

STATEMENT OF TOTAL MOVEMENTS IN RESERVES 2004/05

2003/04 £'000		Notes	2004/05 £'000	2004/05 £'000
	Surplus / (deficit) for the year			
-304	- General fund		1,188	
-2,841	- HRA		5,375	
12,693	Add back movements on specific revenue reserves		-15,967	
-4,418	Deduct Appropriation from Pension Reserve		1,831	
0	Actuarial gains and losses relating to pensions	1	0	
5,130	Total increase in Revenue Resources			-7,573
7,057	Increase / (decrease) in usable capital receipts		-11,206	
1,107	Increase / (decrease) in unapplied capital grants and contributions		-2,482	
8,164	Total increase in realised capital resources	2		-13,688
127,456	Gains / (losses) on revaluation of fixed assets		132,359	
-2,029	Impairment losses on fixed assets due to general changes in prices		-185	
125,427	Total increase in unrealised value of fixed assets	3		132,174
-22,658	Value of assets sold, disposed of or decommissioned	4		-23,934
18,955	Capital Receipts Set aside		23,734	
23,260	Revenue Resources set aside		15,219	
-13,357	Movement on HRA Major Repairs Reserve		18,219	
-11,690	Movement on Deferred Charges		-12,704	
14,237	Movement on Government Grants Deferred		17,198	
-1,939	Impairment due to consumption of economic benefit		-591	
29,466	Total increase in amounts set aside to finance capital investment	5		61,075
74,992	Increase / (Decrease) on the pension reserve	6		-92,300
220,521	Total Recognised Gains and Losses			55,754

This statement summarises all the recognised gains and losses of the Authority during the period and identifies those reserves which have been recognised in the consolidated revenue account. The statement separates the movements between revenue and capital reserves.

Following a change in accounting practice, an earmarked reserve of £4.262m has been created to fund interest on loans taken out prior to 1986. The creation of this reserve has been treated as a prior period adjustment and has resulted in the earmarked revenue reserves at 1 April 2004 being increased by £4.262m with corresponding reductions in General Fund balances and Housing Revenue Account balances of £2.080m and £2.182m respectively.

1. Movements in revenue resources

Movements in revenue resources	General Fund Balances £'000	HRA Balances £'000	Earmarked Revenue Reserves £'000	Major Repairs Reserve £'000	Pension Reserve £'000
Surplus / Deficit 2004/05	1,188	5,375			
Appropriations to/from revenue			-75	-18,298	1,831
Actuarial gains/ Losses relating to pensions					-92,300
Total movement in revenue resources	1,188	5,375	-75	-18,298	-90,469
Balance Bfwd 1 April 2004	12,174	5,394	21,263	24,754	-85,584
Balance carried forward at 31 March 2005	13,362	10,769	21,188	6,456	-176,053

During 2004/05, pension fund actuarial revaluations resulted in losses totalling £92.3m. These have been shown as decreases on the Pensions Reserve in the Statement of Total Movements In Reserves, as they have no direct impact on the Council's available revenue resources. However, in order to provide a full analysis between the opening and closing balances on the pensions reserve, they have been included in note 1 above.

NOTES TO THE TOTAL MOVEMENTS IN RESERVES STATEMENT

2. Movements in realised capital resources

	Usable Capital Receipts £'000	Unapplied Capital Grants & Contributions £'000
Amounts receivable in 2004/05	26,699	23,045
Amounts set aside to repay debt	-9,532	0
Amounts applied to finance new capital investment	-14,202	-25,527
Amounts paid in respect of pooled Housing Capital Receipts	-14,171	0
Total increase in realised capital resources in 2004/05	-11,206	-2,482
Balance brought forward as at 1 April 2004	11,306	6,964
Balance carried forward at 31 March 2005	100	4,482

The entries in the first column above represent movements in the Usable Capital Receipts Reserve. When a fixed asset is disposed of a capital receipt is generated. There is a requirement introduced by the Local Government and Housing Act 1989 and the Local Government Act 2003 to set aside certain proportions of these receipts to repay debt and in the case of Right-to-Buy receipts reimburse 75% of the proceeds to Central Government (£14.171m). In 2004/05 £9.532m of capital receipts were set aside voluntarily to repay debt. Usable capital receipts of £14.202m were used to fund capital expenditure in 2004/05 with a balance of £0.1m carried forward in support of future years capital expenditure.

The entries in the second column above represent movements in unapplied capital grants and contributions. The balance on this account relates to grants and contributions in hand as at 31 March 2005, which have not yet been utilised to finance expenditure.

3. Movements in unrealised value of fixed assets

	Fixed Asset Restatement Account £'000
Gains on revaluation of fixed assets	132,359
Impairment losses on fixed assets due to general price changes	-185
Total increase in unrealised capital resources in 2004/05	132,174

4. Value of assets sold, disposed of or decommissioned

Amounts written off fixed asset balances for disposals	-23,934
Total movement on reserve in 2004/05	108,240
Balance brought forward at 1 April 2004	398,551
Balance carried forward at 31 March 2005	506,790

The entries above represent movements in the Fixed Asset Restatement Account. This was created to reflect the difference brought about by the revaluation of assets under the system of capital accounting introduced in 1994. The subsequent increase in the value of the fixed assets was credited to this account. Any further acquisitions, disposals and revaluations of assets are reflected in the account, the balance of which cannot be used to fund expenditure.

NOTES TO THE TOTAL MOVEMENTS IN RESERVES STATEMENT

5. Movements in amounts set aside to finance capital investment

	Capital Financing Account £'000	Government Grants Deferred £'000	Total £'000
Capital receipts set aside in 2004/05			
- reserved receipts	9,532	0	9,532
- usable receipts applied	14,202	0	14,202
Total capital receipts set aside in 2004/05	23,734	0	23,734
Revenue resources set aside in 2004/05			
- capital expenditure financed from revenue	4,276	0	4,276
- reconciling amount for provisions for loan repayment	10,943	0	10,943
Total revenue resources set aside in 2004/05	15,219	0	15,219
Creation of Housing Major Repairs Reserve	-13,418	0	-13,418
Use of Housing Major Repairs Reserve to fund expenditure	31,637	0	31,637
Impairment due to Consumption of Economic Benefit	-591	0	-591
Write off of Deferred Charges Expenditure	-12,704	0	-12,704
Less Government Grants relating to Deferred Charges	3,587	-3,587	0
Movement on Deferred Charges	-9,117	-3,587	-12,704
Grants applied to capital investment in 2004/05	0	25,527	25,527
Amounts credited to the asset management revenue account	0	-8,329	-8,329
Movement on Government Grants Deferred	0	17,198	17,198
Increased amounts set aside to finance capital investment			61,075
Summary			
	Capital Financing £'000	Government Grants £'000	Total £'000
Total movement on reserve in 2004/05	47,464	13,612	61,075
Balance brought forward at 1 April 2004	155,968	48,848	204,816
Balance carried forward at 31 March 2005	203,432	62,460	265,892

The Capital Financing Account shows the accumulated financing of capital. This includes the setting aside of capital receipts, revenue resources and HRA major repairs reserve which is used to either finance capital expenditure or repay debt. The Capital Financing Account also includes any movement on deferred charges.

A review of the period over which Government grants deferred are written off to the Revenue Account has led to a further £0.952m being written off. This write down relates to 2003/04 and has been reflected in Consolidated Balance sheet as a prior year adjustment by restating the 2003/04 comparative figures. The Government Grants Deferred Account relates to grants received by central government to fund capital spending. The grant is then written off to the Asset Management Revenue Account to match the depreciation of the financed asset over its useful life.

6. Movements on Pensions Reserve

The actuarial losses identified as movements on the pension reserve in 2004/05 totalled £92.3m. This is made up of a loss on the Teachers Pension Scheme of £7.6m, following a review of unfunded benefits and a loss on the Local Government Pension Scheme of £84.7m. The losses can be analysed into the following categories, measured as absolute amounts and a percentage of assets or liabilities at 31 March 2005.

Local Government Pension Scheme

	2002/03		2003/04		2004/05	
	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	-103,800	-28.27	65,100	14.36	21,900	4.61
Differences between actuarial assumptions about liabilities and actual experience	3,800	0.86	1,000	0.21	-11,200	-1.95
Changes in the demographic and financial assumptions used to estimate liabilities	0	0	0	0	-103,000	-17.95
Total	-100,000		66,100		-92,300	