

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 06 February 2023

<b>Portfolio:</b>	Policy and Resources
<b>Subject:</b>	<b>Capital Programme and Capital Strategy 2023/24</b>
<b>Report of:</b>	Deputy Chief Executive Officer
<b>Corporate Priorities:</b>	A dynamic, prudent and progressive Council

**Purpose:**

This report considers the Capital Strategy for 2023/24, prior to its submission to the Council for approval.

**Executive summary:**

Regulations require the Council to prepare and formally approve a Capital Strategy. The document for 2023/24 is attached as Appendix A to this report for consideration by the Executive before being submitted to Council for approval.

The Capital Strategy gives a high-level overview of how capital expenditure, capital financing, asset management and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The main highlights in the Capital Strategy are:

- i) The level of capital expenditure estimated for 2023/24 is £24.5 million. The current estimate is that £3.1 million of this will be met by new borrowing.
- ii) A new prudential indicator for net income from commercial investments to net revenue stream has been added.
- iii) A new section about the Daedalus Finance Strategy has been added.
- iv) A high-level review of future funding requirements has identified a capital funding requirement of £229 million.
- v) The Council's investment property portfolio has an estimated value of £68.3 million.

A separate report proposing the Treasury Management Strategy and Investment Strategy for 2023/24 will be presented at the February meeting of the Executive.

**Recommendation:**

It is recommended that the Executive:

- (a) endorses the draft Capital Strategy for 2023/24, attached as Appendix A to this report;
- (b) approves the capital programme for the period 2022/23 to 2026/27, amounting to £62.9 million as set out in Annex 1 of the Capital Strategy; and
- (c) agrees to submit the Capital Strategy for 2023/24 to Council for approval.

**Reason:**

To allow the Council to approve the Capital Strategy in accordance with the Prudential Code.

**Cost of proposals:**

As detailed in the report.

**Appendices:**                      **A:** Capital Strategy 2023/24 (including 5-year capital programme as Annex 1)

**Background papers:**   None

**Reference papers:**        CIPFA Prudential Code 2021  
                                      Arlingclose Capital Strategy 2023-24 Template