

REPORT OF THE CLERK TO JOINT COMMITTEE OF THE SIX GROWTH BOROUGHS

| | | |
|--|-----------------------|-------------------|
| Growth Boroughs Partnership Unit – FINANCIAL MANAGEMENT | Classification | Enclosures |
| Joint Committee 26 February 2016 | Public | 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 2015/16 and the Budget for 2016/17.
- 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 one of the following options:
- a) to set the Budget for 2016/17 based on the gross expenditure of £360,000, financed by six equal annual borough contributions of £60,000 to be invoiced to boroughs during March 2016
 - b) to set a budget for 2016/17 based on a gross expenditure of £300,000, financed by 6 equal annual borough contributions of £50,000 to be invoiced in March 2016
 - c) To set a budget for 2016/17 based on gross expenditure of £0 and place the Growth Boroughs Unit into hibernation and transfer all collateral and materials to an appropriate body.

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 The contributions for 2013/14, 2014/15 and 2015/16 were however, reduced to £360,000 (£60,000 per borough). The Chief Executives' Board recently met and recommended that the Leaders and Mayors consider three options as detailed in paragraph 2.1.
- 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 one of the recommendations in paragraph 2.1 of this Report in relation to its budget for the year 2016/2017.
- 9.2 Clause 8.3.2 of the Inter Authority Agreement between the Six Growth Boroughs dated 26th February 2015 provides that each Financial Year the London Borough of Hackney will produce an Annual Budget for agreement at a Chief Executives' Board and for consideration by the Joint Committee of the Six Growth Boroughs in advance of the Financial Year start and by no later than 1st March. The Annual Budget shall cover all aspects of the agreed activity to meet the Growth Boroughs Partnership Programme (GBPP) and a cash flow statement.

10. FORECAST OUTTURN 2015/16, BUDGET 2016/17

- 10.1 The Forecast Outturn for 2015/16 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 £21,150 brought forward from previous financial year.

10.2 The use of the brought forward underspend in 2015/16 is to cover agreed costs in relation to the closure of the Growth Boroughs Unit and any final balance being distributed between the growth boroughs.

10.3 LB Hackney and the GBPU have produced Budgets for 2016/17 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 stakeholders 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 for 2016/17 for any purposes other than commissioning must be agreed on an individual basis.

| Expenditure | 2015/16 budget Approved on 27 Feb 2015 | 2015/16 Forecast Outturn Based on the forecast in Jan 2015 | Option 1 2016/17 Draft Budget based on £60k per borough | Option 2 2016/17 Draft Budget based on £50k per borough |
|--------------------------|---|---|--|--|
| Employee Costs | 217,500.00 | 197,468.00 | 240,000.00 | 205,500.00 |
| Premises | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 |
| Supplies & Services | 5,000.00 | 13,530.00 | 6,000.00 | 6,000.00 |
| Commissioning | 120,000.00 | 119,652.00 | 137,500.00 | 112,000.00 |
| Support Services | 12,500.00 | 12,500.00 | 12,500.00 | 12,500.00 |
| Total Expenditure | | | | |

| | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 360,000.00 | 348,150.00 | 401,000.00 | 341,000.00 |
| Income | | | | |
| HBU Reserve and potential underspend | (21,150.00) | (21,150.00) | (41,000.00) | (41,000.00) |
| Borough Contributions | (360,000.00) | (360,000.00) | (360,000.00) | (300,000.00) |
| Other Contributions | - | (8,000.00) | - | - |
| Total Income | (381,150.00) | (389,150.00) | (401,000.00) | (341,000.00) |
| Net Expenditure | (21,150.00) | (41,000.00) | - | - |

**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