CSL Budget & Funding 2008-2011

CSL’s proposed budget for 2008-9 is £406,000 (2007-8: £369,000).

The business as usual budget with no changes to 2007-8 assumptions would be £368,000. Section 5 outlines the changes to terms of reference, in-kind support and operating assumptions that result in the increase from the 2007-8 budget. In summary, these include a full time project officer (currently half-time) and £20,000 additional specialist external support.

To provide some longer-term certainty over future funding, the budget for 2008-9 has been inflated by 2% per annum for 2009-10 and 2010-11 with the total three year budget requirement being £1,242,000.

Application of unallocated funds from 2007-8 of £60,000 and 2006-7 of £49,500 results in a three year funding requirement from key stakeholders of £1,132,500 (£377,500 per annum).

This excludes contingent amounts that may be required for accommodation and external legal advice and media support, and is dependent on a service level agreement being established with the GLA to cover the in-kind contribution that does not compromise CSL’s independence.

1 Introduction

The purpose of this report is to present a detailed activity-based budget for the Commission for a Sustainable London 2012 (CSL) for 2008-2009 and a forecast for the following two years together with the resource implications.

2 Background

In June 2006, the Olympic Board agreed to create an independent assurance body to assure the sustainability of the 2012 Games programme, in line with a bid commitment and agreed to provide interim funding (£230,000) to the LSDC 2012 Sub-Group to support it in developing the proposal for the development of an independent assurance body. The Board appointed Shaun McCarthy as independent Chair in September 2006; his appointment was announced in October 2006. CSL was officially launched on 23 January 2007 as the Commission for a Sustainable London 2012.

In January 2007, OBG approved CSL’s Terms of Reference and an interim budget of £369k for CSL to recruit officers, commissioners and to undertake its work programme in 2007/08. A saving of £57.5k, resulting from the final quarter’s unspent allocation in 2006/07 was reallocated to the 2007/08 budget. A further £49.5k unspent allocation from 2006/7 has been identified and it is proposed that this is applied to the 2008-9 budget.
### Work programme 2007-2008

The anticipated work programme for CSL (summarised below) is based on issues identified and arising during the 2007 Governance Review, circulated to OBSG (30 October 2007) and OB (7 November 2007).

<table>
<thead>
<tr>
<th></th>
<th>Oct-Dec 07</th>
<th>Jan-Mar 08</th>
<th>Apr-Jun 08</th>
<th>July-Sept 08</th>
<th>Oct-Dec 08</th>
<th>Jan-Mar 09</th>
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<tbody>
<tr>
<td>Governance review</td>
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<tr>
<td>Reporting</td>
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<td>Carbon</td>
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<td>Procurement and commercial partnerships</td>
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<td>Social and economic sustainability</td>
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<td>Food</td>
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<td>Design</td>
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<tr>
<td>Waste</td>
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</tbody>
</table>

* paid by LDA and TfL

The 2007/08 Key Stakeholder contributions were invoiced on 18 October 2007. Four core commissioners were appointed in May 2007 and a further 8 commissioners have been appointed in November 2007 and joined the commission in January 2008. Permanent staff (team leader, senior assurance officer and part-time project officer) have been recruited to the secretariat of CSL. Their contracts of employment are with the GLA and they are based at Palestra.

CSL’s Terms of Reference relied on the existence of OPSU (disbanded in summer 2007) and in-kind support from the GLA Group.
The commission recommends a two-year programme of assurance based on:

- The core governance issues against overarching themes in the assurance framework; these issues are those which have been identified under the following headings:
  - Commitment to achieving the SD vision for the Games and legacy,
  - Clarity of roles and responsibilities and accountabilities,
  - Organisational capacity to deliver SD outcomes,
  - Coordination of SD issues between organisations,
  - Relevance and focus of reporting and review;

- Key issues as they relate to the 2012 programme and the 5 key sustainability themes; these include:
  - Carbon footprinting and strategy,
  - Sponsorship,
  - Social and economic sustainability,
  - Food,
  - Waste infrastructure and Games-time waste strategy, and
  - Legacy Action Plan and wider benefits; and

- Key cross-cutting processes as they relate to the 5 key themes and the 2012 programme timeframe; these have been identified as:
  - Procurement,
  - Design,
  - Reporting.

The focus of the assurance programme will be on strategic and proactive rather than reactive assurance. The nature of the 2012 programme means that reactive assurance is unlikely to be effective given the time and build constraints which can prevent post-hoc amendments to major programme elements.

The expected outcomes from taking a proactive approach are that CSL is able to provide:

- Timely, credible and independent advice informally to assist key stakeholders in meeting objectives; and
- Formal advice to the Olympic Board on the process which has been used to engage with key stakeholders, and formal assurance on any outstanding issues which remain to be resolved.

The rationale for the priorities identified to be explored as part of the assurance programme over the next two years are summarised in the appendix.

4 Resourcing options

The resource plan for CSL was presented to the L2012 Sustainability Group on 14 November 2007. This has been updated and highlights the need to procure additional
consultancy support for CSL to undertake specialist reviews, specifically on social and economic sustainability, and the need for a full-time project officer to co-ordinate the commission. This is reflected in the Financial Summary below.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Chair (days per week)</td>
<td>2.5</td>
<td>2.9</td>
<td>3.0</td>
<td>2.6</td>
<td>3.3</td>
</tr>
<tr>
<td>Commissioners (days per commissioner per quarter)</td>
<td>3.5</td>
<td>4.2</td>
<td>4.3</td>
<td>4.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Team Leader (FTE)</td>
<td>1.0</td>
<td>1.3</td>
<td>1.5</td>
<td>1.0</td>
<td>1.2</td>
</tr>
<tr>
<td>Senior Assurance Officer (FTE)</td>
<td>0.7</td>
<td>1.0</td>
<td>0.8</td>
<td>1.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Project Officer (FTE)</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

5 Financial Summary

The CSL budget has been prepared using the 2007-8 budget as a basis and following a review of the assumptions made regarding the in-kind contribution provided by the GLA Group and issues that did not apply in 2007-8.

<table>
<thead>
<tr>
<th>Based on 2007-8 assumptions £</th>
<th>Changes to assumptions £</th>
<th>Proposed Budget 2008-9 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>£198,109</td>
<td>£18,322</td>
</tr>
<tr>
<td>Travel &amp; subsistence</td>
<td>£27,600</td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td>£10,000</td>
<td></td>
</tr>
<tr>
<td>Recruitment</td>
<td>£25,000</td>
<td></td>
</tr>
<tr>
<td>Legal &amp; insurance</td>
<td>£10,000</td>
<td></td>
</tr>
<tr>
<td>Premises costs &amp; catering</td>
<td>£14,600</td>
<td></td>
</tr>
<tr>
<td>Publications &amp; printing</td>
<td>£31,000</td>
<td></td>
</tr>
<tr>
<td>Stationery &amp; consumables</td>
<td>£250</td>
<td></td>
</tr>
<tr>
<td>External services</td>
<td>£40,000</td>
<td>£20,000</td>
</tr>
<tr>
<td>Communications</td>
<td>£1,080</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>£10,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>£367,639</td>
<td>£38,322</td>
</tr>
</tbody>
</table>

2007-2008 Budget £369,000

The changes to assumptions include the following:

- Additional £18k to upgrade project officer position to full-time (currently part-time, 2.5 days per week) due to the disbanding of OPSU
- Additional £20k on external services comprising consultancy support for specialist reviews

Further changes to the assumptions may be required pending agreement of a service level agreement between CSL and the GLA to cover the GLA Group “in kind” contribution which, as reflected in CSL’s Terms of Reference, includes the following:
• Recruitment of officers,
• Line management of officers,
• HR management and personal development of the officers,
• Financial administration of salaries, fees, expenses etc.
• Procurement support,
• Provision of Professional Indemnity Insurance for the Chair and Commissioners
• IT and communications equipment and support,
• Legal advice where appropriate (but not where this is a conflict of interest for the GLA),
• Public Relations advice and support,
• Press office support.
• Office accommodation,
• Office services,
• Use of meeting rooms and other office facilities.

Contingent costs have been identified. These comprise:

• Accommodation costs should the GLA Group not be able to accommodate CSL from April 2008. Discussions are underway to resolve accommodation issues.
• Legal costs should the GLA Group not be able to provide legal support due to conflicts of interest
• Media support, should the GLA Group not be able to provide media support due to conflicts of interest.

In order to provide some longer-term certainty to CSL, and to funding stakeholders, a three year budget has been developed based on increasing assumed inflation of 2% per annum for 2009-10 and 2010-11 by 2% per annum to arrive at a three year budget requirement of £1,242,000.

<table>
<thead>
<tr>
<th>Inflation</th>
<th>Proposed budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-9</td>
<td>£406,000</td>
</tr>
<tr>
<td>2009-10</td>
<td>2% £414,000</td>
</tr>
<tr>
<td>2010-11</td>
<td>2% £422,000</td>
</tr>
<tr>
<td>Total</td>
<td>£1,242,000</td>
</tr>
</tbody>
</table>
It has been agreed with the funding stakeholders that, in the event of unforeseen changes to CSL’s operating assumptions, CSL may present the case for a revised budget in 2009-10 and / or 2010-11.

Unallocated funds for 2007-8 are currently estimated to be approximately £60k. These have arisen due to the Team Leader and Senior Assurance Officer being appointed later than originally anticipated and the full commission not being in place until January 2008. There are further unallocated funds from 2006/7 of £49.5k. It is suggested that these are carried forward to reduce the contribution required from Key Stakeholders.

Application of the unallocated funds brings the three year funding requirement to £1,132,500 (£377,500 per annum). The table below presents a summary of the above analysis:

<table>
<thead>
<tr>
<th></th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three year budget requirement</td>
<td>£1,242,000</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>- Unallocated funds 2007-8</td>
<td>(£60,000)</td>
</tr>
<tr>
<td>- Additional unallocated funds 2006-7</td>
<td>(£49,500)</td>
</tr>
<tr>
<td>Three year funding requirement</td>
<td>£1,132,500</td>
</tr>
<tr>
<td>Apportioned equally over 3 years</td>
<td>£377,500</td>
</tr>
</tbody>
</table>

6 Funding for 2008 - 2011

The funding percentages are based on those agreed and used for allocation of funding in 2006-7 and 2007-8.

<table>
<thead>
<tr>
<th></th>
<th>Split</th>
<th>Annual funding requirement 2009-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLA Group*</td>
<td>20%</td>
<td>£73,990</td>
</tr>
<tr>
<td>DCMS</td>
<td>20%</td>
<td>£73,990</td>
</tr>
<tr>
<td>ODA</td>
<td>30%</td>
<td>£114,760</td>
</tr>
<tr>
<td>LOCOG</td>
<td>30%</td>
<td>£114,760</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>£377,500</td>
</tr>
</tbody>
</table>

Notes:
GLA contribution is split 50:50 between TfL & LDA

The contribution will be invoiced in October of each year.

7 Appendix

Reporting (Significant Review)

The rationale for this review is:
- CSL does not currently have a process for gathering regular performance information or for receiving copies of key documents;
• The requirement to review performance is part of the assurance framework; and
• CSL has a responsibility to provide commentary on performance to the Olympic Board and wider stakeholders.

This review will be undertaken to:
• Enable continuous monitoring of key SD outcomes;
• Inform future reviews efficiently and with minimum disruption to Key Stakeholders;
• Enable Olympic Board to be advised of issues pro-actively & independently; and
• Enable independent reporting to stakeholders.

CSL will undertake the review in the following way:
• Assess Key Stakeholders plans for reporting and review;
• Develop procedure to extract and analyse key data for existing processes;
• Develop a procedure for reporting to wider stakeholders within the context of the assurance framework; and
• Agree with OBSG the extent of the commission’s role in verification of performance data.

Carbon footprint & strategy (Progress Review)

The rationale for this review is:
• The global importance of this agenda and stakeholder expectations;
• The ground-breaking nature of the current carbon footprint work;
• Need for clarity to understand the roles of the commercial partner for utilities (appointed by LOCOG) and the delivery partner for utilities (about to be appointed by ODA), in particular their contribution to climate change;
• The potential difficulties identified in delivering 20% renewable energy during Games time; and
• To ensure carbon is considered as part of the design phase of the project.

This review will be undertaken to provide:
• Independent review of carbon footprinting assumptions and management strategy options;
• Independent commentary on the strategic position adopted as a result of the analysis; and
• Stakeholders with confidence that this key issue is being addressed appropriately.

CSL will undertake the review in the following way:
• Participate in key workshops and discussions with delivery bodies;
• Review appropriate reports and working documents;
• Interview consultants if required;
• Provide support and commentary on strategic options; and
• Undertake formal assurance of process and provide advice on outstanding issues to the Olympic Board.

Procurement and commercial partnerships (Significant Review)
The rationale for this review is:
- The critical nature of procurement to delivery of the London 2012 programme;
- The unique opportunity presented by relationships with commercial partners to deliver benefits beyond the scope of the Games;
- The opportunity to set exemplary ethical standards and the risk of failure to do so; and
- To ensure that future procurement decisions and contract management processes address SD appropriately.

This review will be undertaken to:
- Ensure that SD objectives are being translated appropriately to contractual arrangements;
- Ensure effective controls are in place to assure performance; and
- Advise stakeholders with respect to ethical standards and approach.

CSL will undertake the review in the following way:
- Review of ODA and LOCOG commercial processes and outcomes;
- Attendance as an observer at appropriate meetings and governance forums;
- Continuous review of key categories, and provision of advice to ODA/LOCOG on specific areas of opportunity and risk;
- Undertake formal assurance of process and provide advice on outstanding issues to the Olympic Board; and
- Assure the process for wider stakeholders whilst respecting commercial confidentiality.

**Social and economic sustainability (Significant Review)**

The rationale for this review is:
- Stakeholder feedback indicating this issue as a substantial legacy opportunity;
- Complexity of the process to deliver results involving many organisations;
- The ambitious and far-reaching targets set out in the LEST taskforce report; and
- To ensure that resources are available to support the programme at peak demand.

This review will be undertaken to:
- Understand the size and scale of the programme and the opportunity it represents, given the expectations for a significant contribution to legacy from this element of the programme;
- Engage positively in the early process of implementation to assure the potential of this programme in maximising benefits;
- Address the complexity of the programme (involving numerous delivery agents) to assure efficiency and continuity of process; and

1 [http://www.lda.gov.uk/server/show/ConWebDoc.1646](http://www.lda.gov.uk/server/show/ConWebDoc.1646)
• Address feedback from informed stakeholders that the need to ensure the robustness and scalability of the programme will be critical as procurement activity increases closer to Games time.

CSL will undertake the review in the following way:
• Review LEST Action Plan recommendations and other relevant delivery plans;
• Engage with accountable local, regional and national delivery agents;
• End-to-end review to understand the effectiveness of the implementation mechanisms and their management;
• Highlight good practice and recommend any areas of potential weakness and possible improvements; and
• Undertake formal assurance of process and provide advice on outstanding issues to the Olympic Board.

Food (Significant Review)

The rationale for this review is:
• The opportunity to deliver multiple sustainability benefits to environment, health, local employment, etc;
• The opportunity to set new standards in delivering healthy, sustainable food for major events;
• Stakeholder feedback on the importance of this issue; and
• The need to ensure the approach is robust and scaleable in the anticipation that catering activity increases closer to Games time.

This review will be undertaken to:
• Assess whether the programme has maximised the benefits that a sustainable food strategy can bring in terms of health, local economy, celebrating cultural diversity, emissions etc;
• Review the arrangements being developed to deliver sustainable healthy food; and
• Explore the extent to which synergies are being maximised between food, waste and energy.

CSL will undertake the review in the following way:
• Engage with London Food Commission and other stakeholders to ensure strategic alignment;
• Engage with the Nations and Regions Group to understand wider UK plans;
• Engage with NHS and other health bodies to understand health issues;
• End-to-end review of the process to understand the effectiveness of the processes, resources, contracts and management;
• Recommend any areas of potential weakness for the future and possible improvements; and
• Undertake formal assurance of process and provide advice on outstanding issues to the Olympic Board.
Waste (Significant Review)

The rationale for this review is:
- The lack of strategic focus on waste identified in this review;
- The unique challenge of delivering zero waste during Games time;
- The opportunity to link the waste agenda with carbon and local employment/skills; and
- To ensure that long term infrastructure decisions are made in time to support the Games.

This review will be undertaken to:
- Review steps being put in place to achieve a joined-up approach to waste infrastructure development in light of the issues raised in this governance review;
- Review the arrangements being developed to deliver exemplary waste management practice;
- Ensure the approach is complementary to local, regional and national plans to deliver waste infrastructure; and
- Explore synergies between waste, energy and local employment.

CSL will undertake the review in the following way:
- Review national, regional and local waste strategies;
- Review ODA performance in delivering waste targets;
- Review LOCOG arrangements to deliver zero waste to landfill during Games time;
- End-to-end review of the strategic approach to waste management and how it will be implemented in legacy;
- Recommend any areas of potential weakness for the future and possible improvements; and
- Undertake formal assurance of process and provide advice on outstanding issues to the Olympic Board.