

SL(6)733 – The Local Authorities (Capital Finance and Accounting) (Wales) (Amendments relating to Minimum Revenue Provision) Regulations 2026

Background and Purpose

These Regulations amend the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (“the 2003 Regulations”), which provide the regulatory framework for the accounting practices to be followed by local authorities in Wales.

Currently, during each financial year in respect of the financing of capital expenditure incurred in that year or in any financial year prior to that year, a local authority must charge to a revenue account a minimum amount (“minimum revenue provision” or “MRP”) for that financial year. For each financial year, a local authority must calculate an amount of MRP which it considers to be prudent.

Local authorities also have discretion to charge to a revenue account any amount in addition to the MRP.

These Regulations amend the 2003 Regulations to provide that, during the financial year beginning with 1 April 2026, county councils and county borough councils have discretion to make MRP but are not required to do so. The amendments provide that, where such councils choose to make MRP, they must still calculate an amount they consider prudent. Paragraph 1.2 of the Explanatory Memorandum explains that the Welsh Government will issue supplementary guidance to the current guidance *“in relation to the 2026-2027 financial year to provide flexibility in the calculation of what is a prudent amount of MRP for that financial year.”*

Paragraph 4.5 of the Explanatory Memorandum goes on to state:

“There is a statutory requirement on local authorities to set a balanced budget each year, including the MRP. The Welsh Government is aware of the current pressures facing local authorities from across a range of sources from inflation and service demand patterns, together with significant changes within large UK grants and uncertainty from political cycles. This short-term flexibility in the level of MRP provision applied gives county councils and county borough councils an additional flexibility to manage their immediate and medium-term budget planning. This change is optional not mandatory and can be used alongside other flexibilities such as use of reserves and capital directions based on the specific circumstances of an individual local authority. Any change to a local authority’s MRP policy must be agreed by full council as part of the annual MRP statement.”



Procedure

Senedd annulment procedure.

These Regulations were made by the Welsh Ministers before they were laid before the Senedd. The Senedd can annul the Regulations within 40 days (excluding any days when the Senedd is: (i) dissolved, or (ii) in recess for more than four days) of the date they were laid before the Senedd.

Technical Scrutiny

The following point is identified for reporting under Standing Order 21.2 in respect of this instrument.

1. Standing Order 21.2(vi) – that its drafting appears to be defective or it fails to fulfil statutory requirements

In the signatory block at the end of these Regulations, it is incorrectly noted that Jayne Bryant MS is the Cabinet Secretary for Finance and Welsh Language. However, that block should state that Jayne Bryant MS is the Cabinet Secretary for Housing and Local Government.

Merits Scrutiny

No points are identified for reporting under Standing Order 21.3 in respect of this instrument.

Welsh Government response

A Welsh Government response is required.

Legal Advisers

Legislation, Justice and Constitution Committee

28 January 2026



Senedd Cymru

Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad

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Welsh Parliament

Legislation, Justice and Constitution Committee