

Meeting:	BNG Board
Date:	18 th September 2009
Contact:	Ian Mackintosh
Board Action:	For Information
Sensitivity/FOI:	Public

Item 8 - Financial Update 2009-10

Summary Report:

BNG was initially allocated £30.7m for 2009-10. This was made up of £28.75m for renewal and £1.97m for growth. In July BNG was successful in gaining an additional 10% (£3.2m) to add to the renewal programme due to positive performance in the first quarter of 2009-10. The total allocation for the year is now £33.923m.

The draft programme for the year has now been revised to total £38.5m. This includes a level of overprogramming that is considered to be acceptable due to the potential risks to delivery inherent in the programme. Projects totalling £35.1m have been approved to date.

As at 31st August BNG has claimed £11,699,481 from the Homes and Communities Agency. This is within 1.2% of the estimated cash flow forecast to the end of August.

Recommendations:

BNG Board is recommended to note the financial position as at 31st August 2009.

Implications:

Financial: The combined Growth and Renewal Programme amounts to £33.9m 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 18th September 2009

Subject: Financial Update 2009-10

Agenda Item: 8

1. INTRODUCTION

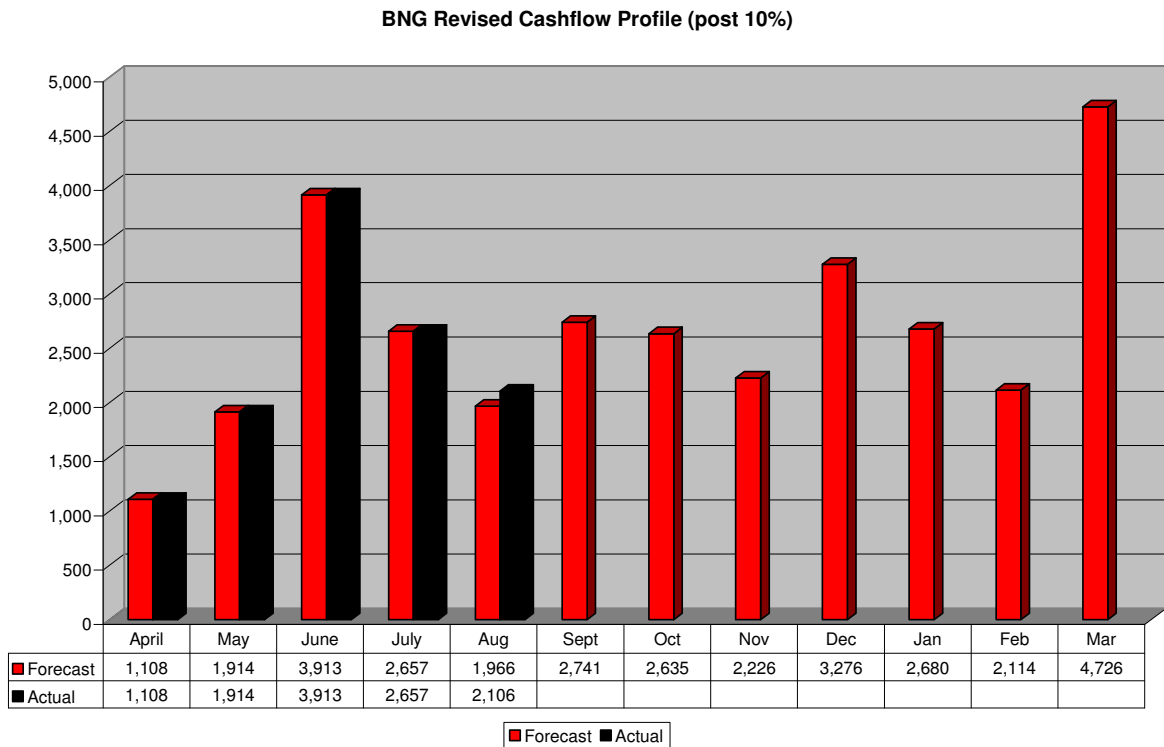
BNG was initially allocated £30.7m for 2009-10. This is made up of £28.75m for renewal and £1.97m for growth. In July BNG was successful in gaining an additional 10% (£3.2m) to add to the renewal programme due to positive performance in the first quarter of 2009-10. The total allocation for the year is now £33.923m.

This report provides an update on financial progress achieved to 31st August.

2. 2009-10 FINANCIAL POSITION

The draft programme for the year has now been revised to total £38.5m. This includes a level of overprogramming that is considered to be acceptable due to the potential risks to delivery inherent in the programme. Projects totalling £35.1m have been approved to date.

As at 31st August BNG has claimed £11,699,481 from the Homes and Communities Agency. This is within 1.2% of the estimated cash flow forecast to the end of August. A revised cashflow profile has been prepared and submitted to HCA on the basis of receiving the additional 10% as follows:



The revised profile shows the following monthly and quarterly breakdown:

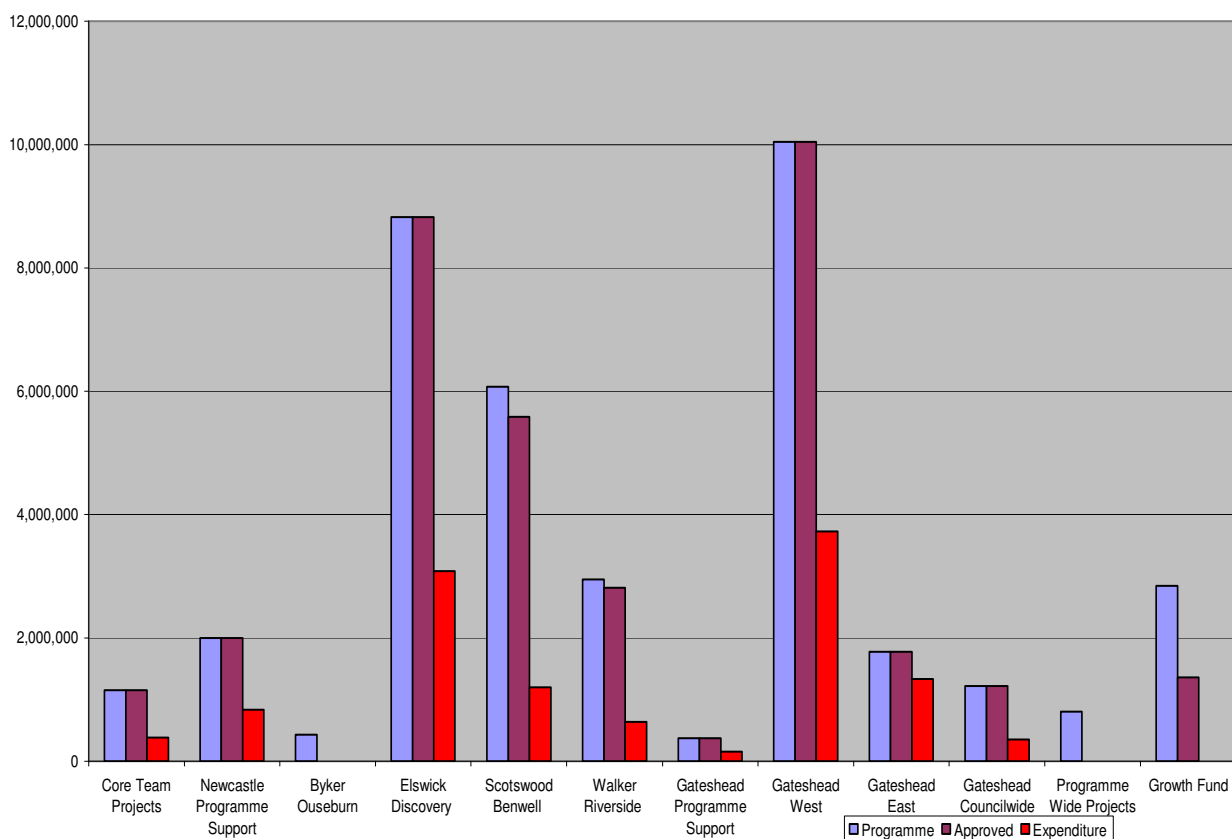
	Total £000s	Revenue £000s	Capital £000s	Percentage	
April	1,108	217	891	3.47%	
May	1,914	217	1,697	5.99%	
June	3,913	217	3,696	12.24%	21.70%
July	2,657	217	2,440	8.31%	
Aug	1,966	217	1,749	6.15%	
Sept	2,741	217	2,524	8.58%	23.04%
Oct	2,635	217	2,418	8.25%	
Nov	2,226	217	2,009	6.97%	
Dec	3,276	217	3,059	10.25%	25.46%
Jan	2,680	217	2,463	8.39%	
Feb	2,114	217	1,897	6.62%	
Mar	4,726	223	4,503	14.79%	29.79%
	31,956	2,610	29,346	100.00%	

Although there is still an increase in expenditure planned for March it is significantly less than in previous years.

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

The programme is summarised graphically below:

BNG Financial Position as at 31st August 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 £7.085m could be considered to be at risk in the programme for the 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.
- North West Quarter Clearance - resolution to opposition to demolitions not reached. £800k

4. RECOMMENDATIONS

BNG Board is recommended to note the financial position as at 31st August 2009.