

Meeting:	BNG Board
Date:	13 March 2009
Contact:	Jonathan Dunk
Board Action:	Information
Sensitivity/FOI:	Public

## Item 8 – Programme Report

### Summary Report:

This report sets out how the BNG investment programme will continue to reflect strategic direction. It outlines progress made to date in delivering annual output targets including key project detail. BNG has developed a financial commitments reporting system that will be implemented from 1 April 2009.

We are completing a gateway review process for projects that are already approved and will continue delivery into 2009-10. The purpose of this is to:

- Establish an accurate project baseline for future monitoring;
- Encourage early project planning and a 2009-11 approach to project delivery; and
- To reduce year end 'back loading' in project delivery.

### Recommendations:

1. BNG Board notes the strategic issues informing the development of the 2009-10 investment programme.
2. BNG Board receives the information describing the progress of key projects in 2008-09 and their contribution towards annual output targets.

### Implications:

Financial: Investment programmes can only be delivered within financial parameters.

Equality: Investment will ensure equality of access to good quality housing.

Sustainability: Investment will deliver sustainable places and homes.

Advisory Group / Appraisal Panel / Residents' Panel: Appraisal Panel will be responsible for approving projects within the programme.

### Risk:

Risk:

Strategic: If the programmes do not reflect strategic direction then BNG's objectives will not be met.

Financial: The impact of not delivering to budget would be high but measures are in place to ensure this risk is low.

Development: Development risks are considered at a project level.

Operational: The programme is being managed within the existing governance structure and scheme of delegation.

Reputational: Failure to deliver the programme would damage the reputation of BNG.

**Report to:** BNG Board - 13 March 2009

**Subject:** Programme Update

**Agenda Item:** 8

## 1. **INTRODUCTION**

This report sets out how the BNG investment programme in 2009-10 will respond to strategic direction.

It also illustrates progress made to date in achieving 2008-09 annual output targets agreed with the Homes and Communities Agency.

Finally, it describes the progress made by key projects and risks associated with their delivery.

## 2. **STRATEGIC ALIGNMENT**

From 1 April 2009 Housing Market Renewal (HMR) will be managed alongside the Growth programme. This will ensure greater strategic alignment between these two complementary investment streams. It will also offer a higher degree of flexibility in programme management arrangements between the two sources of funding.

A draft budget is in place for 2009-10 (see Appendix 2 to item 7). This includes allocations for the HMR and Growth Investment Programmes. Further work is required to reflect strategic and operational direction:

- To feedback the review of the priority areas that took place in February and ensure that the priorities agreed there are reflected in the investment programme;
- The completion of the gateway review process for all projects continuing from 2008-09 into 2009-10; and
- To take into account the HMR allocation for 2009-10, this is not yet confirmed.

Following the Audit Commission performance review that took place in September 2008 a recommendation was made that we should undertake research into the impact of our investment programme.

Moving forward, it is expected that the outcome of this research 'Evaluating the Impact of HMR Activity' (including an evaluation of the impact of grant funded refurbishment activity on private dwellings) will form the basis of a programme level option appraisal that will inform investment decisions.

### 3. OUTPUTS

The table below shows progress to the end of December 2008 against annual output targets. BNG is forecast to meet or exceed all of its targets.

<b>Output</b>	<b>New homes Built</b>	<b>Refurbishments</b>	<b>Acquisitions</b>	<b>Demolitions</b>	<b>Land Acquired (ha)</b>
<b>Output Target 2008-09</b>	63	900	140	400	0.49
<b>Total achieved to end December 2008</b>	39	556	115	407	0
<b>Total Forecast 2008-09</b>	63	1218	168	532	0.49
<b>Variance (Forecast/Target)</b>	0	318	28	132	0

Outputs expected from the investment programme in 2009-10 are expected to be:

- 1000 property refurbishments
- 170 property acquisitions
- 400 property demolitions
- 34 new properties (there is a degree of risk attached to this).

These reflect the same strategic direction as 2008-09, although with a reduced number of new build outputs.

### 4. KEY PROJECTS

Appendix one highlights progress made by key projects in 2008-09. In the future this section will concentrate on projects that vary significantly from a project baseline agreed at the start of the year – although we encourage project managers to update their project plan as required.

The key performance indicators that we will report against are:

- Forecast financial claim;
- Forecast output delivery; and
- Achievement of forecast project milestones.

In addition to this we have developed a financial commitments system that will allow us to report the value of work complete but not in the formal accounting system.

## 5. **RECOMMENDATIONS**

1. BNG Board notes the strategic issues informing the development of the 2009-10 investment programme.
2. BNG Board receives the information describing the progress of key projects in 2008-09 and their contribution towards annual output targets.

## Appendix One – Key Project Update

Project	Progress	Risks
Cruddas Park	On site with one social block. Launch of show home scheduled for 2 April 2009.	Heads of Terms with developer partners not signed. BNG investment into private block still to be confirmed by a gap funding appraisal.
Loadman Street	Site remediation work on site February 2009.	Risks to spend in 2008-09 as a result of start on site later than planned.
Scotswood Land Assembly	£3.6 million claimed to date. Terms agreed for acquisition of portfolio of properties owned by the Angel Group.	Completion of planned acquisition programme by year end. This risk is low as only £0.6 million left to claim.
Walker Land Assembly	Fourty demolitions were complete in December 2008. Fourteen out of a target of eighteen property acquisitions are complete.	£1.1 million left to claim in March 2009.
Gateshead Property Refurbishments	Output target of 275 refurbishments, 244 residents have agreed to take part in the scheme.	Risk of bad weather to delivery has meant that some activity will slip into April 2009.
Gateshead Land Assembly	At the end of February 85 properties have been acquired with a further 31 expected, against a total target of 115.	Legal challenge from SAVE means that none of the 64 demolitions will complete.
Gateshead Partner Procurement	The Council commenced the OJEU Procurement Process in November 2008 and of the 19 parties who registered interest at the Pre-Qualification Questionnaire Stage, a long list of 9 have been invited to participate in competitive dialogue	Further financial modelling on three sites is being done as part of the procurement process.