

COUNCIL MEETING – 19TH APRIL 2018

AGENDA ITEM NO. 5 (1)

CHANGES TO THE BUDGET – CAPITAL INVESTMENT

1. INTRODUCTION

The Constitution provides that, when significant proposals come forward which are outside the agreed budget, the Council needs to approve the change. This Report has arisen from proposals which are being considered by the Cabinet on 17th April, 2018 that both require significant capital expenditure.

- 1.1 The first proposal relates to an investment in commercial property at Farnborough Industrial Estate and the second to an opportunity to support the local economy by provision of a loan for development at Farnborough Aerodrome.. Both initiatives support objectives for the Council in aiding the regeneration of the Borough whilst also contributing additional income streams to assist the Council in achieving financial sustainability.
- 1.2 Council is asked to approve a variation to the Capital Programme of £10m to enable the current and other potential projects to proceed. The balance of the £10m only to be drawn down after consideration of the business case by Cabinet.
- 1.3 The Council will need to borrow to fund these transactions, either from the Public Works Loan Board (PWLB) or other approved counterparties, but, in the case of both these investments, there is a positive cash flow over the borrowing costs. As a result of this additional borrowing requirement, Council is asked to increase both its operational boundary and its authorised limit for external debt ,previously set by the Council under its Treasury Management Strategy in February 2018, by £10m. This will ensure sufficient headroom for the Council to manage its borrowings within prudent limits.

2. RECOMMENDATION

- 2.1 The Council is recommended to approve a variation of £10 million to the 2018/19 Capital Programme, and raise its limits for external debt accordingly, as set out above.

**D.E. CLIFFORD
LEADER OF THE COUNCIL**