Current 2025/26 Minimum Revenue Provision Policy Statement
(approved by Budget Council on 27 February 2025)

For all debt where the government has provided revenue support (supported capital expenditure), the MRP policy will be:

- Provision on a straight-line basis over 50 years.

For all debt where the government does not provide revenue support:

- Where the debt relates to an asset, the council will set aside a sum equivalent to repaying the debt over the life of the asset either in equal instalments or on an annuity basis over a maximum life of 50 years. The method to be adopted will be determined according to which is the most financially beneficial to the council over the life of the asset.
- Where the debt relates to expenditure which is subject to a capitalisation direction issued by the government, the council will set aside a sum equivalent to repaying the debt over a period consistent with the nature of the expenditure on an annuity basis.
- Capital expenditure financed by borrowing will not be subject to an MRP charge until the financial year after the expenditure has been incurred, or in the case of assets under construction, MRP will be delayed until the relevant asset becomes operational.

Where the debt relates to capital loans to a third party:

- The repayments of principal will be set aside as capital receipts to finance the initial capital advance in lieu of making a MRP.
- Where the debt relates to the i360 Limited, the council will set aside MRP on an annuity basis over the shorter of the remaining asset life or remaining loan period.

Where the debt relates to the Living Wage Joint Venture:

- Where the Living Wage Joint Venture develops housing but disposes of these assets on completion, the council will set aside the capital receipt at the point of transfer in lieu of making an MRP payment.
- Where the Living Wage Joint Venture develops or acquires housing and retains these assets and future rental streams, the council will set aside, in equal instalments, a sum which is equivalent to repaying the debt at the end of year 40 within the 60 year business plan. Set aside will commence, at the latest, in the year in which net surpluses are modelled for each individual tranche of borrowing.

For on-balance sheet PFI schemes and leases, the MRP policy will be:

- MRP will be measured as being equal to the element of the principal repayment that goes to write down the equivalent balance sheet liability.

There is the option to charge more than the prudential provision of MRP each year through a Voluntary Revenue Provision (VRP).