



The Solent Cluster Board Terms of Reference January 2024

Context

The Government has set targets for the UK to reduce its carbon dioxide (CO₂) emissions to Net Zero by 2050 and has identified six decarbonisation zones. The creation of clusters within these zones enables local industries, businesses and communities to create decarbonisation solutions to best suit their regional requirements and support the UK decarbonisation strategy. At present four clusters have been formally recognised by Government. Establishing the Solent Cluster organisation is a critical step in enabling companies and other entities to bid for government investment support for projects to decarbonise the Solent region.¹

To begin the essential decarbonisation of the region as quickly as possible, we need to work together to reduce CO₂ emissions from our local industries, this will include developing carbon capture and storage (CCS) technologies. By developing our ability to produce and deliver lower carbon fuels and energy, through for example reliable supplies of hydrogen, our plans will also help UK business remain competitive within the global market, while supporting energy resilience, fuel security and affordability. By supporting local industry to create sustainable production processes, we can position the South Coast region as a leading clean energy hub.

The Solent Cluster Limited (the Company) has been established to provide leadership to this work activity. The Solent Cluster Limited is registered as a company limited by guarantee and details on the governance arrangements for the Company are set out in the Company's Articles of Association, which are [available here](#).

In addition to operating within its Articles of Association and company law, The Solent Cluster Limited has secured public funding and, as a result, also operates within the context of public funding frameworks. In recognition of this, The Solent Cluster Limited has established robust, transparent and accountable governance arrangements to ensure this funding delivers value for money and tangible reductions in carbon emissions and associated economic outputs. In recognition of The Solent Cluster Limited's role in managing public funds, Portsmouth City Council is the Accountable Body for The Solent Cluster and in this role is accountable for the proper use and administration of funding, all of which fall under the annual audit of the local authorities accounts, and for ensuring that decisions are made in accordance with relevant legislative requirements, contractual commitments, decision making processes agreed by The Solent Cluster Limited's Board and best practice for management of public funds established through the [National Local Growth Assurance Framework](#).

Portsmouth City Council and The Solent Cluster Limited will agree timescales and operating practices to support the effective implementation of decisions within a protocol and service support agreement to be established between The Solent Cluster and the Accountable Body. Within this context, the following document sets out the terms of reference that all The Solent Cluster Limited Board Directors must adhere to in their roles as Directors.

Overarching Governance Structure

The Solent Cluster organisation and The Solent Cluster Limited have been established by Solent Partners Limited². Solent Partners, supported by the Solent Local Enterprise Partnership, is the parent company and sole member (in terms of corporate governance) of The Solent Cluster Limited and provides a link between the Solent Cluster organisation and wider economic development activity taking place within the Solent region. Solent Partners aspires to be a nationally leading, industry-led partnership that brings Solent leaders together to promote the collective prosperity and sustainability of the Solent economy. It has a business board that brings together its work across skills, business support and strategic sectors and is formally recognised as the Economic Growth Board (or business board) of Portsmouth, Southampton and Isle of Wight Councils. Solent Partners provides key services to businesses across the region, including the Solent Growth Hub and Solent Careers Hub.

The Chair of The Solent Cluster Limited sits on the business board of Solent Partners to provide a strong link with the wider group activity and Solent Partners provides The Solent Cluster Limited with access to a range of support that is available to draw on as required. This includes a team that can provide executive, governance and marketing and communications support, as well as non-executive capacity through its group audit and remuneration and nominations committees.

The Scheme of Delegation covering The Solent Cluster Limited will be published following agreement of the Board.

Wider Membership

Since its establishment by founding members Solent Partners, ExxonMobil and the University of Southampton, over 100 organisations have signed [The Solent Cluster Charter](#) to formalise their commitment to working together for a lower carbon future. These organisations are referred to by The Solent Cluster as "members" (noting that they are not members of the limited company from a corporate governance perspective) or "participants". The members are important stakeholders for The Solent Cluster Limited's Board to work with and engage in the vision and strategic objectives for The Solent Cluster moving forward.

Board Membership

The Solent Cluster Board will at any time consist of up to 12 Directors, which may include:

- One director who shall perform the role of Chair; and
- One director who shall perform the role of Deputy Chair; and
- Up to five Business Directors and
- One Skills / FE Director; and
- One HE / Research Director; and
- One Local Authority Director; and
- Up to two executive directors.

More information on the current Board Directors will be [published here](#), although this is subject to change from time to time.

Details in relation to eligibility criteria for Board membership, powers of directors, appointment of Directors, retirement of Directors, disqualification and removal of Directors, Directors' remuneration and benefits, proceedings of Directors and delegation are set out in the Solent Cluster Articles of Association.

Role of the Board and Board Directors

The Solent Cluster Limited Board is the lead decision-making entity for The Solent Cluster organisation and The Solent Cluster Limited. The Board provides strategic leadership, determines policy direction, and is the ultimate decision-making body of The Solent Cluster organisation and The Solent Cluster Limited. The role of the Board is set out as follows:

A. To establish the vision, mission and values for The Solent Cluster including;

- Determining the Company's vision and mission to guide and set the pace for its current operations and future development.
- Determining the values to be promoted throughout the Company.
- Determining and reviewing Company goals.
- Determining company policies in accordance with the Company Articles of Association and relevant assurance requirements.

B. To set strategy and structure for The Solent Cluster including;

- Reviewing and evaluating present and future opportunities, threats and risks in the external environment; and current and future strengths, weaknesses and risks relating to the Company and The Solent Cluster economic area in which it operates.
- Determining strategic options, selecting those to be pursued, and deciding the means to implement and support them.
- Determining the business strategies and plans that underpin The Solent Cluster Limited and its corporate strategy.
- Ensuring that the Company's organisational structure and capability are appropriate for implementing the chosen strategies.
- Determining the Company's appetite for risk and to engage in the process of backing a robust risk management programme focused on the Company's business and the area(s) of its activities.

C. In agreement with the Accountable Body, Portsmouth City Council, establish a delegation of authority to any panels/committees and to the executive, including;

- Agreeing a scheme of delegating authority to panels / committees as approved by the Board, and monitoring and evaluating the implementation of policies, strategies and business plans.
- Agreeing a scheme of delegating authority to management, and monitoring and evaluating the implementation of policies, strategies and business plans.
- In accordance with the Articles of Association and relevant contractual requirements and assurance frameworks, determining the monitoring criteria to be used by the Board.
- Ensure that internal controls are effective and monitor the effectiveness of internal controls.
- Communicate with all panels / committees with delegated authority from The Solent Cluster Limited's Board of Directors
- Communicate with senior management.

D. Exercise accountability to members and be responsible to relevant stakeholders

- Ensure that communications both to and from members of the Solent Cluster organisation and relevant stakeholders are effective.
- Understand and take into account the interests of members of the Solent Cluster organisation and relevant stakeholders.
- Monitor relations with members of the Solent Cluster organisation and relevant stakeholders by the gathering and evaluation of appropriate information.
- Promote the goodwill and support of members of the Solent Cluster organisation and relevant stakeholders.

The Solent Cluster Limited Board therefore lead the development of the Solent Cluster organisation strategy and associated priorities and targets for the area and moving forward will play a key role in the preparation of a local decarbonisation strategy for the Solent region. The Board are also responsible for the development and delivery of any funded programmes secured.

Directors appointed to the Board form the central authority in The Solent Cluster Limited. In carrying out their functions, directors owe a series of statutory duties to the Company. There are presently seven key duties codified under sections 171 to 177 of the Companies Act 2006, which reflect the common law and equitable principles as follows:

- Duty to act within their powers
- Duty to promote the success of the company
- Duty to exercise independent judgment
- Duty to exercise reasonable care, skill and diligence
- Duty to avoid conflicts of interest
- Duty not to accept benefits from third parties
- Duty to declare interest in a proposed transaction or arrangement

Bringing independent sound judgement, The Solent Cluster Limited Directors are therefore expected to:

- Act in accordance with The Solent Cluster Limited Articles of Association and National Local Growth Assurance Framework.
- Contribute to the Board to ensure a balance between high level coordination and driving the commissioning of the agreed programme of strategic projects and programmes to bring about real change in energy production and consumption in the Solent region.
- Provide strategic leadership, challenge and support to the Board and contribute to the development of one of the most successful industrial clusters in the country; establishing and developing The Solent Cluster's credibility and confidence within the wider market.
- Represent The Solent Cluster locally, encouraging networking and joint working with other businesses within the Solent region and, where appropriate, working with businesses outside the Solent region.
- Represent and promote the Solent region on a local basis to deliver on the priorities of The Solent Cluster, bringing about real change in energy production and consumption in the Solent region.
- Actively engage with The Solent Cluster Charter signatories to capture and engage their interest and facilitate their activity in support of The Solent Cluster vision.

- Contribute to and have influence over challenging goals and objectives, and ensure that the strategic aims of the Solent Cluster are delivered through appropriate mechanisms.
- Contribute to the development of the Board, providing expert advice and guidance and business expertise.
- Help ensure effective planning, management and financial control procedures are in place to ensure that all relevant legal, statutory and regulatory requirements are met.

There may be a requirement for Directors to take on a lead role for key priority areas or to chair sub committees of the main Board, and there will be a requirement from time to time to represent The Solent Cluster on a broader basis, including nationally and internationally, encouraging networking and joint working with other industrial clusters, businesses, government and public sector organisations based outside the area.

Board Director Roles

Chair

The Chair is responsible for the leadership of the Board, ensuring its effectiveness on all aspects of its role. The primary role of the Chair is to secure good corporate governance by ensuring the Board is in full control of the company's affairs and is alert to its obligations. The Chair will scrutinise and hold to account the performance of management and individual executive director(s) against agreed performance objectives. The Chair should hold meetings with the non-executive directors without the executive director(s) present.

The Chair will lead the continued monitoring, review and development of The Solent Cluster governance structures, policies and procedures, as well as The Solent Cluster's engagement with key stakeholders; including the Solent Cluster Charter signatories and founding members.

The Chair will chair all the meetings of the Board. If the Chair is unable to attend a meeting, the Deputy Chair will Chair in their absence for the duration of the meeting.

The Chair will be responsible for agreeing the agenda for each Board meeting in advance of the Board Meeting and deciding the order of matters to be discussed.

The Chair will decide the order in which Board members will be called to speak ensuring that all members present, who wish to, are given an opportunity to speak and also seeking to ensure that all views are fairly represented.

The Chair may suspend the meeting if in his or her view this is necessary; for whatever period of time he or she thinks appropriate.

Following consultation with the Board, the Chair will be responsible for agreeing the draft meeting notes within 5 working days of all Board meetings.

Executive Director

The Executive Director on the Board will have executive responsibility for the running of the Company's business, including:

- Developing strategic operating plans that reflect the longer-term objectives and priorities for The Solent Cluster as established and agreed by the Board
- Maintain an ongoing dialogue with the Chair of the Board
- Maintain the programme portfolio in line with the Board's decisions

- Take remedial action where necessary in accordance with the scheme of delegation and inform the Board of significant changes
- Deliver the operational performance for The Solent Cluster in accordance with the Board requirements and having due regard for relevant legal and assurance requirements
- Working with the Accountable Body, Portsmouth City Council, to ensure that adequate operational planning and financial control systems are in place and closely monitor the operating and financial results of the Solent Cluster Limited against plans and budgets
- Provide leadership to The Solent Cluster executive team
- Manage The Solent Cluster from day to day

Conduct of Directors

All Board Directors are expected to follow "The Seven Principles of Public Life (the Nolan Principles) when carrying out activities in their capacity as a Director on the Board of the Company and a Solent Cluster Code of Conduct has been established which all Directors are required to sign. A copy of the Code of Conduct is available [here](#).

Quorum

No decision may be made by a meeting of the Directors unless a quorum is present at the time the decision is purported to be made. "Present" includes being present by suitable electronic means agreed by the Directors in which a participant or participants may communicate with all other participants.

The quorum shall be four, for so long as the company has eight or more Directors; or the number nearest to one half of the total number of Directors for such periods as the company has seven or fewer Directors.

A Director shall not be counted in the quorum present when any decision is made about a matter upon which that Director is not entitled to vote.

A meeting shall be deemed not to be inquorate if it is otherwise inquorate only because the number of additional Directors that would be required to form a quorum are not entitled to vote.

If the number of Directors is less than the number fixed as quorum, the continuing Directors or Director may act only for the purpose of calling a general meeting or, if there is a vacant position, appointing a Director in accordance with the Company's procedures.

Decisions and Voting

The role of the Board is decision making. If a vote is required decisions shall be made on the basis of a majority of those directors attending and voting at a quorate Board meeting. Each member of the Board shall have one vote and decisions are made on a majority basis. In the event of an equality of votes being cast, the Chair of the Board meeting will have the casting vote.

Attendance by Others

The Chair may not appoint an alternate Director or anyone to attend or act on his or her behalf at Board meetings unless approved in advance by Directors' resolution.

An executive Director may, by giving notice in writing to the company, appoint and remove an alternate Director to attend and act on his or her behalf at Board meetings.

Each of the Business Director, the Skills / FE Director, the HE / Research Director, the Local Authority Director or Deputy Chair may, by giving notice in writing to the Company, appoint and remove an alternate director to attend and act on his or her behalf at Board meetings provided the alternate Director is an employee or duly appointed representative of the organisation that the appointing Director is employed by or represents.

The Section 151 Officer of the Accountable Body, or a nominated deputy, attends all Board meetings. The S151 Officer of the Accountable Body will have the ultimate veto on any decision under financial grounds but will not have voting rights on the nature of decisions agreed as long as they are compliant with financial regulations and within the risk appetite of the Accountable Body.

The Chair can invite others to attend the meeting if they feel this would be helpful to the business of the Board and where the benefit of their experience on the issues under discussion and their feedback are valuable contributions that will be sought by the Chair during debate. They may also be invited to speak on other relevant issues. Attendance of any other attendees at Board meetings is by invitation of the Chair only. Any requests to attend Board meetings to make deputations on matters to be considered by the Board will be considered by the Chair in line with the procedures set out in the following section.

Deputations at meetings

The Company may receive deputations on a matter from any organisation or individual, where notice has been given, which is before that meeting for decision. The following rules will apply:

- Notice of the intended deputation stating which agenda item it refers to and its purpose must be received in writing by the Executive Director by 12 noon on the working day preceding the meeting.
- Decisions on whether to receive deputations on a matter will be made by the Chair and the Chair may waive the giving of notice in any case they consider appropriate.
- When the deputation is given it must relate to the agenda item in respect of which it is made.
- No person may speak for more than 6 minutes per deputation.
- The total time for those in favour and against a proposal will be 12 minutes respectively. If more than 2 people wish to speak for or against a proposition, the time allocated to each will be reduced proportionately, unless they agree otherwise amongst themselves how to apportion the 12 minutes.
- Those attending may make a written or verbal presentation which may be supplemented by a modest visual aid such as a single plan, photograph or video recording. This will be retained by The Solent Cluster. Video recording presentations are included within the time allowed to deputations.
- Questions to deputations will be permitted, but only to clarify a statement.

Declaration of Interest

In accordance with Article 22 of The Solent Cluster Limited Articles of Association a register of interest has been established by The Solent Cluster and all Directors have a statutory duty to declare their interests (direct or indirect) in transactions or arrangements involving The Solent Cluster. This requirement has been extended to all Chairs and members of dedicated delivery sub-panels of The Solent Cluster, Section 151 Officers and Chief Executive Officers of any Accountable Body organisation operating on behalf of The Solent Cluster Limited and any other persons with significant influence over the activities of The Solent Cluster Limited (for example, senior employees and senior points of contact at accountable body organisations such as legal and financial contacts). Further information on the Company's

Register of interest is available [here](#) and a published version of each Directors Register of Interest will be published [here](#).

Management of Interests

The overriding principle adhered to by The Solent Cluster Limited is that every Director should be, and be seen to be, impartial at the time of participation in any discussion or decision relating to a matter considered by The Solent Cluster Limited Board.

This is recognised to be particularly important in relation to any funding awards which are to be considered and it is a fundamental principle that all parties in such funding processes are treated equally and fairly and that the parties perceive this to be the case.

The Solent Cluster Limited takes a proactive approach to the management of all interests. This includes both direct interests in matters to be considered, which would realistically be affected by its outcome, as well as presumed, unconscious or apparent bias arising from an involvement (found where a fair-minded and informed observer, having considered the facts, would conclude that there was a real possibility that the Director could have been biased).

A Director must declare the nature and extent of any interest, direct or indirect, which she/he has in a proposed transaction or arrangement with the Company or in any transaction or arrangement entered into by the Company which has not previously been declared and absent himself or herself from any discussions of the Directors in which it is possible that a conflict will arise between his or her duty to act solely in the interests of the Company and any personal interest (including but not limited to any personal financial interest).

If a conflict of interests arises for a Director because of a duty of loyalty owed to another and the conflict is not authorised by virtue of any other provision in the articles, the unconflicted Directors may authorise such a conflict of interests where the following conditions apply:

- The Director shall absent himself or herself from any discussions of the Directors in which he or she has an interest or where it is possible that a conflict will arise between his or her duty to act solely in the interests of the Company and any personal or other interest (including but not limited to any personal financial interest); and
- shall not vote on any such matter or be counted when considering whether a quorum of Directors is present at the meeting; and
- the unconflicted Directors consider it is in the interests of the Company to authorise the conflict of interests in the circumstances applying.

The notes of meetings of the Board will record any declarations of interest made, and whether the Director withdrew from the meeting for that item.

Each Board member shall review their individual register of interests before each Board meeting and submit any necessary revisions to the Executive and S151 Officer at the start of the meeting.

Even if a meeting has not taken place a Board member must, within 28 days of becoming aware of any change to the interests specified, provide written notification to the Executive and S151 Officer, of that change.

Gifts and Hospitality

The Solent Cluster Limited also maintains a register of events attended and gifts or hospitality received or given by all persons in their capacity as representatives of The Solent Cluster Limited or whilst carrying out Solent Cluster duties. Gifts and hospitality of a significant value received by Directors or their spouse/partner in their capacity of representatives of The Solent Cluster Limited should not be accepted. The giving of gifts or hospitality of significant value

should also be avoided by Directors. Full information on the Register of events attended and gifts or hospitality received will be published [here](#).

Support and Administration Agreements

The Solent Partners Executive team will provide the secretariat for The Solent Cluster Limited Board. Details on key points of contact are provided within the Directors Induction Pack. Portsmouth City Council is the Accountable Body for The Solent Cluster Limited and a protocol and service support agreement will be established between the Accountable Body and Solent Partners.

Independent support may be commissioned by The Solent Cluster Limited Board to support it with the discharge of its role.

Meeting Frequency

The Board shall meet five times per year, or as agreed by the Chair in partnership with the Executive Director.