

Annual minimum revenue provision (MRP) statement

B.7.1. Best practice guidance recommends that authorities prepare a statement of policy on making MRP in respect of the forthcoming financial year. Going forwards this policy will be submitted to Full County Council before the start of the financial year. The statement is required to indicate how the authority intends to fulfil its duty to make prudent provision. Whenever these proposals are subsequently reviewed, a revised statement will be put to Full County Council for approval.

Proposed minimum revenue provision policy statement

B.7.2. 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.

B.7.3. The Secretary of State under section 21(1A) of the Local Government Act 2003 issued guidance on the calculation of MRP in February 2008 with 2008/09 being the first year of operation. The Council has assessed its method of MRP and is satisfied that the guidelines for its annual amount of MRP set out within this policy statement will result in its making the prudent provision that is required by the guidance.

B.7.4. Where capital expenditure was incurred before 1 April 2008, MRP will continue to be charged at the rate of 4% of the outstanding capital financing requirement, in accordance with the guidance. For capital expenditure incurred on or after 1 April 2008 and funded through borrowing, the Council will calculate MRP using the asset life method, as summarised in Table B7.1 below. MRP will be based on the estimated life of the assets purchased from unsupported borrowing.

Table B7.1 Estimated economic lives of assets

Asset class	Estimated economic life
Land and heritage assets	50 years
Buildings	40 years (unless value indicates otherwise)
Vehicles, equipment & plant	10-15 years
IT Equipment (Hardware)	3-10 years
Infrastructure:	
- bridge strengthening	40 years
- lighting	20 years
- structural maintenance	12 years
- minor works	7 years
Intangible Assets (such as computer software)	5 years
Properties held for economic regeneration	1% or 0% MRP charged.

- B.7.5. In accordance with provisions in the guidance, MRP will be first charged in the year following the date that an asset becomes operational.
- B.7.6. MRP will be made at 1% for properties held that are not currently needed for service operational purposes, but may be in future or are being held to facilitate future economic growth or re-generation.
- B.7.7. 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.
- B.7.8. The Council reserves the right to determine alternative MRP approaches in particular cases in the interests of making prudent provision where this is material, taking into account local circumstances, including specific project timetables and revenue earning profiles.