

## Appendix C

### Minimum Revenue Provision Policy

#### Annual Minimum Revenue Provision Statement 2023/24

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Authority to have regard to the former Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in February 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

- For capital expenditure incurred before 1<sup>st</sup> April 2008 MRP will be determined by charging the expenditure over a 50-year asset life from 2008/09 as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate in 2007/08.
- For capital expenditure incurred after 31<sup>st</sup> March 2008, including PFI assets, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the capital expenditure is incurred. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- For assets acquired by finance leases MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- In April 2022 CIPFA announced a deferral of the implementation of the IFRS16 Leases accounting standard until 1 April 2024. Accordingly, the Council will not now apply the provisions of this standard prior to the 2024/25 financial year. As part of the 2022/23 MRP policy, Council had previously agreed that where former operating leases are to be brought onto the balance sheet upon eventual adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred on the loan is fully funded over the life of the assets.
- Where the Council receives a capital receipt upon disposal of an asset previously acquired through borrowing, the Council may apply the receipt arising in year to offset the charge to revenue (either in full or in part) which would otherwise apply, in respect of the element of the Council's aggregate Capital Financing Requirement which pertained to the disposal. Members are asked to approve use of this policy change to allow use from and including the 2022/23 financial year.

Capital expenditure incurred during 2023/24 will not be subject to a MRP charge prior to 2023/24.

Based on the Council's latest estimate of its capital financing requirement (CFR) on 31<sup>st</sup> March 2023, the budget for MRP has been set as follows:

Replacement of Prior Years' Debt Finance	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
	£000s	£000s	£000s	£000s	£000s	£000s
Minimum revenue provision (MRP)	£7,286	£8,008	£8,317	£9,282	£10,452	£10,677
Capital receipts	£0	£0	£0	£0	£0	£0
TOTAL	£7,286	£8,008	£8,317	£9,282	£10,452	£10,677

  

Replacement of Prior Years' Debt Finance	2027/28 budget	2028/29 budget	2029/30 budget	2030/31 budget	2031/32 budget	2032/33 budget
	£000s	£000s	£000s	£000s	£000s	£000s
Minimum revenue provision (MRP)	£10,790	£11,593	£11,953	£11,770	£12,234	£12,714
Capital receipts	£0	£0	£0	£0	£0	£0
TOTAL	£10,790	£11,593	£11,953	£11,770	£12,234	£12,714

## Appendix D

### Flexible Use of Capital Receipts Policy

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their capital receipts on the revenue costs of transformation projects. Initially this flexibility on the use of capital receipts was limited to those receipts received between 1 April 2016 and 31 March 2019, however, the Department for Levelling Up, Housing and Communities (DLUHC), has confirmed this flexibility remains in place for the next three financial years (2022/23 -2024/25).

Commencing in 2017/18 the Council has embarked on a major programme of transformation, covering a number of years, in pursuit of its strategic ambitions and priorities and in order to deliver financial sustainable services to residents in the long term. To deliver this transformation programme the Council has utilised the opportunity provided by government to flexibly utilise capital receipts (with the exception of receipts specifically ring-fenced for Educational purposes). A requirement of this flexibility is that the Council approve a Flexible Use of Capital Receipts Strategy and individual business cases for their use.

Since 1 April 2017, the council has allocated £3.5 million of capital receipts to transformation projects alongside a further £869k of revenue funding (total funding allocation as at 31.3.2023). It is proposed that a further £250k of capital receipts when they occur are to be allocated to transformational projects in 2023-24 and the developing transformation programme. The table below details the projects that have been funded via the transformation programme up to 2023/24.

Projects	Total
Assistive Technology	£ 65,560
Modernising ASC	£ 27,980
Timelord Phase 2	£ 41,100
Web Data Content Review Officer resource (contractor)	£ 15,400
Additional resourcing Strategic Support (Governance & Strategy)	£ 43,060
Feasibility study for development of a housing company	£ 27,500
Programme Manager (Engaging and Enabling our Local Communities)	£ 58,400
Land Charges portal - additional functionality	£ 17,870
Microsoft 365	£ 125,000
Electronic Sealing	£ 10,000
Place Making Review	£ 50,000
Procurement Strategy	£ 477,100
Equality Diversity & Inclusion Strategy Development	£ 36,000
Internet Review & Renew	£ 20,000
Talent Attraction Project	£ 375,000
Corporate Review Team	£ 242,980
Garden Waste Subscriptions	£ 14,200
Waste Contract	£ 122,140
	<b>£1,769,290</b>

The Council is reviewing its assets and regularly challenging the purpose of assets, including in the Council's commercial property portfolio. There may be opportunities in 2023-24 and beyond for asset sales to fund greater transformational activity.

## Appendix E

### Community Infrastructure Levy Bids 2023/24

The Council has set aside £500k to enable local community groups, town and parish Councils to bid for schemes that provide infrastructure to local communities. The bidding process and criteria were included on <https://info.westberks.gov.uk/cilbidding>

Bids were invited between £10k and £100k that will provide infrastructure.

Total bids of £715.5k were received with 20 different bids submitted. To enable the spending to be contained within the £500k level set, a group met to consider the bids and apply a threshold for successful bids. If members approve further funding for this scheme to continue in the future, this threshold will continue.

In total, ten bids totalling £370k were approved for proposed inclusion in the Capital budget for the 2023/24 financial year. Some of the bids rejected did not meet the initial criteria, for example they were too small or were enable a pure 'like-for-like' replacement of infrastructure. Other schemes were suggest for inclusion within other elements of the capital programme where they would be more appropriate.

The list of successful bids is included in the table below.

Organisation/Group	Parish/Ward	Project Title & brief description	CIL Funding required
Hungerford Town Council	Hungerford	Hungerford Wheeled Sports Project - The design and construction of a new facility on the existing skate park footprint	£50,922
Kintbury Parish Council	Hungerford & Kintbury	Kintbury Village: Installation of Trim Trail in Miss Lawrence Field. Installation of 8 Outdoor all weather exercise machines	£10,000
Shaw-cum-Donnington Village Hall Committee and Trustees	Speen	Shaw-cum-Donnington Village Hall - Heating Refurbishment & Energy Efficiency	£16,159
West Berkshire Therapy Centre	North East Thatcham	Replacement of Power Assisted Exercise Machines for the Disabled	£19,485
Burghfield Parish Council	Burghfield & Mortimer	Burghfield Common Skate park Replacement	£100,000
Sulhamstead & Ufton (SUN) Village Hall Charity	Bradfield	Main Hall capacity Extension including infrastructure and safety modifications	£20,000
Adventure Dolphin Trustees	Pangbourne	Adventure Dolphin Water based Activity equipment	£20,806
Tilehurst parish Council	Tilehurst & Purley	Tilehurst PC Recreation Ground Outdoor Gym and Multi-use Games Area (MUGA)	£75,000
1st Mortimer Scout Group	Burghfield & Mortimer	Extension & remodelling of Scout hall	£20,000
Mortimer Music Live CiC	Burghfield & Mortimer	Live Music Kit - Investment in a professional audio sound system	£37,640
<b>TOTAL AGREED FUNDING</b>			<b>£370,012</b>