

APPENDIX III

SOUTH YORKSHIRE PENSIONS AUTHORITY

MINIMUM REVENUE PROVISION POLICY STATEMENT 2019/20

1. The Minimum Revenue Provision (MRP) is a statutory charge relating to the repayment of debt and until 2007/08, the basis of the calculation was specified as 4% of the capital financing requirement, which represents the Authority's underlying need to borrow for capital expenditure.
2. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2008 came into force on 31 March 2008 and replaced the above statutory calculation with a more general duty for the Authority to make an amount of MRP which the Authority considers "prudent".
3. Prudent provision is not defined within the Regulations but the guidance sets out several options which could be considered, although the overriding principle is that the charge to revenue should be linked to the lives of the assets funded by borrowing.
4. MRP commences in the year following the one in which the capital expenditure is incurred.
5. In accordance with the guidance, the MRP policy recommended for 2019/20 is as follows:
 - a) For capital expenditure incurred before 1 April 2008, MRP will be based on 4% of the Capital Financing Requirement
 - b) For capital expenditure incurred after 1 April 2008, for which borrowing is undertaken, MRP will be calculated based on equal annual instalments over the estimated life of the asset. The estimated life of each asset will be assessed each year based on the type of expenditure.
 - c) MRP will be deferred for new capital projects until the year after the asset is complete and therefore operational rather than the year in which the capital expenditure is undertaken. This approach is beneficial for building projects which take more than one year to complete.