

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 30 May 2024 at 6.00 pm

Present:-

Cllr M Andrews – Chair

Cllr E Connolly – Vice-Chair

Present: Cllr C Adams (In place of Cllr J Beesley), Cllr S Armstrong,
Cllr R Herrett, Cllr L Northover (In place of Cllr B Castle),
Cllr M Phipps, Cllr M Tarling, Cllr C Weight, Samantha Acton and
Lindy Jansen-VanVuuren

1. Apologies

Apologies were received from Cllr J Beesley and Cllr B Castle.

Apologies were also received the Leader of the Council, Cllr V Slade, and the Portfolio Holder for Finance, Cllr M Cox.

2. Substitute Members

Notification was received of the following substitute members for this meeting: Cllr C Adams for Cllr J Beesley and Cllr L Northover for Cllr B Castle.

3. Election of Chair

The Vice-Chair took the chair to preside over this item and sought nominations for the election of Chair. A nomination was received and seconded for Cllr M Andrews. No further nominations were received.

RESOLVED that Cllr M Andrews be elected as Chair of the Audit and Governance Committee for the Municipal Year 2024/25.

4. Election of Vice Chair

The Chair sought nominations for the election of Vice Chair. A nomination was received and seconded for Cllr E Connolly. No further nominations were received.

RESOLVED that Cllr E Connolly be elected as Vice Chair of the Audit and Governance Committee for the Municipal Year 2024/25.

5. Declarations of Interests

During the agenda item on 'Arrangements for the use of Consultants & Interim staffing' Cllr M Tarling declared for transparency that he worked for Mace, a company which provided architectural quantity surveying and other

professional advice to local authorities (though not in that office) and a direct competitor to WSP UK Ltd, a company referenced in the powerpoint presentation.

6. Confirmation of Minutes

The minutes of the meeting held on 11 April 2024 were confirmed as a correct record for the Chair to sign.

7. Public Issues

The Committee was advised of the receipt of four public questions and five public statements, as follows:

Public Questions from Mr Alex McKinstry (on Agenda Items 9 & 10)

Question 1.

Further to Item 9, the audit plan: can you confirm when the Council's draft accounts for 2023-4 (and accounting records) will be made available for inspection by "interested persons", pursuant to the provisions of Section 26 of the Local Audit and Accountability Act 2014? Moreover, in the run-up to the inspection period, could officers possibly consider the following:

- (i) providing a link to the NAO guidance, "Local Authority Accounts: a Guide to Your Rights", within the statutory notice;
- (ii) improving the timeliness of responses. I requested five items of account during the 2023 inspection period, but these only arrived after the deadline for raising queries or objections. (The statutory window is very tight, i.e. 30 working days.) I requested nine items of account during the 2022 inspection period but none of these documents were ever received or made available.

Response:

The statutory deadline to produce the draft 2023/24 accounts is the 31st May 2024. Alongside the publishing of the draft accounts the public inspection notice will be added to the council's website and the inspection period will be open from the 1 June to 12 July 2024. If the draft accounts are delayed the public inspection period will open the day after the draft accounts are published. We will consider adding the link to the National audit office guidance in the public inspection notice. The finance team will look to respond as timely as possible to requests but noting some requests take a significant amount of time to satisfy. The team will look into any requests which are believed to be outstanding from Mr McKinstry.

Question 2.

The report for Item 10 states (paragraph 1.8) that during 2022, seasonal food and beverage outlets along the beach - "pop-ups", as they became known - were given an informal green light by the planning directorate, "with the expectation that formal applications would be forthcoming". As far as I can make out however, it wasn't until October that year that outline applications were made for three "seasonal outdoor events spaces" along the seafront, each of which was in fact turned down. Can you confirm, then, whether any of BCP's seafront pop-up facilities operated with formal

planning permission during the summer of 2022, or indeed (with the exception of the West Beach dining area) the summer of 2023?

Response:

As mentioned in the report in paragraph 1.8, advice was received from the planning department that the temporary activities proposed along the BCP seafront area for 2022 were agreed with in principle, with the expectation that planning applications would be submitted. For 2023, the advice received from the planning department, as mentioned in paragraph 1.9, was that operations were acceptable provided planning applications were submitted and registered. In relation to the specific question of whether any of BCP's seafront pop-up facilities operated with formal planning permission during the summer of 2022, or the summer of 2023, I can advise that neither the one BCP Council temporary offer in 2022 or the two BCP Council temporary offers in 2023, operated with formal planning permission.

Public Questions from Mr Philip Gatrell on Agenda Item 8

Question 1.

The external auditor's draft Audit Findings Report for 2021/22 was presented to this regulatory Committee on 30 November 2023.

Report page 22 notes unspecified "assets" disposals recorded in the 2021/22 draft Statement of Accounts - presumably regarding "Long-Term Assets" - "had been disposed of in prior years but not accounted for in the year they were disposed in". Will a Finance Officer provide this meeting with the following information for each such asset item identified by the external auditor –

- Description.
- Financial year of actual disposal.
- Financial year any proceeds received.
- Where applicable the designation as a Bournemouth, Christchurch or Poole asset.
- Whether classified in the revised 2021/22 Accounts as a "Derecognition - Disposals" or "Derecognition - Other" or otherwise.
- Original acquisition cost or valuation, accumulated depreciation etc and net book value on disposal.
- Amount of any proceeds and
- Resultant loss or gain and to which specific ledger account that amount is now debited or credited.

Response:

There are two asset which were identified.

Asset 1

- Description. A338 - Wessex Fields Link Land
- Financial year of actual disposal. 2020/21
- Financial year any proceeds received. 2020/21
- Where applicable the designation as a Bournemouth, Christchurch or Poole asset. Bournemouth

- Whether classified in the revised 2021/22 Accounts as a "Derecognition - Disposals" or "Derecognition - Other" or otherwise. Derecognition - Disposals
- Original acquisition cost or valuation, accumulated depreciation etc and net book value on disposal. Original Cost - £2,352,000 Revised Valuation 2,935,000. No depreciation as land.
- Amount of any proceeds and £3,375,000
- Resultant loss or gain and to which specific ledger account that amount is now debited or credited. Other operating income and expenditure

Asset 2

- Description. Bournemouth Community Centre Community Arts
 - Financial year of actual disposal. 2020/21
 - Financial year any proceeds received. 2020/21
 - Where applicable the designation as a Bournemouth, Christchurch or Poole asset. Bournemouth
 - Whether classified in the revised 2021/22 Accounts as a "Derecognition - Disposals" or "Derecognition - Other" or otherwise. Derecognition - Disposals
 - Original acquisition cost or valuation, accumulated depreciation etc and net book value on disposal. Revalued figure was £290,000 with £3,590 in depreciation £286,410. Historic cost £129,775
 - Amount of any proceeds and £49,500
- Resultant loss or gain and to which specific ledger account that amount is now debited or credited. Other operating income and expenditure

Question 2

My two public statements to this Committee on 11th April 2024 are reproduced in the minutes but are not formatted as submitted; thus rendering them practically incomprehensible. Regarding the first of those previous statements -

- The identified £722,000 discrepancy regarding the 2021/22 draft Accounts is included on page 45 of the external auditor's adjustments dated 21st May 2024 presented to this meeting; although not shown in the previous draft Audit Findings Report presented on 30th November 2023.
- In the absence of mention in the auditor's Findings, will the Director of Finance - or their Deputy - explain the cause and its effect in monetary amount on each specified 2021/22 ledger account regarding the identified prior year discrepancy of £2,305,339 relating to 2020/21 adjusted in 2021/22?
- Assuming external auditor's consent will the Director or Deputy amend the published 2022/23 draft Accounts note by inserting "As Restated" over the 2021/22 comparative column and correcting the identified two 2021/22 comparative addition errors?

Response:

We are unable to decipher the actual question being asked and where the figure of £2,305,339 appears. We have no plans to adjust the draft 2022/23 accounts at this time.

Statement from Mr Philip Gatrell on Agenda Items 8 and 9

Local Audit and Accountability Act 2014 and registered Local Government electors' rights regarding Council Annual Draft Accounts:

Subsection 26(1) –

During an external audit anyone may inspect the relevant accounting records and documents and make copies.

26(2) - The auditor must give local electors or their representatives opportunity to question auditor about the accounting records.

Section 27 - Local electors can object to auditor regarding certain matters.

Accounts and Audit Regulations 2015: Information must be made available "on reasonable notice at all reasonable times" under Regulation 14 and within the public inspection period of Regulation 15. Thus ensuring the auditor's response to electors.

Despite the 2021 "Moss" case decision, there are Officer failures to provide information in time or at all. Information requests therefore require submission as soon as possible, with Officer commitment to timescale fulfilment on Council premises or electronically. Thereby avoiding local electors current experience where earlier years information remains outstanding.

Statement 1 from Mr Ian Redman on Agenda Item 6

To quote Cllr Slade; ""This administration will be based on the solid foundations of openness, transparency, accountability, honesty and integrity." The council will be welcoming to everyone, with decisions that are explained, questions answered, a place where challenge and scrutiny is embraced and encouraged." And yet two public statements submitted to the last meeting, clearly referencing agenda items, were not allowed and many of the answers to resident's questions are nonsensical or misleading.

Internal Governance say customer satisfaction can be judged, not by asking the customer for actual feedback but the by number of internal reviews requested. When it is suggested BCP follow best practise and publish all FOI requests on their website, the answer in effect is "the computer says no". If BCP wanted to, it could publish all FOI requests without a new system.

Statement 2 from Mr Ian Redman on Agenda Item 8:

Grant Thornton were made aware of concerns about Bounce Back Challenge Fund Grants but took no action and have not reported on the scheme. On 28th May 2024, a first Gazette notice for compulsory strike-off was issued against Adventure is Out There 365 Ltd for not filing their annual accounts. Virtually everybody said a £70,000 grant for the Lagoon water park was a waste of taxpayer's money but it was continuously defended by Nigel Stannard, Adam Richens and Graham Farrant. If it is not the external auditor who checks the checker.

Statement 1 from Mr Alex McKinstry on Agenda Item 10.

When the history of BCP Council is written, it'll be interesting to learn why there was such a rush to commercialise the beaches in 2022 - to the point where numerous protocols were bypassed, including, it now transpires, planning permission for seafront pop-up restaurants. These were structures

on land that stood for more than 28 days; as such they required formal planning consent under Section 57 of the Town and Country Planning Act 1990. These structures also stood in high-risk Flood Zone 3 as defined by the Environment Agency, and thus required flood risk assessments under Paragraph 173 of the National Planning Policy Framework. The Council should lead by example, and act lawfully. This lack of planning consent was a significant governance failing therefore, and ought to have been included in the audit report on seafront activities, presented to this Committee on 26 October 2023.

Statement 2 from Mr Alex McKinstry on Agenda Item 10.

Turning to the commercialisation of the beaches generally, it's hard to see how such a policy can flourish, given that most pop-up restaurants to date have been on Bournemouth's beaches; and as such, they conflict with CS31 of the Bournemouth Core Strategy (2012): "The Local Planning Authority will refuse planning permission for development that results in the loss of public and private open spaces ... which contribute to the recreational ... value of an area." The exception is where such land is "surplus" AND "the benefits arising from development outweigh the loss", and one can hardly posit that large areas of Bournemouth's beaches at the height of summer are "surplus". Similar restrictions would be imposed by NE7 of the draft BCP local plan. I'll be genuinely keen to see, therefore, how this commercialisation can be accommodated within the glare of the aforementioned planning strategies.

8. External Audit - 2021/22 ISA260 Audit Findings Report and Statement of Accounts 2021/22

Mr Peter Barber, representing Grant Thornton, the Council's External Auditor, 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.

Mr Barber advised that the External Auditor anticipated providing an unqualified opinion on the financial statements for the Council following its audit of accounts 2021/22. He explained that the External Auditor concurred with the Council's decision not to adjust the updated financial statements to reflect the overstatement in relation to the Council's IAS19 liability, an issue which had arisen following receipt of the Dorset Pension Fund auditor's response. He confirmed that there were no other significant issues since the statements were last considered by the Committee in November 2023.

Mr Barber explained that the External Auditor anticipated issuing a qualified "except for" value for money conclusion, due to the findings of Children's Services, the Council's financial sustainability and governance, as detailed in the report. The report also set out the final audit fee for 2021/22.

Mr Barber and the Deputy Chief Financial Officer (CFO) provided the following information in response to questions from the Committee:

- It was not unusual to include Management override of controls as a significant risk in public sector audit plans. There were no significant concerns to report.
- The Five Parks Charity was inherited from Bournemouth Borough Council and was included due to the high value of its assets
- The updated valuations of land and buildings referenced in the report had been reflected in the revised accounts
- The External Auditor had challenged the Council's approach to funding the Transformation programme using Housing Revenue Account (HRA) funds and had not found the amount transferred unreasonable.
- The External Auditor had previously reported on value for money in November 2023 and recommended the need for clear milestones in relation to the delivery of Transformation.
- The follow up of prior year recommendations would be followed up.

As previously reported the External Auditor had agreed with the Council to 'backstop' the 2022/23 opinion audit to enable a prompt start to the 2023/24 audit work. This arrangement was subject to final guidance from Government which although now delayed by the General Election on 4 July 2024 was still expected to be forthcoming. The Committee was assured that Officers were on track with the deadline to provide draft statements for 2023/24 and that the External Auditor was committed to a timely delivery of audit findings, being fully aware of the challenges involved.

RESOLVED that:

- (a) the anticipated audit opinion and findings of the Council's external auditor included as Appendix 1 to this report, following the audit of accounts 2021/22, be noted;**
- (b) the 2021/22 financial statement included at Appendix 2 be approved.**
- (c) the signing of the Statement of Responsibilities and the Letter of Representation by the Chair of the Audit & Governance Committee and the S151 Officer once the audit work is complete, be approved.**

9. External Auditor – Audit Plan 2023/24

Mr Peter Barber, representing Grant Thornton, the Council's External Auditor, presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these Minutes in the Minute Book.

The Committee was referred to the Audit Plan enclosed with the report which set out the work which the External Auditor planned to undertake for the audit of the Council's Statement of Accounts in respect of 2023/24. Mr Barber explained in more detail the key elements of the Audit Plan, which followed a similar risk-based approach to that of 2021/22. He referred to the opening balances which although not identified as a significant risk in the plan, might require additional assurance procedures in the following year due to the backstop arrangement. He agreed to keep the Committee

updated on this matter. It was noted that consideration of the Council's value for money (VFM) arrangements remained focussed on the previous year's issues. The report also set out the audit fee for 2023/24 which had increased significantly for the reasons specified.

Mr Barber and the Chief Financial Officer (CFO) provided the following information in response to questions from the Committee:

- The implementation of IFRS 16 leases and related disclosures would need to be factored into the Council's statement of accounts for 2024/25. The External Auditor had discussed the implications of this with officers
- The Council's financial sustainability remained a significant VFM risk in the audit plan due to the Council's financial challenges and the previous year's position. As part of this work, the External Auditor had regard to the CFO's annual Section 25 statement and would examine the Medium Term Financial Plan to ensure it was reasonable and deliverable. VFM conclusions had been issued for 2021/22 and 2022/23 and it was hoped that the 2023/24 audit would reflect the Council's improved financial position.
- The Council was seeking guidance from a number of Government departments on how to manage its position regarding the Dedicated Schools Grant
- The External Auditor was able to use the Section 25 statement to review the different levels of contingency, including general base budget/revenue, savings specific and some service specific.
- National guidance permitted a cap of 70% of the audit fee for non audit services and it was pointed out that this could be a considerable amount bearing in mind the significant increase in fee. The Committee was advised that in reality the level of non audit work undertaken by the External Auditor was relatively small and would reduce further from 2023/24. It was noted that the Council could review its cap and set it at a lower percentage if it wished.
- The External Auditor had adopted the same escalation policy model for all its local government audits but hoped to avoid the need to use it. Details of the next level of report for each stage could be included if the Committee wished.

The Committee and the CFO placed on record their thanks to Mr Matthew Filmer, the Deputy CFO, and his team for their work in dealing with the various stages of the Council's accounts for a number of different financial years simultaneously.

RESOLVED that the Grant Thornton External Audit Plan 2023/2024 for the Council be noted.

10. Commercial Operations - Planning permissions approach

The Deputy Leader and Portfolio Holder for Connected Communities introduced a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute

Book. She explained that a review had been undertaken following concerns raised around the lack of planning permission for some activities across the seafront and other service areas within Commercial Operations. She reported on progress made over the last nine months in improving transparency and accountability, with the support of the Director of Commercial Operations and the new Director of Planning and Transport, to ensure that staff were now fully aware of planning requirements. The review of the Seafront Strategy also provided an opportunity to reconsider the previous emphasis given to the commercial activities on the seafront.

Committee Members expressed concern at the approach applied to these activities in 2022/23 by the then Head of Planning. The Director of Planning and Transport confirmed that the advice provided had not been in line with best practice and that such proposals should be dealt with no differently than other applications. Members asked why this issue had not featured in the October 2023 Committee report, a reference to the Internal Audit Update report which had included a review of pop up/ temporary activities incorporating Bayside restaurant. The Head of Audit and Management Assurance confirmed that planning had not been one of the agreed scope areas of the review. The Committee was advised that while changes to the Council's Constitution were still in progress the Director of Planning and Transport was referring all Council applications to the Planning Committee. A Committee Member also on the Planning Committee confirmed that a number of seafront/commercial applications had been determined by members in recent months, with all aspects thoroughly debated.

Committee Members stressed the importance of the seafront environment and the need for place-based planning and sought further assurance on procedures. The Deputy Leader welcomed the involvement of overview and scrutiny in the review of the Seafront Strategy. She explained that a revised strategy aimed to adopt a more holistic approach to the seafront, to reflect the Council's current priorities, while maintaining the need to be responsive to change. The Director of Commercial Operations assured members that staff now had a clear oversight of planning applications, with support from the Planning team on process and timescales.

The Chairman of the Overview and Scrutiny (O&S) Board thanked the Director of Commercial Operations and her team for responding to the issues he had raised, most of which had now been addressed. He thanked the Deputy Leader for the helpful context provided in her introduction. He explained the serious nature of his concerns regarding the use of public open space for commercial operations delivered by the council or leased to external operators without applying for or being granted planning permission. He had raised these concerns at the highest level politically and corporately. As it was deemed a governance matter, he was advised it had been referred to this Committee rather than the O&S Board.

The Committee discussed how the issues raised in the report could be kept under review. The Monitoring Officer advised on the mechanisms available to members, including the Committee's role in seeking assurance that good governance arrangements were now in place. The Deputy Leader had

heard the Committee's views and had provided assurance about the role of overview and scrutiny in adding value to the Seafront Strategy. The Head of Audit and Management Assurance confirmed that the issues raised around the seafront/commercial operations planning permissions would be included in the scope of internal audit work and would be reported to the Committee as part of the Internal Audit Plan 2024/25.

The Director of Planning and Transport reminded members that there were already policies in the draft BCP Local Plan around the need to protect and enhance the coastal environment as appropriate with direct reference to the Seafront Strategy.

The Monitoring Officer assured the Committee that as Director of Law and Governance, she and the Director of Planning and Transport were working closely with Internal Audit to review services, identify any concerns and support staff through advice, training and culture change.

RESOLVED that the previous position and new practices in relation to planning and licensing permissions on the seafront and the progress made across the seafront and wider Commercial Operations service area, be noted.

11. Arrangements for the use of Consultants & Interim staffing

The Committee received a joint presentation from the Director of People and Culture, the Director of Commissioning and the Head of Audit and Management Assurance which informed members about arrangements for the use of consultants and interim staffing at BCP Council. A copy of the presentation slides appears as Appendix 'D' to these minutes in the Minute Book.

The presentation covered the following key areas:

- Distinction between consultants/professional services providers and interim/agency staffing and the circumstances when each are used.
- Overview of corporate frameworks contracts for professional services
- Findings and recommendations from the internal audit of the use of interim/agency staff in Children's Services.
- The process for engaging interim staff, including the roles of Comensura (the Council's current contractor), HR and service areas.
- Details of active suppliers and number of bookings.
- Comensura's proposal to assist the Council's approach to reducing reliance on temporary agency workers.
- The process for engaging interim staff off contract and the approach to reducing this.
- Overall spend on and off contract for the last five years and next steps.

The Officer team responded to questions from the Committee on issues raised in the presentation. There was a discussion around the difficulty in recruiting social workers, the reasons why some preferred agency work and possible solutions. Members asked about staff succession planning and the benefits of recruiting and retaining staff with local knowledge and/or connection and it was noted that work was progressing in these areas as part of the Council's People Strategy. There was also a discussion about how to encourage the use of local businesses. Members were advised that around 90% of goods and services were local or locally employed and that the Council's approach in moving away from shorter term contracts was actually more beneficial for local providers

The Chair thanked the Officer team for their presentation and indicated that the Committee would welcome a written update on progress in 12 months' time.

RESOLVED that the arrangements for the use of consultants and interim staffing be noted.

The meeting ended at 9.17 pm

CHAIRMAN