

REPORT OF THE CLERK TO JOINT COMMITTEE OF THE SIX GROWTH BOROUGH		
Growth Boroughs Partnership Unit – FINANCIAL MANAGEMENT Joint Committee 27 February 2015	Classification Public	Enclosures N/A

1. INTRODUCTION

- 1.1 In accordance with the terms of an Inter Authority Agreement between the Six Growth Boroughs comprising the Joint Committee, this report covers the financing of the Growth Boroughs Partnership Unit (GBPU), including the Forecast Outturn for 2014/15 and the Budget for 2015/16.
- 1.2 Financial information has been prepared jointly between the GBPU and LB Hackney acting as Lead Borough/Accountable Body for GBPU management, staffing and financial arrangements. The report has been approved by the Six Growth Boroughs Chief Executive's Board.

2. RECOMMENDATIONS

- 2.1 The Joint Committee is asked to agree:

To set the Budget for 2015/16 based on gross expenditure of £360,000, financed by 6 equal annual borough contributions of £60,000 to be invoiced to boroughs during March 2015.

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 GBPU 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 Growth Boroughs.

7. RISK

- 7.1 Financial risks are raised due to the complexity of work carried out or commissioned by the GBPU, and the contractual arrangements for consultants and agency staff. The Inter Authority Agreement provides for any overspends to be shared equally between the Growth Boroughs.
- 7.2 As the GBPU 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 GBPU 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, as the Growth Boroughs were known then, entered into an inter authority agreement in 2006 in respect of both the 2012 games programme and the Olympic Joint Boroughs Central Unit (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. In December 2014 all boroughs agreed to revise the Inter Authority Agreement. 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 GBPU, 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 GBPU 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 and 2014/15 were however, reduced to £360,000 (£60,000 per borough).

The Chief Executives' Board recently met and recommended to maintain the contributions for 2015/16 at 2014/15 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 Six Growth 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 Growth Boroughs provides that For each Financial Year Hackney will produce an Annual Budget for agreement at a Chief Executives' Board and for consideration by the Joint Committee in advance of the Financial Year start and by no later than 1 March in any year which shall cover all aspects of the agreed activity to meet the GBPP and a cash flow statement.

10. FORECAST OUTTURN 2014/15, BUDGET 2015/16

- 10.1 The Forecast Outturn for 2014/15 is summarised in the table below, based on full year spending estimates prepared jointly by LB Hackney and the GBPU. This Forecast is based on the expenditures to date and current commitments including the use of underspends totalling £41,877 brought forward from previous financial year. It is anticipated that the 2014/15 budget will be fully spent in this financial year and actual outturn will be reported when available in May 2015.

- 10.2 The use of the brought forward underspend in 2014/15 is to cover agreed costs in relation to the Devolution meeting organised by the Growth Boroughs, additional consultancy work in respect of transport, employment and skills strategies and additional time provided by the Unit Director.

- 10.3 LB Hackney and the GBPU have produced Budgets for 2015/16 summarised in the table below. Budgets are based on the following core tasks which have previously been agreed for the GBPU:

- Continued management and review of Convergence including production of the revised strategy 2015-18 and the Convergence Action Plan. Liaison with GLA staff and the Convergence Theme Groups
- Agenda management and preparation for Chief Executives Board, Leaders and Mayors and Joint Committee meetings
- Liaison with Legacy teams at GLA, LLDC, London Councils and Cabinet Office
- Liaison with key private, public 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

- Commissioning and Management of agreed Consultancy and specialist contracts
- Oversight of strategic transport and 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.

10.4 The use of the commissioning budget of £120,000 for 2015/16 for any purposes other than commissioning must be agreed on an individual basis.

	2014/15 budget Approved on 28 Feb 2014	2014/15 Forecast Outturn Based on the forecast in Jan 2015	2015/16 Draft Budget
	£	£	£
Expenditure			
Employee Costs	211,132.00	216,734.00	217,500.00
Premises	5,000.00	5,000.00	5,000.00
Supplies & Services	5,200.00	21,310.00	5,000.00
Commissioning	126,168.00	146,333.00	120,000.00
Support Services	12,500.00	12,500.00	12,500.00
Contingency	-	-	-
Total Expenditure	360,000.00	401,877.00	360,000.00
Income			
HBU Reserve		(41,877.00)	-
Borough Contributions	(360,000.00)	(360,000.00)	-360,000.00
Other Contributions	-	-	-
Total Income	(360,000.00)	(401,877.00)	(360,000.00)
Net Expenditure	-	-	-

**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
Legal Considerations: Patrick Rodger ☎020-8356-6187