

**Reserve Balances**

**Usable Reserves:** represent monies set aside for agreed purposes which the Council is able to spend.

**Unusable Reserves:** represent technical accounting adjustment accounts. These represent monies set aside but which cannot be used to provide services. They are held to manage the accounting processes for non-current assets, financial instruments, the collection fund, retirement and employee benefits. They are not usable resources. These reserves absorb the differences between expenditure actually incurred in providing services and the expenditure an authority is required or permitted to charge against the General Fund balance each year under Council Tax setting rules.

<b>Unusable Reserves: Movement in 2021/22</b>	<b>£m</b>	<b>Unusable Reserve</b>	<b>Explanation for Adjustment</b>
<b>Opening Balance at 1 April 2021</b>	- <b>122.4</b>		
Depreciation	16.6	Capital Adjustment Account	Depreciation is provided over the useful lives of Property, Plant & Equipment assets. This represents the annual depreciation charge.
Revaluations	- 13.7	Capital Adjustment Account	This represents the increase in asset values as determined by our external valuers which has been charged to the Surplus or Deficit on the Provision of Services.
Net Revenue expenditure funded by capital under statute (REFCUS)	0.3	Capital Adjustment Account	A transfer from the General Fund to the Capital Adjustment Account to reflect expenditure met from capital resources charged in the Income and Expenditure account.
Net book value of assets sold	1.4	Capital Adjustment Account	The carrying value (gross cost less accumulated depreciation) of assets sold in the year.
Adjustments for Council Tax and NNDR Receivable	- 11.7	Collection Fund Adjustment Account	This adjustment accounts for the difference between the Council Tax and NDR recognised in the Income & Expenditure Account and the amount allowed to be credited to the General Fund under regulation.
Capital financed by receipts	- 3.2	Capital Adjustment Account	This represents the value of capital additions in 20/21 which has been financed by capital receipts (asset sales).
Provision for the redemption of debt	- 10.7	Capital Adjustment Account	Minimum Revenue Provision (MRP) is charged to the General Fund with a matching entry in the Capital Adjustment Account. It represents the Council's annual contribution from revenue towards the provision for the reduction in the Council's overall borrowing requirement.
Revenue contribution to capital outlay	- 0.3	Capital Adjustment Account	The contribution from revenue in 2021/22 to fund capital expenditure.
Reversal of IAS19 Pension Charges	14.4	Pension Reserve	This transaction represents the reversal of retirement benefits charged to the Comprehensive Income & Expenditure accounts as required by the CIPFA Code.
Net movement on revaluation reserve	- 8.7	Revaluation Reserve	This represents unrealised gains and losses arising from the revaluation of the Council's long-term assets.
Short term leave adjustment	- 0.5	Short Term Absence Account	The short term absence account balance represents accumulated holiday due to employees which was not taken in the year. The transaction is the movement on this balance in 2021/22.
Actuarial Gain/Loss on Pensions	- 23.5	Pension Reserve	The actuarial gain on the pension liability in the year charged to the Income & Expenditure account is reversed through the Pension Reserve as required by the CIPFA Code.
Capital financed by grants and contributions	- 15.7	Capital Adjustment Account	This represents £9.3m of capital grants received and applied in 2021/22 plus £6.4m of capital grants (received and unapplied in prior years) transferred from the Capital Grants unapplied Account in 2021/22.
PFI Liability	- 0.2	Capital Adjustment Account	This represents movements in balances to finance PFI assets.
Movement of DSG as earmarked reserve	0.3	DSG Adjustment Account	This account holds the Council's DSG deficit.
<b>Net increase in Unusable Reserves in 2021/22</b>	- <b>55.2</b>		
<b>Closing balance at 31 March 2022</b>	- <b>177.6</b>		