

Meeting:	BNG Board
Date:	20 <sup>th</sup> November 2009
Contact:	Ian Mackintosh
Board Action:	For Information
Sensitivity/FOI:	Public

## Item 7 - 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 £38.7m. 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 £35.8m have been approved to date.

The programme is currently being reviewed to ensure that expenditure targets will be met.

As at 31<sup>st</sup> October BNG has claimed £17,276,948 from the Homes and Communities Agency for renewal activities. This is 2% ahead of the estimated cash flow forecast to the end of October. An additional £306,658 has been defrayed through the growth programme. This makes a total spend of £17,583,606 to date.

### Recommendations:

BNG Board is recommended to note the financial position as at 31st October 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

**Consultation:** The Appraisal Panel has considered and commented on this report.

### 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 20th November 2009

**Subject:** Financial Update 2009-10

**Agenda Item:** 7

**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.

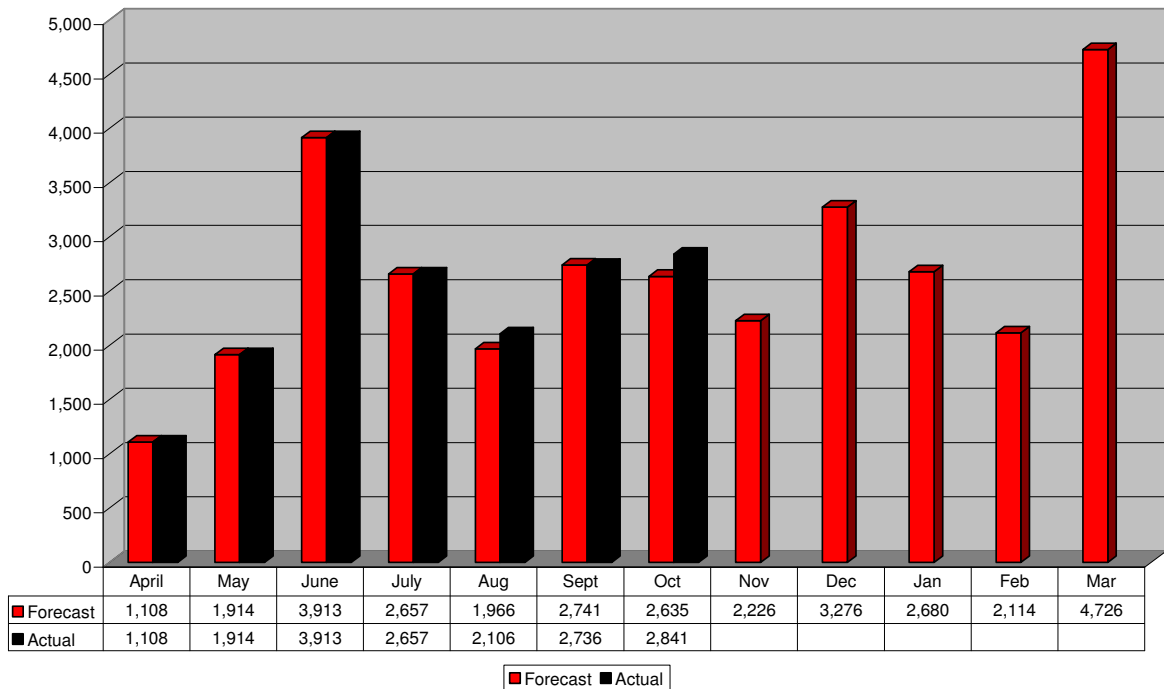
This report provides an update on financial progress achieved to 31<sup>st</sup> October.

**2. 2009-10 FINANCIAL POSITION**

The draft programme for the year has now been revised to total £38.7m. This includes a level of overprogramming that is considered to be acceptable due to the potential risks to delivery inherent in the programme. However, the programme is being reviewed to ensure that expenditure targets will be met. Projects totalling £35.8m have been approved to date.

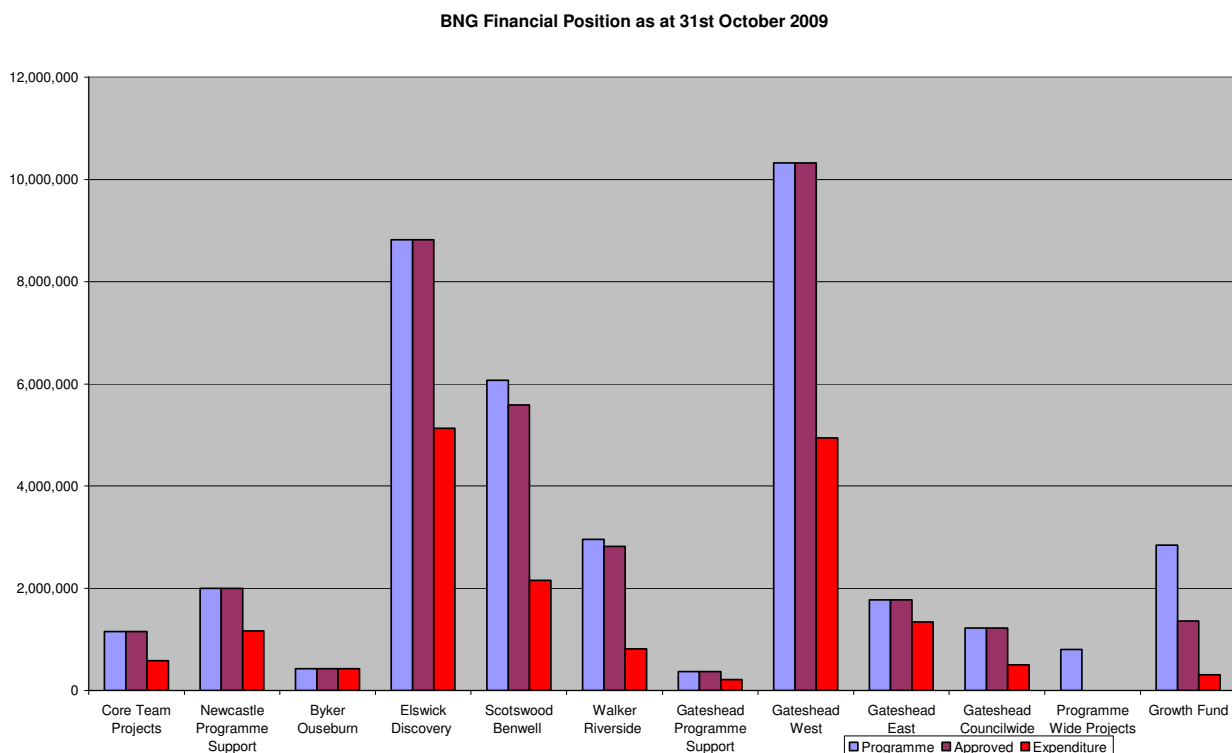
As at 31<sup>st</sup> October BNG has claimed £17,276,948 from the Homes and Communities Agency for renewal activities. This is 2% ahead of the estimated cash flow forecast to the end of October. An additional £306,658 has been defrayed through the growth programme. This makes a total spend of £17,583,606 to date.

**BNG Revised Cashflow Profile (post 10%)**



The detailed programme and spend to 31<sup>st</sup> October is shown as **Appendix 1**.

The programme is summarised graphically below:



The programme is strategically aligned to maximise the benefit of other funding programmes. This is particularly relevant to SHIP funding at Riverside Dene where to date £875k has been claimed.

### 3. CAPITAL RECEIPTS

The balance of the capital receipt due for Sunderland Road for the figure of £1,425,719 has now been received.

The total amount of capital receipts held by the local authorities on behalf of BNG now stands at £2,713,924.

This will be taken into account when determining the overall programme going forward.

### 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, Gateshead - resolution to opposition to demolitions not reached. £800k

#### **4. RECOMMENDATIONS**

BNG Board is recommended to note the financial position as at 31<sup>st</sup> October 2009.