

Report subject	Dorset Local Enterprise Partnership (DLEP) Closure
Meeting date	29 October 2025
Status	Public Report
Executive summary	<p>Government set out its expectation that Local Enterprise Partnerships (LEPs) will receive no further funding and provided guidance as to how their remaining functions should be integrated into Local Authorities. Council officers from BCP Council and Dorset Council (the accountable body for Dorset LEP) have worked through the detail, implications and necessary actions to support integration of functions where possible from Dorset LEP (DLEP) and the closure of the LEP.</p> <p>This Cabinet report seeks approval for the acceptance of the £4,640,160.06 of funds from the Dorset Local Enterprise Partnership for the purpose of achieving a benefit to the community in the BCP region, in line with the aims and objectives of the Dorset Local Enterprise Partnership.</p> <p>The newly formed BCP Growth Board will play an advisory role in how funding is allocated and a further Cabinet report will be brought for consideration of its recommendations as part of the BCP Growth Plan required for delivery in March 2026.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>(a) Resolves, in its capacity as a Dorset Local Enterprise Partnership (CIC) company member, to ratify the decision to transfer and accept the following funds to BCP Council. (Please note, that interest continues to be applied until the payment is made to BCP upon agreement. The figures below include interest up to 31st March 2025.)</p> <ul style="list-style-type: none"> i) £866,951.68 revenue ii) £2,498,208.50 capital iii) £1,275,000 capital loan repayments due <p>(b) Agrees to ringfence funds for the benefit of the community and to delegate authority to the Chief Operating Officer and the Chief Financial Officer in consultation with the Portfolio Holder for Destination, Leisure and Commercial Operations and BCP Growth</p>

	<p>Board to allocate funding</p> <p>(c) Notes the resignation of the Leader of the Council from the DLEP Board on successful transfer of the above funds.</p> <p>(d) Notes that Dorset Council will formally close the DLEP following successful transfer of the above funds.</p> <p>(e) Delegates authority to the Director of Law and Governance to finalise any legal documentation required.</p>
Reason for recommendations	<p>The acceptance of the revenue and capital funding for community benefits in the BCP Council area will help deliver the Council's Corporate Strategy and wider economic and social objectives:</p> <ul style="list-style-type: none"> • Our inclusive, vibrant and sustainable economy supports our communities to thrive • Revitalised high streets and regenerated key sites create new opportunities • Employment is available for everyone and helps create value in our communities • Skills are continually developed, and people can access lifelong learning
Portfolio Holder(s):	<p>CLlr Richard Herrett, Portfolio Holder for Destination, Leisure and Commercial Operations</p>
Corporate Director	<p>Glynn Barton, Chief Operating Officer</p>
Report Authors	<p>Ruth Spencer, Interim Head of Economic Development and Head of Smart Place; Matt Robson, Senior Economic Development Officer.</p>
Wards	<p>Council-wide</p>
Classification	<p>For Decision</p>

Background

1. BCP Council and before it, Bournemouth Council and Poole Council, is a board member of Dorset Local Enterprise Partnership (DLEP), which was set up as Community Interest Company (CIC). The Leader of the Council represented BCP Council on the Board. Dorset Council is also a board member and is its accountable body. The remaining directors are Councillor Millie Earl (Leader of BCP Council) and Councillor Simon Clifford (Portfolio Holder for Finance and Capital Strategy - Dorset Council).

2. The government previously provided LEP funding for the purposes of delivering economic growth, job creation, and developing local economies, including support for small businesses, skills infrastructure. This was delivered by an organisation named the Dorset Local Enterprise Partnership ('DLEP'). In recent years, the Council has not funded DLEP, but since its inception over 10 years ago, has worked in partnership with its officers to:
3. *“Support the long-term resilience of the businesses, workforce and communities of Dorset - co-developing local strategies, driving economic growth and productivity, attracting funding and investment, working to transform careers education and helping shape a skilled, adaptable workforce”.*
4. Government made it clear that it would cease funding for the functions previously delivered by Local Enterprise Partnerships and the Business Board Network (previously known as the LEP Network). Government also requested Local Authorities integrate LEP functions into business as usual but did not provide any additional funding to do this (other than for specific projects/programmes). It set out this guidance in [August 2023](#) and then further guidance in [December 2023](#).

Update since previous Cabinet Report, January 2025

5. On 15 January 2025, a report was approved at Cabinet detailing the LEP closure process. This report recommended that Cabinet:
 - a) Approves the steps taken to integrate relevant LEP functions to BCP Council in line with Government guidance and contractual obligations;
 - b) Approves the intent for the Council member of the LEP board to resign from it on or before end of March 2025;
 - c) Delegates responsibility to the Chief Operations Officer, in consultation with the Portfolio Holder for Destination, Leisure and Commercial Operations to ensure:
 - i) that this work is completed on or before 31st March 2025, and that it is cost neutral to the Council;
 - ii) BCP Council receives its share of remaining DLEP funds, and all future Government funding sent to Dorset Council as its Accountable Body;
 - iii) the creation of a new BCP Growth Board
6. With regards to the 15 January Cabinet report point a), a work programme was developed, undertaken by officers from the two Councils, members of the DLEP executive team and some DLEP board members, to collate the information, consider the detail, the implications, statutory and contractual requirements, to present a clear plan to be considered by the DLEP.
7. The previous DLEP functions have been resolved. Specifically, Dorset Growth Hub (now termed Business Growth Dorset) employees were subject to TUPE into Dorset Council, and the service delivery has been agreed; Dorset Council are now the lead contractor for the Dorset Careers Hub; and, Boscombe Skills Hub (for which BCP Council is Accountable Body) is directly under the control of the Council using existing subcontractors.

8. Dorset Council and BCP Council have reviewed all the previous workstreams delivered by the DLEP before it ceased its main operations. The new BCP Business Growth Board will review these workstreams and play an advisory role in determining the most appropriate and beneficial use of these funds for community – including whether to re-start any previous workstreams. A further Cabinet paper will be brought for consideration in March 2026 to approve a BCP Business Growth Plan which will include funding for proposed projects.
9. With regards to point b), whilst most of the DLEP Board have resigned, the only directors are the Leader of BCP Council Councillor Millie Earl and for Dorset Council the Portfolio Holder for Finance and Capital Strategy Councillor Simon Clifford. This Cabinet report notes the formal resignation of the Leader of the Council from the DLEP Board once the remaining funds are transferred.
10. For point c), i) Dorset Council required external legal advice to be sought. This is now complete, details of which are set out in the Legal Implications section in this report.
11. For point c) ii) this report ensures BCP Council receives its share of the residual funds. For point c) iii), the BCP Business Growth Board has been established as an advisory board to the Council and held its first meeting in July 2025. It brings together the universities, key business sector leads, the voluntary sector and BCP Council to create a Business Growth Plan due to be delivered by March 2026 when the current Economic Development Strategy comes to an end.

Utilisation of Funds

12. The Cabinet report of 15 January 2025 detailed that:

Government guidance on remaining funds is clear that they should remain within the public sector. There is an expectation from businesses, education and other partners that the funds should be used for economic development purposes. The November LEP board report explained that both councils stated they will earmark the transferred funds for economic development purposes, but this will be subject to Cabinet and Council approval in due course.

13. To ensure the DLEP closure followed due process, Dorset Council sought external legal advice (see further below). In line with the legal advice below, the transfer of the funds from the DLEP CIC can only be used for community uses in line with the aims and objectives of the DLEP CIC.

Options Appraisal

14. To approve this report and accept the revenue and capital funding for economic development benefits in the BCP Council area will help deliver the Council's Corporate Strategy and wider economic and social objectives.
15. To not approve this report and not accept the revenue and capital funding has been discounted as this would be a disbenefit for our residents and businesses.
16. The preferred option is to accept the funding to maximise benefit for businesses and residents.

Summary of financial implications

17. The funds due to transfer from the DLEP to Dorset Council and BCP Council must be spent in accordance with what the DLEP had originally intended in order to comply with the legal requirements.
18. A ringfenced reserve can be set up in order to accommodate the funds until the appropriate expenditure scheme is identified.
19. As part of the original DLEP scheme, a series of loans were administered and as part of the repayments there is still one outstanding loan which will continue to be administered by Dorset Council until it is repaid in full in January 2027. The repayments will be split evenly between Dorset Council and BCP Council on receipt. Dorset Council will charge £1k in total for the administration of the loan which will be documented in a Service Level Agreement (SLA).
20. Until the share of the payment is made to BCP, the total will continue to accrue interest, of which 50% will be added to the amount due to BCP Council. The figures quoted in this report include the interest payments received up to 31st March 2025.

Summary of legal implications

21. Local Enterprise Partnerships (LEPs) were established by the government to drive economic growth and create jobs and were formed as non -statutory bodies. The Dorset LEP (10246567) created in 2016, is a Community Interest Company (CIC), focused on economic development in Dorset. The Accountable Body for the Dorset LEP is Dorset Council which holds the funds of the LEP, and which is managed by an SLA between Dorset Council and the Dorset LEP. The Government has now withdrawn support for the LEP's and require that the LEPs functions to be transferred to local authorities. The purpose of this paper is to advise on the implementation of the government policy and specifically the transfer of the funds.
22. Recommendation a. of the report is for Dorset LEP to transfer the funds to Dorset and BCP Council. External legal advice was obtained by Dorset Council as to the transfer process, the full detail of the legal advice is set out in Appendix B of the report and is confidential under Schedule 12A of the Local Government Act 1972 as amended. The Legal implications are a digest of the external legal advice obtained by Dorset.
23. The Community Interest Company Regulations 2025 ('The Regulations') imposes restrictions on the ability of Dorset LEP as a CIC company to transfer assets. The definition of assets includes the funds set out in the report. The Regulations state that the funds can only be transferred to another body with an asset lock or where that organisation is specifically named as a recipient in the Articles of Association. An asset lock is a legal requirement for a [Community Interest Company](#) (CIC) that prevents its assets, profits or surplus from being used for private gain.
24. BCP or Dorset Council , are not asset lock bodies, nor are they named as recipients in the Articles of Association, however section 26(2) of the Regulations does permit the transfer of funds, where both Dorset and BCP can demonstrate to the Dorset LEP, that the transfer of the funds will be used for the benefit of the community and that transfer does not conflict with any other restrictions in the Articles. The Articles of Association of the Dorset LEP in clause 3 refers to the Asset Lock and according

to the external legal advice, supports the transfer of the funds based on community interest.

25. The directors of the Dorset LEP in approving the transfer of the funds, need to satisfy the 'Community Interest Test', which will depend on the facts of each case, the Regulations do not specify what constitutes the community interest test, but the external legal advice states a transfer cannot be deemed for the community where for example, the activities carried on are only for the benefit of the members of a particular body (for example for the benefit of the directors, employees or services providers) rather than for the benefit of the community. The CIC Guidance and Information Pack published by the Office of the Regulator of Community Interest Companies[i] (the "Guidance") also states, that the benefit to the community must be continuing, therefore the external legal advice has suggested that there needs to be a continuing obligation, on BCP and Dorset, to use the funds in that agreed manner, this can be achieved with a specific term in a contract
26. The risk is that there is a lack of definition of 'community interest' in the Regulations, however the external legal advice in conclusion states, that in their view 'under the Regulations, 'the LEP is able to instruct the Council to make the Proposed Transfer, provided the directors of LEP satisfy themselves that to do so would be for the purposes of achieving a benefit to the community (consistent with the purposes for which the LEP was incorporated) and therefore in its best interest, while ensuring the transfer complies with any other restrictions the Articles may contain'.
27. Based on the external legal advice, any successful challenge by the Regulator is low risk.
28. Where a transfer of the funds is not conducted for community benefit purposes the Regulator may initiate civil proceeding on behalf of the CIC company, wind up the company, remove and appoint directors, freeze company assets, carry out investigations similar to the Secretary of State under the Companies Act 2006, undertake a derivative action on behalf of the company against the directors where a criminal offence is discovered, directors of the CIC may also be in breach of their duties under the Company Act 2006.
29. Directors Liability - Provided the Directors follow the external legal advice for the transfer of funds it is unlikely, there will be a successful claim for personal liability against a director as outlined in 20.8 of the legal comments. Legal notes recommendation c of the report, that the BCP Director will resign from the company after the transfer, and recommendation d. is that Dorset Council will undertake the winding up of the Dorset LEP. BCP Council where necessary will request an indemnity as to any company and contractual liabilities, which arises after the transfer and resignation.
30. Insurance - BCP Council's insurance manager has been approached and is liaising with Dorset in relation to Directors and Officers cover and will be seeking further assurance from BCP Council's insurance brokers in relation to the policy wording.
31. Data Protection - Where the operation of the transfer and subsequent actions involves transfer of personal data, this may raise personal data issues under the General Data Protection Regulations, and the Data Protection Act 2018 and the Council's Data Protection officer will need to be involved.

32. Section 13.4.2 of the constitution (Authentication of Documents) states Any contract with a value over £30,000 entered into on behalf of the Council shall be made in writing. 13.4.3- Such contracts must either be signed by the Monitoring Officer or by some other person authorised by them, or one of the persons referred to in section 13.5 or made under the Common Seal of the Council certified by at least one of the persons referred to in section 13.5.3. Section 13.5.3. states that the Common Seal will be affixed to those documents which in the opinion of the Monitoring Officer should be sealed or otherwise completed as required by the Procedure Rules. The affixing of the Common Seal may be certified by either the Chief Executive, the Monitoring Officer, the Deputy Monitoring Officer, a Director, the Chair, or the Vice-Chair.

Summary of human resources impact

33. In order to improve community outcomes and deliver benefits, consideration is being given as to how the funding could be used to support future project delivery including a revised staffing structure.

Summary of sustainability impact

34. A full Decision Impact Assessment (DIA) has been undertaken for this project. The DIA made it clear that the projects/initiatives delivered with the funding will be considered at a later date (and presented in subsequent Cabinet paper(s)). There have been no adverse comments from colleagues to the DIA. It is possible that the projects delivered with this funding could have a positive impact for sustainability and SDG goals:

SDG 1 – No Poverty; SDG 2 – Zero Hunger; SDG 3 – Good Health and Well-being; SDG 4 – Quality Education; SDG 5 – Gender Equality; SDG 7 – Affordable and Clean energy; SDG 8 – Decent Work and Economic Growth; SDG 9 – Industry, Innovation and Infrastructure; SDG 10 – Reduced Inequalities; SDG 11 – Sustainable Cities and Communities; SDG 13 – Climate Action; SDG 16 – Peace, Justice and Strong Institutions; SDG 17 – Partnerships for the goals

Summary of public health implications

35. Economic development projects will have a significant positive impact on the health and well-being of our residents through seeking to address exclusion from the labour market - including those with health conditions and/or caring responsibilities or lower skill levels, young people (and NEETs) without essential skills and people trapped in insecure and poor-quality jobs.

Summary of equality implications

36. An EIA conversation/screening document has been completed (see Appendix B) and agreed with the BCP Equalities team. Full EIA's will be carried out for the individual projects to be delivered by the funding once these are finalised.

Summary of risk assessment

37. The risk is that there is a lack of definition of 'community interest' in the Regulations, however the External Legal advice in conclusion states, that in their view under the Regulations the LEP is able to instruct the Council to make the Proposed Transfer, provided the directors of LEP satisfy themselves that to do so would be for the

purposes of achieving a benefit to the community (consistent with the purposes for which the LEP was incorporated) and therefore in its best interest, while ensuring the transfer complies with any other restrictions the Articles may contain. Based on the external Legal Advice, Legal considers, provided, all the other requirements of the Regulations are observed, any successful challenge by the Regulator is low risk. BCP Council's insurance manager has been approached and is liaising with Dorset in relation to Directors and Officers cover and will be seeking further assurance from BCP Council's insurance brokers in relation to the policy wording. An excess payment will be required if there is a claim.

38. Background papers

- 15 January 2025 Cabinet Paper – [Dorset Local Enterprise Partnership](#)
- [Office of the Regulator of Community Interest Companies: information pack](#)

Appendices

Appendix A: External Legal Advice (confidential under Schedule 12A of the Local Government Act 1972)

Appendix B: EIA Screening Tool