

**ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2013/14**

**BACKGROUND**

1. Under the Guidance on Minimum Revenue - issued under amendments to section 21(1(A)) of the Local Government Act 2003, the council is required to set aside a prudent sum as minimum revenue provision (MRP) to reduce borrowing and credit liabilities arising from capital expenditure and to prepare an annual statement. The council's annual minimum revenue provision statement for 2013/14, drawing on that guidance and recommended for approval by the council assembly is set out below.

**ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2013/14**

2. This statement covers the minimum revenue provision (MRP) that the council shall set set-aside from revenue to reduce borrowing and credit liabilities arising from capital expenditure.
3. In calculating the MRP, the council shall draw on advice and options cited in the guidance issued by the Secretary of State. In accordance with that guidance, no MRP is required in respect of the housing revenue account (HRA).
4. Any changes to this statement require council assembly approval.

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

5. 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in accordance with the Local Authorities (Capital Finance and Accounting) Regulations 2003 as if they had not been revoked. 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**

6. Where the capital expenditure is incurred from 1 April 2008 and on an asset financed wholly or partly by self-funded borrowing, the MRP is to be made in instalments over the life of the asset in accordance with "Option 3: Asset Life Method" of the guidance.
7. The determination as to which scheme is funded from borrowing and which from other sources shall be made by the strategic director of finance and corporate resources and where an asset is only temporarily funded from borrowing in any one financial year and it is intended that its funding be replaced with other sources by the following year, no MRP shall apply.
8. The asset life method shall also be applied to borrowing to meet 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.
9. The asset life shall 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 becomes operational and

postpone MRP until that year, subject to the approval of the strategic director of finance and corporate resources.

10. In the case of finance leases, on balance sheet private finance initiative contracts or other credit arrangements, the MRP shall be the sum that goes to write down the balance sheet liability.
11. The estimated life for MRP purposes shall be determined by the strategic director of finance and corporate resources.
12. Where capital expenditure involves repayable loans or grants to third parties no MRP is required as the loan or grant is repayable.
13. 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 or incidental to major elements of a capital project may be treated as having the same asset life for MRP purposes as the major element itself.
14. Asset life for MRP purposes shall be determined by the strategic director of finance and corporate resources.
15. The strategic director of finance and corporate resources 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 and resolve any practical interpretation issues. The strategic director of finance and corporate resources may also make additional revenue provisions, over and above those set out above, or set aside capital receipts to reduce debt liabilities should it be prudent for the proper management of the financial affairs of the HRA or the General Fund.