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WELSH STATUTORY INSTRUMENTS

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**2003 No. 3239**

**The Local Authorities (Capital Finance  
and Accounting) (Wales) Regulations 2003**

**PART 5**

**MINIMUM REVENUE PROVISION**

**Duty to make Minimum Revenue Provision**

**21.** During the financial year beginning on 1st April 2004 and every subsequent financial year, a local authority—

- (a) must charge to a revenue account a minimum amount (“minimum revenue provision”) for that financial year; and
- (b) may charge to a revenue account any amount in addition to the minimum revenue provision,

in respect of the financing of capital expenditure incurred in that year or in any financial year prior to that year.

**Calculation of minimum revenue provision**

**22.—(1)** Subject to paragraph (4) and regulation 23, the minimum revenue provision for the current year must be calculated by the local authority in accordance with the following formula—

$$\frac{4[\text{CFR} - (\text{A} - \text{HC})]}{100}$$

where —

CFR is the capital financing requirement at the end of the preceding year;

A is an adjustment (which may be a positive, nil or negative amount) to be calculated in accordance with the following formula—

$$\frac{[\text{CFR} - \text{ACC}] + \left( \frac{[\text{HA} - \text{HB}]}{2} \right)}{100}$$

where—

CFR is the capital financing requirement on 31st March 2004;

ACC is the adjusted credit ceiling on 31st March 2004;

HA is the housing amount on 31st March 2004; and

HB is the opening HRA capital financing requirement for the financial year beginning on 1st April 2004; and

HC is the opening HRA capital financing requirement for the current year.

(2) For the purposes of this regulation and regulation 23—

“adjusted credit ceiling” has the same meaning as that term had on 31st March 2004 in paragraph 18 of Schedule 3 to the Local Government and Housing Act 1989(1);

“capital financing requirement” has the same meaning as in the CIPFA Prudential Code for Capital Finance in Local Authorities;

“current year” means any financial year for which the local authority is determining the amount of its minimum revenue provision;

“housing amount” has the same meaning as that term had on 31st March 2004 in Part XII of the 1997 Regulations (Minimum revenue provision);

“Housing Revenue Account”, also referred to as “HRA”, has the same meaning as in section 74 of the Local Government and Housing Act 1989;

“opening HRA capital financing requirement” means for the financial year beginning on 1st April 2004 and any subsequent financial year, the amount calculated in accordance with paragraph (3);

“preceding year” means the financial year immediately preceding the current year.

(3) The amount referred to in the definition of “opening HRA capital financing requirement” in paragraph (2) has the same meaning as the “opening HRA capital financing requirement” for the current year in the (Wales) General Determination of the Item 8 Credit and Item 8 Debit made under section 75 of and Schedule 4 to the Local Government and Housing Act 1989 for that year.

(4) Where the amount calculated in accordance with the formula for the minimum revenue provision in paragraph (1) is a negative amount, that amount must be treated as nil.

### **Commutation adjustments to minimum revenue provision**

**23.**—(1) Subject to paragraph (2), where—

(a) any debt of the local authority to the Public Works Loan Commissioners was reduced or extinguished by a commuted payment (within the meaning which that expression has in section 157 of the Local Government and Housing Act 1989(2)) paid by the Secretary of State to the Commissioners in the financial year beginning on 1st April 1992; or

(b) the Secretary of State paid a commuted payment to that authority in that financial year,

the authority must determine the amount by which it will reduce the amount of its minimum revenue provision for the current year calculated in accordance with regulation 22, in accordance with the formula—

$$G - (I + M)$$

Where —

G is the total amount of contributions, grants and subsidies which would have been payable to the local authority by the National Assembly for Wales for the current year but for commutation;

I is the amount by which interest, payable by the local authority in the current year on loans, is reduced by virtue of commutation determined in accordance with paragraph (3) where I may be nil but not a negative amount;

M is the amount of minimum revenue provision for the current year which would have been calculated by the local authority in accordance with regulation 22 but for commutation, less the

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(1) Part 4 of, and Schedule 3 to, the Local Government and Housing Act 1989 (c. 42) are repealed on 1st April 2004, and the Local Authorities (Capital Finance) Regulations 1997 (S.I. 1997/319) made under those provisions will accordingly be revoked on that date.

(2) 1989 c. 42.

amount of minimum revenue provision for the current year actually calculated in accordance with regulation 22 determined in accordance with paragraph (5) where M may be nil but not a negative amount.

(2) Where the amount calculated in accordance with the formula in paragraph (1) is a negative amount, that amount must be treated as nil in the current and all subsequent financial years.

(3) For the purposes of paragraph (1), the amount by which interest, payable by the local authority in the current year on loans, is reduced by virtue of commutation, will be determined in accordance with the formula—

$$(D - MC) \times \frac{DI}{D}$$

Where —

“D” is the total amount of the authority’s relevant debts where “relevant debt” means the amount by which any debt of the authority to the Public Works Loan Commissioners was reduced by a commuted payment or where such a debt was extinguished by a commuted payment, the amount of the debt;

“MC” is an amount equal to the aggregate of—

- (a) the authority’s cumulative total of minimum revenue provision savings determined in accordance with Part 3 of Schedule 2 to the 1997 Regulations for the financial years beginning before 31st March 2004;
- (b) where the current year is a financial year beginning after 31st March 2004, the authority’s cumulative total of minimum revenue provision savings determined in accordance with this regulation for the financial years beginning after 31st March 2004;
- (c) the authority’s cumulative total of commutation adjustments determined in accordance with Part 2 of Schedule 2 to the 1997 Regulations for the financial years beginning before 31st March 2004;
- (d) where the current year is a financial year beginning after 31st March 2004, the authority’s cumulative total of commutation adjustments determined in accordance with this regulation for the financial years beginning after 31 March 2004

“DI” is the aggregate of the amounts calculated in accordance with paragraph 4.

(4) In calculating item “DI” in accordance with paragraph 3, the authority must calculate for each relevant debt an amount equal to the percentage of the debt which was chargeable by way of interest on the debt on the date on which the debt was reduced or extinguished by a commuted payment.

(5) Where the authority’s adjusted capital financing requirement on the last day of the last year was nil or a positive amount, the authority’s minimum revenue provision savings for the current year must be determined in accordance with the formula—

$$\left( \frac{4[D-MC]}{100} \right) - H$$

Where —

“D”, and “MC” have the same meanings as in paragraph (3);

“H” is a percentage of the amount, if any, by which the authority’s housing capital finance requirement for the current year is reduced in consequence of any reduction in the authority’s capital financing requirement by virtue of the making of a commuted payment to the Public Works Loan Commissioners. The percentage rate to be used is as specified in the current year (Wales) General Determination of the Item 8 Credit and Item 8 Debit made under section 75

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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of and Schedule 4 to the Local Government and Housing Act 1989 made by the National Assembly for Wales.