

FLINTSHIRE COUNTY COUNCIL

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| Date of Meeting | Tuesday, 14 th February 2017 |
| Report Subject | Minimum Revenue Provision - 2017/18 Policy |
| Report Author | Chief Executive and Corporate Finance Manager |

EXECUTIVE SUMMARY

This report seeks Council approval in setting the annual policy for prudent Minimum Revenue Provision for the repayment of debt.

Cabinet have considered and approved a detailed report from the Corporate Finance Manager in respect of the setting of a prudent Minimum Revenue Provision for the repayment of debt, which is included at Appendix 1.

RECOMMENDATIONS

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| 1 | <p>That Members approve for Council Fund (CF):-</p> <ul style="list-style-type: none"> Option 3 (Asset Life Method) be used for the calculation of the MRP in financial year 2017/18 for the balance of outstanding capital expenditure funded from supported borrowing fixed as at 31st March 2016. The calculation will be the 'straight line' method over 50 years. Option 3 (Asset Life Method) be used for the calculation of the MRP in 2017/18 for all capital expenditure funded from supported borrowing from 1st April 2016 onwards. The calculation will be the 'straight line' or 'annuity' (where appropriate) method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits. Option 3 (Asset Life Method) be used for the calculation of the MRP in 2017/18 for all capital expenditure funded from unsupported (prudential) borrowing or credit arrangements. |
| 2 | <p>That members approve for Housing Revenue Account (HRA):-</p> |

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| | <ul style="list-style-type: none"> Option 2 (Capital Financing Requirement Method) be used for the calculation of the HRA's MRP in 2017/18 for all capital expenditure funded by debt. |
| 3 | <p>Members approve and recommend to County Council that MRP on loans from the Council to NEW Homes to build affordable homes through the Strategic Housing and Regeneration Programme (SHARP) (which qualify as capital expenditure in accounting terms) be as follows:-</p> <ul style="list-style-type: none"> No MRP is made during the construction period (of short duration) as the asset has not been brought into use and no benefit is being derived from its use. Once the assets are brought into use, capital repayments will be made by NEW Homes. The Council's MRP will be equal to the repayments made by NEW Homes. The repayments made by NEW Homes will be classed, in accounting terms, as capital receipts, which can only be used to fund capital expenditure or repay debt which is a form of MRP. The capital repayment / capital receipt will be set aside to repay debt, and is the Council's MRP policy for repaying the loan. |

REPORT DETAILS

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| 1.00 | EXPLAINING THE MINIMUM REVENUE PROVISION |
| 1.01 | <p>Local Authorities are required each year, under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 ('the 2008 Regulations'), to set aside some of their revenue resources as provision for the repayment of debt.</p> <p>Regulation 22 of the 2008 Regulations requires an authority to each year make an amount of Minimum Revenue Provision (MRP) which it considers to be 'prudent', though the regulation itself does not define 'prudent provision'.</p> <p>Welsh Government (WG) has provided guidance which makes recommendations to authorities on the interpretation of the term, this guidance was last updated in April 2010.</p> <p>Authorities are required to prepare an annual statement of their policy on making MRP.</p> <p>Further detail is provided in the attached report to Cabinet (Appendix 1).</p> |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | As per the attached report (Appendix 1). |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | As per the attached report (Appendix 1). |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | As per the attached report (Appendix 1). |

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| 5.00 | APPENDICES |
| 5.01 | Appendix 1 - Report to Cabinet 14 th February, 2017 - Minimum Revenue Provision - 2017/18 Policy. |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | Contact Officer: Liz Thomas, Finance Manager, Technical Accountancy Telephone: (01352) 702289 E-mail: liz.thomas@flintshire.gov.uk |

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| 7.00 | GLOSSARY OF TERMS |
| 7.01 | As per the attached report (Appendix 1). |