

Minimum Revenue Provision Statement 2024/25

Annual Minimum Revenue Provision Statement 2024/25

Where the Authority 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 Authority to have regard to the Department for Levelling Up Housing & Communities *Guidance on Minimum Revenue Provision* (the MHCLG (Ministry of Housing, Communities and Local Government) Guidance) most recently issued in 2018.

The broad aim of the DLUHC Guidance is to ensure that capital expenditure is financed 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 Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The DLUHC Guidance requires the Authority to approve an Annual MRP Statement each year and sets out a number of options for calculating a prudent amount of MRP. The Council has decided to adopt option 3 in the guidance, per the below:

For assets acquired by leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

Based on the Authority's latest estimate of its Capital Financing Requirement (CFR) on 31 March 2024, the budget for MRP has been set as follows:

Replacement of debt finance in £ 000's

	2022/23 Actual £000's	2023/24 Forecast £000's	2024/25 Budget £000's	2025/26 Budget £000's	2026/27 Budget £000's
Finance Lease payments	226	226			
MRP			496	496	496