

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2018-19

The Annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2018-19 will be on the following bases:-

- i. Capital expenditure incurred before 1 April 2008 and any capital expenditure after 1 April 2008 that is government supported expenditure the charge to revenue will be based on a straight line basis over 45 years of the opening Capital Financing Requirement after accounting adjustments. This charge was supplemented by voluntary MRP (based on the useful asset life) in respect of those assets which were financed by unsupported borrowing before 1 April 2008.
- ii. Supported capital expenditure that results in a significant asset (based on an internal assessment) incurred on or after 1 April 2008 and all unsupported capital expenditure, exercised under the Prudential Code, the MRP charge will be based on the Asset Life Method. The minimum revenue provision will be at equal annual instalments over the life of the asset. The first charge can be delayed until the year after the asset is operational but this will be at the discretion of the Section 151 Officer
- iii. for assets reclassified as finance leases under International Financial Reporting Standards (IFRS) or resulting from a Private Finance Initiative, the MRP charge will be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability for the year
- iv. Where loans are made to other bodies for their capital expenditure with an obligation for the bodies to repay, no MRP will be charged. The capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead
- v. MRP may be waived on expenditure recoverable within a prudent period of time through capital receipts (e.g. land purchases) or deferred to when the benefits from investment are scheduled to begin or when confirmed external grant payments towards that expenditure are expected.

The MRP Charge 2018-19 based on the estimated capital financing requirement is detailed below:-

| | Options | Estimated Capital Financing Requirement 31-03-18 | Estimated MRP 2018-19 £m |
|---|---------|--|--------------------------|
| <p>Capital expenditure before 01-04-2008 and any after 01-04-2008 that does not result in a significant asset</p> <p style="text-align: right;">(Supported)</p> <p style="text-align: right;">122.19</p> <p style="text-align: right;">2.71</p> | (i) | | |
| <p>Capital Expenditure before 01-04-2008 (Unsupported)</p> <p style="text-align: right;">-</p> | | - | - |
| <p>Supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008</p> <p style="text-align: right;">(Supported)</p> <p style="text-align: right;">3.42</p> <p style="text-align: right;">0.13</p> | (ii) | | |
| <p>Unsupported capital expenditure, exercised under the Prudential Code</p> <p style="text-align: right;">(Unsupported)</p> <p style="text-align: right;">26.95</p> <p style="text-align: right;">1.55</p> | | | |
| <p>PFI, Finance Leases and other arrangements</p> <p style="text-align: right;">PFI School</p> <p style="text-align: right;">17.64</p> <p style="text-align: right;">0.64</p> <p style="text-align: right;">Innovation Centre</p> <p style="text-align: right;">0.60</p> <p style="text-align: right;">0.06</p> | (iii) | | |
| TOTAL | | 170.80 | 5.09 |