

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 24 July 2025 at 6.00 pm

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

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

Also in attendance: Cllr R Burton, Cllr M Cox.

13. Apologies

Apologies were received from Cllr V Slade and Samantha Acton.

14. Substitute Members

Notification was received that Cllr T Trent was substituting for Cllr V Slade for this meeting.

15. Declarations of Interests

In accordance with his previous declarations, in relation to Agenda Item 8 Cllr M Andrews reported for transparency that he was guarantor to his daughter's tenancy for a house adjacent to Carters Quay.

In relation to Agenda Item 10, Cllr J Beesley reported a non pecuniary interest in that he was a member of Arts Council South West which he understood to have provided some grant towards the works undertaken for Poole Museum.

16. Confirmation of Minutes

The minutes of the meeting held on 29 May 2025 were confirmed as an accurate record for the Chair to sign.

17. Action Sheet

The completed actions on the action sheet were noted.

18. Public Issues

The following public issues were received, with responses to public questions reported by the Chair:

Public Questions:

Agenda Item 13 – To consider and accept a report published by the Local Government and Social Care Ombudsman

Question from Philip Gatrell:

SUBJECT: LGSCO (Ombudsman) Report 10th October 2022 regarding the Council's Maladministration in respect of nursery school top-up fees. Upheld by the High Court judgement 7th February 2025 dismissing the Council's application for Judicial Review challenging the Ombudsman's report.

QUESTION: COUNCIL'S COSTS

Although the complainant Mr X must remain anonymous, the Council's request for the authority's anonymity in reporting was rejected by Judge Lock in judgment paragraphs 140 - 149.

In any event the following information is not exempt at the Monitoring Officer's discretion. It does not entail "personal information" or information subject to legal professional privilege.

What is the total expenditure borne by the Council in respect of this matter - excluding recoverable VAT - analysed as -

- Legal fees and costs broken down by named individual legal advisers and advocates including counsel Peter Oldham?
- Court costs?
- Costs awarded to Ombudsman?
- Other costs and disbursements incurred including separately Officers' travelling etc?

Response:

Unfortunately the Council is currently unable to provide a response to these questions as the costs negotiations are continuing between the respective Parties.

Agenda item 7 – BCP Future Places – Three questions from Ian Redman

Question 1 from Ian Redman:

As part of the FuturePlaces inquiry, will you investigate the £100,000 obtained from the Council's additional restrictions grant fund at the behest of the "BCP City Panel" in November 2021? This was paid to a private company to carry out a "city identity" study known as "the Big Conversation", and seems to have benefited FuturePlaces as well as the local authority - against Paragraphs 9 and 32 of the Government guidance on ARG funds. FuturePlaces stated, in its Poole Civic Centre business

case, that the point of "the Big Conversation" was "for BCP Council to consider its brand proposition and to inform FuturePlaces' placemaking focus". What conflicts of interest existed between the BCP City Panel, ARG fund and FuturePlaces, and how did struggling local businesses benefit from this £100,000 spend, if at all?

Response:

The A&G Committee agreed investigation scope will cover the grant payment circumstances. The investigation will consider whether conflict of interest existed.

On a more general note but relevant to the questions posed, Additional Restrictions Grant (ARG) monies were not solely directed to 'struggling local businesses'. As detailed in other replies to Mr Redman and as verified by government officials from the department responsible for the grant, Councils were able to make local decision and certain grant schemes, ARG4 included, could be used for wider business support activities. The Council determined in ARG4 that 'Destination marketing and promotion' and 'Research and development' were targeted sectors that would be supported to help wider local hospitality and tourism, and by attracting inward investment into the BCP area.

Question 2 from Ian Redman:

External audit highlighted a number of failings such as no business cases, a lack of robust scrutiny, significant risk of a loan being defaulted. Future Places was even mentioned in Private Eyes Rotten Boroughs. Future Places should have been flagged as very high risk from the outset and brought to the attention of this Committee by Internal Audit. Additionally, any new start-up company with no trading history is at a high risk of failure. The losses were predictable. Who is checking if failures within Internal Audit or this Committee played a role in the Future Places losses?

Response:

The Council identified governance issues associated with BCP FuturePlaces in the 2022/23 Annual Governance Statement and the BCP Council Assurance Review.

Section 6, of the A&G committee agreed investigation scope, is headed 'Council oversight of BCP FuturePlaces Ltd'. Specifically, section 6.4 reads 'Consider the adequacy of the role of the Council's internal audit team', the following sub questions will be answered in the final investigation report.

- Was Internal Audit paid any fees by FP? How much and for what?
- What were the internal audit team looking for when they audited FuturePlaces? How often were these audits carried out, how detailed were they, to whom did the audit team report back, what were their findings, and how were any failings addressed or proposed to be addressed?

Question 3 from Ian Redman:

External audit said "The Council did not have a clear business plan for BCP Future Places" and "any payments to BCP Future Places for Outline

Business Cases that the council does not proceed with, will be written off'. At a previous meeting, Councillor Cox said the failure of Future Places was due to the councillors of the last administration, but councillors do not write business cases. Who wrote the original business plan/case for Future Places and did any council officer point out the fundamental flaw with Future Places? i.e. any projects that did not progress would be written off as a cost to the Council.

Response:

A combination of Cabinet, from 29 May 2021 to 22 June 2022, and an Officer Decision Record (ODR), which was delegated by Cabinet, approved the fundamental business case for the creation of the Urban Regeneration Company (URC) that became BCP FuturePlaces. Reports were written by interim and permanent Directors of Delivery – Regeneration.

During this period Cabinet also agreed the Council Commissioning Plan and the Company business plan.

It is relevant to the question that up until 22 June 2022, the funding for the company was from the agreed base revenue budget, i.e. all costs incurred budgeted for and charged to revenue. In the report agreed by Cabinet on 22 June 2022 the funding model changed to one where costs would be financed from a working capital loan of up to £8m. This report at paragraphs 25, 26 (proposed charging mechanism section), paragraphs 40 to 49 (summary financial implications section) and paragraph 69 sets out extensively the risks. Paragraphs 69 is particularly clear and relevant, and reads:

69. iii)

a) Aborted Business case risks, - if the Council does not subsequently agree the business cases brought forward by the company initially this remains a FuturePlaces liability however ultimately this will be a risk borne by the Council as the shareholder.

b) Should any business case approved by BCP Council but then be subsequently aborted at a later date, the previously agreed capitalised costs would need to be written off to the revenue account.

A revised Council Commissioning Plan and the Company Business Plan were produced to take the change of funding approach into account.

Agenda item 6 – Carters Quay update – Three questions from Alex McKinstrey

Question 1 from Alex McKinstry:

Has Internal Audit seen any correspondence from 2020-1 in which concerns were raised about the financial resilience of Inland Partnerships Limited and/or Inland Homes PLC; and if so, how grave were those concerns - was the insolvency of either company seen as a real possibility,

for instance? Also, if concerns were raised, what was the response of the relevant officers and portfolio-holders?

Response:

Internal Audit have not conducted any material investigation into Carters Quay at this point in time. Consequently Internal Audit do not know whether correspondence exist, or not, which might include the financial resilience of Inland Partnerships Limited or Inland Homes PLC.

Background, Reports and presentations to A&G Committee to date have been led by Amena Matin the Director of Investment & Development. This initial review identified financial due diligence was undertaken on three companies as at October 2021: Inland Partnerships Ltd, Inland Homes 2013 Ltd (Parent company) and Inland Homes PLC (Ultimate parent company)

Question 2 from Alex McKinstry:

The report for Item 6 states that, apropos Carter's Quay, "all decisions were taken in line with the Council's Constitution and the Standing Orders at the time". Yet this appears to overlook an email sent by an Inland Homes planning manager to this authority on 24 August 2021, seeking a meeting with the Head of Planning "to ensure we are all on track for implementing in November - as the agreement it will be built for BCP has now been confirmed." In fact, no such agreement had officially been reached and Cabinet would not ratify the agreement for another seven days; full Council, not for another 21 days. Has the email traffic between the Inland companies and this authority been examined for 24 August 2021 and the days immediately prior, to determine whether a clandestine assurance or tacit deal had been entered into by some party or other?

Response:

The email was from a third party and so we are unable to speculate why the e-mail was drafted in those terms. The Local Planning Authority complied with the statutory requirements for planning applications when considering the application which related to a variation to the existed consent.

Question 3 from Alex McKinstry:

Land Registry records for "land east of Jefferson Avenue" show that Inland Partnerships Limited purchased this site on 4 November 2021 for £9,900,000. The same day, a charge was secured against the site in favour of this authority. Does this charge cover the value of the land in full? The reason I'm asking is that, in the Overview and Scrutiny Board papers for 13 October 2023, there were said to be three stages of payment for the Carter's Quay project:

- i) deposit;
- ii) advance payment;
- iii) construction works;

and that the combined cost of (i) and (ii) would be £8,250,000. If this was the value of the charge, there was clearly a massive shortfall between it and the value of the land. If there was indeed a shortfall, why was this deemed acceptable and were any reservations expressed?

Response:

The legal charge is in a form which does not specify a fixed figure but instead secures present and future monies, obligations and liabilities owed by the Seller to the Buyer/Lender and that prevents future dealings without the Lender's consent.

Agenda item 7 – BCP Future Places – Two questions from Alex McKinstry

Question 1 from Alex McKinstry:

Can you confirm how many people have been in touch providing information, documents, etc relating to FuturePlaces and the FuturePlaces investigation?

Response:

Three members of the public have been in touch with the Head of Audit & Management Assurance (HAMA) and have provided information they have obtained through Freedom of Information requests which they believe will assist with the investigation.

Two former employees of BCP FuturePlaces have been in touch and have queried confidentiality matters with the Chair of the A&G Committee and the HAMA. A response was provided. To date, one former employee has provided information and it is understood further information is being prepared.

For the avoidance of doubt, the HAMA has also proactively asked for information and documents from a number of BCP Council staff colleagues and from Councillors. In total this is about 20 individuals.*

*The Chair clarified that this was as of the morning of 24 July 2025.

Question 2 from Alex McKinstry:

In the papers for this Committee on 29 May 2025, it was stated that "the HAMA will immediately inform the Chair of the Audit and Governance Committee, the external auditor, and professional body, if any individual seeks to influence or instruct the HAMA in any way that impacts the independence or objectivity of this investigation." Has there been any attempt to influence or instruct in this manner and if so, can we have as much detail as possible, including details of any actions subsequently taken? (There may of course have been no such attempts to influence.)

Response:

There have been no attempts to influence or instruct the HAMA in a way that impacts the independence or objectivity of the investigation. A variety of people have been asked for, and have given, specific evidence or their

opinion on matters and it is the role of the HAMA to interpret and then report on these matters.

Public Statements:

Agenda item 8 – Information Governance update

Statement from Philip Gatrell:

The Information Governance performance annual update shows:

- Increasing information requests over four years to 2024/25.
- Continuing response rate shortfalls compared with the Commissioner's minimum 90% target for 2024/25. For example -
- All Service Units 83% average
- Legal & Democratic and Finance 64% each

A case emphasising required top down training is the straightforward Finance request sent 4th September 2023, not concluded until I obtained a judicial decision 22nd April 2025 following the hearing 22nd January 2025.

This judgment against a council is rare because it also involves the Commissioner's likewise incorrect complaint decision.

Although I notified obvious response omissions at that stage, the internal review failed to comprehend the cautionary indications. It required two further requests to obtain all the information.

After that late stage Council Officers and Commissioner expressed puzzlement by this clear 2000 Act contravention regarding not fulfilling the original request in time. As the Judge said - "merely a question of semantics" in their reaction.

Agenda item 19 – Annual Governance Statement

Statement from Philip Gatrell:

This statutory Statement records "significant issues" requiring remedial actions to ensure the Council's effective governance.

This regulatory Committee is required to consider and approve the draft Statement subject to possible later revisions before finalisation of the external audit.

It is imperative to address an "elephant in the room" travelling unbridled through Administrations since 1 April 2019.

Namely, that decision making is only as good as the information received but the Committee has not benefitted from awareness of all MATERIAL issues. Because the Constitution incorrectly continues to state that only

likely but not actual contraventions of law are reported by the Monitoring Officer to each Member under the primal “1989 Act”.

Limited to 150 words, my 22 July 2025 public issue for Council provides a determining fact regarding Monitoring Officer correct practice together with illustrative reportable contraventions.

The Statement must accordingly disclose this major defect warranting prompt amendment in the Constitution.

Agenda item 6 – Carters Quay

Statement from Alex McKinstry:

Paragraph 7 to the Carter's Quay report asks: **"Was there too much reliance on ... restricted knowledge of the developer ...?"** Yet information on the Inland companies' financial plight was freely available while this deal was being negotiated. On 9 March 2021, Inland Partnerships Limited published accounts for year ending 30 September 2020, showing a £1,500,000 loss. On 29 April 2021, Inland Homes PLC published accounts for the same period, showing a reduction in pre-tax profits from £25,000,000 to £3,700,000; moreover, page 44 of the accounts described the risk of a "liquidity crisis" in the company as "high", along with "inability to meet ongoing operational costs and other commitments". This was the company chosen to be guarantor of the Carter's Quay agreement. It is extraordinary therefore that "no additional credit checks" were carried out on these companies, as revealed at full Council on 11 July 2023.

The Chair wished to clarify that although one public statement on FuturePlaces had been rejected, she was sure the topic raised (additional revenue grant) would form part of the committee's future discussions. She referred to the number of Freedom of Information (FOI) requests and the volume of information available and how this could become more easily accessible. The Head of Audit and Management suggested the creation of a landing page on the Council's website for interim and final reports on the FuturePlaces investigation, including appendices and all FOI information received.

19. **Carters Quay - Update**

The Director, Investment and Development, 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.

As requested by the Committee, this was a factual report which reviewed the timeline of key events leading up to the Council's acquisition of Carters Quay, focussing on the governance and processes involved and the role of members and officers in decision making. Paragraph 7 of the report proposed a number of key considerations to support members in scoping an investigation, highlighting issues around time constraints, external pressures, senior engagement, due diligence and risk assessment. The next report would provide more detail on these issues. Any questions or

points raised at this meeting would be noted and responded to in full in the next report. The Director thanked current and former colleagues and the senior leadership team for assisting her in highlighting the key issues.

The Chair welcomed members' input in identifying areas where they felt further work may be required, ahead of considering the investigation already included on the forward plan for later in 2025/26. A number of points were raised in the ensuing discussion and officers had the opportunity to comment on these. The following areas of focus were put forward in relation to the scoping of the investigation:

- Whether there had been sufficient investigation into the accounts of Inland Homes companies to ascertain their financial stability?
- How was the valuation agreed: what was the process followed at the time, what were the aims and intentions at the time and had the process now changed?
- More information to be provided on the three stages of payments and how they were arrived at. It was confirmed that the next report would include more information on the valuation figures and payments, some of which was not yet in the public domain.
- The difference between the Cabinet decision on the deferred payment schedule and what actually happened and whether this had been fully understood?
- The speed of the transaction and the apparent pressure to move quickly. Was this to do with the planning consent, were there political and/or external pressures? More understanding of the timings and the relationships between parties would be helpful.
- In terms of governance, what should happen if an officer raises concerns but a leader / councillors decide to press on?
- How thorough was the risk assessment in relation to the sale and was this fully understood/monitored?
- Was the professional / legal advice and information received fully understood by officers?
- Did the council consider the eventuality of insolvency in the market at the time? What was the degree of advice and due diligence re strength of parent company guarantee?
- More information on what happened after 7 April 2021 to change the Council's view that the scheme was not viable?
- It was noted that changes to ways of working had already been made, however the next report could still consider recommendations for further improvements to procedure and governance to strengthen the process.

The Director also confirmed the robust position being maintained with the Administrator by the Council's external insolvency practitioners and provided assurance on the Council's security over the land. It was explained that the Cabinet report due to be considered later in the year would focus on options available to resolve matters going forward. The Committee was focussing on how the Council had arrived at the present position.

Following further discussion about how best to proceed, it was agreed to add the areas of focus to the relevant considerations identified in the report and circulate an updated list to members, within a two month period as suggested by the Chair, and include the information requested in the next report. The Chair indicated that the timing of the next report would be discussed as part of the forward plan but was unlikely to be before Quarter 4 due to the Future Places investigation.

Although not within the scope, Members felt it was important to recognise the consequences of the current situation on those residents living next to Carters Quay, in terms what their original expectations may have been versus the reality of living next to a stalled construction site with unfinished infrastructure and amenities. It was suggested that the impact on local residents and any potential remedies be referred to the Environment and Place Overview and Scrutiny Committee for consideration.

RESOLVED that:

- (a) the Committee notes the process under which the contract was entered and the context in which it was agreed;**
- (b) the Committee accepts that ongoing work is necessary to reach a resolution;**
- (c) the Committee notes that a report will be taken to Cabinet in due course;**
- (d) the areas of focus raised during discussion be added to the list of 'relevant considerations' in paragraph 7 of the report, the revised list to be circulated to committee members and then included with the information requested in the next report to the Committee;**
- (e) the impact of the current situation at Carter's Quay on local residents living next to the site and any potential remedies be referred to the Environment and Place Overview and Scrutiny Committee for consideration.***

Voting: Unanimous

*Note: It was subsequently clarified after the meeting that the appropriate overview and scrutiny committee in terms of remit was the Overview and Scrutiny Board.

20. BCP FuturePlaces

The Head of Audit and Management Assurance (HAMA) provided a verbal update on the progress of the investigation into BCP FuturePlaces.

The HAMA referred to the impact of his day to day workload in preparing the interim report to the Committee on 18 August 2025. His main concerns were around timing, the sheer volume and complexity of the material involved and the work required to process additional questions received and relate them to the agreed scope. Section 4 of the scope (detailed

expenditure incurred by BCP Future Places) was well progressed. It was noted that most areas of the investigation could be dealt with in written report format. However, Members acknowledged that certain elements including financial information may be more easily understood in presentation mode with a flexible approach to how this was delivered.

The HAMA was asked about a particular email with financial information submitted by a member of the public. It was noted that some of the additional submissions were a result of Freedom of Information (FOI) requests. All material was considered but this took time to assess in terms of the completeness of information included and how the information may have been interpreted by the sender. The HAMA advised that he was seeking legal advice on issues of confidentiality to individuals and companies. Members commented on the need to balance the wish to have as much information as possible in the public domain, while noting that there may be a need for exempt business to ensure all parties to the investigation felt able to contribute and the committee was fully apprised.

The HAMA confirmed that he was recording the direct costs of the investigation in terms of his time as the investigator. If required it may also be possible to estimate the indirect costs, for example input from other officers of the council.

The Chair was asked how she intended to deal with correspondence received and circulated to the committee today by an external party. Officers were not aware of the email and the Chief Executive expressed concern at the reported content of the email in relation to a named officer. Following a discussion about the issues raised and assurances provided to the officer concerned, the Chair advised that she would give the email due consideration before determining how to progress the matters raised and would advise the committee accordingly.

21. Information Governance Update

The Data Protection Officer (DPO) & Team Leader, Commercial Contracts & Information Governance, 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 report provided an overview of information governance performance for 2024/25. The Council continued to make steady progress in information governance and was responding to increased demand while improving performance and embedding a culture of compliance. The Committee received a detailed update in relation to the following key areas: performance, in relation to information requests and disclosures; response rates; internal reviews; Information Commissioner's Office enquiries; training; and projects.

The DPO and the Monitoring Officer responded to questions on the report. Members were advised that work was underway to develop training for councillors in alternative formats following a discussion at the Standards

Committee. It was noted that officers may also benefit from alternative provision. Training on information governance covered issues such as data breaches. The team was proactive in supporting service areas where performance rates were lower. It was noted that Artificial Intelligence (AI) once fully developed could be used to increase efficiency. The process for councillors to respond to Freedom of Information and Subject Access Requests was confirmed. Councillors were legally obliged to comply with requests within the timescales provided, this was not something officers could do on their behalf.

RESOLVED that:

- (a) the Committee notes the Information Governance (IG) performance management information for the Financial Year 2024/25 (Q1 to Q4) contained in this report. This includes requests received under the Freedom of Information Act 2000, Environmental Information Regulations, Data Protection Act 2018 and other agency disclosure requests;**
- (b) the Committee notes that currently a review is underway by leadership team of the function of IG within BCP Council.**

Voting: Agreed with no dissent

22. Treasury Management Monitoring Outturn 2024/25 and update for Quarter 1 2025/26

The Assistant Chief Financial Officer (CFO) presented 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.

The Assistant CFO referred to the economic background to the report and updated on the latest position regarding the Bank of England base rate. The report set out the monitoring of the Council's Treasury Management function for the period 1 April 2024 to 31 March 2025. A deficit of £2.1m was the final position as the Council continued to borrow to fund the accumulating deficit on its Dedicated Schools Grant (DSG). Borrowing was also at higher-than-expected interest rates due to volatility in current debt costs. The report also set out the Quarter One performance for 2024/25 which forecast an underspend of £0.3m due to the Council's ability to borrow in the local authority market at lower than budgeted interest rate. The Assistant CFO advised that a Treasury focussed training session for committee members was being arranged in consultation with the Chair.

The Assistant CFO was asked about the reason for the growing differential between base rate and PWLR rate and whether this was likely to narrow in the foreseeable future. He explained that Government debt was currently seen by the market as more risky than the bank rate. The forecast set out in the report assumed that the PWLR rate would fall over the medium term but at present the Council continued with its policy of short term borrowing.

RESOLVED that:

- (a) the Committee notes the reported activity of the Treasury Management function for 2024/25**
- (b) the Committee notes the reported activity of the Treasury Management function for April to June 2025**

Voting: Agreed with no dissent

23. Increased Borrowing - Poole museum

The Assistant Chief Financial Officer (CFO) presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'D' to these Minutes in the Minute Book.

In July 2023 the Committee agreed to reduce the Council's debt threshold. It also agreed to strengthen the governance arrangements around any proposal to increase the debt threshold in future by requiring the Committee to consider the robustness of the ability of any significant new business case to service its debt obligations. In line with this decision the Committee was now asked to consider the business case to increase approved prudential borrowing to fund the Poole Museum project by £1.3 million. This was in relation to Cabinet and Council decisions in July 2025. The detailed financial forecast provided as part of the Cabinet report was included in the report to the Committee for reference.

The Assistant CFO, the Interim Museum Director and the Project Manager responded to questions on the report:

- On the level of confidence that borrowing repayments could be accommodated in the short term before income was realised, it was explained that repayments had been staggered and would increase over time. The project was considered to be affordable in the short and longer term. The business case had been conservative in estimating income and had overestimated in terms of costs and there was confidence that the visitor forecast and revenue potential would support the borrowing repayments. It was noted that the first week of partial reopening had been very successful.
- On how the increase in borrowing compared to the wider picture, it was confirmed that the increase was fairly insignificant within the Council's overall debt and repayments.
- On the variances in fundraising, it was explained why the third party funding had been required to cover a new scope, but it was noted that this had still been beneficial in contributing to the original scope and business plan. The business plan had always included an assumption that borrowing may be needed to mitigate the risk of funding not being secured. It was noted that funding had been double counted in one instance due to clerical error.

- On whether the additional borrowing affected the external grants, Members were assured that there were no associated risks with partnership funding.
- On reasons for variances in expenditure, it was confirmed that this did include an increase in construction related costs, due to a number of factors affecting the industry resulting in significant prolongation.
- On business rates, a Member gave an example of where these had been successfully challenged elsewhere. It was noted that a potential rebate was under consideration, however Members were advised that this was a complex area.
- On the Museum project's longer term sustainability, it was explained that National Lottery funding was supporting work to review the museum's operating model and ten year plan and to develop a resilience strategy to ensure its long-term sustainability as a cultural asset for the community.

RECOMMENDED TO COUNCIL to approve the revised funding strategy for the Poole museums capital schemes which will mean an increase in the approved prudential borrowing of £1.3m.

Voting: Unanimous

24. Risk Management - Corporate Risk Register Update

The Risk and Insurance Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'E' to these Minutes in the Minute Book.

The report provided an update on the position of the Council's Corporate Risk Register. All corporate risks were reviewed during Quarter 1. The report provided a summary of the changes in risk as set out in paragraphs 11 to 13 of the report with full details contained in Appendix 4. The report also updated on the progression of a new Risk Management Policy and the introduction of the new Risk app.

The Risk and Insurance Manager was asked if CR27 could include the expected completion dates and some more information on how the risk was managed. She also provided the following information in response to questions on the report:

- High level net risk and target risk scores which were shown as identical were being reviewed.
- Corporate Management Board (CMB) had agreed to add the Local Plan to the risk register in the next Quarter
- Housing Demand would be checked to see if it was already included in any existing risks or whether a new risk was required.

- In terms of what was being done to raise public awareness of the high level of risk associated with climate change (CR20), this would be checked with the risk owner and a response circulated.

The Chief Financial Officer explained that the generic risks identified by external auditor applied to all councils. Anything specific would be included as part of the annual audit and if required added to the risk register. He also explained why CR09 (ensuring balance budget) and CR23 (Dedicated schools grant) should continue to be treated as separate risks.

It was also noted that the fire safety issues raised by Internal Audit had been referred by Corporate Health and Safety and Fire Safety Board to CMB for consideration.

RESOLVED that the Committee notes the update provided in this report relating to corporate risks.

Voting: Agreed with no dissent

25. Internal Audit - Quarterly Audit Plan Update

The Audit Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'F' to these Minutes in the Minute Book.

The report detailed progress made on delivery of the 2025/26 Audit Plan for the 1st quarter (April to June 2025 inclusive). It also included March 2025, as this had come too late to include in the previous update. The Audit Manager drew attention to the five 'Partial' audit opinions as detailed in section 5 of the report and gave an update on their current status. Progress against the audit plan was on track and a provisional list of audits planned for Quarter 2 was provided. Members were reminded that the Committee was able to call in service directors to a future meeting to provide further explanation where recommendations remained outstanding.

The Audit Manager was asked about the process for referring outstanding recommendations to the committee. She explained that these were listed in Appendix 1 of the report in date order and that members may find it helpful to consider how long they had been outstanding. The Head of Audit and Management Assurance reported that explanations had been reviewed and were not deemed to be unreasonable. It was noted that a wider report on schools finances was being drafted which would update indirectly on the Linwood school deficit, the oldest recommendation on the list. The Chair indicated that the committee may wish to revisit the list of outstanding recommendations in the next quarterly report.

RESOLVED that:

- (a) the Committee notes progress made and issues arising on the delivery of the 2025/26 Internal Audit Plan;**

(b) the Committee notes the explanations provided for non-implemented recommendations (Appendix 1) and that it can determine if further explanation and assurance from the Service / Corporate Director is required.

Voting: Agreed with no dissent

26. To consider and accept a report published by the Local Government and Social Care Ombudsman

The Monitoring Officer (MO) presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'G' to these Minutes in the Minute Book.

Appendix 1 of the report presented a report published by the Local Government and Social Care Ombudsman on 8 May 2025 in response to a complaint about the Council's Education and Children's Services. The Ombudsman found that the Council had failed to take any action when a concern was raised when a nursery asked for a mandatory top-up charge for its free education places which it was not allowed to do. The Ombudsman found that the Council was at fault and had caused injustice to the parent, Mr X. The Ombudsman had upheld Mr X's complaint and had asked the Council to accept its findings.

The MO explained the reasons for the delay between the Ombudsman's report and the final adjudication. It was noted that one of the causes in not dealing with the original complaint correctly would be addressed through the Council's new centralised complaints service. Members were advised that the Council had now updated all nursery providers. It was noted that the Department for Education (DfE) guidance had been revised in 2024. The Ombudsman was aware of the committee report and was positive about the proactive steps taken by the Council to address the issues raised in the complaint. The Portfolio Holder for Children, Young People, Education and Skills had been in contact with Mr X to provide assurance and it was noted that Mr X would be notified of the committee's decision as soon as practicable. The MO confirmed that no responses were received to the statutory advertisement/publication of the report.

The MO suggested that the committee may wish to consider an item on the LGSCO's and Housing Ombudsman's dealings with the Council at an appropriate time, perhaps at the time their annual letters were received. This was welcomed and it was also suggested that it would be helpful to provide a list of all bodies which local authorities were regulated by.

The Portfolio Holder explained that this had been a learning curve for the Council ahead of other local authorities experiencing similar issues regarding nursery providers and he reiterated that the government guidance had now changed.

RESOLVED that the Committee:

- (a) Considers and accepts the report published by the Local Government and Social Care Ombudsman published on 8 May 2025, which appears at Appendix 1 to this report;
- (b) Approves the reimbursement to Mr X of any “general extras” fees he paid to the nursery from 12 February 2021;
- (c) Approves the payment of £200 to compensate Mr X for his time and trouble in bringing the complaint
- (d) Notes that an apology will be made to Mr X
- (e) Notes the Council has asked the nursery to change its pricing policy so that it is line with the Guidance and Provider Agreement;
- (f) Notes the Council has met with other FEEE providers in the area to inform them of the LGSCO decision and remind them of the Ombudsman’s expectations in terms of pricing.

Voting: For – 8, Against – 0, Abstain – 1

27. Annual Review of Declarations of Interests, Gifts & Hospitality by Officers 2024/25

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

Following an annual review and update of the Council’s Declaration of Interests, Gifts & Hospitality Policy for Officers, the revised policy for 2025/26 was approved by the Committee on 27 February 2025. The report summarised the minor changes made to the policy as part of the annual evolution and the improved guidance provided, including clarifications on business relationships, gift acceptance, and hospitality definitions. Bespoke training and awareness sessions continued to be delivered, including this year to Seafront Services, Investment and Development and Housing and the Council’s senior leadership network.

The report also summarised the work of Internal Audit to ensure policy compliance across the Council. Members were advised that on a risk basis this had focussed mainly on Tier 4 officers and above, with 100% compliance reported. The findings in relation to three officers who had been found to be working for two public bodies at the same time were noted in paragraph 12 of the report. The HAMA reported that his overall opinion was that the policy was fit for purpose, with a good level of awareness and compliance across the Council and 100% compliance at senior level.

RESOLVED that the Committee:

- (a) **Audit & Governance Committee note the annual review of Declarations of Interests, Gifts & Hospitality by Officers (2024/25).**
- (b) **Note the opinion of the Head of Audit & Management Assurance that the Policy is fit for purpose and that there was a good level of awareness and compliance in 2024/25.**

Voting: Agreed with no dissent

28. Use of Regulation of Investigatory Powers Act and Investigatory Powers Act Annual Report 2024/25

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

The Committee was advised that following an annual review of the Council's use of the Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) for 2024/25, it was confirmed that no powers under either act were exercised during the year. The RIPA/IPA policy had been updated to include references to the Investigatory Powers (Amendment) Act 2024 and had added guidance on the use of technology, including Artificial Intelligence, in surveillance. Members noted that covert surveillance remained a last resort, with proportionality a determining factor and only where the issue if proved would result in a minimum six month custodial sentence. The HAMA outlined the oversight and authorisation procedures in place. The Investigatory Powers Commissioner's Office (IPCO) inspection in July 2024 resulted in a letter to the Council (included at Appendix A of the report) stating that they were satisfied with ongoing compliance with RIPA and IPA and ensuring the risks of unregulated surveillance, particularly online, was minimised.

RESOLVED that the Audit & Governance Committee notes that the Council has not made use of powers under the Regulation of Investigatory Powers Act or the Investigatory Powers Act during the 2024/25 financial year.

Voting: Agreed with no dissent

29. Annual Breaches of Financial Regulations and Procurement Decision Records Report 2024/25

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

The HAMA explained why breaches of Financial Regulations (the Regulations) should be avoided and why Procurement Decision Records (PDRs) should be used. He assured committee members of the full and frank nature of his report. Whilst it was preferable for no breaches of the Regulations to occur, he would find it questionable if no breaches were reported in a council the size of BCP Council. Twelve breaches had been identified during 2024/25. These were set out in section 4 of the report.

The HAMA reported in more detail on the reasons for the breach listed as BR1, where a significant amount of expenditure and agency appointments

had not been subject to the required completion of PDRs. He outlined the actions taken to rectify BR1 and the other breaches listed in the report. Only one further similar breach to BR1 (BR11) had since been identified. The Committee was advised that 212 PDRs were approved during 2024/25, of which 28 were for some form of exception where the usual process was not followed for the reasons provided in paragraph 15 and appendix 1 of the report.

The HAMA was asked about officer training on the PDR process, with points raised about the need to ensure this was fit for purpose, well understood and led from a senior level. Members were assured that standard and targeted training was provided and that the general requirements were well known across the Council, as reflected in the relatively low number of breaches identified. It was noted that failure to complete a PDR once a contract had expired was the most common breach. Training aside, it may be that a very small number of errors would always occur considering the sheer volume of procurements across such a large spend base. Failure to comply could also be addressed through disciplinary channels. It was confirmed that there was no suggestion that any of the breaches had resulted in incorrect expenditure, rather it was the internal governance process of not completing the requisite PDR which had not been followed.

Members were updated on the internal Procurement and Contract Management Board which had been set up in 2024 to ensure a greater level of consistency and best practice. One of its roles was to review all breaches to consider whether any changes to procedure were required and/or further training needed. The Chief Financial Officer suggested that he ask the Board to reflect on the discussion points raised by the Committee.

Officers also responded to questions on the use of historic suppliers once a previous contract had ended and on existing and emerging technological solutions in relation to procurement procedures.

RESOLVED that the Audit & Governance Committee notes the breaches of Financial Regulations and relevant Procurement Decisions Records that occurred during 2024/25.

Voting: Agreed with no dissent

30. Chief Internal Auditor's Annual Opinion Report 2024/25

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

The report set out the formal opinion of the Chief Internal Auditor on the 2024/25 financial year. The report provided a consolidated summary of the issues raised in the quarterly reports submitted to the Committee during this time. The Chief Internal Auditor's opinion was set out in the executive

summary of the report and concluded that the Council maintained an adequate and effective framework of governance, risk management, and internal control. While some areas of weakness and non-compliance were identified, appropriate action plans were implemented and all audit recommendations were accepted by management. A rigorous follow up procedure was in place to confirm that all recommendations had been implemented. The report referred to audits planned and completed and provided further detail on those audits where a partial assurance had been given (as previously reported to the committee).

The HAMA placed on record his thanks to the internal audit team for their dedication, hard work and professional diligence. The Chair endorsed his comments and gave thanks on behalf of the committee in appreciation of the huge amount of work undertaken.

RESOLVED that the Audit & Governance Committee notes the Chief Internal Auditor's Annual Report and Opinion on the overall adequacy of the internal control environment for BCP Council.

Voting: Agreed with no dissent

31. Audit & Governance Committee Annual Report 2024/25

The Chair presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'L' to these Minutes in the Minute Book.

The Audit & Governance Committee Annual Report 2024/25 circulated at Appendix A provided assurance that the committee had effectively supported the Council in maintaining good governance. The report outlined how the committee fulfilled its terms of reference, complied with national audit committee guidance and contributed to strengthening risk management, internal control, and governance across the Council. It included a foreword, an overview of the committee's activities and a forward-looking section, along with the committee's terms of reference. The report underpinned the Annual Governance Statement and was recommended for approval ahead of its submission to Council in October 2025.

The Chair highlighted the use of an annual report to Council as a positive tool to keep all councillors informed of the committee's work and enable further dialogue.

RESOLVED that that the Audit & Governance Committee approves the annual report prior to its submission to Council on 14 October 2025.

Voting: Unanimous

32. Annual Governance Statement 2024/25 and Annual Review of Local Code of Governance

The Audit Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'M' to these Minutes in the Minute Book.

The report set out the Annual Governance Statement (AGS) for 2024/25 which was required to accompany the Council's Statement of Accounts. The report also detailed the minor amendments made to the Local Code of Governance to ensure it was kept updated. It was noted that the draft AGS had already been published as part of the public inspection of the accounts prior to a final version being submitted to the external auditor. The AGS concluded that the Council had effective and fit-for-purpose governance arrangements in place in accordance with the governance framework. The Committee was advised of the process by which the Council's Corporate Management Board (CMB) identified three significant governance issues, namely the Dedicated Schools Grant, the Department for Education Statutory Direction for special educational needs and disability (SEND) services and Mandatory Training. An update against actions being implemented to address these issues would be brought to the Committee in January 2026.

The Audit Manager provided an update on two issues removed from last year's AGS and explained why a fourth issue from this year's AGS relating to housing delivery budget monitoring had been removed. It was noted that other potential issues had also been considered and discussed by CMB but not included. These were detailed in the report for transparency. Members were asked to note typographical amendments to be made to the final AGS, in paragraph 14 of the report to replace the word 'four' with 'three' and in Table 1 of the AGS to read 'Dedicated Schools Grant'.

Committee members focussed their discussion on actions to address the issue of mandatory training. One suggestion was for this matter to be raised with Group Leaders. The Monitoring Officer gave an update on recent discussions at the Standards Committee to progress the training programme for councillors. There was now a standing item on that committee's work programme to review progress and it was noted that the statistics were improving. Standards Committee was also looking at how to improve the accessibility and quality of the training provided. The Chair welcomed the suggestion that the Chair of the Standards Committee be invited to a future meeting to update members on progress.

The Chief Executive highlighted the importance of cybersecurity training in reducing the likelihood of erroneously causing a security breach and the serious consequences for the Council when mistakes were made. Committee members asked that a reminder be sent to all councillors advising them what to do/what not to do and who to contact should they receive an email which raised any concerns. It was noted that training statistics currently included staff who only worked for the Council a few days of the year and that this was being looked at. A member questioned the volume and value of some of the training required. The Chief Executive explained that course content, mandatory criteria and the process for

course completion were all subject to review and any further feedback was welcomed.

RESOLVED that:

- a. The ‘pre-audited’ Annual Governance Statement 2024/25 be approved (subject to any comments received in connection with the public inspection of accounts)**
- b. The annual update of Local Code of Governance be approved.**

Voting: Unanimous

33. Forward Plan (refresh)

The Chair drew attention to the Committee’s forward plan for 2025/26, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'N' to these Minutes in the Minute Book.

The Chair referred to factors to consider in scheduling the report on Carters Quay. It was noted that the timing of the final report on FuturePlaces, currently listed as either September or October, may depend on the outcome of the August meeting. Although the Carters Quay report was led by the Director of Investment and Development it would require the support of Internal Audit. Items already scheduled for committee dates on the forward plan were also noted. Members exchanged views on striking the right balance between ensuring there was sufficient officer capacity and undertaking the investigation in a timely manner. It was concluded that timing of the Carters Quay report be at the discretion of the Chair and Vice Chair in liaison with the relevant officers, with committee members to be kept informed.

The Chair reported that she had held an introductory meeting with the external auditor who had offered to attend a future meeting to talk about committee engagement. It was also noted that the Monitoring Officer would liaise with the Chair regarding the scheduling of the Ombudsman report as discussed in agenda item 13.

RESOLVED that the Audit & Governance Committee approves the Forward Plan for 2025/26 as set out at Appendix A and updated in the discussion.

Voting: Unanimous

The meeting ended at 9.52 pm

CHAIR