

## 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 Capital Financing Requirement - CFR) through a revenue charge (the Minimum Revenue Provision - MRP). The Council 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 This option provides for a reduction in borrowing in line with the life of the asset to which the borrowing related.
- 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.
- 1.5 Repayments included in annual PFI or finance leases are applied as MRP.
- 1.6 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.