

**ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2009/10
– RECOMMENDED FOR APPROVAL**

ANNUAL MINIMUM REVENUE PROVISION STATEMENT

Under the Guidance on Minimum Revenue Provision SI No. 2008/414 - Issued by the Secretary of State under section 21(1(A)) of the Local Government Act, the Council is required to set aside sums as minimum revenue provision (MRP) and to prepare an annual statement on it before the start of the year the provision relates to. The Guidance also makes recommendations on prudent levels of MRP.

The Council's Annual Minimum Revenue Provision Statement for 2009/10, drawing on that Guidance and recommended for approval by the Council Assembly, is set out below.

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1. The Council shall calculate a minimum revenue provision (MRP) on sums to be set aside from revenue to reduce borrowing and credit liabilities arising from capital expenditure and in doing so draw on advice and options cited in the Guidance on Minimum Revenue Provision - Issued by the Secretary of State.
2. Any changes to this statement require Council Assembly approval.

Supported Capital Expenditure or Capital Expenditure incurred before 1 April 2008.

3. In relation to capital expenditure for which support forms part of the calculation of revenue grant by the Government or any capital expenditure incurred before 1 April 2008, the MRP shall be calculated in accordance with the Local Authorities (Capital Finance and Accounting) Regulations 2003 as if they had not been revoked by the Local Authorities (Capital Finance and Accounting) Regulations. In arriving at that calculation, the Capital Financing Requirement shall be adjusted as described in the Guidance.

Self- Financed Capital Expenditure from 1 April 2008.

4. Where the capital expenditure is incurred from 1 April 2008 and on an asset financed wholly or partly by self-funded borrowing or credit arrangements, the MRP is to be made in equal annual instalments over the life of the asset in accordance with the formula set out in "Option 3: Asset Life Method" of the guidance.
5. The asset life method shall also be applied to expenditure from 1 April 2008 which is treated as capital expenditure by virtue of either a direction under section 16(2) of the 2003 Act or regulation 25(1) of the 2003 Regulations.

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6. Asset life will be determined in accordance with advice contained in the guidance and when borrowing to construct an asset, the asset life may be treated as commencing in the year the asset first become operational and postpone MRP until that year, subject to the approval of the Finance Director.
7. In the case of finance leases and on balance sheet Private Finance Initiative contracts, the MRP shall, in accordance with the guidance, be the sum that goes to write down the balance sheet liability.
8. Estimated life for MRP purposes shall be determined by the Finance Director.
9. Where capital expenditure involves loans or repayable grants to third parties no MRP is required as the loan or grant is repayable.
10. Where capital expenditure involves a variety of different types of works and assets, the period over which the overall expenditure is judged to have benefit over shall be considered as the life for MRP purposes. Expenditure arising from or related to major elements of a capital project may be treated as having the same asset life for MRP purposes as the major element itself.
11. Where expenditure is funded from self-financed borrowing or debt liabilities as well as other sources, a reasonable assessment of asset life for MRP purposes shall be determined by the Finance Director.
12. Subject to the approval of the Executive, the Finance Director may request that additional revenue provision, over and above those set out above, or capital receipts be set aside to reduce debt liabilities should it be in the interest of the Council.
13. The Finance Director is responsible for implementing the Annual Minimum Revenue Provision Statement and has managerial, operational and financial discretion necessary to ensure that MRP is calculated in accordance with regulatory and financial requirements.