

AUDIT AND GOVERNANCE COMMITTEE



Report subject	BCP FuturePlaces Investigation Scope
Meeting date	29 May 2025
Status	Public Report
Executive summary	<p>This report details the proposed scope of an Internal Audit led investigation into the arrangements in place for the creation, operational running and closure of BCP FuturePlaces Limited.</p> <p>The scope takes into account what was resolved at the last A&G committee (20 March 2025). At the conclusion of this investigation there may still be gaps in understanding, and the committee may or may not decide that further investigation through other means is required.</p>
Recommendations	<p>It is RECOMMENDED that A&G Committee agree:</p> <ul style="list-style-type: none">• the scope of the Internal Audit investigation as shown at Appendix 1.• to expect an interim report on 24 July 2025 and a final report on 4 September 2025 or 16 October 2025.• any recommendations arising from the investigation will be assigned to a lead officer and have a target date for implementation. A&G will monitor implementation in line with High (priority) recommendations.
Reason for recommendations	To agree the scope of the agreed Internal Audit investigation.
Portfolio Holder(s):	Cllr Mike Cox, Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Council-wide
Classification	For decision

Background

1. The BCP Council Audit & Governance Committee has previously agreed that some form of investigation was necessary into the arrangements surrounding the creation, operational period and closing of BCP Council's urban regeneration company, known as BCP FuturePlaces (FP) Limited.
2. At the meeting on 20 March 2025, the A&G Committee received a detailed report from the Monitoring Officer containing:
 - Appendix One - a chronology of BCP Council's decision making as it relates to BCP FuturePlaces Limited and latterly the Council's approach to shareholder governance.
 - Appendix Two - a chronology of the governance documents published which reference BCP FuturePlaces Limited.
 - Appendix Three - a chronology of the agenda and minutes for Board Meetings of BCP FuturePlaces Limited.
3. At the meeting on 20 March 2025, the A&G Committee agreed the following (direct lift from minutes):

REVIEW OF BCP FUTUREPLACES LTD:

RESOLVED that an investigation be carried out by Internal Audit, the scope of which to include:

- the received minutes of BCP FuturePlaces Limited,
- decisions made at Cabinet and other committees,
- a request that IT retrieve any available emails and communications to allow Internal Audit to conduct an oversight of those communications, this to be limited to information in the electronic domain/that recoverable from BCP Council and BCP FuturePlaces Limited servers and only to apply to current and past officers and councillors and to delegate authority to the Monitoring Officer in consultation with the Head of Audit and Management Assurance and other Statutory Officers to set the parameters of any email searches

with a report back to the Committee in six months

Voting: For – 4, Against – 3, Abstain – 2

4. The resolution above provided a useful framework on 'how' the investigation should be conducted with the setting of search and evidence gathering boundaries.
5. The Head of Audit & Management Assurance (HAMA), who will be leading the investigation, has created a draft scope, for committee to agree. This scope seeks to identify 'what' the committee wants investigating.
6. This draft scope has taken into account:
 - Views aired by committee members in previous meetings;
 - Views aired by committee members* in response to an earlier version of this draft scope circulated for comment;
 - Views of BCP residents* who have taken time to send their comments to committee members;
 - Views of other councillors* who have taken time to send their comments to committee members.

*Some committee members have suggested further and more detailed questions to be explicitly included within the scope. The HAMA (investigator) believes a significant majority of these questions will be logically answered in ascertaining the facts pertaining to the scope areas as shown. Further the HAMA will seek wherever possible to ensure these more detailed questions are answered. It should also be noted that some of the questions are answered within the information provided to the committee on 20 March 20025 (see 2 above).

BCP FuturePlaces Investigation Scope

7. Other factors and commentary relevant to the scope and taking into account what was resolved previously:
 - Interviews of individuals – it is clear that some committee members think interviews of previous councillors and or staff/directors is needed, this was heard at the last committee, and it has been re-iterated subsequently, but that was not agreed (resolved) by committee.
 - The HAMA (investigator) expects to pragmatically need to seek clarification to specific matters from staff or councillors who are still part of BCP Council – this will be via discussion not interview.
 - At the conclusion of this investigation there may still be gaps in understanding, and the committee may or may not decide that further investigation through other means is required.
 - Some committee members have said they have external sources of information that they believe will be essential to the investigation. Committee members are invited to send/give the investigator any evidence they have on the proviso it is factual evidence; not testimony or hearsay which can be manipulated to suit an opinion or stance; it addresses the scope items, and they reasonably believe the investigator will not be able or not likely to access through the searches (of emails) agreed in the committee resolution.
 - External sources of information or evidence could include Whatsapp messages, personal files, phone records and printed documents (screen shots). Such records are not official business records and can be manipulated. The investigator will take this into account and will highlight the source if it is used in reporting.
 - The investigator will utilise, as appropriate, the information provided to people who have submitted Freedom of Information requests relating to BCP FuturePlaces, or the Council's governance and arrangements thereof.
8. The proposed draft scope is shown at Appendix 1.

Expectations and Timelines

9. It was resolved at the last A&G meeting on 20 March 2025 that this investigation should seek to report back to committee in six months. That would be approximately by the end of September 2025.
10. A number of factors are also relevant:
 - The exact scope of the investigation was unknown at that stage;
 - Committee members and the Chief Executive have expressed a preference that the investigation is concluded and reported before the Chief Executive retires from the Council at the end of August 2025;
 - The investigation, even with a pre-defined scope, may 'creep' as facts remain unanswered initially.

11. It is therefore recommended that the A&G committee on 24 July 2025 receives, as a minimum, an interim report detailing findings to date. It may be necessary to subsequently report any residual matters to 4 September 2025 or 16 October 2025.
12. Whilst the Interim Corporate Director for Resources reported 11 January 2024 on lessons learnt from the closure of BCP FuturePlaces via agenda item 8 – Council Owned Companies Shareholder Governance Review, the investigation report will make recommendations where it is appropriate to do so and assign lead officer and target dates for implementation.
13. A&G Committee will monitor the implementation of recommendations utilising the agreed methodology for High recommendations. This means Internal Audit will report on their successful implementation, or not, by the due date, to the next available committee. Lead officers will be invited to committee to explain any slipped or non-implemented recommendations.

Independence of Internal Audit

14. Internal Audit and the HAMA work to a strict set of professional standards and a code of ethics, and the work is done with complete independence and objectivity.
15. The team has been externally assessed as compliant with those professional standards and code of ethics.
16. The HAMA in BCP Council operates within an environment where senior leaders and councillors respect the independence and objectivity that the HAMA is required to operate within.
17. Councillors and the general public should be assured that the HAMA will immediately inform the chair of Audit & Governance committee, the external auditor and relevant professional body if any individual seeks to influence or instruct the HAMA in any way which impacts independence or objectivity of this investigation.

Options Appraisal

18. A&G Committee has previously discussed and voted on the options for this investigation. An initial Internal Audit led investigation was agreed at the last meeting.

Summary of financial implications

19. The Council's in-house Internal Audit team will conduct the investigation via salaried staff, mainly the HAMA. The cost of investigation will be shown in the final report and is likely to be in the region of £450 per day. It is hard to give an accurate estimate of the number of days required but 50 working days for example would equate to a cost of £22,500.

Summary of legal implications

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

Summary of human resources implications

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

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

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

Background papers

None

Appendices

Appendix 1 - Proposed scope of Internal Audit led investigation