



Meeting of the

JOINT COMMITTEE OF THE LONDON 2012 OLYMPIC AND PARALYMPIC HOST BOROUGHES

Friday, 24 February 2012 at 9.30 a.m.

A G E N D A

VENUE

**COUNCIL CHAMBER, OLD TOWN HALL STRATFORD, 29 THE
BROADWAY, LONDON E15 2BQ**

Members:

Deputies (if any):

(Note: The quorum for this body is 3 Members).

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact: Roxanne Misir / Robert Walker Tel: 020 8356 3326 / 020 8356 3578 e-mail: roxanne.misir@hackney.gov.uk / robert.walker@hackney.gov.uk

LONDON BOROUGH OF TOWER HAMLETS
JOINT COMMITTEE OF THE LONDON 2012 OLYMPIC AND
PARALYMPIC HOST BOROUGHES

Friday, 24 February 2012

9.30 a.m.

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST**
- 3. MINUTES OF PREVIOUS MEETING (Pages 1 - 2)**
- 4. HOST BOROUGHES UNIT: FINANCIAL MANAGEMENT (Pages 3 - 46)**

Agenda Item 3

MINUTES OF A MEETING OF THE JOINT COMMITTEE OF THE LONDON 2012 OLYMPIC AND PARALYMPIC HOST BOROUGHES

FRIDAY, 25TH NOVEMBER, 2011

Councillors Present: Sir Robin Wales in the Chair

Councillor Claire Coghill, Councillor Rocky Gill,
Councillor Guy Nicholson, Mayor Jules Pipe,
Mayor Lutfur Rahman and Councillor Chris
Roberts

Apologies: Councillor John Fahy, Councillor Mick McCarthy,
Councillor Chris Robbins and Councillor Liam
Smith

Officers in Attendance: Kim Bromley-Derry (Chief Executive, Newham),
Aman Dalvi (Interim Chief Executive, Tower
Hamlets), Stella Manzie (Chief Executive, Barking
and Dagenham) and Roger Taylor (Host Borough
Unit)

1 Apologies for absence

1.1 Apologies for absence are listed above.

2 Declarations of interest

2.1 There were no declarations of interest.

3 Minutes of the previous meeting, 24 June 2011

3.1 The minutes of the meeting held on 24th June 2011 were approved as a true and accurate record.

4 Joint Committee Procedure Rules

4.1 **RESOLVED** that the procedure rules for the Joint Committee of the six host boroughs be approved.

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Agenda Item 4

REPORT OF THE CLERK TO THE JOINT COMMITTEE OF THE LONDON 2012 OLYMPIC AND PARALYMPIC HOST BOROUGHS

HOST BOROUGHS UNIT FINANCIAL MANAGEMENT Joint Committee 24 February 2012	Classification Public	Enclosures Create Business Plan (Appendix A) Draft Create Grant Agreement 2012/13 (Appendix B)
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1. INTRODUCTION

- 1.1 In accordance with the terms of an Inter Authority Agreement between the Host Boroughs, this report covers the financing of the Host Boroughs Unit (HBU), including the Forecast Outturn for 2011/12, the Budget for 2012/13, and the proposed £150,000 grant to the Create charitable company for 2012/13. Financial information has been prepared jointly between the HBU and LB Hackney acting as Lead Borough/Accountable Body for HBU management, staffing and financial arrangements. The report has been approved by the Host Boroughs Chief Executive's Board.

2. RECOMMENDATIONS

- 2.1 The Joint Committee is asked to agree:
- i) to set the Budget for 2012/13 based on gross expenditure of £750,000, financed by 6 equal annual borough contributions of £125,000 to be invoiced to boroughs during March 2012.
 - ii) subject to the Create charitable company entering into a grant agreement by the 1st April 2012, to pay a grant of £150,000 to the company for 2012/13, financed on an equal basis by the 6 boroughs from within the overall £125,000 contributions payable by each borough.
 - iii) that the LB Hackney Corporate Director for Legal, HR and Regulatory Services be authorised to enter into a grant agreement with the Create charitable company for 2012/13.

3. RELATED DECISIONS

- 3.1 On the 28th January 2011, the Joint Committee agreed to the establishment of a limited company with charitable status to deliver the Create cultural programme.

4. ALTERNATIVE OPTIONS

- 4.1 No alternative options have been identified

5. SUSTAINABILITY AND LEGACY

- 5.1 Activities funded by the budget will promote sustainable post 2012 uses of Olympic and Paralympic facilities, and a cultural legacy for the area of the host boroughs.

6. ECONOMIC IMPACT

- 6.1 The work of the HBU will benefit local residents but also help to show that this is an attractive place to visit, live, work, invest and do business.

7. HUMAN RIGHTS AND EQUALITIES

- 7.1 There are no human rights issues. The report has no direct impact on the equalities policies of the Host Boroughs.

8. RISK

- 8.1 Financial risks are raised due to the complexity of work carried out or commissioned by the HBU, and the contractual arrangements for consultants and agency staff. The Inter Authority Agreement provides for any overspends to be shared equally between the Host Boroughs.

- 8.2 As the HBU is not a separate legal entity, the accounts, payments, receipts, purchasing and payroll transactions have been handled by LB Hackney as Lead Borough.

- 8.3 An Internal Audit report recommended providing regular HBU financial monitoring reports to the Chief Executive's Board and Joint Committee from the 2010/11 financial year.

- 8.4 It is intended that on the 7th February, the Create Company Board will approve the various actions required for the Company to commence trading on the 1st April 2012, including selection of company bankers and insurers, appointment of a support service provider, agreement to TUPE transfer of staff, and acceptance of the grant terms and conditions required by the host boroughs, etc. If the Company is unable to commence trading on the 1st April 2012, the Create function and staff will remain with L B Hackney until alternative arrangements can be made.

9. FINANCIAL CONSIDERATIONS

- 9.1 The Host Boroughs entered into an Inter Authority Agreement in 2006 in respect of both the 2012 Games programme and the HBU, which was superseded by a

revised Inter Authority Agreement in 2010, and a further revised Inter Authority Agreement in 2011 reflecting the admission of Barking and Dagenham as the sixth host borough. All of the Agreements appoint Hackney as Lead Borough for employment of staff and for the Budget. Accordingly, Hackney has been responsible for the employment and management of the staff of the HBU, and for the financial management and administration of the budget, income and expenditure of the Unit. Hackney applies its own financial, procurement and human resources procedures in carrying out these Lead Borough responsibilities.

- 9.2 Budgets for the HBU are required to be prepared on a break even basis taking account of equal annual borough contributions, and any grants and third party contributions.
- 9.3 Borough contributions were set at £500,000 (£100,000 per borough) when the HBU was established. The Inter Authority Agreements provide for contributions to be raised annually in line with inflation, and for consideration of growth proposals. To allow for inflation and growth in the work of the HBU, contributions were raised to £902,500 (£180,500 per borough) during 2008/09. As inflation had fallen to NIL early in 2009, the 2009/10 contributions were left unchanged at £902,500. Based on the December 2009 CPI (Consumer Prices Index) increase of 2.9%, borough contributions were raised to £928,650 for 2010/11 (£168,845 per borough, plus a voluntary contribution of £84,425 from LB Barking and Dagenham). Savings were achieved on Legacy costs, so the borough contributions for 2011/12 were reduced to £750,000, based on equal amounts of £125,000 from each of the 6 boroughs. More recently the Chief Executive's Board decided that it would be appropriate for contributions to remain at £125,000 per borough for 2012/13.
- 9.4 The Inter Authority Agreements provide for any underspends to be carried forward or shared equally between the boroughs, and for any overspends to be shared equally between the Host Boroughs
- 9.5 Capital expenditure and grant is excluded, viz. DCLG Public Realm Improvement Programme Grant.

10. LEGAL CONSIDERATIONS

- 10.1 Clause 8.3.2 of the Inter Authority Agreement dated 31 October 2011 provides that for each financial year Hackney will produce a budget for approval by the Chief Executive's Board and Joint Committee by no later than 1 March.
- 10.2 The draft Grant Agreement (for the Production and Delivery of the CREATE Festival) attached at Appendix B between LB Hackney (acting as Lead Host Borough) and the Create charitable company will need to be signed and sealed prior to payment of the proposed £150,000 grant to the company scheduled for April 2012. The Grant Agreement sets out the terms regarding the use of the grant funds together with the obligation on CREATE to maintain accounts and records which can be reviewed by the Host Boroughs and other funders.
- 10.3 The Recommendations in this Report are in accordance with the Inter Authority Agreement dated 31 October 2011 and the Memorandum of Understanding.

11. FORECAST OUTTURN 2011/12, BUDGET 2012/13

11.1 The Forecast Outturn for 2011/12 is summarised in the table below, based on full year spending estimates prepared jointly by LB Hackney and the HBU. This Forecast is presented on a break even basis including underspends totalling £388,971 brought forward from earlier financial years, except for the expected carry forward of an estimated £115,000 of unspent sponsorship and private funding relating to Create. This funding can be made available to the Create charitable company in 2012/13. There may be some small underspends in Legacy and Employment & Skills which can be reported when final 2011/12 outturn figures are available in May 2012.

2011/12 Forecast Outturn				
	Legacy	Employment & Skills	CREATE	Total
	£	£	£	
Expenditure				
Employee Costs	363,185	297,586	177,890	838,662
Premises, IT, Communications	16,353	8,250	6,000	30,603
Transport	500	120	1,930	2,550
Services & Commissioning	222,445	35,858	941,387	1,199,691
Support Services	58,705	8,705	14,831	82,241
Total Expenditure	661,189	350,519	1,142,038	2,153,747
Income				
HBU Reserve	144,219	244,752	-	388,971
2011/12 Borough Contributions	516,971	83,029	150,000	750,000
Other Contributions	-	-	639,088	639,088
Grants	-	22,738	467,950	490,688
Total Income	661,189	350,519	1,257,038	2,268,747
Net Expenditure	0	0	-115,000	-115,000

11.2 LB Hackney and the HBU have produced Budgets for 2012/13 summarised in the table below. Budgets are based on the Legacy and Employment & Skills work programme set out in recent reports to Leaders & Mayors and the Chief Executive's Board, and the proposal to pay £150,000 grant to the Create charitable company reported to the Joint Committee on the 28th January 2011.

11.3 Legacy work for 2012/13 includes pursuing the convergence agenda, development of the host boroughs economy, and continuing development of the Olympic Park and its environs.

- 11.4 Employment & Skills work for 2012/13 includes holding DWP Prime Contractors to account against convergence principles, continuing development of strategic links with employers and trainers, and providing an effective safety net for host borough residents temporarily employed by LOCOG and its contractors.
- 11.5 The Create Business Plan attached at Appendix A outlines the cultural festival activities to be part funded from the proposed £150,000 grant, and includes Financial Forecasts for the next three financial years. The Business Plan assumes that the grant will continue in subsequent financial years, although it is expected that the Joint Committee will only commit to the payment of grant on an annual basis. The annual nature of the grant from the host boroughs is reflected in the draft grant agreement attached at Appendix B.
- 11.6 Following the Olympics, LB Hackney and the HBU will jointly report progress on the Legacy and Employment & Skills work, and on the outcome of the 2012 Create Festival. The report will set out future options for the HBU and the associated work programmes, covering the remainder of the 2012/13 financial year and future years.

2012-13 Budget				
	Legacy	Employment & Skills	CREATE charitable company	Total
	£	£	£	£
Expenditure				
Employee Costs	234,747	270,383	-	505,130
Premises, IT, Communications	12,000	8,000	-	20,000
Transport	250	100	-	350
Services & Commissioning	-	7,110	-	7,110
Grant	-	-	150,000	150,000
Support Services	58,705	8,705	-	67,410
Total Expenditure	305,702	294,298	150,000	750,000
Income				
HBU Reserve	-	-	-	0
2012/13 Borough Contributions	305,702	294,298	150,000	750,000
Other Contributions	-	-	-	0
Grants	-	-	-	0
Total Income	305,702	294,298	150,000	750,000
Net Expenditure	0	0	0	0

**Corporate Director of Finance and Resources of the Lead Borough
on behalf of Tim Shields, Chief Executive London Borough of Hackney and Clerk to
the Joint Committee**

Report Originating Officers: Michael Honeysett ☎020-8356-3332
Financial Considerations: David Bell ☎020-8356-7688
Legal Considerations: Patricia Narebor ☎020-8356-2029

Background papers

The following document has been relied upon in the preparation of this report:

Description of document	Location	Date
Inter Authority Agreement	LB Hackney Legal Services	31/10/2011



CREATE Business Plan – DRAFT November 2011

Index

- 1. Introduction**
- 2. Legacy Objectives**
- 3. Development Goals 2011 – 2015**
- 4. Financial Strategy**
- 5. Future Organisational Development and New Governance Arrangements**
- 6. Staff Structure**

Appendix A

Introduction

CREATE supports, produces and presents creative projects that foster social engagement and new artistic experiences in east London. CREATE delivers an annual summer programme of activity whilst working year-round to ensure the arts are embedded into the long term, legacy plans for east London.

CREATE is rooted in the London boroughs of Barking & Dagenham, Greenwich, Hackney, Newham, Tower Hamlets, and Waltham Forest. CREATE has been running for four years and in that time has already developed a significant reputation as one of London's most exciting and ground-breaking programmes. CREATE11 attracted audiences of over 1m with over 50,000 local people actively participating in events through volunteering, mentoring, training for young people, workshops, family activities and competitions. CREATE11 represents an arts programme valued at just over £2m and between 2009 and 2011 the CREATE team have levered in over £1.5m to present new work, alongside supporting participation programmes and successful press, PR and marketing campaigns.¹

The mission of CREATE can be summarised as intrinsically linking three key goals:

1. Increasing levels of cultural engagement in east London
2. Supporting creative practice and the arts in east London
3. Linking this to the wider social and economic regeneration programme of the sub-region

We will do this by

- Commissioning high quality, high profile and ground breaking projects which involve leading local artists and creative organisations
- Involving local people in all aspects of the programme, from participating in creative activity, to skills development, volunteering and employment opportunities
- Promoting east London as a unique cultural destination and linking the programme to the future of the Olympic Park in Legacy

Increasing levels of cultural engagement in east London

CREATE is about getting more local people to take part in high quality creative activity, with the vision of being a world leader in the field of socially engaged, world-class creative practice. Cultural participation rates in the Host Boroughs are significantly lower in comparison with the rest of London despite the density of professional artists and creative businesses in the area.² CREATE commissions and supports high quality creative projects which, as with the hugely successful CREATE Art Award, involve and inspire local people.

¹ Taken from CREATE10 Festival Report. See www.createlondon.org/aboutus for full report.

² Taken from Host Boroughs Cultural Strategy Paper, April 2010 'A cultural future: planning the cultural legacy of the Olympics for the five hosting boroughs'

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Designed to build towards, and capitalise on, the extraordinary Olympic moment, the programme aims to turn the enthusiasm generated by the Games into sustained cultural engagement for local people. Over the next five years CREATE will use the springboard of the Olympics to inspire local residents to get involved in arts and culture.

Supporting creative practice and the arts in east London

Alongside the focus on participation, CREATE works to support and sustain the cultural and creative industries in the Host Boroughs. CREATE's summer programme spearheads a campaign to put east and southeast London on the cultural tourism map through working in partnership with the best of the local creative and artistic community to deliver extraordinary, engaging and eye-catching new commissions and projects. CREATE promotes east London as a world class visitor destination, bringing more visitors to galleries, theatres and other local businesses – supporting the sector and linking culture and creativity to the economic regeneration of the sub-region.

The Host Boroughs are home to Europe's largest cultural quarter with over 12,000 of artists and some of the UK's and the world's leading creative producers. We support the arts sector by sourcing locally - commissioning local artists and working in partnership with local arts and creative businesses to develop new projects. CREATE is unique in being able to develop a programme of exceptional quality which is drawn entirely from the local creative community. Turner Prize winners and Brit Award and MOBO nominees live and work in the East End, alongside a growing number of leading creative industry companies, designers, new media pundits, journalists and writers – a growing number of which are already CREATE partners.

In 2013 CREATE will have been working with the Host Boroughs for five years, brokering partnerships with all the key cultural organisations in London and working with all the major promoters, artists and producers and all the major arts and cultural organisations in the sub region, and regional and national agencies..

This partnership is a now a critical strategic grouping for culture in the sub-region and the benefits of the partnership are extending beyond the delivery of the Festival. CREATE is a central part of the London 2012 cultural programme and has now been identified as a key part of its legacy.

Legacy Objectives

The following objectives were agreed in February 2011 by the Olympic Park Regeneration Steering Group, which includes the Mayor of London and the Mayors and Leaders of the Host Boroughs. These will be pared down to create a workable mission statement for the limited company and charity.

1. A legacy of increased cultural participation available to all local residents. Sustained opportunities for people of all ages to take part in high quality

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cultural activity that directly contributes to the social and economic objectives of 'Convergence' and sets about improving the quality of life for all residents.

2. To raise levels of cultural participation in east and south east London to those of the other 27 London boroughs, and to focus particularly on communities within the Host Boroughs where levels of cultural participation are significantly low.
3. A legacy for skills, employment and enterprise in the cultural and creative industries for young people living in the Host Boroughs. A sustained and coordinated approach to creating new pathways into employment and entrepreneurship in these industries across our communities.
4. A strong cultural legacy for the Olympic Park. Both in terms of high quality and large scale events that will attract significant numbers of new visitors to the area and events that knit the many communities found across the boroughs into the park. Forming an economic relationship between the artists and the creative industries from across the Host Boroughs and the wider opportunities for job creation and business development.
5. A world class festival for the arts, CREATE, that continues to grow post 2012 in a sustainable way that attracts London-wide, national and international investment. A legacy that brings new visitors to the area and benefits the local economy, engages and connects with local communities and supports the development of local and regional, cultural institutions and businesses. Importantly, CREATE is a new model for partnership working for the creative and cultural sector in east and southeast London who are working together for the first time to deliver shared objectives. Additionally, the festival brings national institutions and their creative resources to east and southeast London combining investment into the arts both from the public and private sectors adding value to the Host Boroughs' cultural landscape.
6. To sustain the growth, and strengthen the position, of the Host Boroughs' cultural and creative industry sectors, ensuring that the Prime Minister's and the Mayor of London's aspirations for an east London technology city corridor are supported and delivered.

Development Goals 2011-2015

Opportunities

The next four years contain exceptional opportunities for CREATE and for the sub-region:

- The Cultural Olympiad will gather momentum in the run up to the Games. In 2012 much of this opportunity will centre on the areas defined as the Host Boroughs. CREATE will benefit from the added exposure of being an integral part of the Cultural Olympiad, an £80m national arts programme, and the added scale and ambition of events taking place in 2012.
- 2012 will focus a unique spotlight on east London and thus CREATE has the chance to help establish the area as a significant cultural destination for London, UK-Wide and International visitors.
- The Host Boroughs are leading a twenty-year regeneration programme aimed at addressing the historic social and economic disadvantages that are found across these boroughs. 2012 is the catalyst for much of this regeneration initiative, which is focussed on the principle of Convergence. Convergence is a multi-faceted package of interventions covering areas such as quality of life, work, skills, learning, health and infrastructure. Within this brief, CREATE is placed to deliver a significant contribution to the Convergence programme.
- There is an increasing focus on addressing the inequalities in cultural participation and cultural provision across London – from the boroughs, the Arts Council, the Mayor’s Office and other key agencies. In part this means addressing the marked low levels of engagement in culture within the boroughs. CREATE will provide a coordinated and impactful solution to increasing cultural participation across the boroughs.

Aims, objectives and their key measures 2011 – 2015

- **Deliver an inspiring and ground breaking annual, summer programme that involves more local people year-on-year, establishing east and southeast London as a premier cultural tourism destination.**
 - CREATE will sustain and grow the number of visitors to the festival from 822,000 in 2009, to 1.3 million in 2015.
 - CREATE will continue to grow the commissioning portfolio of the festival and raise new funds for ground-breaking, nationally significant new work as part of the programme.

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- **Establish significant opportunities for local people to participate in different kinds of cultural activity**
 - There will be a 5% year-on-year rise in local participation in the CREATE festival from approximately 40,000 participants in 2009.
 - New commissions will focus on participatory, inclusive and inspiring events and programmes.
 - Through CREATE Jobs, we will provide internships and gateway placements for young people within the creative and hospitality industries.

- **Establish a high profile and respected platform for local artists, creative businesses and producers**
 - There will be a 5% year-on-year rise in the number of local artists and creative businesses involved in the festival.

- **Delivery partners for the Host City celebrations in 2012**
 - Delivery of artistic programme as part of Festival 2012 and the Cultural Olympiad and working with LOCOG, GLA, ACE and OPLC to ensure involvement in all core arts activities.
 - CREATE is a key player in terms the success of the cultural offer for London 2012.

- **Begin to establish the Olympic Park as a place where high profile participatory cultural events take place thereby helping to integrate the park into the community**
 - CREATE will work to secure a formal role in the cultural programming of the Olympic park in legacy.

- **Work in partnership to get more young people from the local boroughs involved in culture and the creative industries**
 - CREATE will work in partnership to ensure all partner organisations participate in new joint initiatives to provide young people with training and work experience in the sector.
 - The expansion of CREATE Jobs will be central to the delivery of new opportunities for local young people to find work in the sector. CREATE jobs will aim to give 1000 new opportunities for local young people every year from 2012. These opportunities for local young people include: Creative Careers fairs at the Barbican; mentoring by industry professionals; work placements in creative businesses; paid internships and apprenticeships.

Financial Strategy

Financial Forecasts are attached at Appendix A1.

Core business activity over the next three years:

- Work with arts organisations, the boroughs and agencies alongside local and national cultural bodies to encourage them to deliver work to be part of CREATE (paid for by, or in partnership with, those organisations). To shape this work (the in-kind contribution section in the table above) within the context of the festival, especially in terms of participation and involving leading, local artists and creative companies.
- To deliver a programme of new commissions for the core of those for which CREATE specifically fundraises, including London 2012 projects. These will be both stand-alone commissions, and co-commissions with our partners. All commissions will be 'locally sourced' and will involve the engagement of local people in origination or delivery.
- To retain and develop a sub-regional strategic role. Supporting the boroughs, sub-regional and national agencies with their policies and programmes in terms of cultural development, advocating for the creative sector and working in the development of the Olympic Park.

Financial priorities for CREATE over the next three years

This strategy acknowledges that there will be increasing pressure on public finances from 2010 and therefore as far as possible the organisation needs to diversify its funding portfolio and to be income generating. In order to meet our key aims of to growing audience figures and participation opportunities, CREATE is looking to expand its earned income in order to generate more world class events and programmes alongside a suitably enhanced marketing vehicle. Priorities include:

- Securing a core team with increased capacity to secure the future development of the programme.
- Maximising opportunities as part of the Cultural Olympiad and the Olympics to deliver specific commissions in 2011 and 2012 and working in partnership with the Olympic Park Legacy Company.
- Attracting significant private sector sponsorship for the core operation, particular commissions and events. CREATE has been successful in attracting private sponsorship from the corporate sector. We need to monopolise on such

Appendix A

success and look to other private markets e.g. retail or social media which meet with the CREATE brand and audience.

- Develop a revenue generating arm linked to new projects such as ticket sales fees for festival events and merchandise.
- Embedding relationships with the Arts Council and becoming a National Portfolio Organisation in 2014.
- Forging new strategic relationships including those with GLA and London & Partners.

Future Organisational Development and New Governance Arrangements

The development of CREATE into a new company limited by guarantee and as a registered charity limited by guarantee, will be a key development focus during 2012.

A refined organisational structure will enable CREATE to perform a number of different functions and will help CREATE to lever in new, additional funds to sustain and increase activity.

The Trustees of the new entity will be appointed under charity commission guidelines to represent the range of skills and expertise necessary for the proper running of the charitable organisation. Directors will be required to bring significant time and energy to the development of CREATE.

Organisational Arrangements

For the first year of trading, at least, it is proposed that the East London Business Alliance will provide operational and administrative support for the new company.

This will include the delivery of the following functions:

- Payroll and HR
- Financial reporting, book keeping and banking
- Legal support
- Office Administrative Support
- Capacity building re governance
- Fundraising
- Strategic support

The London Borough of Hackney have agreed to continue to support the CREATE team during the transitional period in 2012/13.

Staff Structure

A small, executive team who will fulfil the day-to-day management of company operations and project delivery will have the ability to employ temporary staff as needed on a project-by-project basis, which will keep both costs and risks down. It is recommended that core company staff currently contracted by LB Hackney (namely Hadrian Garrard)are transferred to the new company for the duration of their current employment contract. Agency staff can be terminated by the LB Hackney and engaged afresh by the company. These staff will continue to function as the executive team for the CREATE project.

However, there is a need for a larger core team to carry out the basic functions of the company and it is recommended that the following staff structure for permanent staff - with *indicative* salaries (including on-costs), is established as soon as possible in 2012.

Director/CEO	£68k
Producer	£48k
General Manager (to recruit)	£35k
Marketing and Communications Manager	£30k
Administrator – (to recruit)	£18k

Other staff will be recruited on a project-by-project basis for the first few years of trading.

We forecast to continue to outsource the management of our marketing, design and PR campaigns to external agencies and work with ELBA on delivering our fundraising goals. All staff are required to fundraise as a core part of their roles, as is currently the case.

It is our intention to develop a commercial arm to generate revenue, to develop an e-commerce strategy and to generate income via ticket sales revenue, festival merchandise and media content sales and licensing. These ambitions represent our long term aims and over the next four years we will invest in research and development into the establishment of these aims, with the longer term ambition of establishing new posts to lead on commercial enterprise.

Appendix A

Appendix A 1 (Forecasts)

Year	2012/13	2013/14	2014/15
Income			
6HB Core Contribution	150,000	150,000	150,000
Public Funding	332,000	200,000	200,000
Sponsorship & Private Funding	413,000	385,000	515,000
LOCOG/London 2012	10,000	0	0
OPLC	50,000	100,000	200,000
Trusts and Foundations	25,000	100,000	150,000
Donations /Individual Giving	0	50,000	50,000
Box Office/Gross Earned income	95,000	125,000	150,000
TOTAL INCOME	£1,075,000	£1,110,000	£1,415,000

Expenditure			
Core Staff	204,000	254,000	284,000
Temporary Staff	24,800	24,800	24,800
Premises & Overheads	41,000	41,000	41,000
Organisational Change Management	5,000	0	0
Irrecoverable V.A.T	64,500	66,600	84,900
Marketing, PR, Audience Development	269,500	250,000	250,000
Artistic Commissions & Productions	409,000	400,000	575,000
Partnership & Stakeholder Development	4,000	4,000	4,000
Creative Learning, Skills & Employment	45,000	60,000	75,000
TOTAL EXPENDITURE	£1,066,800	£1,100,400	£1,338,700

Surplus/Deficit for the year	£8,200	£9,600	£76,300
Add previous year balance	£115,000	£123,200	£132,800
Surplus/Deficit at year end	£123,200	£132,800	£209,100

In-kind contribution from sector partners and boroughs, including funding on joint projects.	£3,000,000	£1,100,000	£1,100,000
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Note: Figures at December 2011, excluding any future pay and price increases.

Appendix A

Detailed Forecasts

YEAR	2012/13	2013/14	2014/15
	£	£	£
INCOME			
6HB Core Contribution	150,000	150,000	150,000
<i>Each borough makes a contribution of £25k</i>			
Public Funding	332,000	200,000	200,000
Arts Council	166,000	150,000	150,000
GLA	151,000	50,000	50,000
Other Public Funding (Misc)	15,000	0	0
Sponsorship & Private Funding	413,000	385,000	515,000
Main Festival Sponsor (Deutsche Bank)	175,000	175,000	175,000
Festival Sponsor (Canary Wharf Group)	100,000	100,000	100,000
2012 Project sponsor (Co-operative Events)	33,000	0	0
Art Award sponsor (Bank of America Merrill Lynch)	80,000	80,000	80,000
ELBA	0	0	0
Festival Sponsor 1	0	0	75,000
Festival Sponsor 2	0	0	50,000
Festival Drinks / Beverages Sponsor	10,000	10,000	15,000
Festival Sponsor 3	15,000	20,000	20,000
LOCOG	10,000	0	0
OPLC	50,000	100,000	200,000
Trusts and Foundations	25,000	100,000	150,000
Donations/Individual Giving	0	50,000	50,000
Box Office/Gross Earned income	95,000	125,000	150,000
TOTAL INCOME	1,075,000	1,110,000	1,415,000
EXPENDITURE			
Core Staff (inc on-costs)	204,000	254,000	284,000
Director	66,000	66,000	66,000
Producer	50,000	50,000	50,000
General Manager	35,000	35,000	35,000
Head of Development	0	50,000	50,000
Development Assistant	0	0	30,000
Administrator	18,000	18,000	18,000
Marketing/Comms Manager	30,000	30,000	30,000
Core Staff Expenses	5,000	5,000	5,000
Temporary Staff	24,800	24,800	24,800
Consultants	10,000	10,000	10,000
ELBA Consultant (HD)	4,800	4,800	4,800
Public Realm Arts Consultants	0	0	0
General Temp Staff	10,000	10,000	10,000
Premises & Overheads	41,000	41,000	41,000
Rent	10,000	10,000	10,000

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HR, Payroll, Legal, IT, Accountancy support	12,000	12,000	12,000
Telephone	3,000	3,000	3,000
IT hardware & software	10,000	10,000	10,000
Other	6,000	6,000	6,000
Organisational Change Management	5,000	0	0
Irrecoverable V.A.T	64,500	66,600	84,900
Marketing, PR, Audience Development	269,500	250,000	250,000
Evaluation and Monitoring (Audiences London)	7,500	6,000	6,000
Core Marketing - Design, Content Management, Digital, Print	115,000	115,000	115,000
Frieze Projects East Marketing	13,000	0	0
Advertising/Media Buying	25,000	25,000	25,000
Media Partnership	20,000	20,000	20,000
Print Distribution	30,000	25,000	25,000
Couriers	2,000	2,000	2,000
Main Launch	10,000	10,000	10,000
Other Launches	5,000	5,000	5,000
Box Office Costs	5,000	5,000	5,000
PR Agency	35,000	35,000	35,000
Hospitality	2,000	2,000	2,000
Artistic Commissions & Productions	409,000	400,000	575,000
CREATE Art Award	50,000	50,000	50,000
Restaurants in Residence / Food Commission	55,000	55,000	75,000
CREATE House	0	0	0
Urban Classic / Music Commission Project	33,000	50,000	75,000
Walks and Talks	15,000	15,000	15,000
YMBBT / Performance Commission Project	0	50,000	70,000
Frieze Projects East / Public Realm Commission Project	0	0	0
Something & Son / Green Commission Project	100,000	0	0
Duckie / Performance Commission Project	25,000	25,000	25,000
Assemble / Public Realm Commission Project	51,000	0	0
First Thursdays / East London Galleries Commission	10,000	10,000	10,000
TRSE 2012 Commission / Partner Co Commissions	10,000	10,000	10,000
GDIF / Partner Co Commissions	10,000	10,000	10,000
Document / Film Commissions	25,000	25,000	25,000
Souvenirs / Product Design Commissions	25,000	25,000	30,000
OPLC Projects	0	75,000	180,000
Partnership & Stakeholder Development	4,000	4,000	4,000
Creative Learning, Skills & Employment	45,000	60,000	75,000
TOTAL EXPENDITURE	1,066,800	1,100,400	1,338,700
SURPLUS/DEFICIT FOR THE YEAR	8,200	9,600	76,300
ADD PREVIOUS YEAR BALANCE	115,000	123,200	132,800
SURPLUS/DEFICIT AT YEAR END	123,200	132,800	209,100
In-kind contribution from sector partners and boroughs, including funding on joint projects.	3,000,000	1,100,000	1,100,000

GRANT AGREEMENT

between

LONDON BOROUGH OF HACKNEY
(ON BEHALF OF THE HOST BOROUGHES)

and

CREATE LONDON

for the

PRODUCTION AND DELIVERY OF THE

CREATE FESTIVAL

Corporate Director For Legal, HR And Regulatory Services
Hackney Town Hall
Mare Street
London E8 1EA

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THIS DEED is dated

PARTIES

- (1) **The Mayor and Burgesses of the London Borough of Hackney**, whose address is at Hackney Town Hall, Mare Street, London, E8 1EA (**"the Funder"**); and
- (2) **CREATE London** (company registration number 7586759 and charity registration number _____) whose principal address is at 24 Ashwin Street, London, E8 3DL (**"the Recipient"**).

BACKGROUND

- (A) The Funder wishes to collaborate on and co-ordinate a range of art and cultural activities as a result of the Olympic and Paralympic Games to be held in London 2012 that would remain as the cultural legacy for the Host Boroughs (**"the Project"**).
- (B) The Funder has agreed to pay the Grant to the Recipient to assist it in carrying out the Project.
- (C) This Agreement sets out the terms and conditions on which the Grant is made by the Funder to the Recipient.
- (D) These terms and conditions are intended to ensure that the Grant is used for the purpose for which it is awarded.

AGREED TERMS

1. DEFINITIONS

In this Agreement the following terms shall have the following meanings:

Commencement Date: 1 April 2012

Governing Body: the governing body of the Recipient including its directors or trustees.

Grant: the sum of [£150,000] to be paid to the Recipient in accordance with this Agreement.

Grant Period: the period for which the Grant is awarded starting on the Commencement Date and ending on 31 March 2013.

Host Boroughs: the London Boroughs of Hackney, Greenwich, Newham, Waltham Forest, Tower Hamlets and Barking and Dagenham. (The Recipient acknowledges that Hackney has been appointed to act as the lead borough to represent the other boroughs comprising the Host Boroughs);

Intellectual Property Rights: all patents, copyrights and design rights (whether registered or not) and all applications for any of the foregoing and all rights of confidence and Know-How however arising for their full term and any renewals and extensions.

Know-How: information, data, know-how or experience whether patentable or not and including but not limited to any technical and commercial information relating to research, design, development, manufacture, use or sale.

Memorandum and Articles: the Memorandum and Articles of the Recipient registered at Companies House setting out, inter alia, the Recipient's objectives and corporate governance procedures attached as Schedule 6.

Prohibited Act: means:

- (a) offering, giving or agreeing to give to any servant of the Funder or Host Borough any gift or consideration of any kind as an inducement or reward for:
 - (i) doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Agreement or any other contract with the Funder; or
 - (ii) showing or not showing favour or disfavour to any person in relation to this Agreement or any other contract with the Funder;
- (b) entering into this Agreement or any other contract with the Funder or Host Borough where a commission has been paid or has been agreed to be paid by the Recipient or on its behalf, or to its knowledge, unless before the relevant contract is entered into particulars of any such commission and of the terms and conditions of any such contract for the payment thereof have been disclosed in writing to the Funder;
- (c) committing any offence:
 - (i) under the Bribery Act 2010;
 - (ii) under legislation creating offences in respect of fraudulent acts; or
 - (iii) at common law in respect of fraudulent acts in relation to this Agreement or any other contract with the Funder; or
- (d) defrauding or attempting to defraud or conspiring to defraud the Funder.

Project: the collaboration on and co-ordination of a range of art and cultural activities as a result of the Olympic and Paralympic Games to be held in London 2012 to remain as the Host Boroughs' cultural legacy as more fully described in Schedule 1.

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Project Manager: the individual who has been nominated to represent the Funder for the purposes of this Agreement.

Third Party Funding: grant funding received from parties other than the Funder or Host Boroughs.

2. PURPOSE OF GRANT

- 2.1 The Recipient shall use the Grant and any Third Party Funding only for the delivery of the Project and to further the company objectives set out in the Memorandum and Articles and in accordance with the terms and conditions set out in this Agreement. The Grant shall not be used for any other purpose without the prior written agreement of the Funder.
- 2.2 The Recipient shall not make any significant change to the Project without the Funder's prior written agreement.
- 2.3 The Parties record that, in addition to Grant Funding, the Recipient intends to apply for Third Party Funding and undertakes to notify the Funder, where such funding is obtained and the amount thereof. The Recipient agrees and accepts that it shall not apply for duplicate funding in respect of any part of the Project or any related administration costs that the Funder is funding in full under this Agreement.

3. PAYMENT OF GRANT

- 3.1 Subject to clause 12, the Funder shall pay the Grant to the Recipient in a single transaction on 1 April 2012 by way of BACS transfer subject to the necessary funds being available when payment falls due. The Recipient agrees and accepts that payments of the Grant can only be made to the extent that the Funder has available funds.
- 3.2 No Grant shall be paid unless and until the Funder is satisfied that such payment will be used for proper expenditure in the delivery of the Project and the furtherance of the company objectives set out in the Memorandum and Articles.
- 3.3 The amount of the Grant shall not be increased in the event of any overspend by the Recipient in its delivery of the Project.
- 3.4 The Grant shall be paid into a separate bank account in the name of the Recipient which must be an ordinary business bank account. All cheques from the bank account must be signed by at least two individual representatives of the Recipient and all electronic payments from the

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Recipient's bank account(s) must be entered on line by an employee of the recipient and subsequently authorised for payment on line by a director/trustee of the recipient.

- 3.5 The Recipient shall not transfer any part of the Grant to bank accounts which are not ordinary business accounts within the clearing bank system, without the prior written consent of the Funder.
- 3.6 The Recipient shall promptly repay to the Funder any money incorrectly paid to it either as a result of an administrative error or otherwise. This includes (without limitation) situations where either an incorrect sum of money has been paid or where Grant monies have been paid in error before all conditions attaching to the Grant have been complied with by the Recipient.
- 3.7 The Recipient acknowledges that the Funder has received Third Party Funding from third parties on behalf of the Recipient, which the Funder undertakes to place in the possession of the Recipient. The conditions set out in this agreement shall apply *mutatis mutandis* to the Third Party Funding received by the Recipient.

4. USE OF GRANT

- 4.1 The Grant shall be used by the Recipient only for the furtherance of the Recipient's objectives set out in the Memorandum and Articles generally and the delivery of the Project specifically.
- 4.2 Where the Recipient has obtained Third Party Funding in relation to its delivery of the Project (including without limitation funding for associated administration and staffing costs), the amount of such funding shall be included in Schedule 3 (Third Party Funding) together with a clear description of what that that funding shall be used for.
- 4.3 The Recipient shall not use the Grant to:
 - (a) make any payment to members of its Governing Body (save for reimbursing reasonable expenses);
 - (b) purchase buildings or land; or
 - (c) pay for any expenditure commitments of the Recipient entered into before the Commencement Date,

unless this has been approved in writing by the Funder.

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4.4 Should any part of the Grant remain unspent at the end of the Grant Period, the Recipient shall ensure that any unspent monies is returned to the Funder or, if agreed in writing by the Funder, shall be entitled to retain the unspent monies to deliver the Project the following Grant Period.

4.5 Any liabilities arising at the end of the Project including any redundancy or pensions liabilities for staff employed by the Recipient to deliver the Project must be managed and paid for by the Recipient using the Grant or other resources of the Recipient. There will be no additional funding available from the Funder for this purpose.

5. ACCOUNTS AND RECORDS

5.1 The Recipient shall keep separate, accurate and up-to-date accounts and records of the receipt and expenditure of all monies received by it.

5.2 The Recipient shall keep all invoices, receipts, and accounts and any other relevant documents relating to the expenditure of all monies for a period of at least six years following receipt of any Grant monies or Third Party Funding to which they relate. The Funder shall have the right to review, at the Funder's reasonable request, the Recipient's accounts and records that relate to the expenditure of the Grant and Third Party Funding and shall have the right to take copies of such accounts and records.

5.3 The Recipient shall provide the Funder with a copy of its Annual Report and Accounts within six months (or such lesser period as the Funder may reasonably require) of the end of the relevant financial year in respect of each year in which the Grant is paid.

5.4 The Recipient shall comply and facilitate the Funder's compliance with all statutory requirements as regards accounts, audit or examination of accounts, annual reports and annual returns applicable to itself and the Funder.

5.5 In addition to the accounting and record keeping obligations mentioned in this clause 5, the Recipient shall ensure that it complies with the financial requirements set out at Schedule 4. The Recipient shall also ensure that any subsidiary companies of the Recipient comply with the same obligations.

6. MONITORING AND REPORTING

6.1 The Recipient shall closely monitor the delivery and success of the Project throughout the Grant Period to ensure that the aims and objectives of the Project are being met and that this Agreement is being adhered to.

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- 6.2 The Recipient shall provide the Funder with a financial report and an operational report on its use of the Grant and delivery of the Project every quarter and in such formats as the Funder may reasonably require. The Recipient shall provide the Funder with each report within five (5) weeks of the last day of the quarter to which it relates.
- 6.3 Where the Recipient has obtained funding from a third party for its delivery of part of the Project, the Recipient shall include the amount of such funding in its financial reports together with details of what that funding has been used for.
- 6.4 Along with its first quarterly financial report, the Recipient shall provide the Funder with a risk register and insurance review in the format provided by the Funder. The Recipient shall address the health and safety of its staff in the risk register.
- 6.5 The Recipient shall on request provide the Funder with such further information, explanations and documents as the Funder may reasonably require in order for it to establish that the Grant has been used properly in accordance with this Agreement.
- 6.6 The Recipient shall permit any person authorised by the Funder such reasonable access to its employees, agents, premises, facilities and records, for the purpose of discussing, monitoring and evaluating the Recipient's fulfilment of the conditions of this Agreement and shall, if so required, provide appropriate oral or written explanations from them.
- 6.7 The Recipient shall permit any person authorised by the Funder for the purpose to visit the Recipient once every quarter to monitor the delivery of the Project. Where, in its reasonable opinion, the Funder considers that additional visits are necessary to monitor the Project, it shall be entitled to authorise any person to make such visits on its behalf.
- 6.8 The Recipient shall provide the Funder with a final report within ten (10) weeks of the completion of the Grant Period, which shall confirm whether the Project has been successfully and properly completed.
- 6.9 In addition to the reporting obligations set in this clause 6, the Recipient shall, annually in November of each year, submit to the Funder as well as the Secretary of the Host Boroughs Joint Committee, a Business Plan and Budget for the following year. The business plan will form the basis of the Recipient's application for funding for the following year from the Host Boroughs and shall contain, as a minimum, the information set out in Schedule 5. For the avoidance of doubt, nothing in this Agreement shall

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oblige or commit the Funder to continue to provide funding for any subsequent periods following termination of this Agreement.

7. ACKNOWLEDGMENT AND PUBLICITY

- 7.1 The Recipient shall acknowledge the Grant in its annual report and accounts, including an acknowledgement of the Funder as the source of the Grant.
- 7.2 The Recipient shall acknowledge the support of the Funder in any materials that refer to the Project and in any written or spoken public presentations about the Project. Such acknowledgements (where appropriate or as requested by the Funder) shall include the Funder's name and logo (or any future name or logo adopted by the Funder) using the templates provided by the Funder from time to time.
- 7.3 In using the Funder's name and logo, the Recipient shall comply with all reasonable branding guidelines issued by the Funder from time to time.
- 7.4 The Recipient agrees to participate in and co-operate with promotional activities relating to the Project that may be instigated and/or organised by the Funder.
- 7.5 The Funder may acknowledge the Recipient's involvement in the Project as appropriate without prior notice.
- 7.6 The Recipient shall comply with all reasonable requests from the Funder to facilitate visits, provide reports, statistics, photographs and case studies that will assist the Funder in its promotional and fundraising activities relating to the Project.

8. INTELLECTUAL PROPERTY RIGHTS

- 8.1 The Funder and the Recipient agree that all rights, title and interest in or to any information, data, reports, documents, procedures, forecasts, technology, Know-How and any other Intellectual Property Rights whatsoever owned by either the Funder or the Recipient before the Commencement Date or developed by either party during the Grant Period, shall remain the property of that party.
- 8.2 Where the Funder has provided the Recipient with any of its Intellectual Property Rights for use in connection with the Project (including without limitation its name and logo), the Recipient shall, on termination of this Agreement, cease to use such Intellectual Property Rights immediately and

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shall either return or destroy such Intellectual Property Rights as requested by the Funder.

9. CONFIDENTIALITY

9.1 Subject to clause 10 (Freedom of Information), each party shall during the term of this Agreement and thereafter keep secret and confidential all Intellectual Property Rights or Know-How or other business, technical or commercial information disclosed to it as a result of the Agreement and shall not disclose the same to any person save to the extent necessary to perform its obligations in accordance with the terms of this Agreement or save as expressly authorised in writing by the other party.

9.2 The obligation of confidentiality contained in this clause shall not apply or shall cease to apply to any Intellectual Property Rights, Know-How or other business, technical or commercial information which:

- (a) at the time of its disclosure by the disclosing party is already in the public domain or which subsequently enters the public domain other than by breach of the terms of this Agreement by the receiving party;
- (b) is already known to the receiving party as evidenced by written records at the time of its disclosure by the disclosing party and was not otherwise acquired by the receiving party from the disclosing party under any obligations of confidence; or
- (c) is at any time after the date of this Agreement acquired by the receiving party from a third party having the right to disclose the same to the receiving party without breach of the obligations owed by that party to the disclosing party.

10. FREEDOM OF INFORMATION

10.1 The Recipient acknowledges that the Funder is subject to the requirements of the Freedom of Information Act 2000 (**FOIA**) and the Environmental Information Regulations 2004 and shall assist and co-operate with the Funder (at the Recipient's expense) to enable the Funder to comply with these information disclosure requirements.

10.2 The Recipient shall:

- (a) transfer the request for information to the Funder as soon as practicable after receipt and in any event within [two] Working Days of receiving a request for information;
- (b) provide the Funder with a copy of all information in its possession or power in the form that the Funder requires within [five] working days

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(or such other period as the Funder may specify) of the Funder requesting that information; and

- (c) provide all necessary assistance as reasonably requested by the Funder to enable the Funder to respond to a request for information within the time for compliance set out in section 10 of the FOIA or regulation 5 of the Environmental Information Regulations 2004.

10.3 The Funder shall be responsible for determining at its absolute discretion whether the information:

- (a) is exempt from disclosure in accordance with the provisions of the FOIA or the Environmental Information Regulations 2004;
- (b) is to be disclosed in response to a request for information, and in no event shall the Recipient respond directly to a request for information unless expressly authorised to do so by the Funder.

10.4 In no event shall the Recipient respond directly to a request for information unless expressly authorised to do so by the Funder.

10.5 The Recipient acknowledges that the Funder may, acting in accordance with the Secretary of State for Constitutional Affairs' Code of Practice on the discharge of public authorities' functions under Part 1 of FOIA (issued under section 45 of the FOIA, November 2004), be obliged under the FOIA or the Environmental Information Regulations 2004 to disclose information:

- (a) without consulting with the Recipient; or
- (b) following consultation with the Recipient and having taken its views into account,

provided always that where clause 10.5(b) applies the Funder shall, in accordance with any recommendations of the Code, take reasonable steps, where appropriate, to give the Recipient advanced notice, or failing that, to draw the disclosure to the Recipient's attention after any such disclosure.

10.6 The Recipient shall ensure that all information produced in the course of the Agreement or relating to the Agreement is retained for disclosure and shall permit the Funder to inspect such records as requested from time to time.

11. DATA PROTECTION

The Recipient shall (and shall procure that any of its staff involved in connection with the activities under the Agreement shall) comply with any notification requirements under the Data Protection Act 1998 (**DPA**) and both Parties will duly observe all their obligations under the DPA, which arise in connection with the Agreement.

12. WITHHOLDING, SUSPENDING AND REPAYMENT OF GRANT

12.1 The Funder's intention is that the Grant will be paid to the Recipient in full. However, without prejudice to the Funder's other rights and remedies, the Funder may at its discretion withhold or suspend payment of the Grant and/or require repayment of all or part of the Grant if:

- (a) the Recipient uses the Grant or Third Party Funding for purposes other than those for which they have been awarded;
- (b) the Funder considers that the Recipient has not made satisfactory progress with the delivery of the Project;
- (c) the Recipient is, in the reasonable opinion of the Funder, delivering the Project in a negligent manner;
- (d) the Recipient obtains duplicate funding from a third party for the Project;
- (e) the Recipient obtains funding from a third party which, in the reasonable opinion of the Funder, undertakes activities that are likely to bring the reputation of the Project or the Funder into disrepute, which for the avoidance of doubt includes but is not limited to the manufacture of and/or promotion of the consumption of alcohol or tobacco products;
- (f) the Recipient provides the Funder with any materially misleading or inaccurate information;
- (g) the Recipient commits or committed a Prohibited Act;
- (h) any member of the governing body, employee or volunteer of the Recipient has (a) acted dishonestly or negligently at any time and directly or indirectly to the detriment of the Project or (b) taken any actions which, in the reasonable opinion of the Funder, bring or are likely to bring the Funder's name or reputation into disrepute;
- (i) the Recipient ceases to operate for any reason, or it passes a resolution (or any court of competent jurisdiction makes an order) that it be wound up or dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
- (j) the Recipient becomes insolvent, or it is declared bankrupt, or it is placed into receivership, administration or liquidation, or a petition has been presented for its winding up, or it enters into any arrangement or composition for the benefit of its creditors, or it is unable to pay its debts as they fall due; or
- (k) the Recipient fails to comply with any of the terms and conditions set out in this Agreement and fails to rectify any such failure within 30 days of receiving written notice detailing the failure.

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- 12.2 Wherever under the Agreement any sum of money is recoverable from or payable by the Recipient (including any sum that the Recipient is liable to pay to the Funder in respect of any breach of the Agreement), the Funder may unilaterally deduct that sum from any sum then due, or which at any later time may become due to the Recipient under the Agreement or under any other agreement or contract with the Funder.
- 12.3 The Recipient shall make any payments due to the Funder without any deduction whether by way of set-off, counterclaim, discount, abatement or otherwise.
- 12.4 Should the Recipient be subject to financial or other difficulties which are capable of having a material impact on its effective delivery of the Project or compliance with this Agreement it will notify the Funder as soon as possible so that, if possible, and without creating any legal obligation, the Funder will have an opportunity to provide assistance in resolving the problem or to take action to protect the Funder and the Grant monies.

13. ANTI-DISCRIMINATION

- 13.1 The Recipient shall not unlawfully discriminate within the meaning and scope of any law, enactment, order, or regulation relating to discrimination (whether in race, gender, religion, disability, sexual orientation, age or otherwise) in employment.
- 13.2 The Recipient shall take all reasonable steps to secure the observance of clause 13.1 by all servants, employees or agents of the Recipient and all suppliers and sub-contractors engaged on the Project.

14. HUMAN RIGHTS

- 14.1 The Recipient shall (and shall use its reasonable endeavours to procure that its staff shall) at all times comply with the provisions of the Human Rights Act 1998 in the performance of this Agreement as if the Recipient were a public body (as defined in the Human Rights Act 1998).
- 14.2 The Recipient shall undertake, or refrain from undertaking, such acts as the Funder requests so as to enable the Funder to comply with its obligations under the Human Rights Act 1998.

15. LIMITATION OF LIABILITY

- 15.1 The Funder accepts no liability for any consequences, whether direct or indirect, that may come about from the Recipient running the Project, the use of the Grant or from the withdrawal of the Grant. The Recipient shall indemnify and hold harmless the Funder, its employees, agents, officers or sub-contractors with respect to all claims, demands, actions, costs, expenses, losses, damages and all other liabilities arising from or incurred by reason of the actions and/or omissions of the Recipient in relation to the Project, the non-fulfilment of obligations of the Recipient under this Agreement or its obligations to third parties.
- 15.2 Subject to clause 15.1, the Funder's liability under this Agreement is limited to the payment of the Grant.

16. WARRANTIES

The Recipient warrants, undertakes and agrees that:

- (a) it has all necessary resources and expertise to deliver the Project (assuming due receipt of the Grant);
- (b) it has not committed, nor shall it commit, any Prohibited Act;
- (c) it shall at all times comply with all relevant legislation and all applicable codes of practice and other similar codes or recommendations, and shall notify the Funder immediately of any significant departure from such legislation, codes or recommendations;
- (d) it shall comply with the requirements of the Health and Safety at Work etc. Act 1974 and any other acts, orders, regulations and codes of practice relating to health and safety, which may apply to employees and other persons working on the Project;
- (e) it has and shall keep in place adequate procedures for dealing with any conflicts of interest;
- (f) it has and shall keep in place systems to deal with the prevention of fraud and/or administrative malfunction;
- (g) all financial and other information concerning the Recipient which has been disclosed to the Funder is to the best of its knowledge and belief, true and accurate;
- (h) it is not subject to any contractual or other restriction imposed by its own or any other organisation's rules or regulations or otherwise which may prevent or materially impede it from meeting its obligations in connection with the Grant;

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- (i) it is not aware of anything in its own affairs, which it has not disclosed to the Funder or any of the Funder's advisers, which might reasonably have influenced the decision of the Funder to make the Grant on the terms contained in this Agreement; and
- (j) since the date of its last accounts there has been no material change in its financial position or prospects.

17. INSURANCE

17.1 The Recipient shall effect and maintain with a reputable insurance company a policy or policies in respect of all risks which may be incurred by the Recipient, arising out of the Recipient's performance of the Agreement, including death or personal injury, loss of or damage to property or any other loss (the **Required Insurances**).

17.2 The Required Insurances referred to above include (but are not limited to):

- (a) public liability insurance with a limit of indemnity of not less than two million pounds (£2,000,000) in relation to any one claim or series of claims arising from the Service; and
- (b) employer's liability insurance with a limit of indemnity of not less than five million pounds (£5,000,000) in relation to any one claim or series of claims arising from the Service.

The Recipient shall (on request) supply to the Funder a copy of such insurance policies and evidence that the relevant premiums have been paid.

17.3 In addition to the Required Insurances, the Recipient shall maintain acceptable director's and trustees liability insurance.

18. DURATION

18.1 Except where otherwise specified, the terms of this Agreement shall apply from the date of this Agreement until the anniversary of expiry of the Grant Period or for so long as any Grant monies remain unspent by the Recipient, whichever is longer.

18.2 Any obligations under this Agreement that remain unfulfilled following the expiry or termination of the Agreement shall survive such expiry or termination and continue in full force and effect until they have been fulfilled.

19. TERMINATION

The Funder may terminate this Agreement and any Grant payments on giving the Recipient [three months'] written notice should it be required to do so by financial restraints or for any other reason.

20. ASSIGNMENT

The Recipient may not, without the prior written consent of the Funder, assign, transfer, sub-contract, or in any other way make over to any third party the benefit and/or the burden of this Agreement or, except as contemplated as part of the Project, transfer or pay to any other person any part of the Grant.

21. WAIVER

No failure or delay by either party to exercise any right or remedy under this Agreement shall be construed as a waiver of any other right or remedy.

22. NOTICES

All notices and other communications in relation to this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, e-mailed, or mailed (first class postage prepaid) to the address of the relevant party, as referred to above or otherwise notified in writing. If personally delivered or if e-mailed all such communications shall be deemed to have been given when received (except that if received on a non-working day or after 5.00 pm on any working day they shall be deemed received on the next working day) and if mailed all such communications shall be deemed to have been given and received on the second working day following such mailing.

23. DISPUTE RESOLUTION

23.1 In the event of any complaint or dispute (which does not relate to the Funder's right to withhold funds or terminate) arising between the parties to this Agreement in relation to this Agreement the matter should first be referred for resolution to the Project Manager or any other individual nominated by the Funder from time to time.

23.2 Should the complaint or dispute remain unresolved within 14 days of the matter first being referred to the Project Manager or other nominated individual, as the case may be, either party may refer the matter to the Chief Executive of the Funder and the Chair of the Recipient with an instruction to attempt to resolve the dispute by agreement within 28 days, or such other period as may be mutually agreed by the Funder and the Recipient.

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23.3 In the absence of agreement under clause 23.2, the parties may seek to resolve the matter through mediation under the CEDR Model Mediation Procedure (or such other appropriate dispute resolution model as is agreed by both parties). Unless otherwise agreed, the parties shall bear the costs and expenses of the mediation equally.

24. NO PARTNERSHIP OR AGENCY

This Agreement shall not create any partnership or joint venture between the Funder and the Recipient, nor any relationship of principal and agent, nor authorise any party to make or enter into any commitments for or on behalf of the other party.

25. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

This Agreement does not and is not intended to confer any contractual benefit on any person pursuant to the terms of the Contracts (Rights of Third Parties) Act 1999.

26. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the law of England and the parties irrevocably submit to the exclusive jurisdiction of the English courts.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

EXECUTED as a DEED
by the affixing of the COMMON SEAL of
**The Mayor and Burgesses of the
London Borough of Hackney**
in the presence of:

.....
Authorised Signatory

EXECUTED as a DEED
by **CREATE London**
acting by and under the signatures of:
[NAME OF DIRECTOR]

.....
[SIGNATURE OF DIRECTOR]
Director

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[NAME OF DIRECTOR OR COMPANY
SECRETARY]

[SIGNATURE OF DIRECTOR OR
COMPANY SECRETARY]
[Director **OR** Company Secretary]

SCHEDULE 1

The Project

CREATE London is a festival rooted in the London boroughs of Hackney, Tower Hamlets, Newham, Greenwich, Waltham Forest and Barking and Dagenham. It is an annual celebration of the creativity and diversity of East and South East London as well as a catalyst for cultural development across the region. The intention is for CREATE London to deliver an annual festival and to remain as a secure and sustainable legacy for the sub-region.

CREATE London previously run as CREATE for two years and in that time is already developing a significant reputation as an exciting and groundbreaking event. CREATE09 attracted audiences of over 822,000 with opportunities for 220,000 to actively participate in events with a further 7,600 individuals engaging through volunteering, mentoring and training for young people, workshops, curating and competitions. CREATE09 represents an arts programme valued at just over £2m. In 2009, and again in 2010 over £500k was secured by the host boroughs unit culture team to present new work, alongside supporting participation programmes and an enhanced press and marketing campaign.

CREATE London is about getting more local people to take part in culture. Designed to build towards, and capitalise on, the extraordinary Olympic moment, the programme aims to turn the enthusiasm generated by the Games into sustained cultural engagement for local people. Over the next five years CREATE London will use the springboard of the Olympics to inspire local residents to get involved in arts and culture through the production and delivery of an annual festival. Cultural participation rates in the six boroughs are significantly lower in comparison with the rest of London despite the density of professional artists and creative businesses in the area.

Alongside the focus on community participation, CREATE London will spearhead a campaign to put east and southeast London on the cultural tourism map through working in partnership with the local creative and artistic community. CREATE London is unique in being able to develop a programme of exceptional quality which is drawn almost entirely from the local creative population. The six host boroughs are home to Europe's largest cultural quarter with over 12,000 of artists and some of the UK's leading arts producers. Turner Prize winners and MOBO awardees live and work here, alongside a growing number of leading creative industry companies, designers, journalists and writers – a growing number of which are already CREATE London partners.

It is planned that in 2013 CREATE London will include the Olympic Park as a focus for new cultural activity. CREATE London will have been working in the five boroughs for the preceding four years, brokering partnerships with all the key cultural

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organisations in London and working with all the major promoters, artists and producers. CREATE London will be ideally positioned to connect the Park with the cultural life of the region, establishing the park as a place where culture happens and helping establish the crucial sense of local ownership which will make the new part of the city work.

CREATE London has brought together a partnership of the six host boroughs, all the major arts and cultural organisations in the sub region, and regional and national agencies. This partnership is a now critical strategic grouping for culture in the sub-region and the benefits of the partnership are extending beyond the delivery of the festival. CREATE London is a central part of the London 2012 cultural programme and has now been identified as a key part of its legacy.

CREATE London core business activity over the next three years

- To advance the education of the arts and promote and encourage the arts, especially (but not limited to) opera, plays, dramas, dance, music, literature, the visual arts and the study of the arts and, for these purposes, to organise, promote, manage and conduct festivals of music, dramas and other entertainments in East London or elsewhere annually or at such other intervals as the Charity may determine.
- To continue to work with arts organisations, the Host Boroughs and creative agencies alongside local and national cultural bodies to encourage them to deliver work as part of the CREATE London festival (paid for by, or in partnership with, those organisations.)
- To mount specific commissions for which CREATE London fundraises, including London 2012 projects
- To deliver co-commissions and joint approaches to generating further activity
- To act as a facilitator and broker between east and south east London's cultural sector and key public stakeholders
- To ensure the cultural sector of east and south east London is embedded into the long term legacy planning for the region.

CREATE London is a [registered charity] and delivery of the Project will be in accordance with CREATE London's charitable objectives only. Nothing in this agreement shall require CREATE London to operate outside its charitable objectives.

SCHEDULE 2

Payment Schedule

Amount of Grant Payable	Date of Payment

SCHEDULE 3

Third Party Funding

Third Party	Amount	Application / Use

SCHEDULE 4

Financial Requirements

Financial Requirements to be met by Recipient

1. The Recipient must establish the following financial arrangements and systems, and provide details thereon to the Funder by the commencement date:
 - a. open a bank account with a UK clearing bank, including as a minimum a current account (with two signatories on cheques, and separate payment entry and payment authorisation for electronic payments), and an associated interest accruing account;
 - b. acquire a suitable proprietary accounting system, use it to record all company financial transactions, and maintain comprehensive files of payment and receipt documentation (invoices, receipts, vouchers, contracts, tenancies, etc);
 - c. establish appropriate payroll arrangements, which may include a proprietary payroll system;
 - d. register with HMRC for VAT, and PAYE (if necessary), and complete a HMRC New Company Details form.
2. Advise the Funder of the names of the director and member of staff with primary responsibility for company finances.
3. Maintain Budgets and Cashflow Estimates in at least the same level of detail as the Initial Budget supplied by the Funder, and supply copies to the Funder.
4. Provide quarterly Budget and Cashflow monitoring reports to the Funder in at least the same level of detail as the Initial Budget supplied by the Funder, with a breakdown of payments to each member of staff (employees, agency staff, consultants and contractors).
5. Provide copies of signed company and charity annual reports and accounts.
6. Produce and comply with a written set of company financial rules agreed with the Funder.
7. On request from the Funder, provide access to the company accounting system, payment and receipt documentation, payroll system/data, and VAT and PAYE documentation. In this context, access includes provision of full electronic data files in respect of accounting and payroll system transactions.

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8. Supply the Funder with copies of all Grant and Sponsorship Agreements entered into by the company, and details of any donations in excess of £1,000.
9. On request from the Funder, supply copies of all Companies House, Charity Commission, VAT, PAYE and Corporation Tax notifications and returns, and copies of all insurance policies.
10. Appoint an external auditor and inform the Funder.

SCHEDULE 5

Business Plan and Financial Forecasts

The approach concluded between the Host Boroughs and CREATE requires that in November prior to every financial year for which CREATE is seeking a financial contribution to its work from the Host Boroughs, CREATE will submit to the Secretary of the Host Boroughs Joint Committee a draft Business Plan and Financial Forecasts which will form the basis of CREATE's application for funding for the following year from the Host Boroughs.

The Business Plan will incorporate a draft programme for the following year's CREATE Festival and any other related activities which, prior to its submission, will have been the subject of initial consultation with relevant officers in each of the Host Boroughs.

The Business Plan will address the following:

- The outcomes of the previous festival in terms of participation, coverage, income, events and levels of participation and approval.
- How the CREATE Festival and other activity addresses the relevant issues of Convergence and in particular indicators related to access to and participation in cultural events and Skills and Employment
- How CREATE will ensure that the Festival and other activities are distributed across the 6 Host Boroughs
- How CREATE will work up its festival programme and other activities in partnership with the several Host Boroughs in order to ensure that links between CREATE and Host Boroughs activities are made and supported so that opportunities are maximised
- The scale and focus of other sponsorship and the scale and purpose of other grant funding
- The specific use proposed for any Host Borough funding

Subject to discussion and agreement the CREATE business plan will form the basis of any agreement by the Host Borough Joint Committee to fund CREATE in the following year which will be confirmed when the Host Boroughs Budget is finalised in February prior to the start of the following financial year.

SCHEDULE 6

Memorandum and Articles