

REPORT OF THE CLERK TO THE JOINT COMMITTEE

<p>Establishing Governance Arrangements for the Public Realm Capital Improvement Grant</p> <p>Joint Committee of the London 2012 Olympic and Paralympic Host Boroughs 18 December 2009</p>	<p>Classification</p> <p>Public</p>	<p>Enclosures</p> <p>Appendix A draft grant protocol arrangements</p> <p>AGENDA ITEM NO.</p> <p>5</p>
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1. INTRODUCTION

- 1.1 The Secretary of State for the Department of Communities and Local Government (CLG) has offered a three year grant on a sub-regional basis to the five boroughs, starting this current financial year and totaling £27.4m, to be spent on specific public realm schemes developed by the boroughs and associated with the 2012 Games and their legacy. This sits within a wider public realm programme of £190m, the overall funding for which still needs to be resolved. This report recommends governance arrangements for the CLG grant, and the establishment of a Sponsors Board tasked with resolving the funding shortfall.

2. RECOMMENDATIONS

- 2.1 The Joint Committee is asked to agree the proposals set out in this report to establish governance arrangements for the £27.4m grant from Department for Communities and Local Government and specifically to:
- i) Appoint the London Borough of Waltham Forest as the Lead Borough for the Public Realm Capital Improvement Grant pursuant to paragraph 8.1 of the Inter Authority Agreement of 31 August 2006
 - ii) Authorise the Chief Executive of the London Borough of Waltham Forest to undertake all necessary measures to effect the detailed oversight and implementation of the funded programme
 - iii) Appoint the London Borough of Hackney as the Accountable Body for the Grant.

3. RELATED DECISIONS

- 3.1 Leaders and Mayors have regularly had reports on the funding bid and proposed grant. This report follows a letter from the Secretary of State to leaders and mayors confirming the funding; and from Philip Cox, CLG Director, to Chief Executives confirming the amounts and proposed headline mechanisms.

4. ALTERNATIVE OPTIONS

- 4.1 No alternative options have been identified

5. SUSTAINABILITY AND LEGACY

- 5.1 The Public Realm Programme has been designed to improve strategic areas within the five boroughs so that the quality of design and materials used in the Olympic Park is also experienced by local residents in their local places and spaces. Each scheme in the Programme is designed to have a lasting benefit for local residents, as well as to aid a successful Games and to enhance the physical appearance of these boroughs when this part of London acts as the shop-window for the UK during the 2012 Games.

- 5.2 Boroughs have adopted headline design principles which include the durability of materials and the ease of ongoing maintenance, as well as designing out crime, accessibility and environmentally sustainable materials.

6. ECONOMIC IMPACT

- 6.1 By enhancing our places, we not only 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

- 7.1 There are no issues.

8. RISK

- 8.1 This is a multi-million pound programme and therefore carries the need to manage risk, delivery and finances effectively. Individual boroughs will use their existing arrangements to ensure their use of the funding is in line with requirements and individual audit arrangements, and the draft protocol attached at Appendix A proposes that a dedicated programme manager is employed with oversight responsibility for the £27.4m programme.

- 8.2 This report proposes that the principles established in the 2006 Inter-Authority Agreement will apply; including indemnifying lead boroughs from any losses incurred, other than by their own negligence. Payments by the accountable body to other boroughs will be subject to actual receipt of grant.

- 8.3 The current main risk on the programme is under-spend as the funding cannot be moved between financial years. Should boroughs accept the grant, then collectively £5m needs to be spent this financial year, including £2m on design fees..

8.4 Conversely, there is also a risk associated with over-spending as any additional costs would need to be met by the relevant borough undertaking the works.

9. FINANCIAL CONSIDERATIONS

9.1 The £27.4m programme is set out in detail in Appendix A, broken down by borough. Although Hackney is recommended to be the Accountable Body, each borough will take primary responsibility and accountability for its own spending, including any overspendings on its own projects.

9.2 Funding for the full £190m is to be resolved, and CLG grant terms and conditions are awaited.

10. LEGAL CONSIDERATIONS

10.1 The proposals for the management of the public realm programme and its attendant financial arrangements are in accordance with the Inter Authority Agreement of 31 August 2006

10.2 There are no immediate legal implications arising from the report

11. BACKGROUND / TEXT OF THE REPORT

11.1 Following a five borough bid to the Department for Communities and Local Government for £550m on the 23rd December 2008, a £190m programme has been agreed with the boroughs and a Taskforce of funding organisations for 'pre Games' work.

11.2 Against this programme, an initial £27.4m has been offered by the Department for Communities and Local Government. The proposed Programme Manager would manage information on the wider programme, ensure any funding information is kept up to date and robust, and support the Sponsors Board (please see paragraph 11.6 below) to continue to secure funding and reduce the short-fall, which currently depends on funding decisions on some unsecured grants.

11.3 The attached draft Protocol at Appendix A has two main aims:

- to set in place arrangements for the management of the £27.4m grant which satisfies all five boroughs, including the accountable body for the grant, CLG as funding organisation and Her Majesty's Treasury (HMT) as the powers utilised by CLG require HMT approval;
- to keep funding organisations actively engaged to champion the £190m programme and fill the funding shortfall, and to develop a further programme with funding for the post Games period.

11.4 It is proposed that the London Borough of Waltham Forest is confirmed as the lead authority on the public realm, which would endorse the existing informal arrangements. It is also proposed that the Chief Executive is given the authority by the Joint Committee to undertake all necessary measures to effect the detailed

oversight and implementation of the funded programme. This forms a specific recommendation and point for decision by the Joint Committee.

- 11.5 Subject to this decision by the Joint Committee and then to agreement by the Chief Executive of Waltham Forest, it is proposed that a steering group is set up to manage the detailed performance oversight of the £27.4m programme from CLG.
- 11.6 It is proposed that the London Borough of Hackney acts as accountable body for this £27.4m grant, and any further funding made collectively to the five boroughs specifically for the £190m programme, drawing on their existing experience. This forms a specific recommendation and point for decision by the Joint Committee.
- 11.7 It is also proposed that a Sponsors Board is set up comprising representatives from the boroughs and a range of different funding organisations in order to champion the programme and secure further funding. Such a Board would be chaired by Peter Bishop (Design for London), who is keen to take on this role.
- 11.8 The relevant Borough officers have been consulted and the Chief Executives have approved the report. Informal discussions on the possible arrangements have been held with CLG and DfL.
- 11.9 The report has no direct impact on the equalities policies of the Host Boroughs.

Andrew Kilburn

**On behalf of Tim Shields,
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Background papers

The following documents have been relied upon in the preparation of this report:

Description of document	Location	Date
Letter from John Denham to Sir Robin Wales	HBU	15/10/2009
Letter from Philip Cox to Andrew Kilburn	HBU	5/11/2009
Overall Programme submitted to CLG	HBU	29/9/2009
Phase 1 Programme submitted to CLG	HBU	4/11/2009