

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

OLYMPIC JOINT BOROUGH CENTRAL UNIT – FINANCIAL MANAGEMENT Joint Committee 28 February 2013	Classification Public	Enclosures N/A
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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 Forecast Outturn for 2013/14 and the Budget for 2014/15.
- 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:

To set the Budget for 2014/15 based on gross expenditure of £360,000, financed by 6 equal annual borough contributions of £60,000 to be invoiced to boroughs during March 2014.

3. ALTERNATIVE OPTIONS

- 3.1 No alternative options have been identified

4. SUSTAINABILITY AND LEGACY

- 4.1 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.

5. ECONOMIC IMPACT

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

6. HUMAN RIGHTS AND EQUALITIES

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

7. RISK

- 7.1 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.
- 7.2 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.
- 7.3 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.

8. FINANCIAL CONSIDERATIONS

- 8.1 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.
- 8.2 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.
- 8.3 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. In early February 2012, the Chief Executive's Board decided that it would be appropriate for contributions to be reduced to £100,000 per borough and a grant

of £25,000 per borough to Create London Ltd for 2012/13. The contributions for 2013/14 were however, reduced to £360,000 (£60,000 per borough). The Chief Executives' Board recently met and recommended to maintain the contributions for 2014/15 at 2013/14 levels.

- 8.4 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. COMMENTS OF THE CORPORATE DIRECTOR OF LEGAL, HR AND REGULATORY SERVICES

- 9.1 The Joint Committee of the London 2012 Olympic and Paralympic Host Boroughs is asked to agree the recommendation in paragraph 2.1 of this Report.

- 9.2 Clause 8.3.2 of the Inter Authority Agreement between the Six Host Boroughs 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. Details of the proposals for such budget are set out in this Report.

10. FORECAST OUTTURN 2013/14, BUDGET 2014/15

- 10.1 The Forecast Outturn for 2013/14 is summarised in the table below, based on full year spending estimates prepared jointly by LB Hackney and the OJBCU. This Forecast is based on the expenditures to date and current commitments including underspends totalling £14,681 brought forward from previous financial year. There may be some underspends which can be reported when final 2013/14 outturn figures are available in May 2014.

- 10.2 LB Hackney and the OJBCU have produced Budgets for 2014/15 summarised in the table below. Budgets are based on the following core tasks which have previously been agreed for the OJBCU:

- Continued management and review of Convergence including production of the final Annual Report on the current Convergence Action Plan, a commentary, liaison with GLA staff and the Convergence Theme Groups,
- Agenda Management and preparation for Chief Executives Board, Leaders and Mayors and Joint Committee and similarly for Growth Boroughs input to new east London legacy arrangements including support for the Officer structure
- Commissioning and Management of agreed Consultancy and specialist contracts
- Liaison with Legacy teams at GLA, LLDC, London Councils and Cabinet Office
- Liaison with key private and voluntary sector partners and other stake-holders e.g. London and Partners, NHS, Jobcentre Plus and London LEP

- Liaison as required with Government Departments, MPs, Academic institutions, relevant Think Tanks and Media
- Oversight and co-ordination of strategic employment and skills work including joint funding bids; data monitoring of Growth Boroughs employment performance and management of strategic liaison between the private sector, training providers and the boroughs

	2013/14 budget Approved on 2 Feb 2013	2013/14 Forecast Outturn	2014/15 Budget
	£	£	
Expenditure			
Employee Costs	220,000	235,440	211,132
Premises	5,000	5,000	5,000
Supplies & Services	5,000	5,000	5,200
Commissioning	105,000	101,310	126,168
Support Services	12,500	13,250	12,500
Contingency	12,500	-	-
Total Expenditure	360,000	360,000	360,000
Income			
HBU Reserve	-	14,681	-
2013/14 Borough Contributions	360,000	360,000	360,000
Other Contributions	-	-	-
Total Income	360,000	374,681	360,000
Net Expenditure/(Income)	-	(14,681)	-

**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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