AUDIT AND GOVERNANCE COMMITTEE

Report subject	**DRAFT - Internal Audit - BCP FuturePlaces (FPL) Investigation Report (Scope items 1 to 8)**
Meeting date	3 December 2025
Status	Public Report
Executive summary	This draft investigation report - BCP FuturePlaces Ltd (FPL) covers scope areas 1 to 8 (all scope areas). This A&G Committee meeting will be the third meeting on this matter. The Committee has previously reviewed : • an initial part A which covered scope areas 1 to 4 at a meeting on 24 September 2025. The meeting only managed to review scope areas 1-3. • Part 4 to 5.5 inclusive on 6 November. This A&G meeting will attempt to cover parts 5.6 to 8 inclusive There may be a need for a least one further meeting to consider further matters. 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.
Recommendations	**It is RECOMMENDED that A&G Committee notes:** **a. the Draft Internal Audit investigation findings report covering scope areas 1 to 8.** **It is RECOMMENDED that A&G Committee agrees to determine the next steps (an action plan) which may include:** **a. The need for further FPL investigation A&G Committee meeting(s).** **b. To agree to close the internal audit led investigation covering the <u>original</u> scope (moves report from Draft to Final).** **c. The need to (or not to) commissioning other forms of enquiry or investigation – i.e. matters beyond the original scope of the Internal Audit led investigation.** **d. Asking specific individuals specific questions and/or to invite specific comment.** e. **How the Committee considers reactive comments from individuals to the Internal Audit investigation report.**

Reason for recommendations	To note the Draft Internal Audit led investigation findings report for scope areas 1 to 8 and to agree an action plan to bring the A&G Committee investigation to a conclusion.
Portfolio Holder(s):	Cllr Mike Cox, Finance
Corporate Director	Aidan Dunn, Chief Executive
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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 Limited (FPL).
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 is 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), the investigator, created a draft scope, for Committee to agree at the A&G Committee meeting on 29 May 2025. This scope sought to identify **'what'** the committee wanted investigating.
6. The scope took 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 and the public suggested further and more detailed questions to be explicitly included within the scope. Committee agreed that a significant majority of these questions would be logically answered in ascertaining the facts pertaining to the scope areas as drafted. It was noted that some of the questions were already answered within the information provided to the committee on 20 March 20025 (see 2 above).

7. The A&G Committee, 29 March 2025, agreed the scope of the Internal Audit investigation as shown at Appendix 1 of that report and as amended following the committee's discussion.

Revised Expectations and Timelines

8. It was initially resolved that this investigation should seek to report back to Committee in six months. That would be approximately by the end of September 2025.
9. A number of factors were also taken into account:
   - The exact scope of the investigation was unknown at that stage;
   - Committee members and the previous Chief Executive expressed a preference for some form of interim reporting before the Chief Executive retired from the Council at the end of August 2025;
   - The investigation, even with a pre-defined scope, may 'creep' as facts remain unanswered initially.
10. It was subsequently agreed that an extra meeting of the Committee would be held on 18 August 2025 to receive an 'Interim' report.
11. This meeting was cancelled due to a local by-election.
12. The Chair of A&G Committee, Cllr Connolly decided, after consultation, that Committee should receive the report in two parts, given the length and detail. Cllr Connolly felt Committee would not have adequate time in one meeting to robustly consider all elements.

13. Cllr Connolly determined that the A&G Committee meeting on 24 September 2024 should receive 'Part A', covering scope items 1 to 4*, and a subsequent (this) meeting would receive a 'Draft' final report incorporating all scope items 1 to 8.

This approach also provided the investigator time to finalise investigation work particularly scope items 5 – 8.

**The meeting on 24 September 2025 ended with scope items 1 to 3 having been reviewed*

14. The A&G meeting on 6 November 2025) A&G Committee received and reviewed a full 'Draft' report, scope items 1 to 8. The meeting picked up from where the previous meeting left off and considered scope items 4 to 5.5 inclusive.
15. This meeting of A&G Committee (3 December 2025) will consider the report from scope item 5.6 to 8 inclusive.
16. It is possible a further meeting, to finalise matters to the satisfaction of the Committee, may be required, this is dependent on what recommendations and next steps are agreed.

Draft BCP FuturePlaces investigation report – scope areas 1 to 8

17. All agreed scope items 1 to 8, and the 35 sub-scope questions have been reported on in the Draft report.
18. The investigation report remains 'Draft' until the A&G Committee confirm they agree the investigator has reasonably responded to the <u>original</u> scope. At this point the report will be marked 'Final'.
19. Finalising the initial Internal Audit led investigation report does not necessarily mean the A&G Committee will also finalise their consideration of FPL matters. The Committee has consistently stated that further lines of enquiry may be considered which include:

- Commissioning other forms of enquiry or investigation – i.e. matters beyond the original scope of the Internal Audit led investigation
- Ask specific individuals specific questions or to invite specific comment
- Consider reactive comments from individuals to the initial Internal Audit investigation report

20. Other specific points to note are:

- The A&G Committee have publicly invited anyone with an interest to proactively submit any comments or evidence, relevant to the scope, to the investigator (or Committee Chair). Where comments and evidence have been proactively received, they have been incorporated where relevant into the report. Inevitably this has required the investigator to exercise judgement on relevance.
- <u>Timeline of events, particularly 1.1 Table 2</u> - BCP FUTUREPLACES LIMITED (FPL)TIMELINE OF EVENTS, is relevant as far as is practicable to the scope items agreed. The timeline does not attempt to be an exhaustive timeline of every event involving FPL and BCP Council (as FPL Shareholder). This was a matter of judgement by the investigator.
- <u>Scope Item 4 – Detailed expenditure incurred by FPL</u> – is an area of the scope where A&G Committee members have also received a separate detailed briefing (18/9/2025).

- The draft report does not include or seek to retro-fit reactive comments from individuals, sent to A&G Committee members, to part A of the report (scope sections 1-4).
- In scope sections 1-4, red text indicates a change or addition from the text previously considered by the Committee, this was as a result of new or additional evidence gleaned during work to complete scope sections 5 to 8.

Independence of Internal Audit

21. 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.
22. The team has been externally assessed as compliant with those professional standards and code of ethics.
23. 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.
24. Previous meetings were told that the HAMA would 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. No such escalation has been required.

Options Appraisal

25. A&G Committee has previously discussed and voted on the options for this investigation. An initial Internal Audit led investigation was agreed.
26. A&G Committee members have recognised that, at the conclusion of this investigation, there may still be gaps in understanding, some scope sub-questions may not be fully answered or resolved.
27. The Committee may, or may not, decide that further investigation through other means is required. Other means could include:
    - Specific questions posed to specific individuals (accepting that individuals who have left the Council, or FPL may choose to ignore the request).
    - Commission further specific lines of enquiry – defining the scope and identifying suitable person(s) to perform the task.

Summary of financial implications

28. The Head of Audit & Management Assurance conducted the investigation, utilising some limited support from other salaried staff in the team. The cost of the investigation to date (24/9/25) is approximately £34,650. (77 days x £450 day rate).

    77 days assumes the standard working day of 7.5 hours. In order to meet the agreed timetable for reporting, working days have increased beyond this standard, additional hours worked are approximately 90 hours. The notional cost* of these additional hours is approximately £5,400 ((90 / 7.5) x 450).

    **notional - because the Council has not incurred these costs in salaries, overtime or payment in lieu.*

Summary of legal implications

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

Summary of human resources implications

30. There are no direct human resources implications from this report.

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

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

Background papers

None

Appendices

Report – DRAFT - INTERNAL AUDIT REPORT - Creation, operational running and closure of BCP FuturePlaces Ltd. (Company no. 13465045)

Confidential Appendix (Section F of the report)