

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

OLYMPIC JOINT BOROUGH CENTRAL UNIT – FINANCIAL MANAGEMENT	Classification	Enclosures
Joint Committee 27th September 2013	Public	N/A

1. INTRODUCTION

- 1.1 In accordance with the terms of an Inter Authority Agreement between the Six Host Boroughs comprising the Joint Committee, this report covers the financing of the Olympic Joint Borough Central Unit (OJBCU), including the Budget for 2013/14, and the new agreed arrangements between the Boroughs and CREATE to establish Service Level Agreements on a borough by borough basis that initially will in each case be set at £25,000.00 pa but 50% of which in each case will not be paid to CREATE until the SLAs have all been finalized. Until such time as the SLAs have been concluded it is expedient for the initial payments to CREATE to be handled on a block basis as part of the Joint Committee budget. Once the SLAs have been concluded contributions to CREATE will cease to appear in the Joint Committee budget.
- 1.2 Financial information has been prepared jointly between the OJBCU and LB Hackney acting as Lead Borough/Accountable Body for OJBCU management, staffing and financial arrangements. The report has been approved by the Six Host Boroughs Chief Executive's Board.

2. RECOMMENDATIONS

- 2.1 The Joint Committee is asked to agree:
- i) To set the Budget for 2013/14 based on gross expenditure of £360,000 financed by 6 equal annual borough contributions of £60,000 to be invoiced to boroughs during March 2013.
 - ii) In respect of the Service Level Agreements to be concluded between each Borough and CREATE not later than 1st October 2013 to pay CREATE a consolidated Service level payment of £75,000 on 1st April 2013 and a further consolidated SLA payment of £75,000 on 1st October 2013 provided all individual SLA agreements with Boroughs have by that date been finalized such payments to be financed on an equal basis by the 6 boroughs through a contribution of £25,000 payable by each borough.

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. The CREATE Company has been involved for several months now in developing customised Service level agreements with each of the Six Host Boroughs.

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, support the progress towards a social and economic legacy for the Six Host Boroughs and a cultural legacy for the area of the host boroughs.

6. ECONOMIC IMPACT

- 6.1 The work of the OJBCU will benefit local residents by promoting the achievement of Convergence and by supporting investment, growth and infrastructure development in the area.

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 OJBCU, 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 OJBCU 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 OJBCU financial monitoring reports to the Chief Executive's Board and Joint Committee from the 2010/11 financial year.

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 OJBCU, 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 OJBCU, 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 OJBCU 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 OJBCU 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 OJBCU, 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. The contributions in 2012/13 has remained as £750,000 (£125,000 per borough). More recently the Chief Executive's Board decided that it would be appropriate for contributions to be reduced to £360,000 (£60,000 per borough) for 2013/14.
- 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

10. LEGAL CONSIDERATIONS

- 10.1 Clause 8.3.2 of the Inter Authority Agreement dated 31st 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 1st March.
- 10.2 The Recommendations in this Report are in accordance with the Inter Authority Agreement dated 31 October 2011 and the Memorandum of Understanding.
- 10.3 Each Borough will need to enter into an agreement with CREATE prior to the transfer of funding under paragraph 2.1 ii) of this Report.

11. BUDGET 2013/14

11.1 LB Hackney and the OJBCU have produced Budgets for 2013/14 summarised in the table below. Budgets are based on the following core tasks which have previously been agreed for the OJBCU and will form the basis for the 2013/14 business plan to be determined once a new Director is in post:

- Continued management and review of Convergence including production of the Annual Convergence Report, the Annual Convergence Action Plan, liaison with GLA staff and, the Convergence Theme Groups, support for the Officer structure within the new East London Legacy arrangements, reports to the Chief Executives Board and Leaders and Mayors meetings
- Commissioning and Management of agreed Consultancy and specialist employment contracts
- Support for the development and promotion of the Six Host Boroughs Prospectus
- Support for strategic work on Investment, Development and Infrastructure including the establishment of an economic performance monitoring framework linked to the achievement over time of the OE forecasts
- Liaison with Legacy teams at GLA, LLDC and Cabinet Office
- Liaison with key private and voluntary sector partners and other stake-holders e.g. London and Partners, NHS, Job Centre +, London LEP, London Housing Board
- Promotion as required with Government Departments, MPs, Select Committees, Academic institutions, relevant Think Tanks and Media.
- Agenda management and preparation for Chief Executives Board, Leaders and Mayors and Joint Committee and similarly for Six Host Boroughs input to East London Legacy Board and officer group.

2013-14 Budget			
	Six Host Boroughs Unit	CREATE charitable company	Total
	£		£
Expenditure			
Employee Costs	220,000	-	220,000
Premises, IT, Communications	5,000	-	5,000
Supplies & Services (Printing)	5000	-	5,000
Commissioning	105,000	150,000	255,000
Support Services	12,500	-	12,500
Contingency	12,500		12,500
Total Expenditure	360,000	150,000	510,000
Income			
HBU Reserve	-	-	0
2013/14 Borough Contributions	360,000	150,000	510,000
Other Contributions	-	-	0
Total Income	360,000	150,000	510,000
Net Expenditure	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**

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