

Report on	Minimum Revenue Provision Policy
Date of Meeting	10 February 2020
Reporting Officer	Director of Finance
Contact Officer	Director of Finance

Is this report restricted for confidential business? If 'Yes', confirm below the exempt information category relied upon	Yes	
	No	x

1.0	Purpose of Report
1.1	To provide Members with an update in relation to Council's 2020/21 Minimum Revenue Provision Policy.
2.0	Background
2.1	Members will recall that Council considered and adopted a Minimum Revenue Provision (MRP) Policy as part of the process of striking its Rate for the financial year 2019/20.
2.2	<p>This report is prepared to facilitate Council's duty under Regulation 6 of the Local Government (Capital Accounting and Finance) Regulations (Northern Ireland) 2011 which states:</p> <p>"During the financial year beginning on 1st April 2012 and every subsequent financial year, a council shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent and—</p> <p>(a) shall charge to the general fund that minimum revenue provision for that financial year; and</p> <p>(b) may charge to the general fund any amount in addition to that minimum revenue provision,</p> <p>in respect of the financing of capital expenditure incurred by the council in that year or in any financial year prior to that year."</p>
3.0	Main Report
3.1	Council previously adopted a MRP policy in 2019/20 which confirmed the basis of calculating MRP for inclusion in the Rate estimates.
3.2	Prior to striking the 2016/17 Rate, the officers, having reflected on the adequacy and appropriateness of its original (2015/16) policy which specifically calculated the estimated useful lives of relevant asset categories, e.g.

	<ul style="list-style-type: none"> • Land and buildings – 25 years • Vehicles – 8 years • ICT – 5 years • Assets under construction – not applicable, <p>considered that the policy should also allow Council to match its MRP with associated loan principal repayment schedules where it is deemed appropriate.</p>
3.3	Council accepted the officers' recommendation to amend the 2015/16 MRP Policy prior to striking the 2016/17 Rate. This amended MRP Policy was reconfirmed by Council prior to striking the 2017/18, 2018/19 and 2019/20 Rate.
3.4	The officers would advise that due to the introduction of IFRS 16 – Leases which will be effective for the 2020/21 accounting period, it is necessary to amend Council's current MRP policy to include provision that MRP charges for leases will be calculated as being equal to the relevant lease payment in that year.
3.5	The officers, being satisfied that the proposed amendment to the 2019/20 MRP policy will be sufficient to enable Council to fund its capital programme on a consistent and prudent basis, therefore recommend that the 2019/20 MRP Policy be amended as described at paragraph 3.4 and adopted as the 2020/21 MRP Policy.
3.6	The draft proposed Rate estimates have been prepared on the basis of this recommendation.
4.0	Other Considerations
4.1	Financial, Human Resources & Risk Implications
	Financial: See above
	Human: N/A
	Risk Management: N/A
4.2	Screening & Impact Assessments
	Equality & Good Relations Implications: N/A
	Rural Needs Implications: N/A
5.0	Recommendation(s)
5.1	That Council amends its current MRP policy to include provision that MRP charges for leases will be calculated as being equal to the relevant lease payment in that year.
6.0	Documents Attached & References
6.1	N/A

