Appendix 4

Minimum Revenue Provision (MRP) Policy Statement 2017/18

1. The council is required to pay off an element of the accumulated General Fund capital spend financed by borrowing each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments where it is seen to be in its best interests to do so.

2. Regulations have been issued by the Department for Communities and Local Government (DCLG) which require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils to replace the existing Regulations, so long as there is a prudent provision. **The Council is recommended to approve the following MRP Statement to be applicable for 2017/18.**

   i. **For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:**
      - **<u>Existing practice</u> - MRP will follow the existing practice outlined in former DCLG Regulations (4% of balance of CFR at 31.3.08)**

   ii. **From 1 April 2008 for unsupported borrowing the MRP policy will be:**
      - **<u>Asset Life Method</u> – MRP will be based on the estimated life of the assets, in accordance with the regulations.**

3. **Additionally the council is free to determine an alternative MRP approach provided that it is prudent. These alternatives may include a variation on the above options or may take other forms as determined by the Chief Finance Officer. For instance, where the council acquires assets funded from unsupported borrowing for the purpose of site assembly with the aim of disposing to developers in the future, then the council may determine a nil MRP charge is prudent on the understanding that the capital receipt from the disposal is used repay the borrowing and extinguish the CFR relating to it. Any unsupported borrowing falling on capital expenditure falling into this category will be reviewed annually and if for any reason a capital receipt will not be received within a specified timeframe as determined by the Chief Finance Officer relating to the asset acquired then the unsupported borrowing will revert back to the normal MRP treatment applicable including an adjustment for MRP due for previous years that may not have been previously charged.**

4. No statutory revenue charge or MRP is required for the HRA. However, as part of the approved HRA Business Plan, Cabinet approved an affordable strategy to repay the HRA’s total debt, represented by its capital financing

requirement (HRACFR), currently over the next 30 years. No HRA debt is planned to repaid in 2017/18.