

Meeting:	BNG Board
Date:	10th July 2009
Contact:	Ian Mackintosh
Board Action:	For Information
Sensitivity/FOI:	Public

Item 9 - Financial Update 2009-10

Summary Report:

BNG has an allocation of £30.7m for 2009-10. This is made up of £28.75m for renewal and £1.97m for growth.

Project Appraisal Panel and Board have approved a draft programme for the year amounting to £41.9m. This includes a significant level of overprogramming that is considered to be acceptable due to the potential risks to delivery inherent in the programme. Projects totalling £34.5m have been approved to date.

As at 31st May BNG has claimed £3,022,681 from the Homes and Communities Agency. This is 12% more than the estimated cash flow forecast to the end of May. The claim for June has not yet been finalised but it is anticipated that it will be around £3.9m. This will bring the cumulative amount claimed to £6.9m which is 33% above the forecast figure of £5.22m.

Recommendations:

BNG Board is recommended to note the estimated financial position as at 30th June 2009.

Implications:

Financial: The combined Growth and Renewal Programme amounts to £30.7m in 2009-10.
 Equality: Equality issues are considered under the project appraisal process.
 Sustainability: Sustainability issues are considered under the project appraisal process

Advisory Group / Appraisal Panel / Residents' Panel: Appraisal Panel Meetings

Risk:

Strategic: Failure to deliver the programme as outlined.
 Financial: Potential loss of grant if programme is not delivered.
 Development: Failure to bring forward developments included in programme.
 Operational: All projects may not be deliverable as outlined in programme.
 Reputational: Failure to deliver programme would have an adverse effect on the reputation of BNG and associated partner organisations.

Report to: BNG Board 10th July 2009

Subject: Financial Update 2009-10

Agenda Item: 9

1. INTRODUCTION

BNG has an allocation of £30.7m for 2009-10. This is made up of £28.75m for renewal and £1.97m for growth. This report provides an update on financial progress achieved to 31st May and an indication of the position at the end of June 2009.

2. 2009-10 FINANCIAL POSITION

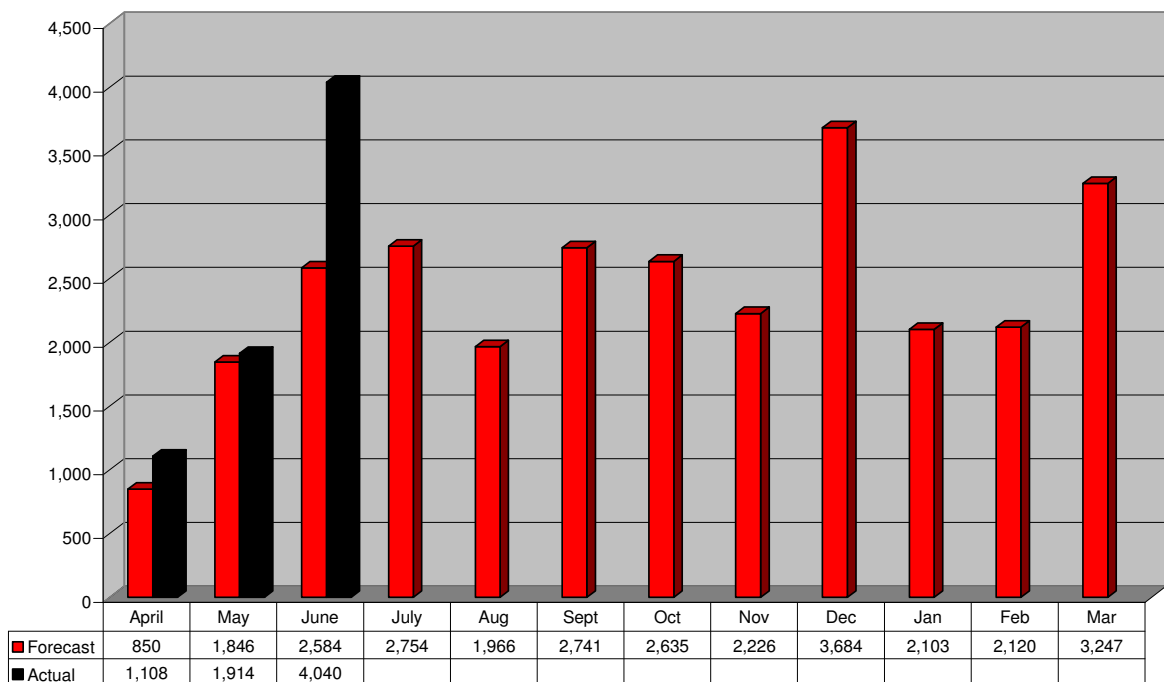
Project Appraisal Panel and Board have approved a draft programme for the year amounting to £41.9m. This includes a significant level of overprogramming that is considered to be acceptable due to the potential risks to delivery inherent in the programme. Projects totalling £34.5m have been approved to date.

As at 31st May BNG has claimed £3,022,681 from the Homes and Communities Agency. This is 12% more than the estimated cash flow forecast to the end of May, £2.7m, as shown below.

The claim for June has not yet been finalised but it is anticipated that it will be around £3.9m. This will bring the cumulative amount claimed to £6.9m which is 33% above the forecast figure of £5.22m.

There is the potential to increase the HMR allocation to £32m for the current year dependant upon programme delivery during the first quarter. Achievement of the cashflow profile submitted to HCA will prove to be important in terms of demonstrating delivery.

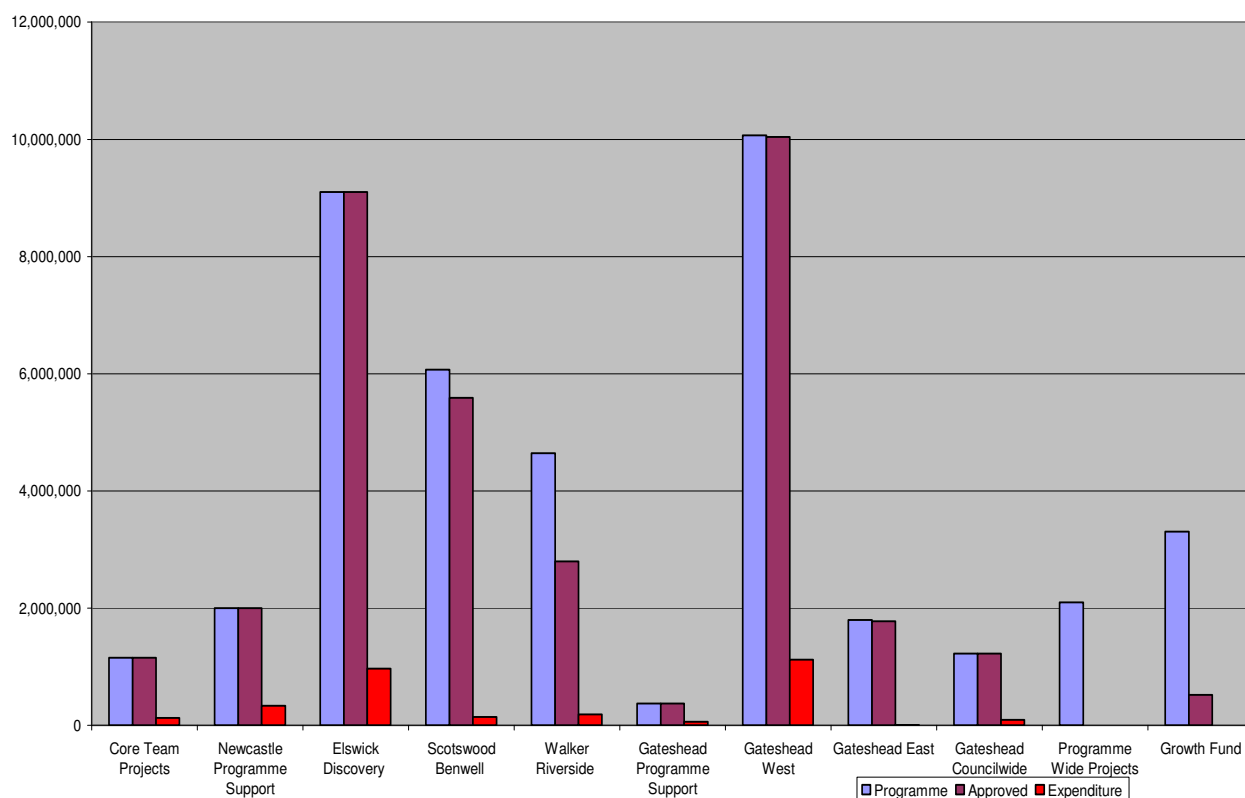
BNG Cashflow 2009-10



The detailed programme and spend to 31st May is shown as **Appendix 1**.

The programme is summarised graphically below:

BNG Financial Position as at 31st May 2009 (2009-10)



3. PROJECT RISKS

Every project, as part of the appraisal process, must complete a detailed risk log. The risks highlighted below are those considered to have the most impact on the delivery of the project in 2009-10. This identifies that £8.7m could be considered to be at risk in the programme for the coming year without management and appropriate action. Systems are in place to manage this effectively. Given the nature of the BNG programme and the current economic climate this is not unexpected.

- Riverside Dene - Private sector element of scheme does not progress due to market conditions resulting in no/little change in tenure mix. £5.8m
- Scotswood Expo - Failure to appoint Private Sector Partner delaying entire scheme considerably. Potential CPO delays. £485k.
- Pottery Bank - failure to agree a satisfactory solution to the problems on the estate to deliver transformational change. £1m.
- Enslin Street etc. - failure to agree a satisfactory solution to the problems on the estate to deliver transformational change. £648k
- North West Quarter Clearance - resolution to opposition to demolitions not reached. £800k

4. RECOMMENDATIONS

BNG Board is recommended to note the estimated financial position as at 30th June 2009.