

**MINIMUM REVENUE PROVISION (MRP) STATEMENT**

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).

Welsh Government regulations were issued with effect from 1<sup>st</sup> April 2010 which require the full Council to approve a Minimum Revenue Provision (MRP) Statement in advance each year. A variety of options were provided to councils to replace the existing Regulations, as long as there is a prudent provision.

*Council have already approved the following approaches for calculating MRP:*

***Supported Borrowing and Capital Expenditure incurred before 1<sup>st</sup> April 2008***

***Based on CFR***

*The calculation is based on 4% of the opening Capital Financing Requirement (CFR) each year.*

***Unsupported Borrowing***

***Asset Life Method***

Under this method the borrowing value is divided by the estimated life of the asset.

Capital Expenditure on the Modernising Education Programme (MEP) and Local Government Borrowing Initiative (LGBI) 21<sup>st</sup> Century Schools is classed as Unsupported Borrowing. It is estimated that asset lives within these programmes are 30 years and this is the period that will be used to determine the MRP.

Asset lives within the Fleet Programme range from 1 to 10 years, these are the periods that will be used to determine the MRP.

Local Government Borrowing Initiative (LGBI) Highways. It is estimated that asset lives within this programme are 20 years and this is the period that will be used to determine the MRP.

**Housing Revenue Account**

*The calculation is based on 2% of the opening Capital Financing Requirement (CFR) each year.*

***Council is recommended to approve the following MRP Statement for 2016/2017:***

***For Supported and Unsupported Capital Expenditure, the MRP policy will continue to follow the approaches above.***