

Appendix

Minimum Revenue Provision Policy Statement

Policy statement

The Council is required to repay 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.

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 as there is a prudent provision. General Purposes Committee considered a number of potential alternative methodologies in January and February 2016. These covered both annuity and straight-line options and an average life of up to 50 years.

After considering the range of options available to the Council, the method proposed is an annuity method but one that is directly linked to the remaining life of the assets held on the Council's balance sheet. This directly relates the cost of financing those assets with their expected useful life thereby aligning costs with benefits. As part of this change in policy it was agreed that a fundamental review of the policy should be undertaken every five years to ensure the methodology and asset lives used were still appropriate.