APPENDIX A

Annual Minimum Revenue Provision (MRP) Policy Statement 2024/25

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC) on Minimum Revenue Provision, most recently issued in 2018.

The broad aim of the DLUHC Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by revenue grant, reasonably commensurate with the period implicit in the determination of that grant.

DLUHC regulations have been issued which require the Full Council to approve an Annual MRP Statement in advance of each year. A variety of options for the calculation of MRP are provided to councils, so long as there is a prudent provision.

General Fund Capital expenditure incurred during 2024/25 will be fully subject to a MRP charge from 2025/26 onwards, or in the financial year after the asset becomes operational.

For **all** General Fund unsupported borrowing, MRP will be calculated using the Asset Life – Annuity Method, as the principal repayment on an annuity starting in the year after the asset becomes operational.

No MRP will be charged in respect of assets held within the Housing Revenue Account. This is in accordance with proper accounting practice where the HRA is instead charged for depreciation of assets.

The policy remains unchanged from 2023/24.