



**Title of meeting:** Cabinet

**Date of meeting:** 10<sup>th</sup> September 2024

**Subject:** Update on transfer of Solent LEP functions into the Upper Tier Local Authorities

**Report by:** Chief Executive

**Cabinet Member:** Leader

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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**1. Purpose of report**

- 1.1 To update Cabinet on the arrangements that have been in place, in partnership with Southampton City Council and Isle of Wight Council, in response to the integration of LEP functions into upper tier local authorities and to seek approval to the delegation of responsibility to the Leader to make decisions on behalf of Portsmouth City Council at the Solent Growth Partnership Board.
- 1.2 It should be noted that Isle of Wight Council ('IoWC') and Southampton City Council ('SCC') will be taking similar reports to their Cabinets, but because of the differing timeframes there will need to be work and decision making in parallel with the approval processes across the three authorities.

**2. Recommendations**

- 2.1 Cabinet is recommended to:
  - 2.1.1 Note the update contained within this report
  - 2.1.2 Agree that the Leader of the Council should have delegated responsibility to make decisions on behalf of Portsmouth City Council at the Solent Growth Partnership in line with the terms of reference for the Solent Growth Partnership attached at Appendix 1 and paragraph 3.4.1 below.

**3. Background**

- 3.1 On the 4<sup>th</sup> August 2023, the Government (HMG) issued a letter which confirmed their support for Upper Tier Local Authorities (UTLAs) and combined authorities to take on the functions currently delivered by LEPs. UTLAs were required to submit an Integration Template outlining the approach that they wished to take for the integration of LEP functions including the preferred geography. The three Solent UTLAs submitted an Integration Template to HMG stating that their preference was for the existing LEP functions, within their geographical area, to be transferred to



the three authorities working together. Hampshire County Council submitted an Integration Template stating that their preference was for the integration of LEP functions to take place on their administrative boundary. HMG approved both templates and so from the 1<sup>st</sup> April the 3 Solent Unitary UTLAs, working in partnership, have been responsible for delivering the functions previously delivered by Solent LEP in the Isle of Wight, Portsmouth and Southampton. Hampshire County Council are responsible for the delivery in the rest of the old Solent LEP area.

- 3.2 A report was taken to Cabinet on 6<sup>th</sup> February 2024 which set out the anticipated approach that was going to be taken to the LEP integration by the three Solent Unitary UTLAs with a similar report taken to the Isle of Wight Council Cabinet and Southampton City Council cabinet. Since the publication of this report there have been some significant changes to the anticipated approach and this report provides an update on these changes and the new approach that is being taken.
- 3.3 The most significant change, from the approach suggested in the February Cabinet report, is that the Unitary UTLAs decided in the May meeting to no longer seek to use Solent Partners Ltd (SP), and its current governance structure, as a delivery vehicle for previous functions of the Local Enterprise Partnership (LEP), including ongoing contracts and grant funded programmes.
- 3.4 The decision was made because it was felt that the cost of the infrastructure needed to support Solent Partners did not justify the added value of using them as the delivery vehicle. This has meant that whilst Portsmouth City Council (PCC) will remain as the employers of any relevant staff, they will be providing services for the three authorities and will be part of the normal directorate reporting structure of PCC. A review / organisational change process is underway to look at the necessary staffing structure to deliver the integrated LEP functions and wherever possible existing staff will be transferred into the new roles. The rest of this section of the report will provide an update on the various functions that are now the responsibility of the UTLAs.
- 3.4 Governance
  - 3.4.1 The February Cabinet report referenced the Joint Upper Tier Local Authority Board. This is now called the Solent Growth Partnership (SGP). Attached as Appendix 1 are the terms of reference for the SGP, which have been recently updated to focus on economic development and prosperity, allowing wider matters of devolution to be separately progressed. The report is seeking delegated authority to be given to the Leader of the Council to fulfil the role required in these terms of reference and so that the Leader can make decisions to support the driving of economic growth to the Solent region. Specifically delegations are sought so that Leaders can:
    - Make decisions and take actions jointly within the partnership and separately for their own local authority in respect of:
      - The Growth Hub
      - The Careers Hub
      - The Business Representative Forum
      - Joint Strategic Economic Planning
      - The Skills Bootcamps



- To enter into agreements to deliver programmes and activities for and on behalf of third party organisations including, but not limited to, other Local Authorities, Higher Education Institutions and Departments and organisations of central government
  - To enter into agreements, deliver and action joint unemployment programmes including, but not limited to, Universal Support
  - Make significant capital and revenue spending decisions, in line with existing council delegations, to invest in economic growth for the 3 unitary UTLA area, subject to financial approval of the s151 officer of Portsmouth City Council acting as the Accountable Body for the SGP.
- 3.4.2 It is worth noting that the terms of reference are clear that each Member of the Board can nominate a standing Cabinet deputy to attend in their place if they are unable to attend and that political deputies will have voting rights, with the agreement of the Leaders.
- 3.4.3 It is worth noting that the SGP has a clear role in relation to the economic development and growth ambitions of the three unitary Solent UTLAs. There are associated but separate conversations that are currently underway around devolution and issues to do with Solent Transport. The response to these issues is being dealt with outside of the formal governance of the SGP although there will be potential overlaps that will need to be addressed depending on the outcome of the discussions that are underway.
- 3.4.4 It can also be noted that the SGP has set up an Officer Board, with Officers from all three unitary Solent UTLAs to take forward decisions delegated to them. This officer group has been informally meeting on a weekly basis for many months and has now been formally constituted under its own Terms of Reference.
- 3.5 Careers Hub
- 3.5.1 The February Cabinet report envisaged that Solent Partners would run the Careers Hub via a contract from the Careers Enterprise Company (CEC). In discussions with the CEC it became apparent that they were only prepared to deal directly with the UTLAs. Agreement was reached with Hampshire County Council (HCC) that the existing contract, working with schools across the whole of the Solent area, would be maintained for the remainder of this academic year. The provision is managed by Portsmouth City Council's children services directorate on behalf of the four UTLAs.
- 3.5.2 A new contract is in place for the 2024/25 academic year. At this point HCC will manage the provision for the schools within their administrative geography, including within the Solent area outside the Unitary UTLA area. On this basis relevant staff will TUPE from PCC to HCC to undertake the role in HCC schools. Portsmouth will continue to manage the provision for the unitary UTLA area. The UTLA provision is more focussed on ensuring that the needs of disadvantaged groups are catered for and that the requirements of the CEC contract are fully met.



### 3.6 Solent Growth Hub

3.6.1 In the February report it was envisaged that the Solent Growth Hub would be managed by Solent Partners. Again, this is now being managed by Portsmouth City Council on behalf of the 3 unitary UTLAs using the staff that were previously providing the service and local Solent businesses should be experiencing a seamless service. The contract for the Solent Growth Hub is until the 31<sup>st</sup> March 2025 although it is envisaged that there will be a new contract for the period beyond that subject to any changes in HMG policy.

### 3.7 Business Representative Board

3.7.1 As part of the LEP Integration, the Functional Economic Areas (FEAs) were responsible for creating or continuing to engage with an Economic Growth Board (or similar) made up of local business leaders and relevant representative bodies to both provide the view of local businesses as part of regional decision making and also to work with local leaders to create a broad economic strategy for the area. For our area this meant that the unitary UTLAs have to create a business representative board.

3.7.2 In the February report it was envisaged that Solent Partners would be administering and providing strategic support to the Solent Business Representative Board (SBRB). Following the decision of the SGP this function will now be undertaken by the three authorities directly. Rachel Randall, the previous chair of Solent LEP, has accepted the role of Chair of the SBRB. It is envisaged that there will be an overarching board providing UTLA engagement with additional specialist focus groups around adult education, business support and skills to encourage specialist discussions and broad engagement. Additional subgroups can be developed to include sector specialisms, including development of a Culture and Tourism group to access funding opportunities as a local visitor economy partnership, and other sectors including Transport or Film to deliver on priorities of the Solent area.

3.7.3 SBRB Board members will attend on a voluntary capacity and responsibilities will include:

- Being responsible for shaping the economic growth of the functioning economic area
- Using their significant expertise to shape and influence strategic thinking, policy and funding decisions for the functioning economic area
- Being a voice for industry to advocate across sectors, geographies and business types
- Helping the SGP to create an environment where local business can flourish and grow our economy

3.7.4 In addition to the SBRB Boards and sub-groups it is envisaged that there will be annual events for wider business engagement which will be held in rotating locations with up to 3 delivered per year. Where possible these will coincide with related local events that are already planned.

### 3.8 Strategic Economic Planning

3.8.1 Strategic economic planning was a policy area that was explicitly mentioned in the LEP integration. The government approved FEAs, which in our case is the Solent Unitary UTLAs, have a requirement to prepare an economic plan for their area by October 2024 (within 6 months of the LEP functions being integrated into the UTLA



area). The Solent Unitary UTLAs have agreed a specification and are currently in a procurement process to get consultancy support to produce this economic plan. Alongside side this each authority is doing a specific plan for their own area so that there is clarity about what needs to happen at the local authority level to support the sub-regional economic plan. The plan, when it is commissioned, will need to have regard to the district and boroughs within the Solent area because their economies are intertwined with the unitary economies. It is not yet clear how these plans will align with the future Growth Plans that are part of the policy agenda for the new government.

### 3.9 Financial disaggregation

3.9.1 In the February Cabinet Report the role of PCC, as the Accountable Body for Solent LEP, in relation to dealing with the disaggregation of the Solent LEP legacy funds was clearly set out. Since this report the Accountable Body has been liaising with HCC about the agreed disaggregation of these legacy funds and it is envisaged that a Memorandum of Understanding (MoU) will be signed by all parties in the very near future. On the assumption that the current MoU is signed then, aside of funding for the activities set out above, will provide a revenue budget of approximately £1.5m for the SGP and a capital budget of £12.5m. These funds will need to be spent for the benefit of the geography in the Solent area as will the equivalent funding that will be disaggregated to HCC. The SGP is currently in the process of agreeing a budget of how this funding will be used.

## 4. Reasons for recommendations

- 4.1 There have been considerable developments in the approach to LEP integration since the February Cabinet report and this report provides an update on the approach that is now being undertaken in response to the integration of LEP functions into the Solent Unitary UTLAs.
- 4.2 The report also seeks approval of delegated authority to be given to the Leader of the Council to make decisions at the SGP to promote economic growth in the Solent region. This delegated authority, for each of the three Leaders, is needed to allow the SGP to operate effectively.

## 5. Integrated impact assessment

- 5.1 With this report only providing an update on work that is underway, or seeking delegated authority for future decisions there is no need to prepare an integrated impact assessment at this stage. Future decisions may require one and this will be undertaken in the future as required.

## 6. Legal implications

- 6.1 The report sets out a clear narrative - the authority sought is within the construct of competency and the risk profile to the Authority is negligible. The report sensibly sets out the need to work as a cohort and deals with the relevant sub elements, other iterations will follow as things develop over time.



**7. Director of Finance’s comments**

7.1 The Accountable Body have been working closely with Hampshire County Council to agree the disaggregation of all legacy LEP funding and it is expected that this will be finalised shortly.

An initial budget including the SGP allocation of LEP legacy funding and non-core funding that the Solent LEP / Solent Partners had also been able to access was presented to the SGP at their Board meeting on 15<sup>th</sup> August where they have begun to agree how the funding will be used.

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Signed by:

**Appendices:**

APPENDIX 1 – Terms of Reference for the Solent Growth Partnership

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
|-------------------|----------|
|                   |          |
|                   |          |

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by:

**SOUTHAMPTON CITY COUNCIL, PORTSMOUTH CITY COUNCIL & ISLE OF WIGHT  
COUNCIL**

**Terms of Reference – Solent Growth Partnership**

**1. Purpose**

The Levelling Up White Paper set out three key policy objectives, to extending devolution across England, empowering local leaders, and integrating Local Enterprise Partnership (Solent LEP) functions into local democratic institutions.

The Board will be led by local democratic leaders, to direct the future growth of the sub-region in terms of economic development, investment in new infrastructure and in our human capital, with a clear focus on driving sustainable growth.

- The Board will ensure that there is a strong, independent, and diverse local business voice in local democratic institutions.
- The Board will drive strategic economic planning and ensure that the area's economic priorities and sectoral strengths are fully considered and articulated.

The partners are committed to delivering sustainable, inclusive growth in the Solent sub-region, by:

- Setting objectives and determining key decisions on behalf of the three unitary authorities in relation to the delivery of LEP functions.
- Ensuring that the partners work together in partnership, in a coordinated, impactful, and effective manner to deliver the Solent 2050 strategy.
- Work to ensure that more responsibilities, functions, and powers are devolved to the Solent sub-region.
- Considering how the benefits of inclusive growth can be distributed more evenly and to more disadvantaged communities.
- Consider how the Net Zero transition to a green and sustainable future will provide new opportunities to growth in the Solent sub-region.

**2. Role**

The Board will act as a strategic decision-making body, for the integration of LEP functions and driving economic prosperity for the Solent area.

As such the Board will need to evolve over time. Therefore, the terms of reference for the Board should be periodically reviewed, and if required, can be realigned.

1. The Board will provide oversight and scrutiny for the integration of LEP devolved functions including Business Representation, Local Economic Planning and the delivery of government programmes as directed, across the three unitary authorities.
2. The Board will own the Solent 2050 Strategy and will commission any work needed to update the strategy. This will involve building and maintaining a robust local evidence base that identifies local strengths and challenges, future opportunities and the actions needed to support priority sectors.
3. The Board will be responsible for instigating commissioning, overseeing delivery, both direct delivery and any delivery partners.
4. The Board will hold any delivery partners to account for the delivery of the programmes and functions assigned to them, to support the economic growth agenda across the geography of the three unitary authorities.
5. The Board will oversee a monitoring and evaluation framework, being responsible for and receive regular reports and updates from officers and sub-groups.

### **3. The Chair, Core Membership, and Information Management**

The shadow board will agree a Chair from the membership. The Leader of Southampton City Council has volunteered to act as the initial Chair of the Board.

- Chair – the Leader of Southampton Council
- The Leaders of Isle of Wight Council and Portsmouth City Council
- The Chief Executives of Southampton City Council, Isle of Wight Council and Portsmouth City Council

The Chief Executives will be responsible for managing the communication of information, in determining confidential matters and decisions made by the Board, to their Councils, partner organisations and relevant service areas leads.

### **4. Governance**

The key drivers for the proposed governance model centre on the need to empower local leaders and in turn with the integration of Solent LEP functions into local democratic institutions.

The formal decision-making process by the Board will centre on building a consensus amongst the three Leaders, each with delegations, provided by their respective Cabinets.

Initially the delegated authorities to each of the Leaders will cover the following areas set over the sub-regional geography. Sub-regional partnerships and initiatives, sub-regional strategic economic planning, economic development business support and strategic skills and unemployment programmes.



The delegated authority given to the Leaders in respect of decisions taken at the Board is as follows:

- To make decisions and take actions jointly within the partnership and separately for their own local authority in respect of:
  - The Growth Hub
  - The Careers Hub
  - The Business Representative Forum
  - Joint Strategic Economic Planning
  - The Skills Bootcamps
- To enter into agreements to deliver programmes and activities for and on behalf of third party organisations including, but not limited to, other Local Authorities, Higher Education Institutions and Departments and organisations of central government
- To enter into agreements, deliver and action joint unemployment programmes including, but not limited to, Universal Support

Where decisions are needed that are outside of these delegations, then the decision will be formally made by each respective Cabinet.

Decisions may be delegated to a joint officer board or boards, constituted with equal representation from each of the member council.

#### ***4.1 Decisions making***

Decision-making will be by consensus, amongst the Leaders and in consideration of purpose and role of the Board. In circumstances that a consensus cannot be reached the follow options will be considered.

1. Chief Executives task officers with assessing and presenting compromise solutions.
2. Individual authorities have the option to act independently, if the decision to do so is considered, not to be detrimental to the sub-regional economy or to the tripartite partnership.

For the Board to be quorate all three Leaders or political deputies, with voting rights, will need to be present. (*Please refer to section 6 - Attendance by Others*).

## **5. Relationships with other bodies**

It is envisaged that the Board will evolve through time, developing a clear remit, initiated as a Shadow Board to agree terms of reference. Once adopted the Board will be formally constituted, with interdependencies with the following bodies:

- The members Councils
- Other partnership and organisational boards
- The Solent Freeport Board and Retained Rates Investment Committee
- HM Government
- Business representatives

## **6. Attendance by Others**

Each Member of the Board shall nominate a standing Cabinet deputy to attend in their place if they are unable to attend. Political deputies will have voting rights, with the agreement of the Leaders.

The work of the Board will be initially supported by the attendance of officer representatives from each Unitary Authority. These attendees will not have any voting rights.

The Board can determine to invite representatives of partner bodies to join Board meetings as required, where-by the Leaders agree that any representations will be relevant to the role of the Board and to assist in decision-making. It is likely that invites will be to those bodies described in section 4.2.

The Board may receive deputations on a matter from any organisation or individual, where notice has been given, which is deemed relevant to the role of the Board.

## **7. Duration and administration**

The duration and election of the Chair will be agreed between the Leaders.

As the Board evolves the Board may seek to develop an independent secretariat function, if appropriate, drawn from the resources of member bodies making best use of, and potentially aligning economic development resources and activities.

Meetings of the Board will be scheduled according to an agreed duration by its members and as necessitated by the timelines and decisions required by delivering LEP functions. The duration of meetings is subject to change as per these same requirements.



## **APPENDIX 1**

The Board will be supported by programme officers from each member authority, for the purposes of scheduling, organisation, and collating and distributing agendas, minutes, actions, and decisions. Papers and agendas for Board meetings will be distributed ahead of time by the supporting officer according to an agreed timescale by Board members.

### **8. Expected Conduct of Board Members**

All Board Members are expected to follow "The 7 principles of public life" code of conduct.

### **9. Declarations of Interest**

In accordance with the National Local Growth Assurance Framework, a register of interest will be established, or shared by the member Councils and all Board Members will have a duty to declare their interests (direct or indirect) in transactions or arrangements involving the remit of the Board.