

Annual Minimum Revenue Provision (MRP) policy statement 2017-18

- A.12.1. Prior to 2008/09, the Council, in accordance with legislation, made a contribution from revenue to cover 4% of the unfinanced borrowing that has been undertaken to support the capital programme.
- A.12.2. The Secretary of State under section 21(1A) of the Local Government Act 2003 issued guidance on the calculation of MRP in February 2008, 2008/09 was the first year of operation. Following a review, changes have been made to the method adopted to calculate the MRP from 2016/17 onwards. The Council has assessed the Minimum Revenue Provision and are satisfied that the guidelines for their annual amount of MRP set out within this policy statement will result in their making the prudent provision that is required by the guidance.
- A.12.3. Where capital expenditure was incurred before 1 April 2008, MRP will be charged by writing down the remaining Capital Financing Requirement relating to this period over the next 50 years. For capital expenditure incurred on or after 1 April 2008 and funded through borrowing, the Council will calculate MRP using the asset life annuity method. MRP will be based on the estimated life of the assets purchased from unsupported borrowing.
- A.12.4. In accordance with provisions in the guidance, MRP will be first charged in the year following the date that an asset becomes operational.
- A.12.5. MRP will be made at 1% for investment properties held for income generation purposes. For investment properties held solely for asset appreciation purposes with an intention to sell, no MRP will be charged.
- A.12.6. In the case of long-term debtors arising from loans made to third-parties or other types of capital expenditure made by the Council which will be repaid under separate arrangements (such as long term investments), there will be no minimum revenue provision made. The council will make a MRP on investments in service delivery companies based on a 100 year life.
- A.12.7. The Council reserves the right to determine alternative MRP approaches where material in particular cases, in the interests of making prudent provision. Officers will take account of local circumstances, including specific project timetables and revenue-earning profiles.
- A.12.8. Each year a new MRP statement will be presented.

This page is intentionally left blank