of governance documents being agreed and in advance of contractual arrangements and substantive funding commitments being made by the Council.

The Chair took Recommendations 6 and 7 together as follows:

Recommendation 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).

Recommendation 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.

The HAMA confirmed that these recommendations had been proposed to mitigate possible 'mission or scope creep'. The Committee agreed to these recommendations and had no queries or additions.

Recommendation 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).

The Committee discussed the importance of demonstrating the Council's control over its Teckal companies and ensuring that governance arrangements clearly reflected the Council's ability to exercise decisive control.

It was noted that while some council policies may not always be proportionate or appropriate for smaller company structures, any departure from council policies should remain a matter for the Council to decide rather than the company itself.

Members expressed concern that the original wording could be interpreted as allowing company boards to determine whether council policies would apply. The discussion emphasised the need for clarity, transparency and accountability, with members agreeing that any variation from council policies should be explicitly approved by the Council.

Following some discussion about potential ambiguity of the recommendation, it was Proposed, Seconded and agreed to propose an amendment to the recommendation as follows:

Recommendation 8a:
As a matter of formal Policy the Council should determine whether, to evidence the Teckal decisive control test, council Teckal companies will follow all Council policies (unless explicitly agreed with the Council)

Recommendation 9:
Publish (public reports) all BCP Council Teckal company Business Plans and financial information including budgets and financial outturn.

A Committee Member expressed concern about reports being published in a timely manner and there was some discussion over setting a timescale for this recommendation.

Members also considered the publication and reporting of company business plans and financial information, highlighting the importance of regular oversight and public transparency regarding the performance of council-owned companies.

In response to a query, the interim Chief Financial Officer confirmed that financial information of Council Teckal companies was not currently included in the statement of accounts but could be considered as an addition should the Committee request it.

The Monitoring Officer advised that the Constitution already required the Shareholder Advisory Board to receive annual reports and accounts from council-owned companies, together with performance monitoring reports at least twice yearly. It was suggested that, rather than creating additional governance arrangements, a practical approach would be for the Audit and Governance Committee to receive regular reports from the shareholder representative or their delegate.

Members noted that the existing shareholder governance structures had been established to address governance concerns and that reporting to Audit and Governance could provide additional transparency and accountability. It was further suggested that the shareholder representative should be accountable for receiving the required reports and, where reports had not been received, provide an explanation for the Committee. The Chair agreed it was important to have a link with the shareholder representative but felt that was a separate issue to the proposed recommendation.

It was Proposed, Seconded and agreed by the Committee to suggest an additional Recommendation as follows:

Recommendation 9a:
That the Audit & Governance Committee receive an annual report on the business plans, financial information, including budget and financial outturns of all BCP Council owned Teckal companies.

Recommendation 10:
Full P&L accounts should be filed/delivered to the registrar (Companies House) to enhance transparency and public understanding.

It was highlighted by a Committee Member that this was now a mandatory requirement, however it was clarified that it was not at the time of writing this recommendation. The Chair confirmed she was happy for it to be included as it was part of the findings of the investigation.

Recommendation 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.

A Committee Member requested an addition of bonus or other incentive payment scheme to be clearer in the recommendation. The HAMA clarified that the Council should determine what the actual scheme should be.

The Chair stressed that it needed to be clear that it was the bonus pay scheme/structure itself which needed to be agreed by the Shareholder Advisory Board and then full Council, not the principle.

Recommendation 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.

The HAMA confirmed that this recommendation would mean there would not be any ambiguity on what needs to go to Ful Council as it would decide what reserve matters should be approved by Council at onset.

Recommendation 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).

A Committee Member put forward a proposed amendment which was read out by the Chair but not Seconded at the time and therefore not progressed.

The Committee discussed whether declarations of interest for Directors and individuals involved in council-owned Teckal companies should be strengthened in response to concerns arising from the Future Places review.

It was noted that existing Council officer declaration processes already required interests to be declared in accordance with an established framework, with declarations reviewed by the Monitoring Officer and relevant officers.

Members considered whether additional categories of interests should be disclosed, including ongoing negotiations capable of creating future financial interests, but concerns were raised regarding proportionality, practicality and consistency with existing legal and governance frameworks.

The Committee agreed that a more appropriate approach would be to align declaration requirements for Teckal companies with the Council's existing declarations of interest regime, ensuring a consistent standard applied across those acting on behalf of council-owned companies.

Members also discussed wider issues relating to the disclosure of interests, perceived conflicts of interest and the limitations of the current standards regime where individuals have left office and supported raising these matters through the appropriate standards channels and the Local Government Association.

It was Proposed, Seconded and agreed that the Committee requested the Chair write formally to Standards Committee requesting that consideration be given to the treatment of ongoing negotiations capable of creating future financial interests and the arrangement for addressing potential standards concerns after individuals have left office, with a view to informing wider discussions through the Local Government Association. **ADD TO ACTION TRACKER.**

Following further discussion regarding the most appropriate wording, it was Proposed, Seconded and agreed by the Committee to propose an amendment to Recommendation 13 as follows:

Recommendation 13a:
Council-owned Teckal companies must ensure that all employees and individuals otherwise engaged by the company must adhere to the BCP Council declarations of interest policy.

Recommendation 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.

In response to a comment, it was highlighted that, where an exception to the general requirement was sought, this should be subject to consideration and approval by the Shareholder Advisory Board and then Full Council.

Recommendation 15:
Any Shareholder Agreement, should formally define the role of the shareholder representative.

A Committee Member proposed the addition of the word 'responsibilities' within the Recommendation to be more explicit.

It was therefore Proposed, Seconded and agreed by the Committee to propose an amendment as follows:

Recommendation 15a:
Any Shareholder Agreement, should formally define the role and responsibilities of the shareholder representative.

Recommendation 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.
It was Proposed, Seconded and agreed by the Committee to propose an amendment to the recommendation by removing 'should consider whether' and inserting 'must ensure', therefore:

Recommendation 16a:
The Council must ensure 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.

Recommendation 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.

The Committee discussed the position regarding Councillors serving as directors of council-owned companies and noted that the Council's agreed position was that Councillors should not normally be appointed to company boards.

The Monitoring Officer advised that there was no plan to terminate all Councillors as company directors, because the will of Council at the time this decision was made was that they would not normally be appointed to boards as Company Directors. It was recognised that further clarification was required on the meaning of "not normally" and the practical application of that approach and it was noted that this was being considered further by the Shareholder Advisory Board.

Committee Members agreed that the recommendation should be revised to focus on the role of Councillors as company directors rather than requiring their removal.

It was also agreed that the Shareholder Advisory Board should continue its work reviewing governance arrangements and that the issue should be revisited following the planned briefing on council-owned companies.

The Committee Members further requested that the matter of Councillors as Company Directors be added to the action tracker for future consideration and potential recommendations to Council following the briefing on Council owned companies in September. **ADD TO ACTION TRACKER**.

Following further discussion, it was agreed to propose an amended Recommendation 17 as follows:

Recommendation 17a:
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 role of councillors as company directors.

Recommendation 18:
Shareholder Advisory Board and Shareholder Operations Board meetings (x3 per year, minimum) to be added to the corporate calendar.

The Committee had no discussion on this Recommendation.

A Committee Member highlighted that he still had motions he wished to be considered by the Committee. The Committee discussed a proposed motion to write to local MPs, the Secretary of State, the relevant Parliamentary Select Committee and the Local Government Association to highlight the findings of the review and seek consideration of any wider legislative or governance implications. While members supported ensuring that lessons learned were shared, concerns were raised that the proposal was overly prescriptive and could have unintended reputational consequences.

The Committee continued to discuss proposals for further external engagement, including briefing local MPs on the findings of the review and any potential legislative implications. It was agreed that MPs should be kept informed of the issues raised, while recognising that any changes to legislation would be a matter for Parliament and Government. Members were advised that any future consideration of additional actions would require further advice and discussion outside the scope of the current investigation. **ADD TO ACTION TRACKER**.

Members noted that the governance issues identified were already recognised nationally and that the Committee's recommendations, together with engagement through existing channels, were likely to be a more proportionate approach.

Members also sought assurance regarding implementation of the agreed recommendations and were advised that progress would be monitored through the existing Audit and Governance follow-up process, with lead officers required to report back on any delays in implementation.

A Committee Member withdrew his final motion which was not discussed in the Committee as the Monitoring Officer advised that if it was to be discussed, it would need to be in an exempt session. The Chair concluded by advising there would be a separate discussion with Officers to consider any next steps.

Members agreed to note the Chair's foreword statement and the internal audit investigation findings, recommend the 18 recommendations subject to any amendments proposed and additional recommendations agreed by the Committee to Council, and to conclude the Audit and Governance Committee's investigation.

One member abstained from the vote, noting support for the substantive work undertaken whilst expressing reservations about part of the composite recommendation.

RESOLVED that the Audit & Governance Committee:

1. **Notes the Chair's forward statement, set out in Appendix 1, which pulls together a 'wraparound' overview of what the Committee has considered through the investigation.**
2. **Notes the Internal Audit led investigation findings report for scope areas 1 to 8, set out in Appendix 2.**
3. **Recommends to Council, the 18 recommendations, made within the Internal Audit led investigation report and adds any other recommendations that may result from perspectives received from stakeholders.**
4. **Agrees the investigation process initiated by the A&G Committee is concluded.**

Voting: For 7, Abstention 1

The meeting ended at 10.07 pm

CHAIR