

## **Proposed scope of Internal Audit led investigation**

### **Summary Objective & Scope**

This investigation is being undertaken at the request of Audit & Governance Committee.

The objective of this Internal Audit led independent investigation is to determine and assess the adequacy of the Council's governance and operational arrangements relating to BCP FuturePlaces Ltd as well as the Council's oversight as the sole shareholder including.

1. Timeline and key decisions taken
2. Decision to create BCP FuturePlaces Ltd - Cabinet 26 May 2021
3. Establishment and operation of BCP FuturePlaces Ltd
4. Detailed expenditure incurred by BCP FuturePlaces Ltd
5. Items requiring specific assurance
6. Council oversight of BCP FuturePlaces Ltd
7. Decision to close of BCP FuturePlaces Ltd – Cabinet 27 September 2023
8. Lessons learnt update including any additions as a result of this investigation

### **Detailed Scope**

#### **1. Timeline and key decisions**

- 1.1 Produce the timeline of key decisions in respect of BCP Future Places Ltd (*As per MO report to A&G Committee 20/3/25*).
- 1.2 Find and restate the motivations and considerations behind the decision to create a URC and the environment for decision-making in which it was created.

#### **2. Decision to create BCP FuturePlaces Ltd - Cabinet 26 May 2021**

- 2.1 Review the authority of Cabinet to establish an Urban Regeneration Company was in line with the council's constitution and did the report set out the risks, rewards, pros, cons.
- 2.2 Review the approval of the final business case by the Chief Executive and the inclusion of the information as requested by Cabinet.

#### **3. Establishment and operation of BCP Future Places Ltd.**

- 3.1 Identify the process for the appointment of the company's Executive and Non-Executive Directors and other staff (was an appropriate open and transparent process followed).
- 3.2 Consider the adequacy of the governance arrangements put in place by the Council for the operation of BCP FuturePlaces Ltd.
- 3.3 Consider the adequacy of the governance arrangements put in place by the company executive directors for the day to day operation of BCP FuturePlaces Ltd.
- 3.4 Consider the adequacy of business planning arrangements as applied by BCP FuturePlaces Ltd.
- 3.5 Consider the adequacy of the financial and performance management as applied by BCP FuturePlaces Ltd, and applied to BCP FuturePlaces Ltd by the Council, including consideration of ongoing risk and issues management.
- 3.6 Consider the adequacy of decision-making regarding the prioritisation of projects and the deliverability for the Business Plan as managed by BCP FuturePlaces Ltd.

#### **4. Detailed expenditure incurred by BCP FuturePlaces Ltd**

- 4.1 Provide details of where the money went / what expenditure did BCP FuturePlaces Ltd incur. (a schedule).

- 4.2 Review the commissioning, procurement, and contract management processes for any outsourced work.
- 4.3 Detail where possible the projects this was spent supporting.
- 4.4 Detail which projects produced Initial and Full Business Cases.
- 4.5 Was any expenditure or activity incurred by BCP FuturePlaces Ltd outside the stated company's terms of reference (initial or as amended).
- 4.6 Was there a deliverable plan for BCP FuturePlaces Ltd to repay the working capital loan.

## **5. Items requiring specific assurance**

- 5.1 Staff bonuses - What was the justification for payment – who approved the payment was this in line with the shareholder agreement.
- 5.2 Were fees paid to head-hunters for their support in appointing executive directors, non-executive directors and staff.
- 5.3 Were any declarations of interests made including disclosable pecuniary interests in respect of BCP FuturePlaces Ltd activities.
- 5.4 Were any declarations of interests made regarding personal friendships and business associations in respect of the recruitment of staff to BCP FuturePlaces Ltd.
- 5.5 In respect of BCP FuturePlaces Ltd rent of offices in Exeter Road, why was council space not utilised, and should any existing or former councillors have made any declarations.
- 5.6 Why did BCP FuturePlaces Ltd appoint solicitors to support them on the accounts closure process.
- 5.7 Did the Board provide adequate oversight of the company and its activities, at all stages.
- 5.8 Any other specific items that may be revealed as a result of the investigation.

## **6. Council oversight of BCP FuturePlaces Ltd**

- 6.1 Were a shareholder's agreement, support service agreement, commissioning contract, working capital loan agreement, and lease/licence to occupy any council premises put in place and agreed.
- 6.2 Review the role of the shareholder representative on the BCP FuturePlaces Ltd Board.
- 6.3 Was the shareholders agreement adhered to are there any examples of where it was breached or information not provided.
- 6.4 Consider the adequacy of the role of the Council's internal audit team\*.
- 6.5 If in section 4 evidence is established that BCP FuturePlaces Ltd were acting outside of their terms of reference, was the Council aware, and what action if any was taken.

## **7. Decision to close BCP Future Places Ltd – Cabinet 27 September 2023.**

- 7.1 Consider if the report to Cabinet adequately sets out the options, financial implications and risks associated with the decision to close BCP FuturePlaces Ltd.
- 7.2 Review the robustness of the process for determining what work was to be paid for and what work was not paid for.as part of the final settlement\*.
- 7.3 Set out the detail of the work paid for and not paid for.

## **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.

*\*6.4 will form part of the final report but will be conducted by the Monitoring Officer to avoid direct conflict*