

Brighton & Hove City Council

Council

Agenda Item 25

Subject: 2025/26 Minimum Revenue Provision Policy - Update

Date of meeting: 10 July 2025

Report of: Director of Finance and Property

Contact Officer: Name: Haley Woollard
Steven Bedford
Email: haley.woollard@brighton-hove.gov.uk
steven.bedford@brighton-hove.gov.uk

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 The report seeks approval to amend the council's Minimum Revenue Provision (MRP) Policy Statement for 2025/26 to ensure the council's provision for debt remains prudent. The changes are being made to ensure the policy reflects both updated statutory guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and changes required for accounting for the loan to the i360 company.

2. Recommendations

- 2.1 That the Council approves the revised Minimum Revenue Provision Policy Statement for 2025/26 as set out in Appendix 2;
- 2.2 That the Council notes that once formally approved, the policy will be applied to the council's draft Statement of Accounts for 2024/25.

3. Context and background information

- 3.1 The council is required under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended), where it has financed capital expenditure by borrowing, to pay off an element of the accumulated General Fund capital spend (prudential borrowing) each year through a revenue charge (a MRP). Regulation 28 provides local authorities with some flexibility in how they calculate MRP, providing the amount is 'prudent'. The MHCLG statutory guidance requires the council to approve an MRP Policy Statement in advance of each financial year. This can be amended during the year, by presenting a revised MRP Policy Statement to council for approval.
- 3.2 The Minimum Revenue Provision Policy Statement for 2025/26 forms part of the council's Treasury Management Strategy 2025/26 which was formally approved at Budget Council on 27 February 2025, and is provided at Appendix 1.

- 3.3 The updated statutory guidance on Minimum Revenue Provision was published by the MHCLG in April 2024 following extensive consultation with the sector. The guidance applies for accounting periods from 1 April 2025, with the exception of new capital loans, where the guidance is applicable from 7 May 2024 following Parliamentary approval of a new associated statutory instrument..
- 3.4 The report recommends updates to the council's Minimum Revenue Provision Policy Statement for 2025/26 to ensure prudent provision is maintained and policy is clarified following the write-off of a capital loan and to comply with other technical changes following updated MHCLG statutory guidance. The statutory guidance issued by MHCLG allows for MRP methodologies to be varied during the year if reported to the next full Council or equivalent meeting through a revised MRP Policy Statement.
- 3.5 The recommended revised Minimum Revenue Provision Policy Statement for 2025/26 is provided at Appendix 2 to this report. Updates include the following revisions:
- Clarification that provision for debt relating to a capitalisation direction will be made for a maximum of 20 years in accordance with statutory guidance;
 - A change in the policy for setting aside MRP for capital loans to third parties in accordance with updated statutory guidance. The guidance requires authorities to determine whether capital loans are commercial or service related in nature, and differing MRP requirements relate to each, including providing authorities with the freedom to apply a statutory exemption for setting aside MRP on service loans so long as no expected credit loss is recognised against that loan.
 - Following the sale of the i360 and subsequent write off the loan to the i360 company, a clarification in the wording in policy for debt relating to the i360 to set aside MRP over the life of the original loan agreement (to June 2041) to ensure that the charge remains prudent and in accordance with the latest statutory guidance. The MRP profile remains the same as that being applied through the previously approved MRP Policy Statement, with MRP continuing to be set aside on an annuity basis over the period to June 2041.
 - The removal of a previous policy for debt relating to the Living Wage Joint Venture where assets are retained for future rental streams. This policy no longer reflects the current joint venture strategy and has been removed. Further clarity is also being provided in relation to applying a statutory exemption for setting aside MRP for service related loans to the Living Wage Joint Venture in accordance with the latest statutory guidance.
 - Recognition that any Voluntary Revenue Provision (VRP) made shall be disclosed in future MRP Policy Statements to enable this to be offset against MRP in future years. There has been no VRP made to date.
- 3.6 The above changes have been applied to the draft 2024/25 Statement of Accounts published on 30 June 2025 in accordance with statutory deadlines. The Statements of Accounts can be amended prior to the statutory final deadline of 30 November 2025 if required.

4. Analysis and consideration of alternative options

- 4.1 The recommendation ensures that MRP charges remain prudent and in accordance with statutory regulation and guidance. Officers have made reference to the most recent statutory guidance and sought advice from the council's external treasury management advisors as part of this review.
- 4.2 The recommended changes to the council's Minimum Revenue Provision (MRP) Policy Statement for 2025/26 are largely technical in nature and will have a minimal financial impact, as detailed in the Financial Implications section.

5. Community engagement and consultation

- 5.1 No community engagement has been undertaken. The council's treasury advisors have been consulted on the changes recommended within this report.

6. Financial implications

- 6.1 The council is required to set aside Minimum Revenue Provision for the repayment of debt. This report recommends updates to the MRP policy that provide technical clarity around accounting for the repayment of debt under the revised MRP Guidance issued by MHCLG and following the administration and subsequent sale of the i360.
- 6.2 The proposed revision does not alter the profile of MRP from the previous iteration of the policy as approved in February 2024 (for 2024/25 accounts) or February 2025 (for 2025/26 accounts). Therefore there are no anticipated changes to the value of MRP set aside within revenue as a result of the recommendations in this report.

Name of finance officer consulted: Haley Woollard
Date consulted: 30/06/25

7. Legal implications

- 7.1 The Minimum Revenue Provision Policy forms part of the Council's Budget. As a result it (and any changes to it) must be approved by full Council: a legal requirement which is reflected in the Council's Constitution. No other legal implications have been identified.

Name of lawyer consulted: Victoria Simpson
Date consulted 30/06/25

8. Risk implications

- 8.1 There are no risk implications arising as a result of this report.

9. Equalities implications

- 9.1 There are no equalities implications arising as a result of this report.

10. Sustainability implications

10.1 There are no sustainability implications arising as a result of this report.

11. Other Implications

11.1 No other implications have been identified as arising as a result of this report

12. Conclusion

12.1 The report recommends for Council to approve changes to the Authority's Minimum Revenue Provision Policy Statement. The policy statement is being updated to clarify the council's MRP Policy Statement and ensure that the council is accounting for MRP in a way that remains prudent and in line with revised statutory guidance issued by the Ministry of Housing, Communities and Local Government.

Supporting Documentation

Appendices

1. Current 2025/26 Minimum Revenue Provision Policy Statement (as approved at Budget Council on 27/02/25)
2. Proposed revised 2025/26 Minimum Revenue Provision Policy Statement for approval