

SECTION 10

THE CAPITAL PROGRAMME 2006/07 to 2010/11

Introduction

- 10.1 This section up-dates the capital programme position for 2006/07 and sets out proposals for the programme from 2007/08 onwards. The programme includes for the first time projected figures for 2010/11.
- 10.2 The capital programme is a four year rolling programme. The key drivers of the capital programme are priorities in the Corporate Strategy and condition of assets. These are in turn reflected in the Capital Strategy, asset management plans for classes of assets (e.g. schools, council housing, other council buildings, roads, parks etc) and private sector and social housing strategies (disabled facilities grants, private sector renewal, housing association grants).
- 10.3 Key constraints on the capital programme are as follows:
- Unavoidable capital spending requirements: e.g. the condition of council's buildings need to meet basic standards, school places need to be provided, roads need to be maintained;
 - Restrictions on the way resources are used: e.g. lottery, Transport for London, Targeted Capital Fund, devolved capital funding for schools, children centres' grant, disabled facilities grant, other grant funding and Section 106 funding can generally only be used for very specific purposes;
 - Limited access to capital receipts: Right to Buy receipts are declining. There are limited opportunities for other non-RTB receipts and often pressure to use them for particular purposes rather than fund the capital programme;
 - Limited capacity to fund borrowing: There is no direct constraint on borrowing (since the Local Government Act 2003 introduced the prudential borrowing framework) but councils have to take into account the impact on future revenue spending. Brent's prudential borrowing has been relatively high in past years and this cannot be sustained without an unacceptable impact on the council's revenue budget in the medium term.
- 10.4 The introduction of prudential borrowing powers in the Local Government Act 2003 has given the council more freedom to fund capital spending, but only if the capital charges that result are affordable, prudent and sustainable. Details of the prudential indicators used to measure this are provided in section 12 below. Section 7 above set out the medium term financial prospects for the council – the relatively low level of growth in government support, together with limits on council tax increases, means the council has to be careful not to build up additional commitments in future years. This is reflected in the level of prudential borrowing used to support the capital programme which is lower than previously planned.

- 10.5 The council can access/has accessed other sources of funding – e.g. meeting the need for pupil places through the City Academy programme, PFIs for street lighting, JFS, Willesden leisure centre, and affordable housing, ALMO funding, lottery funding, regeneration funding etc. There are also plans to change the way planning gain is negotiated to a standard charge to ensure maximum flexibility of use. These additional funding sources need to be taken into account when determining the balance of the programme. For example, a new City Academy will mean places for school children which the council cannot afford to fund from its own resources. Section 106 funding, for example, for schools, highways, new public space etc may mean less funding is required from mainstream resources although conditions on use of Section 106 funding mean it generally cannot be used as a direct replacement for spending funded through the capital programme. There are also funding sources the council is likely to be able to access in future years, particularly in education, but which we do not yet have access to e.g. Building Schools for the Future.
- 10.6 Current levels of investment in the council's capital assets are high by historical standards. But not all priorities can be met and Members have to consider the balance of the programme between main programme areas, taking account of the constraints that exist. The key areas covered by the programme are as follows:
- Schools – The government has increasingly allocated capital funds direct to schools either as devolved capital funding or targeted government grant. Most of the funding that the council has discretion over is targeted at school expansion, school replacement (e.g. huts), and special education needs. Section 106 funding allocated to provision of school places is used to supplement the mainstream programme.
 - Environment and Culture – A significant element of the programme is transport schemes funded by Transport for London. Mainstream resources are focused on maintenance of roads and pavements, the sports strategy, parks, and environmental initiatives. Large schemes have been completed in the recent past - the Estate Access Corridor and Stadium Access Corridor, replacement of street lights (PFI), Willesden Green Library and Museum, the Willesden Green Leisure Centre (PFI) – but there are no new large schemes within the programme. Funding in the capital programme for sports centres and libraries is largely for repairs and maintenance/ remedial works. S106 funding is available for a range of environment and culture schemes within the terms of the agreements.
 - Housing and Community Care – The non-HRA capital programme consists largely of disabled facilities grant (60% grant funded, 40% council match funding), private sector housing renewal grants, and provision of new units through social housing grant. It is proposed to delete funding for new units from the current capital programme and use the resulting savings in prudential financing charges to fund the council's contribution to the affordable housing PFI, which will be a more cost effective way of delivering new units. Other funding for new units will continue to be

available through s106 agreements and Housing Corporation grants. The PFI also includes replacement accommodation for learning disability clients currently living at Melrose House. Funding in the capital programme for adult care facilities other than replacement of Melrose House is for repairs and maintenance/ remedial works only.

The HRA programme has in recent years been focused on delivering the Decent Homes Standard through ALMO funding. In future years, allocations are lower, reflecting achievement of the Decent Homes Standard.

- Corporate – This is focused on addressing the backlog of repairs to the council’s corporate property portfolio to meet essential health and safety and other regulatory requirements. This includes responsibility for repair and maintenance of corporate buildings in other service areas, such as libraries, adult care facilities etc. It also includes some elements of IT funding, project funding, and the council’s capital contribution to the South Kilburn development.

10.7 The Administration has reviewed the capital programme in the light of its priorities set out in the Corporate Strategy. A key underlying principle in carrying out this review has been to limit levels of unsupported borrowing at or below previously planned levels to ensure the programme is affordable within the context of the Medium Term Financial Strategy. The Administration has also had to take into account revised, downward projections by officers of the level of Right-to-Buy receipts. Each area of the programme has been reviewed to assess priorities within it. Phasing of schemes has also been reviewed. Key proposals reflected in the programme are as follows:

- Additional funding has been allocated to environmental initiatives:
 - An additional £500k-£600k has been allocated in each year of the capital programme for roads and pavements with the additional funding targeted at unclassified roads and pavements and foot-paths. The total of £3.5m is in addition to the £5m each year for transport schemes received from Transport for London, £2m or more each year in Section 106 funding, and a total revenue budget allocation of £4m for roads related spending;
 - £135k each year has been allocated to fund new CCTV cameras as part of implementation of the CCTV strategy;
 - £50k each year has been allocated to fund planting of street trees which, combined with funding sources for trees in other locations, will allow 2010 trees to be planted by 2010;
 - £50k has been allocated in 2007/08 to provide waste recycling bins at stations;
- The use of funds for parks, opens spaces and sports has been reviewed with £500k to £600k per annum allocated to sports over the four years of the programme;
- The schools programme has been reviewed, with key proposals being:

- an additional £2.590m allocated to fund additional pupil places in 2009/10 and 2010/11;
 - asset management plan funding levels being maintained at 2007/08 and 2008/09 levels in 2009/10 and 2010/11, with plans for discussions with schools about how to combine school funding sources, including devolved capital allocations and the schools loan scheme, with council funding to increase the total amount available.
- The provision of up to 250 new social housing units through the affordable housing PFI;
 - Funding for private sector housing remaining at current planned levels to enable delivery of the private sector housing strategy;
 - The use of capital elements of the LPSA reward grant to fund invest to save schemes outlined in Section 5 of this report;
 - Commitment to £600k combined Carbon Trust funding and self-funded borrowing to deliver improvements in energy efficiency;
 - Ensuring that all council resources, including section 106 funding and all grant funding, are included within the capital programme to ensure full accountability for their use in delivering the council's priorities, subject to constraints placed on their use.

10.8 There are a number of key risks in the programme which will need to be monitored and managed during the course of the year. These are as follows:

- Estate Access Corridor - There are a number of outstanding land claims relating to the Estate Access Corridor. There is provision for these of £2.105m in 2006/07 and these resources will be carried forward to future years. These would be sufficient to meet what the council's professional advisers consider are reasonable claims but are not sufficient to meet the full value of the claims. The council is doing everything it can to settle these claims within the available budget but the cost may be outside the council's control if the claims go to Land Tribunals. Similar issues arise with regard to the Stadium Access Corridor but the professional advice is that these are likely to be settled within budget.
- John Kelly land - Provision of up to £5m has been made in the capital programme for purchase of land to allow the re-build and expansion of the schools under the Government's Building Schools for the Future programme. The council is in the process of negotiating a price with the freeholder and will be looking to ensure a fair value is paid for the land.
- Children's centres – Funding for children's centres depends on the schemes being delivered before 31st March 2008 when the grant runs out. This is a substantial and complex programme and there are risks that the schemes will not be completed on time or could be over-budget, both of which would have implications for capital programme resources. There are also some outstanding issues on final accounts from the first round of children's centres which need to be resolved. There is a cross –

departmental officer group, chaired by the Director of Finance and Corporate Resources, which is monitoring delivery of this programme.

- Cost control - There are a number of large schemes in the programme – Wembley Manor re-build, Preston Manor expansion, the Avenue School – and numerous smaller schemes all of which could potentially overspend. Each individual scheme includes a contingency but there is no overall contingency for overspends. Schemes have their own monitoring arrangements to ensure spending is kept within budget; the Capital Board, chaired by the Director of Finance and Corporate Resources, has an overall monitoring role and ensures action is taken where overspends occur. There are regular reports to the Executive on progress on the overall programme.

10.9 The proposed capital programme is included in Appendix M. Appendix M(i) shows the revised programme for 2006/07, including comparisons with the position reported to the Executive on 13th November 2006. Appendix M(ii) sets out the proposed 2007/08 to 2010/11 programme at a summary level and Appendix M(iii) provides the detail of the programme from 2006/07 to 2010/11 for individual service areas. Appendix M(iv) gives details of planned disposals over the period of the programme. Estimated usable capital receipts, including General Fund receipts, usable Right to Buy receipts, and ex-GLC/London Residuary Body receipts are £6.516m in 2006/07, £3.019m in 2007/08, £4.030m in 2008/09, £3.816m in 2009/10 and £2.185m in 2010/11.

10.10 The forecast annual costs of unsupported borrowing to the General Fund revenue budget are £3.034m in 2007/08, £4.337m in 2008/09, £4.834m in 2009/10 and £5.343m in 2010/11. The cost of unsupported borrowing to the revenue budget is an important prudential indicator which alerts the council to commitments being built up in future years as a result of funding the capital programme at a higher level than would be possible if only supported borrowing, grants, capital receipts, Section 106 funding, and other contributions were used. These commitments have been taken into account in the medium term forecast, and need to be managed as part of medium term financial planning.

10.11 Members are asked to agree (i) revisions to the 2006/07 capital programme; and (ii) the proposed capital programme and resources for 2007/08 to 2010/11. The options available to Members include:

- Adding or deleting schemes from the proposed programme;
- Changing the overall level of spending in the programme;
- Reviewing and revising the resource assumptions, including amendments to the proposed disposals programme.

Any proposed changes to the overall level of unsupported borrowing required to fund the programme would have to take account of the impact on capital financing charges in the 2007/08 budget, the financial forecast for future years, and the prudential indicators.

The 2006/07 Capital Programme

10.12 The revised capital programme for 2006/07 is summarised in Appendix M(i), with details in M(iii).

10.13 The principal changes to the capital programme in 2006/07 since the last monitoring report to the Executive are as follows:

Children and Families

Reported expenditure on the Children and Families programme **has reduced by a net £6.147m**, consisting of:

- Net slippage of £6.466m, which is detailed below:
 - Surestart Grant (£781k) – Utilisation has been re-profiled over the two year period of the grant allocation due to delays encountered in the identification and approval of schemes.
 - St Mary Magdalen's Junior School Rebuild (£62k) – The approval to proceed to tender letter for this Targeted Capital Fund (TCF) funded scheme has now been received from the Secretary of State and has required a re-allocation of the approved funding between years.
 - The Avenue Primary School (£3.370m) – A revised profile for this TCF funded scheme has now been agreed.
 - Jesus and Mary Language College and Cardinal Hinsley RC High School (£252k) - A revised profile for this TCF funded scheme has now been agreed.
 - Academy 2 Land (£1.0m) – Funding was provided in the 2006/07 capital programme for purchase of a site. Purchase costs will now be met from the 2007/08 to 2010/11 programme.
 - Wembley Manor Re-build and Expansion (£480k) – This slippage reflects delays due to consultation on the initial proposals and work by consultants.
 - Asset Management Plan works (£162k) – Reduced spend in this financial year has occurred due to delays on a number of schemes.
 - Hut Replacement works (£153k) – Reduced spend in this financial year has occurred due to delays on a number of schemes.
 - SEN Schemes (£206k) – Delays have been encountered in forwarding the Grove Park/Hay Lane joint Post 16 facility scheme.
- Programme expenditure has increased due to a transfer of £275k from the Environment and Culture Sports Strategy allocation as a contribution towards the works underway at Gladstone Park. This has a nil effect on the capital programme overall.
- There has been a transfer of £300k from the non – school schemes Youth Service allocation to school schemes as a contribution towards the Chalkhill Pupil Referral Unit. This has a nil effect on the capital programme overall.

- There have been a number of overspends and underspends on various schemes which have resulted in a net £44k deficit on the Children and Families capital programme.

Environment and Culture

Inclusion of Section 106 funding as part of the overall programme means reported expenditure on the Environment and Culture programme **has increased by a net £1.925m**. A total of £2.2m of works funded by S106 has been added to the programme, offset by the transfer to Children and Families capital programme for works underway at Gladstone Park (see above).

In addition, there have been a number of transfers between Environment and Culture schemes which reflect changes in forecast expenditure and have a nil effect on the capital programme overall.

Housing and Community Care: Housing and Customer Services

Reported expenditure on the Housing and Customer Services General Fund capital programme **has reduced by a net £3.464m**, as follows:

- There has been re-phasing of £1.464m of Disabled Facility Grant expenditure which has been committed in 2006/07 but for which expenditure will not be incurred until 2007/08.
- There has been a virement of £300k within the programme to fund refurbishment at Mahatma Ghandi House to allow staff moves to free up other buildings for disposal. This has a nil effect on the capital programme overall.
- The sum of £2m has been removed from the overall provision of £2.969m for new units, with the resulting reductions in prudential financing charges from 2007/08 being used to contribute to the provision of new units through the affordable housing PFI.

Reported expenditure on HRA schemes **has increased by £2.150m** as a result of the council's successful bid for funding for schemes to tackle overcrowding.

Corporate

Reported expenditure on the Corporate capital programme **has increased by a net £260k**, as follows:

- The programme has been amended to include £1m of capital works incurred by South Kilburn NDC which is funded in full by Government Office for London grant. This has a nil effect to the capital programme overall.
- There has been net slippage of £299k to 2007/08 over a number of schemes.
- There have been transfers of £121k and £113k from the provision for liabilities allocation to meet previously agreed expenditure on asbestos surveys and management fees. These have a nil effect on the capital programme overall.

- With the exception of a £25k allocation to meet consultancy costs, the remaining allocation of £300k for the Financial Systems Integration scheme has been deleted. It is proposed that requirements for this scheme will be reviewed when a full business plan has been developed.
- There have been a number of overspends and underspends on various schemes which have resulted in a net £142k surplus on the Corporate capital programme. It is proposed that £140k of this amount be carried forward to 2007/08 to re-instate allocations for Minor Works and Asbestos/Compliance surveying in that year.

10.14 A summary of the revised 2006/07 programme is included in Table 10.1 below.

Table 10.1 Revisions to 2006/2007 Capital Programme since November

Service Area	2006/07 position (Nov 2006) £'000	Amended 2006/07 position £'000	Variations to 2006/07 position £'000
Resources			
Grant and External Contributions	(29,346)	(24,148)	5,198
Capital Receipts	(6,516)	(6,516)	0
S106 Funding	(2,788)	(5,142)	(2,354)
Capital Funding Account	(2,105)	(2,105)	0
Supported Borrowing	(7,866)	(9,378)	(1,512)
Unsupported Borrowing	(9,729)	(3,825)	5,904
Total GF Resources	(58,350)	(51,114)	7,236
Housing HRA	(9,955)	(12,105)	(2,150)
Total Resources	(68,305)	(63,219)	5,086
Expenditure			
Children and Families	24,188	18,041	(6,147)
Environment and Culture	19,678	21,603	1,925
Housing and Community Care – Adults	509	509	0
Housing and Community Care – Housing	9,363	5,899	(3,464)
Corporate	4,612	4,872	260
Total GF expenditure	58,350	50,924	(7,426)
Housing HRA	9,955	12,105	2,150
Total Expenditure	68,305	63,029	(5,276)
Net Position	0	(190)	(190)

2007/08 to 2010/11 Capital Programme

10.15 A summary of the proposed capital programme for 2007/08 to 2010/11 programme is attached as Appendix M(ii), with details of the breakdown of the programmes in Appendix M(iii). Table 10.2 provides a high level summary.

Table 10.2 Proposed 2007/08 to 2010/11 Capital Programme

Service Area	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
Resources				
Grant and External Contributions	(22,673)	(16,741)	(14,801)	(11,371)
Capital Receipts	(3,019)	(4,030)	(3,816)	(2,185)
S106 Funding	(6,277)	(6,419)	(10,367)	(11,659)
Supported Borrowing	(9,914)	(10,210)	(10,500)	(10,500)
Unsupported Borrowing	(16,250)	(4,844)	(4,844)	(4,844)
Invest to Save	(2,162)	(627)	(100)	0
Total GF Resources	(60,295)	(42,871)	(44,428)	(40,559)
Housing HRA	(18,400)	(6,500)	(6,500)	(6,500)
Total Resources	(78,695)	(49,371)	(50,928)	(47,059)
Expenditure				
Children and Families	30,880	15,791	17,215	15,297
Environment and Culture	13,373	14,536	15,416	16,294
Housing and Community Care – Adults	370	0	0	0
Housing and Community Care – Housing	7,663	5,849	5,554	5,206
Corporate	8,009	6,695	6,243	3,102
Total GF expenditure	60,295	42,871	44,428	39,899
Housing HRA	18,400	6,500	6,500	6,500
Total Expenditure	78,695	49,371	50,928	46,399
Net Position	0	0	0	(660)

10.16 Key issues for each area are set out below:

Children and Families

- Provision has been made for the purchase of land for the expansion of the John Kelly Technology Colleges and land for the Academy;
- The four year capital programme includes a total of £3.5m for additional secondary places in 2007/08 and 2008/09 – sufficient to secure another 1 additional form of entry at Preston Manor School (supplemented by £2.5m of grant under the Popular Schools Initiative for other work at the school) and contribute £1.5m toward the provision of another form of entry at secondary level at existing schools;
- Provision has been made for the Wembley Manor re-build which will provide an additional form of entry at primary level;
- A new allocation of £2.590m has been made in both 2009/10 and 2010/11 to fund further expansion of school places;
- Funding is included for the programme of Special Education Need schemes, as previously agreed;
- Funds for Phase 2 of the children's centres programme are being met out of the capital grant from DFES which is £2.801m in 2007/08;

- Future years' asset management plan funding levels have been retained at 2007/08 and 2008/09 levels and discussions will be held with schools about how to combine school funding sources, including devolved capital allocations and the schools loan scheme, with council funding to supplement these. There will also be a review of whether boiler replacement schemes included in the programme can be funded on an invest to save basis as part of the Carbon Trust initiative.

Environment and Culture

- An additional £500k to £600k has been allocated to each year of the roads and pavements programme, taking it to £3.5m each year. This is in addition to Transport for London funds (£4.794m in 2007/08) and section 106 monies. The highways programme will be reported to the Executive later in the year;
- New mainstream allocations have been made of :
 - £135k each year for the CCTV strategy – providing an additional 3 CCTV cameras each year;
 - £50k per annum on street trees – combined with funding sources for trees in other locations, sufficient to plant 2010 trees by 2010;
- £50k has been allocated to pay for recycling bins at stations, funded from the Waste Performance and Efficiency Grant;
- Sports and leisure – over £600k has been included for sports and leisure schemes in 2007/08 – including the cost of remedial works to Bridge Park - with over £500k each year allocated to implementing the sports strategy in future years;
- Parks and cemeteries – a total of £165k per annum has been allocated to this programme. Additional funding is available from section 106 monies and external funders, including the lottery;
- Libraries – capital funding for repairs and maintenance is within the corporate property allocation (see below). The council will be looking at opportunities to use invest to save initiatives plus lottery and other external sources of funding to secure future improvements to libraries.

Housing and Community Care

- Funding for the private sector renewal strategy and disabled facilities grant is £6.764m in 2007/08 (including slippage from the 2006/07 programme as detailed in paragraph 10.11 above and £5.3m in subsequent years. This will be used to deliver the Private Sector Housing Strategy;
- Basic HRA capital spending has been assumed to be £6.5m per annum, in line with the supported borrowing allocation. The programme also includes potential expenditure of £11.9m for prudential borrowing for Granville New Homes, which will be subject to a report to the Executive in March 2007.

Corporate

- £1m per annum is included for a council contribution to the South Kilburn development from 2008/09 onwards. The corporate programme also includes £11m government grant toward Granville New Homes;
- Just over £1m per annum has been included for property schemes, which is split down between service areas. This is supplemented by repairs and maintenance funds within service area revenue budgets and within Central Items. Spending will be in line with needs identified within the Corporate Asset Plan 2006. Allocation of resources will also take account of decisions of the future accommodation strategy, including the provision of a new civic facility within Wembley and the development of neighbourhood and remote working.
- The council has been accepted within Phase 4 of the Carbon Trust Scheme to reduce carbon emissions in the public sector. The council has set an ambitious target of a 20% reduction by 2011. A number of initiatives are already underway and a full programme will be rolled out from 1st April 2007. The Carbon Trust provide free support and advice to help achieve targets including focusing effort on those areas of council activity that have the most potential to reduce emissions. Another arm of the Trust's operations is access to capital funding through a non-profit making company Salix Finance, who control and monitor resources provided by the Government. The council bid for resources of £300k, the maximum available, from Salix and this was successful. The council is required to match fund this amount and is doing this on a basis of self funded unsupported borrowing which will be funded from resulting energy savings. Full details of the schemes to be funded are being developed and will be the subject of a future report to the Executive. They will concentrate on insulation and energy efficient heating and lighting across the council including schools.

10.17 Resource issues are as follows:

Capital receipts

The level of usable Right to Buy receipts included in the programme has been reduced from £1.750m to £1.250m in 2007/08 and £1.0m in subsequent years to reflect the downturn in RTB sales that has occurred during 2006/07 in comparison with recent years, principally because of reduced discounts.

There is an £8.0m target for capital receipts derived from disposal of General Fund land and properties over the four years of the programme. Details of planned disposals are attached as Appendix M(iv). The target is achievable subject to conflicting demands on use of receipts from disposals being addressed. Proceeds cannot be used to fund both the capital programme and replacement assets and that may mean difficult choices need to be made.

S106 Funding Agreements

Table 10.3 below provides the details of estimated Section 106 agreement funds that have been allocated within the planned capital programme. The purpose is to show all funds available to fund capital works. Members should note however that Section 106 funds are only triggered once schemes start on site and therefore timing of receipt of funds is not guaranteed. In addition, the council needs to ensure that all Section 106 agreements are within the legislative framework and that the money is spent in accordance with the provisions of each agreement.

Table 10.3 S106 Agreement Monies - 2006/07 to 2010/11 Capital Programme

S106 Agreement Monies	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
Triggered					
Education	1,459	1,899	0	0	0
Environmental Health	0	8	6	4	2
Landscape & Design	0	100	75	50	25
Public art	0	108	81	54	27
Parks	0	261	196	131	65
Planning	0	853	639	426	213
Streetcare	0	98	74	49	25
Sports	0	353	265	177	88
Transportation	2,200	665	665	665	665
Social Housing	0	319	239	159	80
Total Triggered Agreements	3,659	4,664	2,240	1,715	1,190
Not Triggered					
Education	0	230	1,412	4,500	4935
Environmental Health	0	9	18	26	35
Landscape & Design	0	52	103	155	207
Public art	0	27	54	82	109
Parks	0	33	66	99	132
Planning	0	68	136	204	271
Streetcare	0	57	114	172	229
Sports	0	0	0	0	0
Transportation	0	1,079	2158	3,236	4,315
Housing	0	32	63	95	126
Brent into Work	1	28	55	83	110
Total Not Triggered Agreements	1	1,613	4,179	8,652	10,469
Cumulative S106 Monies	3,660	6,277	6,419	10,367	11,659

Invest to Save Schemes

Details of invest to save schemes were given in Section 5 of this report on the 2007/08 revenue budget. The customer care, IT, and HR transaction invest to save projects all depend on an element of capital funding. The capital programme includes a total of £2.413m for invest to save schemes in 2007/08 to 2009/10. This is covered by £2.113m of LPSA reward grant and £300k of Carbon Trust funding. In practice services will be required to repay capital funds borrowed over a period of 5 to 7 years but there will be no borrowing associated with them so the funds will be available for re-cycling. Other schemes will be considered on an invest to save basis during the year, subject to savings being sufficient to pay capital financing charges. Further proposals for invest to save schemes will be reported to the Executive for approval.

Unsupported borrowing

Consideration of affordability is one of the critical tests in determining the limit of capital spending under the new prudential regime for borrowing. Table 10.4 below summarises the impact of unsupported borrowing to fund the capital programme on capital charges incurred by the council and council tax levels. Members should note that the high level of unsupported borrowing in 2007/08 results from re-phasing schemes and other resources within the programme and that the total amount of unsupported borrowing over the life of the programme is in line with that agreed previously, except for removal of unsupported borrowing for the new housing units programme and transfer of associated revenue budgets to the affordable housing PFI.

Table 10.4 Impact of Unsupported Borrowing on Revenue Costs/Council Tax

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
2004/05 Unsupported borrowing £8.010m (excluding all self funded expenditure)	841	841	841	841
2005/06 Unsupported borrowing £12.046m (excluding all self funded expenditure)	1,265	1,265	1,265	1,265
2006/07 Unsupported borrowing £3.675m (excluding all self funded expenditure)	390	386	386	386
2007/08 Unsupported borrowing £15.850m (excluding all self funded expenditure)	539	1,680	1,664	1,664
2008/09 Unsupported borrowing £4.844m (excluding all self funded expenditure)	0	165	513	509
2009/10				

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
Unsupported borrowing £4.844m (excluding all self funded expenditure)	0	0	165	513
2010/11 Unsupported borrowing £4.844m (excluding all self funded expenditure)	0	0	0	165
Cumulative total	3,034	4,337	4,834	5,343
Impact on Band D Council Tax – using 2007/08 council tax base of 93,900	£32.31	£46.19	£51.48	£56.90

10.18 Unsupported borrowing of £11.9m has been included in the HRA capital programme for 2007/08 to meet costs relating to Granville New Homes as part of the South Kilburn Regeneration scheme. There will be a report to the Executive in March on the Granville New Homes project.