

Annual Minimum Revenue Provision (MRP) Statement

Local authorities are required each year to set aside a minimum amount as a provision in respect of capital expenditure previously financed by borrowing. Statutory Regulations governing this stipulate that authorities should prepare an annual statement on their policy on making MRP for submission to full Council. It is proposed that the following policy, approved by County Council (28 February 2012) for 2013/14, is continued for 2014/15:

- That MRP for capital expenditure financed by borrowing prior to 1 April 2007 continues to be based on the previous regulatory method;
- That MRP for capital expenditure financed by borrowing after 1 April 2007 be made on the basis of equal annual instalments over the estimated life of assets;
- That, for “on Balance Sheet” PFI contracts, the MRP requirement is regarded as met by a charge equal to the element of the unitary charge applied to write down the liability.
- That, for finance leases, the MRP requirement is regarded as met by a charge equal to the element of the rent that goes to write down the Balance Sheet liability.
- That, where a lease (or part of a lease) or PFI contract is brought onto the Balance Sheet, having previously been accounted for off-Balance Sheet, it is brought on at its written down value so that the MRP requirement is regarded as met by the inclusion in the charge, for the year in which the restatement occurs, of an amount equal to the write-down for that year only (i.e. there is no requirement to include in the charge any retrospective writing down of the Balance Sheet liability that arises from the restatement).

The policy on making MRP is to be reviewed, although any change will not be retrospective.