


Delegated Decision Record

Subject	Minimum Revenue Provision (MRP) Policy Amendment 2019/20
Decision including: (a) details:	<p>To revise the Council's Minimum Revenue Provision Policy with effect from 2019/20.</p> <p>Regulations 27 and 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended in 2008) require an annual charge in respect of outstanding capital debt liability, termed Minimum Revenue Provision (MRP) to be made. The regulations require that local authorities calculate a level of MRP they consider to be prudent.</p> <p>The resulting policy change is:</p> <p>For the financial year 2019/20 onwards the following MRP policy shall apply;</p> <ul style="list-style-type: none">• For the element of debt liability relating to capital expenditure incurred before 1 April 2008, MRP will be provided over a 50 year period on an annuity basis.• Capital expenditure incurred from 1 April 2008 (including PFI and finance leases) will be subject to MRP in the year after the asset becomes operational. MRP will be provided based on the estimated life of the assets using the equal annual instalment method. As some types of expenditure are not capable of being related to an individual asset, asset lives will be assessed on a basis that most reasonably reflects the anticipated period of benefit that arises from the expenditure.• For loans to third parties, the capital receipts received from regular repayments will be set aside to reduce the debt liability and therefore no MRP will be provided. Where repayments are not likely to be made, or a loan is impaired in accordance with accounting requirements, MRP will be made as deemed appropriate by the S.151 officer.• Amounts set aside from revenue in excess of the MRP required by the Council's policy is deemed to be Voluntary Revenue Provision (VRP). Future MRP may be reduced by previous amounts of VRP set aside as deemed appropriate by the S.151 officer. As at 31st March 2019 the amount of VRP set aside is £nil.

Delegated Decision Record

b) Reasons	The council's treasury advisors (Link) have reviewed the current MRP policy and as a consequence, recommendations to change the method of calculation are made that will ensure that debt is ultimately repaid over a prudent period and that allow voluntary MRP payments to be made. Both changes generate revenue capacity as a consequence (£158k in 2019/20).	
(c) alternatives considered and rejected:	Retain the current policy. This would mean pre-2008 debt is not cleared for over 200 years and there is no opportunity to increase revenue capacity.	
Delegated Authority	Chief Executive's emergency power set out in the Scheme of Delegation to Officers (Constitution 2019-2020)	
Name of those consulted (date, method)	POL.1055 – MRP Policy Amendment 19/20	
Documents (where can relevant documents be located)	https://www.cravendc.gov.uk/media/9134/policy-committee-agenda-and-report-pack-3-march-2020.pdf	
Background Papers	None	
Declaration of Conflict of Interest		
Decision Maker	Name Paul Shevlin 	Role Title Chief Executive
Date Of Decision	7 th May 2020	
Date decision notified to relevant Officer (where required)	12 th May 2020	