



The Local Authorities (Capital Finance and Accounting)
(England) (Amendment) Regulations 2008. Minimum
Revenue Provision Guidance

Results of the consultation



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Revenue Provision Guidance

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1. On 8 November 2007 the Department issued the following consultation document <http://www.local.communities.gov.uk/finance/capital/amdregletcon.pdf> to all local authorities in England and other interested parties, with a request for comments by 21 December 2007. Over 100 responses were received from the bodies listed in the Annex below. Responses were discussed with representatives of the Local Government Association, London Councils, the Audit Commission and CIPFA. The following note summarises the main points made by consultees and indicates the action taken by Communities and Local Government in response.

(1) Capital Finance Regulations

Bond Redemptions (Amendment Regulation 3)

2. In accordance with comments by respondents on the definition of “bond”, the regulation has been revised to make clear that it applies only to the disposal of bonds which when acquired would have generated capital expenditure.

Revenue Provision (Amendment Regulation 4(2) – Past deficiencies in Minimum Revenue Provision

3. This regulation, which inserts a new regulation 29 into the Capital Finance Regulations, is meant to protect authorities which have made insufficient Minimum Revenue Provision (MRP) in earlier years. It was suggested in the consultation that the regulation be widened to indemnify authorities which might have made other more serious kinds of errors in the past. However, after careful consideration, the Department concluded that such an extension would not be consistent with its policies.
4. There were requests for clarification about the timing of the note in the statement of accounts which is required on the part of authorities which benefit from the regulation. The regulation has accordingly been revised to say that authorities treating earlier calculations as correct should include a note to that effect in their statement of accounts for a financial year ending no later than 31 March 2010. Authorities recording a credit in a revenue account are to include the note in the statement of accounts for the year in which the credit is recorded.
5. A further change to improve clarity has been made which did not arise directly from the consultation. The regulation now provides that authorities recording a credit in a revenue account are to do so before 1 April 2010.

Financial Guarantees (Amendment Regulation 6)

6. Some respondents suggested that the cut-off date of 9 November 2007 be extended. However, the Department concluded that there was no evidence this would in fact be a problem and no change has been made.

(2) Minimum Revenue Provision Guidance

7. The move from regulations to guidance was widely welcomed by respondents. The main request was for an annuity method of calculating provision and this is being included. Other changes are being made to clarify issues relating to the transition to the new system. It is also being made clearer that authorities have the discretion to make provision in ways other than those exemplified in the guidance, provided that they are satisfied that these are prudent.

Annex

List of Respondents

Adur District Council
Arlingclose
Barnsley Metropolitan Borough Council
Basingstoke and Deane Borough Council
Bassetlaw District Council
Bath and North East Somerset Council
Bedford Borough Council
Bedfordshire County Council
Birmingham City Council
Blackburn with Darwen Borough Council
Blackpool Borough Council
Brighton and Hove City Council
Butlers
Castlepoint Borough Council
Cheshire Police Authority
Chartered Institute of Public Finance and Accountancy (CIPFA)
Core Cities Group
Coventry City Council
Cumbria County Council and District Councils
Dartford Borough Council
Derby City Council
Dover District Council
Dudley Metropolitan Borough Council
East Riding of Yorkshire Council
East Sussex County Council
Eastleigh Borough Council
Enfield London Borough Council
Forest Heath District Council
Gateshead Metropolitan Borough Council
Gloucestershire County Council
Greater London Authority
Greater Manchester Passenger Transport Authority and Executive

Greater Manchester Police Authority
Hampshire County Council
Haringey London Borough Council
Hertfordshire County Council
Havering London Borough Council
Hounslow London Borough Council
Hull City Council
Islington London Borough Council
Kensington and Chelsea – Royal Borough
Kent County Council
Kent Fire and Rescue Service
Lancashire County Council
Lancashire Police Authority
Lambeth London Borough Council
Leeds City Council
Leicester City Council
Leicestershire County Council
Luton Borough Council
Manchester City Council
Metropolitan Police Authority
Milton Keynes Council
Newham London Borough Council
Norfolk Constabulary
Norfolk County Council
North East Lincolnshire Council
North Norfolk District Council
North Tyneside Metropolitan Borough Council
Northumberland County Council
North Warwickshire Borough Council
Nottingham City Council
Nottinghamshire and City of Nottingham Fire and Rescue Authority
Nottinghamshire County Council
Oxford City Council
Police Authority Treasurers' Society
Reading Borough Council
Redcar and Cleveland Council
Richmondshire District Council
Rotherham Metropolitan Borough Council

Runnymede Borough Council
Sector Group
Sefton Metropolitan Borough Council
Sheffield City Council
Shepway District Council
Slough Borough Council
Society of County Council Treasurers
Society of District Council Treasurers
Solihull Metropolitan Borough Council
South Gloucestershire Council
South Lakeland District Council
South Tyneside Council
Southwark London Borough Council
Staffordshire County Council
Staffordshire Fire and Rescue Authority
Stockton-on-Tees Borough Council
Stockport Metropolitan Borough Council
Suffolk County Council
Sunderland City Council
Surrey County Council
Sutton London Borough Council
Tameside Metropolitan Borough Council
Teignbridge District Council
Thanet District Council
Torbay Council
Tradition
Trafford Metropolitan Borough Council
Transport for London
Wakefield Metropolitan District Council
Walsall Metropolitan Borough Council
Waveney District Council
West Lancashire District Council
West Wiltshire District Council
West Yorkshire Police and West Yorkshire Police Authority
Wigan Metropolitan Borough Council
Wirral Metropolitan Borough Council
Woking Borough Council