

MRWA Capital Strategy

1 Introduction

- 1.1 Capital expenditure is where the Authority spends money on assets, such as property, plant or vehicles, that will be used for more than one year.
- 1.2 This capital strategy report outlines how capital expenditure, capital financing and treasury management activity contribute to the provision of the Authority's waste management services along with an overview of how associated risk is managed and the implications for future financial sustainability. Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this strategy.
- 1.3 The Capital Strategy sets out a summary for Members incorporating:
 - how the Authority's Corporate Plan objectives are supported by the assets it deploys;
 - whether those assets need to be changed or improved;
 - how the assets are managed and maintained;
 - what finances are used to provide the support to assets and
 - where those finances come from.
- 1.4 It also confirms for Members the Authority's approach to the Prudential Code and Treasury Management where the Authority may have any surplus funds available. This strategy is set in the context of the draft Corporate Plan that is presented for approval at the Authority.

Our Vision

To lead the way towards zero waste across the Liverpool City Region

Our Mission

We have a passion for the environment. Working together, we will transform resource management and help our communities reduce, reuse and recycle, to protect our planet from climate change.

Our Values

- Respectful,
- Socially responsible,
- Collaborative,
- Transparent,
- Innovative,
- Integrity

This in turn leads to our Priority Areas, which are the focus of the Authority's activities and which capture the works we are engaged with to promote a Zero Waste strategic approach:

- **Deliver our statutory and contractual duties**
- **Develop new and improved services**
- **Ensure the highest standards of governance and performance**
- **Develop and implement our Zero Waste Strategy 2040**
- **Educate and influence behaviour change**

- 1.5 All of the Authority's activities are mapped out across these priority areas as part of the Authority's Capital Strategy as set out in Annexe 1.

2 Current Position

- 2.1 With the significant Waste Management contracts in place - the WMRC for the next 3 years and the RRC for the next 18 - there are no major capital replacement projects planned in the short term. The most significant projects undertaken in recent years are:
- the development of four food waste reception points, one across each of the existing waste transfer stations the Authority operates (through its contractor).
- 2.2 The introduction of additional processing capacity within the MRFs to meet the requirements of simpler recycling, which comes into effect on 31st March 2026.
- 2.3 The current programme is summarised below:

	2024/25 Outturn £m	2025/26 Approved Programme £m	2025/26 Revised Forecast £m	Spend as at Pd 9 £m	Comment
HWRC ACCESS MANAGEMENT					
Roll out of access control measures		0.020	-	-	No expenditure now planned until the Veolia contract expires in 2029
HWRC STRATEGIC REVIEW					
Repairs and upgrades		0.250	0.250	-	Subsidence work at Southport to be undertaken at the same time as the food waste collection depot is installed
POTENTIAL INFRASTRUCTURE CHANGES					
Carbon woodland planning etc		0.030	-	-	Deferred until future years
Food Waste deliveries by DCs	0.064	2.473	2.513	0.768	Risk of slippage due to delayed planning approval for Gilmooss. Other sites on
Simpler Recycling (improvements at MRFs)		-	1.000		Order placed in November and revised programme from Veolia indicates that works will be completed by June 2026
CLOSED LANDFILL SITES					
Apparatus upgrades		0.038	0.040	0.025	Tenders due to be issued in Autumn with the majority of expenditure being incurred in 2026/27
MWDA REPLACEMENT ICT & OFFICE EQUIPMENT					
Procurement of IT hardware – Server, laptops, video screens & other office equipment	0.096	0.050	0.050	-	
TOTALS	0.160	2.861	3.853	0.793	

- 2.4 The Authority's capital Programme is currently funded entirely from its cash-backed reserves. No external borrowing has been undertaken in recent years and none is proposed for the remainder of 2025/26.
- 2.5 The above costs include professional fees associated with delivery of the major projects but due to the low level of expenditure, interest costs¹ associated with the above program are not capitalised.

3 Future Waste Services Programme

- 3.1 The Authority delivers its waste disposal service through two contracts
- Waste Management & Recycling Contract (WMRC) with Veolia which expires in 2029 and has a current cost of c £33m (excluding capital financing) per annum; and
 - Resource Recovery Contract (RRC) with Suez that expires in 2044 and has a current cost of £40m (excluding capital financing) per annum.
- 3.2 The WMRC includes the management of the Household Waste & Recycling Centres (HWRC), Waste Transfer Stations,(WTS), Materials Recovery Facilities (MRF) together with transportation of the waste from the WTSs to the MRFs or the Rail Transfer Station (RTS).
- 3.3 The FWS programme is focusing on the contract(s) to replace the current WMRC (which is dated and not fit for future purpose) when it expires in May 2029. Engagement to date has been predominately through the LCR Waste Partnership, which meets monthly, together with 1 – 1 meetings with the Chief Executives and Directors within LCR. From an investment perspective the scope of the project includes:
- A new MRF
 - New and upgraded WTSs
 - New and upgraded HWRCs
 - New facilities that will encourage the re-use of items delivered to HWRCs
- 3.4 An interim assessment of potential capital costs has been undertaken and shared with members that includes:
- Cost estimates at 2025/26 prices by reference to recently completed facilities across the UK;
 - Costs of potential risks cross referenced against Green Book Optimism Bias recommendations;
 - BCIS forecast increases;
 - Capitalised interest.
- 3.5 It is anticipated that the capital expenditure associated with the FWS will be undertaken in 2029/30 and 2030/31. The cost assessments can only be indicative at this stage and will be updated as the scope of the project is finalised and costs become more certain as the project develops. In the meantime, the assumption in respect of the Authority's future capital expenditure is as follows:

¹ This represents the opportunity cost resulting from lower cash balances.

4 Proposed Capital Programme

- 4.1 The associated capital expenditure forecast is some £180m for the five years from 2026/27 to 2030/31, as outlined in the table below:

Scheme	Corporate Priority addressed	2025/26 Revised Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m	Total 2026/27 to 2030/31 £m
HWRC ACCESS MANAGEMENT								
Roll out of access control measures	Statutory & contractual duties	-	0.020	0.020				0.020
HWRC STRATEGIC REVIEW								
Repairs and upgrades	Statutory & contractual duties	0.250	0.200	0.100	0.100	0.100	0.100	0.400
POTENTIAL INFRASTRUCTURE CHANGES								
Carbon woodland planning etc		-						
Food Waste deliveries by DCs	Statutory & contractual duties Develop New & Improved	2.513						-
Simpler Recycling (improvements at MRFs)	Statutory & contractual duties Develop New & Improved	1.000	0.500					0.500
FWS Programme (Authority funded)	Statutory & contractual duties Develop New & Improved					60.000	69.000	129.000
FWS Programme (externally funded)	Statutory & contractual duties Develop New & Improved					21.600	27.600	49.200
CLOSED LANDFILL SITES								
Apparatus upgrades	Statutory & contractual duties	0.040	0.100	0.100	0.100	0.100	0.100	0.500
MWDA REPLACEMENT ICT & OFFICE								
Procurement of IT hardware – laptops, video screens & other office equipment	Statutory & contractual duties	0.050	0.050	0.050	0.050	0.050	0.050	0.250
TOTALS		3.853	0.870	0.270	0.250	81.850	96.850	179.870
FUNDED BY								
Authority Borrowing		3.853	0.870	0.270	0.250	60.250	69.250	130.890
Private Sector Funding		-	-	-	-	21.600	27.600	49.200
TOTALS		3.853	0.870	0.270	0.250	81.850	96.850	180.090

- 4.2 The 2026/27 forecast includes provision for additional facilities to deal with NOx canisters.
- 4.3 It is currently assumed that the Authority (either solely MRWA or in conjunction with other Districts) will finance the WTS and HWRC expenditure and that the MRF will be financed jointly with the private sector on a 50:50 basis. This will be reviewed once soft market testing with potential contractors is completed and a funding strategy will be presented to Members prior to commencing formal procurement – expected to be in the latter half of 2026.

- 4.4 The extent of any Authority capital contribution would be subject to approval from members. Similarly any capital contribution from Districts (if any) would be subject to member approval from that authority.
- 4.5 Nothing is included in the capital programme for a new anaerobic digestion plant at this stage. The project is currently paused by the Authority but the Government announced in December 2025 that new regulations are expected to come into effect in early 2026 to extend the commissioning deadline of the Green Gas Support Scheme from 31 March 2028 to 31 March 2030. The Authority will therefore revisit the feasibility of building a new anaerobic digestion plant early in 2026 but it should be noted that 2030 still represents an extremely challenging timeframe. The deadline for stage 1 applications – which would include secured planning permission and connection agreement with relevant utility companies – remains 31 March 2028 and at this point no site for the new facility is identified. Any significant capital expenditure in respect of a new anaerobic digestion plant would need to be undertaken or underwritten by the districts before any proposal was submitted to members for approval.

5 Treasury management implications

- 5.1 It can be seen that the Authority's entire capital programme is financed directly through borrowing or private sector funding, which must be repaid. For the Authority this will be funded from its revenue budget via the Minimum Revenue Provision (MRP).
- 5.2 The Authority's full Minimum Revenue Provision (MRP) statement forms part of this Capital Strategy as set out at Annexe 2.
- 5.3 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP, loans funds repayments and capital receipts used to replace debt. The CFR is expected to reduce by £1.5m in 2025/26 and by a further £6.4m during 2026/27. Based on the forecast figures for expenditure and financing, the Authority's estimated MRP and CFR is shown in the table below:

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	£000	£000	£000	£000	£000	£000
Forecast CFR b/f	190,010	188,058	182,292	175,118	167,206	218,594
Minimum Revenue Provision	(5,089)	(5,835)	(6,579)	(7,218)	(7,882)	(8,693)
IFR16 Adj	(703)	(801)	(845)	(943)	(981)	(949)
Forecast Capital Expenditure	3,840	870	250	250	250	250
FWS Capital Expenditure					60,000	69,000
Forecast CFR c/f	188,058	182,292	175,118	167,206	218,594	278,202

- 5.4 Over the medium term it can be seen that the CFR will reduce by some £21.5m to £167.0m by 2028/29 before increasing in 2029/30 once the FWS capital expenditure commences.
- 5.5 The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.

- 5.6 The Authority does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.
- 5.7 Projected levels of the Authority's total outstanding debt (which comprises borrowing, PPP liabilities, leases and transferred debt) are shown below, compared with the capital financing requirement (see above).
- 5.8 The full suite of KPI's and Prudential Indicators is contained within the 2026/27 Treasury Management Strategy Statement.

6 Revenue Budget Implications and Sustainability

- 6.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. The net annual charge is known as capital financing costs; this is compared to the net revenue stream i.e. the amount funded from the levy, government grants and other income.
- 6.2 The capital financing costs as percentage of total expenditure is shown in the table below:

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	£000	£000	£000	£000	£000	£000
External Borrowing costs (current)	1,280	1,252	1,224	1,196	1,168	1,141
PPP interest costs	14,799	13,791	12,822	11,856	10,773	10,281
MRP	5,089	5,835	6,579	7,218	7,882	8,693
Total Borrowing Costs	21,168	20,878	20,625	20,271	19,823	20,114
GF Budget	83,491	85,578	87,718	89,911	92,158	94,462
% Borrowing costs	25.4%	24.4%	23.5%	22.5%	21.5%	21.3%

- 6.3 Due to the very long nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 30 years into the future. The Director of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable.

7 Governance

- 7.1 Decisions on incurring new provisions are taken by Senior Officers in consultation with the Director of Finance. The risk of liabilities crystallising and requiring payment is monitored by the Finance Service and reported as part of the Authority's regular Budget Monitoring reports. Any liabilities or guarantees entered into which are anticipated to be over £500k will be reported to the Authority.
- 7.2 The Authority's Treasury management is carried out under the terms of a service level agreement by St Helens Council. The Council manages a portfolio of borrowings that supported capital programmes from prior periods. The Council also work alongside Treasury Management advisers, Link Asset Services, to ensure that the portfolio of loans is kept under review to ensure the best economic terms are obtained.
- 7.3 The Authority employs professionally qualified and experienced staff in senior positions with responsibility for overseeing capital expenditure, borrowing and investment decisions. The Authority employs professionally qualified accountants and is currently paying for a member of staff to complete a CIPFA qualification.
- 7.4 Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. For instance, Arlingclose advised the Authority in respect of its MRP policy and approach to accounting for its PPP projects.

8 Minimum Revenue Provision

- 8.1 Where the Authority funds capital expenditure with 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 Authority to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance), most recently issued in April 2024.
- 8.2 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is aligned with that over which the capital expenditure provides benefits.
- 8.3 The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The statement included at Annexe 2 to this report incorporates options recommended in the Guidance.

The Corporate Plan

Deliver our statutory and contractual duties	Develop new and improved services	Ensure the highest standards of governance and performance	Develop and implement our Zero Waste Strategy 2040	Educate and influence behaviour change
<p>OBJECTIVES:</p> <ul style="list-style-type: none"> • Our business support functions are effective in supporting the Authority's aims and objectives. • Our estate and facilities for which the Authority has responsibility are managed effectively. • Our staff are deployed effectively and have opportunities to develop the skills needed. • We facilitate the development of levy mechanism options that drive improved behaviours. 	<p>OBJECTIVES:</p> <ul style="list-style-type: none"> • We are adequately resourced and prepared to deliver on the changing statutory and future service provision demands. • We support efficient delivery through robust processes and procedures backed up by effective IT infrastructure and services. • We review the provision of waste services and implement agreed changes Key stakeholders are fully engaged in the planning and delivery of FWS. 	<p>OBJECTIVES:</p> <ul style="list-style-type: none"> • Our Corporate Planning and Performance Management Frameworks ensure a consistent, streamlined and joined-up approach to delivery and performance across the Authority. • Our governance framework and processes are agile and robust and we continuously seek to improve how we do things. • We effectively manage our corporate risks. 	<p>OBJECTIVES:</p> <ul style="list-style-type: none"> • We lead and support the LCR Waste Partnership, including development and delivery of the Liverpool City Region Zero Waste Strategy. • We develop a programme of data and evidence to inform the Zero Waste Strategy 2040. • We maximise joint working with our partners and stakeholders through effective communication, consultation, and engagement. • We develop and implement Social Value Metrics. 	<p>OBJECTIVES:</p> <ul style="list-style-type: none"> • We build and nurture our relationships with community organisations so that they can help us deliver our objectives. • We develop and implement metrics to measure the success of the Behavioural change and Education programmes. • We work with LCR Partnership to deliver LCR wide communications promoting reuse and recycling.

Annexe 1: Links to Corporate Priorities

Deliver our statutory and contractual duties	Develop new and improved services	Ensure the highest standards of governance and performance	Develop and implement our Zero Waste Strategy 2040	Educate and influence behaviour change
		<ul style="list-style-type: none">• Decision making is fully informed by a comprehensive and detailed suite of data and information; and we use waste data to identify the potential for improvements in whole system performance.	<ul style="list-style-type: none">• Our activities and practices are delivered in a way that results in continuous improvement of our environmental performance and social impacts.• We measure and report our progress on the achievement of social value, meeting our Sustainable Development Goals and our carbon footprint.• We promote and support circular economy in LCR	<ul style="list-style-type: none">• We develop our understanding of residents' attitudes, challenges and barriers to waste prevention, reuse and repair.

Assets

The following is a summary of the key assets used to deliver the Authority's priorities.

Deliver our statutory and contractual duties	Develop new and improved services	Ensure the highest standards of governance and performance	Develop and implement our Zero Waste Strategy 2040	Educate and influence behaviour change
<p>RRC Contract</p> <ul style="list-style-type: none"> • The Energy from Waste Plant at Wilton in Redcar • The Rail Transfer Loading Station at Kirkby in Knowsley <p>The above includes the land, buildings, plant and machinery and equipment used to support the contract.</p> <p>WMRC contract</p> <ul style="list-style-type: none"> • The two Materials Recycling Facilities on Merseyside • The network of 16 Household Waste Recycling Centres in Merseyside and Halton. • The Waste Transfer stations on Merseyside. <p>The above includes the land, buildings, plant and machinery and equipment used to support the contract.</p> <p>Estate</p>	<p>Changing statutory and future service provision</p> <p>The Authority has plans to respond to the requirements of the Government's Simpler Recycling agenda, including food waste and additional materials</p> <p>The WMRC comes to a conclusion in 2029, the Authority has established a procurement team and has external advisers in place to enable the procurement of replacement services to meet that timeframe.</p> <p>Key stakeholders are</p>	<p>Corporate planning framework</p> <p>The Authority's Corporate Planning Framework is designed to ensure that there are priorities for the delivery of services and there are mechanisms in place for recording and reporting on the levels of performance that are achieved.</p> <p>Data and Performance</p>	<p>Joint working with partners via communications</p> <p>The work with partners, both inside and outside the partnership helps ensure the delivery of shared key objectives, this is helped by effective communications from MRWA and across the partners.</p> <p>Environmental and Social Value Frameworks</p> <p>These are developed to ensure the Authority can deliver better outcomes for the LCR based on the services it currently provides and planning for future services.</p> <p>Continuous improvement</p>	<p>Behavioural Change Programme</p> <p>The BCP in itself is designed to support people as they reflect on and change behaviours to contribute to moving up the waste hierarchy, less use, more re-use, more recycling, less residual waste.</p> <p>A constituent part of this is the Zero Waste Community Fund that targets key objectives for the Authority and supports local organisations in delivery of those objectives.</p>

Annexe 1: Links to Corporate Priorities

Deliver our statutory and contractual duties	Develop new and improved services	Ensure the highest standards of governance and performance	Develop and implement our Zero Waste Strategy 2040	Educate and influence behaviour change
<p>The Estate through which both the contracts are delivered is supervised by MRWA so that it is properly maintained by each of the contractors.</p> <p>Closed Landfill sites</p> <p>Seven former landfill sites are monitored and managed by the Authority to ensure that they are safe and managed well within the parameters set by permits and the Environment Agency and United Utilities (the regulators).</p> <p>Business Support Functions</p> <p>There are resources, strategies and procedures in place together with management systems that ensure the Authority's objectives are delivered.</p>	<p>engaged</p> <p>The Authority is part of a Strategic Waste Partnership to ensure future services are developed together.</p> <p>It has also established governance frameworks to support the FWS procurement of a new contract to replace the WMRC upon its expiry in 2029.</p>	<p>Information</p> <p>The Authority has a wide range of information that it collects which is designed to provide information that supports the Corporate Planning framework. The includes COGNOS for contractual performance, a performance framework, and an upgraded HR system. This will be enhanced when the CRM system is fully embedded. Waste Data Flow information underpins the measurement of the Authority's performance across its contracts</p>	<p>on environmental objectives</p> <p>The Authority is not content to maintain a status quo and recognises that performance improvements will lead to better outcomes under the zero waste strategy</p> <p>Measuring and reporting on environmental and social value</p> <p>Ensuring that the delivery of the Authority's objectives is measured and then reported on, without prejudice, is important as it can lead to changes in resource priority if key success measures are failing</p>	

Management and Maintenance

The following is a summary of the responsibility for the management and maintenance of the key assets used to deliver the Authority's priorities.

Deliver our statutory and contractual duties	Develop new and improved services	Ensure the highest standards of governance and performance	Develop & implement our Zero Waste Strategy 2040	Educate and influence behaviour change
<p>RRC Contract</p> <p>The responsibility for management and maintenance of the Wilton and Kirkby facilities and associated assets lies with the contractor Merseyside Energy Recovery Ltd (MERL) until the contract expires in 20244. MERL carries out this function via its operator Suez.</p> <p>MERL is required to maintain the assets so that they are capable of operating effectively for the life of the contract, with the prospect of a five year extension at the end.</p> <p>Should there be any substantial legislative change this would not be altered, although MRWA would pay for the change.</p> <p>WMRC contract</p> <p>The responsibility for management and maintenance of the assets lies with Veolia ES Merseyside and Halton (Veolia). Veolia is required to demonstrate that they have maintenance programmes in place which ensure the condition of the assets is maintained.</p> <p>The investment necessary to enable the Authority to deliver services once the</p>	<p>IT infrastructure</p> <p>During 2024-25 the ICT infrastructure that was formerly provided by the Combined Authority (as MerseyTravel) has been replaced. MRWA has procured the hardware and software required to provide new service.</p> <p>The management of the above services is outsourced to delivery partner 'Intergence' who provide the Authority with a wide range of ICT and support services. Monitoring of this contract was augmented in 2025/26 by the recruitment of an IT professional into the Data team.</p> <p>Separately the Authority has developed a new HR system 'Staffology' and facilities of this system are being expanded to take full advantage of its capabilities.</p> <p>Elsewhere a CRM system is in development that will help the Authority to manage its activities.</p>	<p>No significant assets</p>	<p>No significant assets</p>	<p>No significant assets</p>

Annexe 1: Links to Corporate Plan

Deliver our statutory and contractual duties	Develop new and improved services	Ensure the highest standards of governance and performance	Develop & implement our Zero Waste Strategy 2040	Educate and influence behaviour change
<p>contract expires in 2029 is dealt with via the FWS programme.</p> <p>Closed Landfill sites MRWA are responsible for managing the former landfill costs for the whole for their remaining lives. This includes the costs of ensuring leachate and gas emissions are managed within permitted levels.</p> <p>Office accommodation Mersey Travel are the landlords for the office accommodation, any landlord related costs are their responsibility. For minor furniture related costs MRWA are responsible. This lease expires in 2028 and options for alternative location – including negotiating a new lease at Mann Island is currently being investigated.</p>				

Annual MRP Policy Statement 2026/27

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance:

1. For capital expenditure incurred before 1st April 2008 MRP will be determined on an annuity basis using the 50-year PWLB annuity rate in 2007/08 (4.68%) assuming a remaining life of 34 years.
2. The element of the CFR built up from 1st April 2008 to 31st March 2017 will be written off over ten years (starting in 2024/25) on an annuity basis using the PWLB 10-year annuity rate in 2024 (4.93%).
3. For capital expenditure incurred after 31st March 2017, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset on an annuity basis using the PWLB annuity rate in the year the expenditure was incurred, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
4. For PPP assets where the asset passes to the Authority at the end of the contract or the Authority continues to receive service benefit from the assets beyond the life of the contract, MRP will be determined over the remaining life of the assets on an annuity basis using the rates of interest implicit within the PPP schemes for the remaining life of the assets.
5. For assets acquired by leases or through PPP contracts (where the asset does not pass to the Authority at the end of the contract or the Authority does not receive service benefits beyond the life of the contract), MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
6. For capital expenditure loans to third parties, the Authority will make nil MRP unless (a) the loan is an investment for commercial purposes and no repayment was received in year or (b) an expected credit loss was recognised or increased in-year, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment on loans that are investments for commercial purposes, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.
7. MRP on transferred debt is provided for on an annuity basis in line with schedules sent to the Authority from the Lead authority administering the debt.
8. Capital expenditure incurred will not be subject to a MRP charge until the financial year following the purchase or – where relevant - completion of the works