

**MINIMUM REVENUE PROVISION 2009/2010**  
**WDA/05/09**

**Recommendation**

That:

1. The Authority's MRP statement for 2009/2010 is approved.

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**MINIMUM REVENUE PROVISION 2009/2010****WDA/05/09****Report of the Treasurer****1. Purpose of the Report**

1.1 Under the Local Authorities (Capital Financing and Accounting) (Amendment) (England) Regulations 2008 issued under Section 21 of the Local Government Act 2003, as amended by Section 238(2) of the Local Government and Public Involvement in Health Act 2007, the Authority is required to approve a policy statement regarding making Minimum Revenue Provision (MRP) for the next financial year prior to the commencement of that year. The Authority is therefore giving that approval for 2009/2010.

**2. Background**

2.1 The guidance provided indicates that the broad aim of making prudent provision for the repayment of debt is that the debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits. Options for the calculation of 'prudent provision' were provided in the guidance and the following was recommended and approved by the Authority for 2008/2009. As there is no recommended change the following statement is also submitted for approval in 2009/2010.

**3. The Authority's MRP Statement for 2009/2010**

The Authority will use the following policies in determining its MRP for 2009/2010:

- The Asset Life Method is selected allowing equal instalments of MRP over the life of the asset.
- MRP commences in the financial year following the one in which the expenditure is incurred.
- The estimated life of the asset should be determined in the year that MRP commences and not subsequently be revised.
- If no life can reasonably be attributed to an asset, such as freehold land, the life should be taken to be a maximum of 50 years. However, in the case of

freehold land on which a building or other structure is constructed, the life of the land may be treated as equal to that of the structure, where this would exceed 50 years.

- When borrowing to construct an asset, the Authority will treat the asset life as commencing in the year in which the asset first becomes operational. It will accordingly postpone beginning to make MRP until that year. 'Operational' here has its standard accounting definition. Investment properties shall be regarded as becoming operational when they begin to generate revenues.

#### **4. Risk Implications**

4.1 None

#### **5. HR Implications**

5.1 None

#### **6. Environmental Implications**

6.1 None

#### **7. Financial Implications**

7.1 Budget provision has been made accordingly.

#### **8. Conclusion**

8.1 The Authority's approval to the above statement is required for the 2009/2010 financial year.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.