

Meeting:	BNG Board
Date:	Friday 11 July 2008
Contact:	Ian Mackintosh/Jonathan Dunk
Board Action:	For Information
Sensitivity:	Public

**Subject: Item 11 - Programme and Financial Update**

**Link to BNG Vision and Objectives:**

The programme delivers the BNG Vision and Objectives in 2008-09

**Recommendation:**

BNG Board notes the progress made in delivering the targeted spend for the year.

**Executive Summary:**

BNG has a target of £33.96m expenditure to achieve in 2008-09. To date projects totalling £7.026m have been approved for this financial year.

As at 31<sup>st</sup> May £1.745m has been claimed from CLG. This is around 30% above the cashflow forecast of £1.329m for this period. This is largely due continuing good progress in acquiring properties.

Output data is not collected until the end of the first quarter. Progress will be reported to the next meeting.

<b>Implications</b>	
Financial:	BNG must deliver a programme with an expenditure target of £33.96m.
Equality:	All projects within the programme consider the impact on equalities during the appraisal process
Sustainability:	All projects within the programme consider the impact on sustainability during the appraisal process
Freedom of Information:	The report is a public document
Report Status:	Open

**Risk:**

Risk Map Element	Brief description of any material risks,	Impact	Probability
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	including of not proceeding.		
Strategic:	The outcome of the programme may not have the desired effect on the strategic objectives	H	L
Financial:	Failure to achieve the spend target could result in loss of grant if underspent or needing to find alternative funding if overspent	H	M
Development:	Projects must be approved in sufficient time to allow development to take place in accordance with the programme	H	M
Operational:	Failure to achieve the contracted outputs could have an adverse effect on the programme in future years	H	M
Reputational:	Failure to deliver the programme spend and outputs would cause BNG to lose face with CLG and potentially residents and stakeholders	H	L

**Paper Type:**  
For Information.



**Author:**  
Ian Mackintosh/ Jonathan Dunk

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**BNG BOARD**

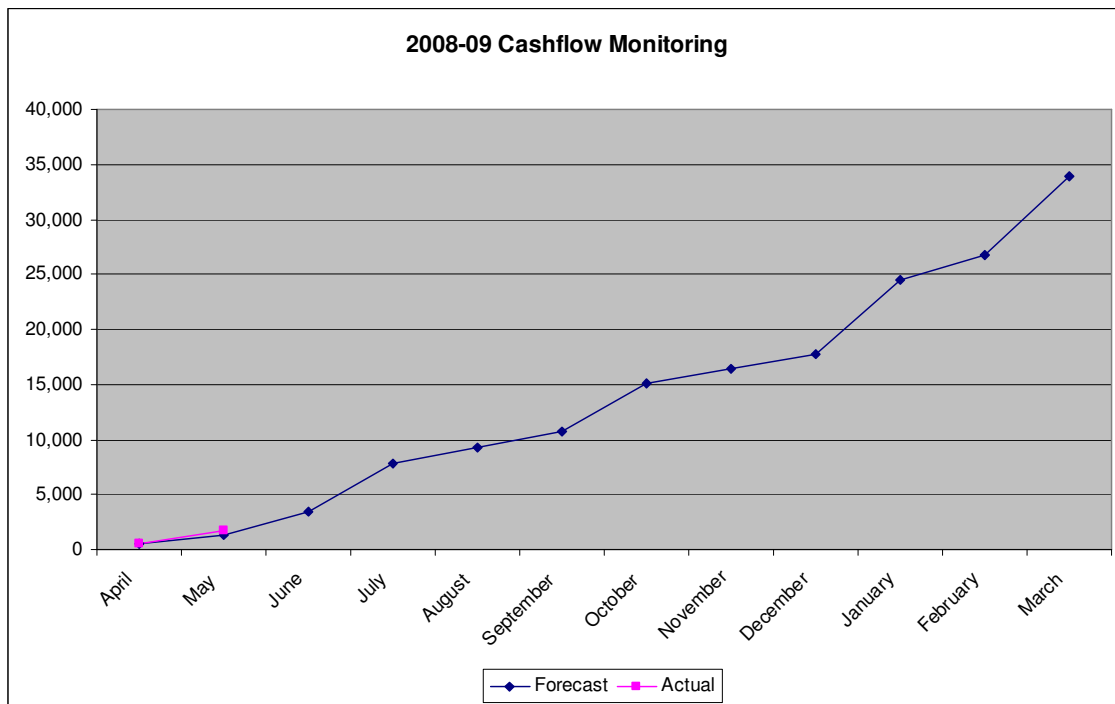
**Agenda Item: 11**

**PROGRAMME AND FINANCIAL UPDATE**

**1. Summary**

BNG has a target of £33.96m expenditure to achieve in 2007-08. To date projects totalling £7.026m have been approved for this financial year.

As at 31<sup>st</sup> May £1.745m has been claimed from CLG. This is around 30% above the cashflow forecast of £1.329m for this period. This is largely due continuing good progress in acquiring properties.



The expenditure can be broken down into the following Strategic Intervention Areas:

<b>Strategic Intervention Area</b>	<b>Spend to 31st May</b>	<b>2008-09 Programme</b>	<b>Approved to Date</b>	<b>Estimated Cashflow Forecast to 31st May</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Core Team Projects	116	1,150	1,150	146
Capacity Increase (NCC)	333	2,000	2,000	313
Byker Ouseburn	13	18	18	13
Elswick Discovery	0	4,544	1,053	326
North Central	0	0	0	0
Scotswood Benwell	306	10,526	1,277	127
Walker Riverside	336	6,732	218	89
Co-ordination & Support (GC)	60	381	381	71
Gateshead East	550	11,050	0	170
Gateshead West	0	1,564	729	74
Enabling Projects (GC)	31	651	200	0
	<b>1,745</b>	<b>38,616</b>	<b>7,026</b>	<b>1,329</b>

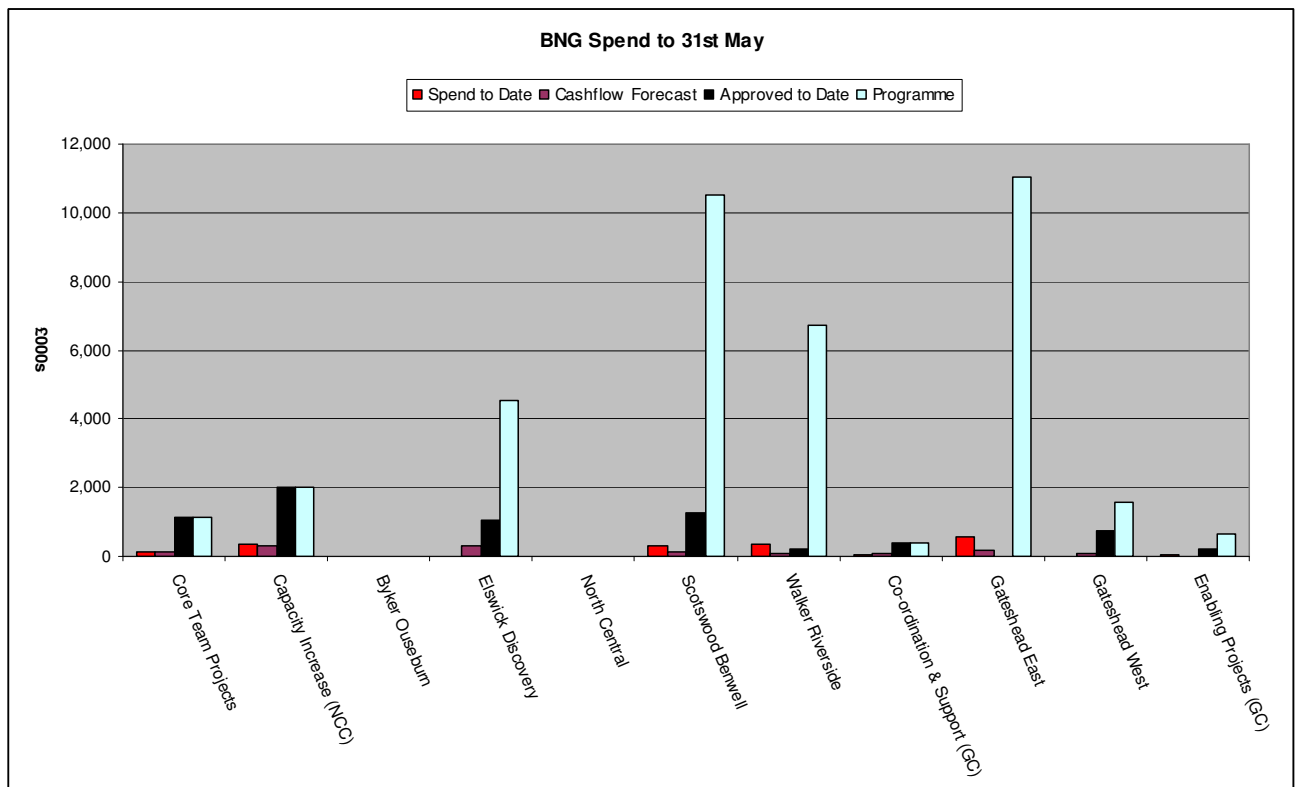
This is represented graphically below.

Details of individual projects can be seen in the attached spreadsheet (Appendix 1).

To date projects totalling £7.026m, have been approved and are in the process of being delivered.

At this stage in the year the approved projects include a level of overprogramming (13.7%). This is considered to be acceptable as there are several potentially high risk schemes in the programme that may not fully deliver in terms of spend and outputs.

In particular this relates to Scotswood Expo, Cruddas Park and the new build schemes on Walker Riverside. This situation is being closely monitored by Programme Management Group (PMG) to ensure that the programme will be delivered in accordance with the overall allocation of grant and output targets.



## Major Projects:

There are several major projects still to be approved this year that could give rise to concern with regard to their deliverability as follows:

- Housing Expo – this project has two elements. The first £2m relates to work required to set up the Urban Regeneration Vehicle and this will be appraised imminently. The second phase relates to the required investment in the URV and this is subject to the negotiations currently taking place through the competitive dialogue procedure to appoint a private sector partner. The £2m in the programme currently is unlikely to be required in its entirety.
- Cruddas Park – the programme contains £2.3m for this project. Discussions on the agenda for this meeting will help to firm up the likelihood of this scheme requiring the full amount.
- Cambrian Phase 2 – the impact of the 'credit crunch' appears to be having an effect on the new build programme. BNG is currently assessing the situation and the possible changes this might require to the programme.
- Riversgate – as Cambrian Phase 2.
- North West Quarter Clearance – the size of this acquisition and demolition programme appears ambitious although as yet there are no concerns about deliverability. The situation is being closely monitored.

## 2. Output Performance

Output data is not collected until the end of the first quarter. Progress will be reported to the next meeting.

## 3. Recommendations

That BNG Board notes the 2008-09 financial position.