Appendix 1C

Minimum Revenue Provision Policy Statement

1.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

1.2 CLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement*:*

1.2.1 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1).

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

1.2.2 From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be*:*

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3).

1.3 These options provide for a reduction in the borrowing need over approximately the asset's life.

1.4 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

1.7 Repayments included in annual PFI or finance leases are applied as MRP.

1.8 The MRP methodologies provided above are currently being reviewed by officers. Any change to the MRP methodology will be brought for agreement by Members and will be effective from 1 April 2015.