



Table of Contents

.....	1
Table of Contents.....	1
Narrative Report.....	5
Foreword from the Chief Finance Officer.....	5
Luton at a Glance	6
How the Council is funded and where money is spent	7
Outturn, financial performance and cost and demand pressures	8
Reserves, balances and financial resilience.....	13
Companies and Group Accounts.....	13
Performance and Outcomes.....	14
Governance and Financial Management Improvement.....	14
Outlook.....	14
Principal Risks and Uncertainties	15
Understanding the Financial Statements.....	17
Statement of Responsibility for the Statement of Accounts	19
The Council's Responsibilities	19
The Responsibilities of the Service Director (Finance Revenues & Benefits).....	19
Approval of Statement of Accounts	20
Annual Governance Statement	22
Executive Governance Dashboard 2025/26	22
A. Scope of Responsibilities	22
B. The Purpose of the Governance Framework	23
C. How this Statement was prepared and Sources of Assurance.....	24
D. Review of Corporate Governance Arrangements against the Seven Principles of Good Governance	25
E. Particular Governance Themes for 2025/26.....	28
F. Review of Effectiveness and Overall Conclusion	29
G. Looking Ahead: Governance Priorities for 2026/27	31
H. Approval of Annual Governance Statement	32
Independent Auditor's Report	34
Comprehensive Income and Expenditure Statement.....	36
Movement in Reserves Statement	37
Balance Sheet.....	38
Certification by the Chief Financial Officer.....	39
Cash Flow Statement.....	40
General Accounting Policies & Judgements	42
Note 1: Basis of preparation	42

Note 2:	General Accounting Policies	42
Note 3:	Accounting Standards That Have Been Issued but Have Not Yet Been Adopted ..	45
Note 4:	Assumptions Made About the Future and Other Major Sources Of Estimation Uncertainty	47
Note 5:	Critical judgements in applying accounting policies	48
Note 6:	Events after the reporting period	49
	Comprehensive Income and Expenditure Statement Notes	51
Note 7:	Expenditure and Funding Analysis	51
Note 8:	Expenditure and Income Analysed By Nature	54
Note 9:	Other Operating Expenditure	54
Note 10:	Financing and Investment Income and Expenditure	55
Note 11:	Taxation and Non-Specific Grant Income.....	55
Note 12:	Grant Income Credited to Services	56
Note 13:	Dedicated Schools Grant	59
Note 14:	Material Items of Income and Expenditure	60
Note 15:	Member Allowances	60
Note 16:	External Audit Costs.....	60
Note 17:	Officer Remuneration	60
Note 18:	Exit Packages	62
Note 19:	Pooled Budgets	63
Note 20:	Trading and Other Investment Activities.....	64
	Movement in Reserves Statement Supporting Notes	66
Note 21:	Adjustments between Accounting Basis and Funding Basis under Regulations ...	66
Note 22:	Transfer To/From General Fund & Housing Revenue Account Reserves.....	68
Note 23:	Unusable Reserves	71
Note 24:	Revaluation Reserve	71
Note 25:	Capital Adjustment Account	72
Note 26:	Pensions Reserve	73
Note 27:	Financial Instruments Adjustment Account	74
Note 28:	Deferred Capital Receipts	74
Note 29:	Collection Fund Adjustment Account.....	74
Note 30:	Accumulated Absences Account.....	75
	Balance Sheet Supporting Notes	77
Note 31:	Property, Plant & Equipment	77
Note 32:	Investment Property	85
Note 33:	Intangibles.....	86
Note 34:	Heritage Assets	87
Note 35:	Capital Expenditure and Capital Financing	88

Note 36:	Financial Instruments	88
Note 37:	Nature and extent of risk	94
Note 38:	Other Long-Term Liabilities	98
Note 39:	Pensions Schemes Accounted For As Defined Contribution Schemes	101
Note 40:	Defined Benefit Pension Schemes	102
Note 41:	Leases.....	111
Note 42:	Inventories and Debtors	112
Note 43:	Cash and Cash Equivalents	113
Note 44:	Creditors.....	113
Note 45:	Provisions.....	114
Note 46:	Capital Grants Receipts In Advance.....	116
Note 47:	Revenue Grants Receipts In Advance	116
Cash Flow Statement Supporting Notes		119
Note 48:	Cash Flow Statement – Operating Activities	119
Note 49:	Cash Flow Statement – Investing Activities.....	120
Note 50:	Cash Flow Statement – Financing Activities	120
Other Supporting Notes		122
Note 51:	Contingent Assets and Liabilities	122
Note 52:	Related Parties.....	122
Note 53:	Fair Value.....	124
Housing Revenue Account (HRA).....		128
HRA Statement Supporting Notes.....		130
Collection Fund Statements.....		133
Group Accounts		137
Comprehensive Income and Expenditure Statement (Group).....		140
Movement in Reserves Statement (Group)		141
Balance Sheet (Group).....		143
Cash Flow Statement (Group).....		145
Group Notes.....		146
Glossary.....		153

LUTON BOROUGH COUNCIL

Narrative Report

Statement of Accounts 2025/26

Luton

Narrative Report

Foreword from the Chief Finance Officer

The Council ended 2025/26 in a challenging but managed financial position. The General Fund achieved a balanced position against the approved revenue budget of £176.1m. This represented a net improvement from the £6.7m overspend forecast at Quarter 3. The final position reflected active financial management, corporate and treasury movements, together with the application of £6.6m of contingency and £1.375m of additional earmarked General Fund reserves to address demand-led pressures and one-off exceptional items.

The final position was positive in the context of sustained demand and cost pressures, but it does not remove the underlying financial challenge. The use of contingency and reserves helped manage in-year pressures whilst also underlining the need to reduce reliance on one-off funding to manage recurring service pressures.

The main pressures were in demand-led and high-risk areas, particularly Children's Services, Adult Social Care, homelessness and temporary accommodation, and some exceptional property and school-related items. Children's Services overspent by £5.842m, mainly due to high-cost social care placements and staffing pressures. Adult Social Care overspent by £1.520m, driven by purchased care, demographic growth and bad debt provision. Inclusive Growth reported a forecast overspend of £2.964m, including exceptional items relating to Buckle Close and Denbigh Primary School.

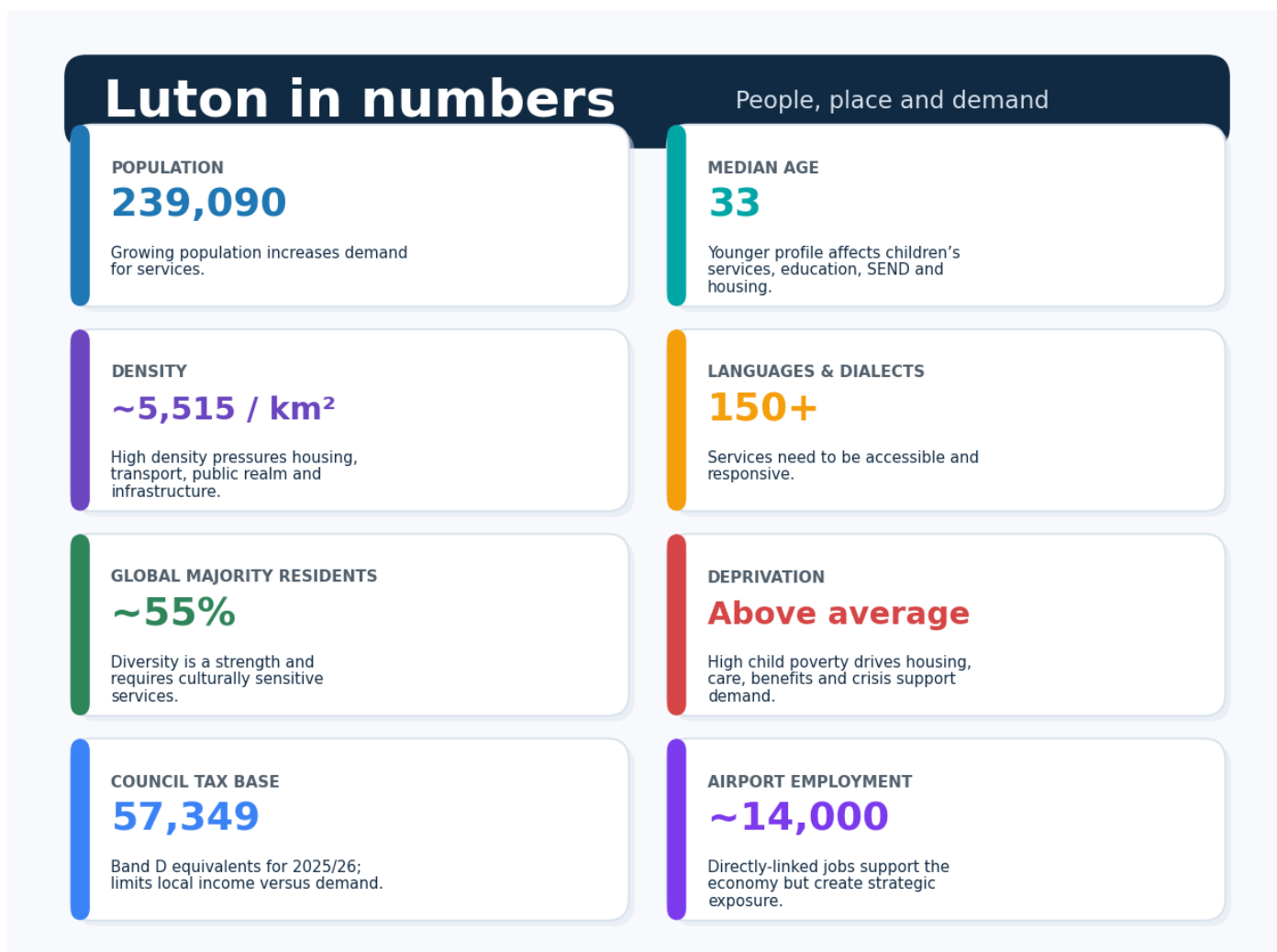
There were also important areas of progress. Homelessness and temporary accommodation costs were reduced significantly, with households in bed and breakfast falling from 159 in April 2025 to 21 by March 2026, and temporary accommodation reaching its lowest level since 2016. Adult Social Care delivered its £1.5m Deficit Recovery Plan and a further £1.0m of in-year savings. SEND transport underspent against budget for the first time in five years.

The Council delivered £8.4m of the £10.7m planned savings from Deficit Recovery Plans and transformation activity. However, £0.8m was delayed into 2026/27 and £1.5m was undelivered. Savings delivery therefore remains central to the Council's medium-term financial sustainability.

Capital investment also requires continued attention. Actual capital expenditure was £109.9m against a closing budget of £110.0m, following significant slippage and reprofiling. Capital slippage of £216.1m, approximately 70% of the original working budget, reduced borrowing costs in the short term but moved delivery, affordability and borrowing pressures into future years.

Luton at a Glance

Luton is a young, diverse, densely populated and well-connected town. Its local context is important to understanding the Council's finances because service demand and local income are shaped by population, housing need, deprivation, health outcomes, the local economy and the Council Tax base.



A younger population increases demand for children's services, education, SEND support and home-to-school transport. Over time, growth in the older population is also expected to increase demand for adult social care, housing adaptations and health-related support. Luton also experiences above-average unemployment, deprivation and child poverty, which increases demand for homelessness prevention, temporary accommodation, welfare support, debt recovery and social care services.

The town benefits from a strong location between London and the Oxford-Cambridge arc, with good road, rail and air links. Key local assets include London Luton Airport, Luton and Dunstable University Hospital, the University of Bedfordshire and Luton Town FC. These assets support employment, investment and local identity. However, the Council's ability to raise income locally is constrained by a relatively low Council Tax base. Population growth and high service demand do not automatically translate into equivalent local tax-raising capacity.

Why this matters

for the Council's finances

Three linked financial pressures

- 1 **High statutory and demand-led service demand**
Children's services, SEND, homelessness prevention, temporary accommodation, welfare support, adult social care and debt recovery.
- 2 **Constrained local tax base**
Population growth and service demand do not automatically translate into equivalent Council Tax income.
- 3 **Exposure to wider market pressures**
Housing, labour market, economic conditions and airport-related risks can affect financial resilience.

Financial sustainability depends on:

prevention • commissioning • transformation • strong financial management • careful use of local assets

How the Council is funded and where money is spent

The Council funds services from a mix of Council Tax, business rates, government grants, fees and charges, treasury income and other service income. Capital investment is funded separately through capital grants, borrowing, capital receipts and revenue contributions. Some funding can be used flexibly, but other funding is ring-fenced and can only be used for a specified purpose.

This distinction matters. For example, Housing Revenue Account income must be used for the Council's landlord functions, the Dedicated Schools Grant must be used for schools and education-related activity, and the Public Health grant must be used for Public Health purposes. Some capital grants can only be used for approved capital schemes. As a result, an underspend or surplus in one area cannot always be used to fund pressures elsewhere.

Where the money comes from 2025/26

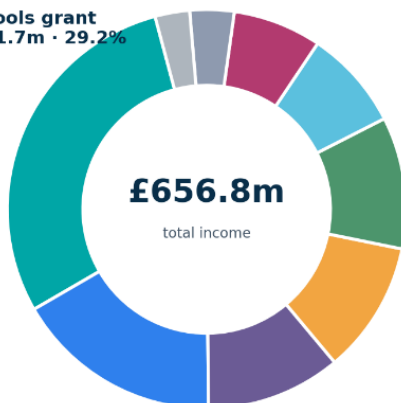
Revenue budget income sources

£656.8m

total income

Largest source

Schools grant
£191.7m · 29.2%



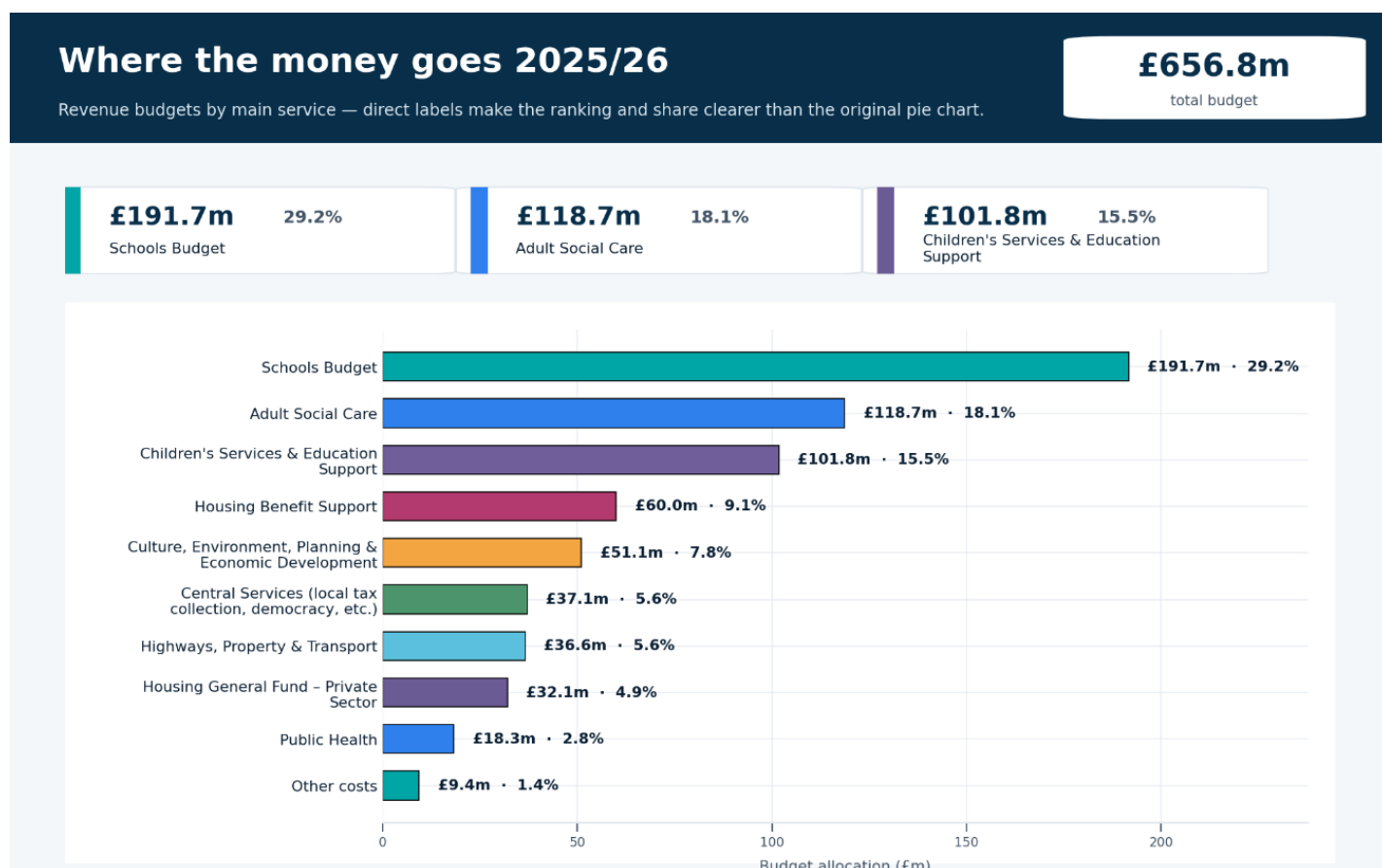
Funding sources

Values are shown as £m and share of total income.

Government grant funding for schools	£191.7m	29.2%
Council Tax income	£110.3m	16.8%
Government grants for specific services	£71.9m	10.9%
Chargeable services, commercial income & contributions	£70.4m	10.7%
Business rates income	£70.2m	10.7%
Housing Benefit Subsidy Grant	£53.2m	8.1%
Interest and other income from LLAL	£47.1m	7.2%
General government support grants	£23.6m	3.6%
Public Health Grant	£18.4m	2.8%

Most day-to-day spending is on statutory and demand-led services. The main areas are children’s social care and education-related services; adult social care; housing and homelessness; neighbourhood, waste, highways, property, regeneration and economic development services; corporate and support services; and financing costs associated with long-term investment.

Council Tax is an important source of income, but it cannot by itself resolve the Council’s financial pressures. This is because Luton has a relatively constrained tax base, demand for statutory services is high, many pressures are driven by national markets and demographic change, and some income is ring-fenced. The Council’s financial strategy therefore relies on a combination of grant funding, Council Tax, income generation, savings, transformation, demand management, capital discipline and careful use of reserves.



Outturn, financial performance and cost and demand pressures

Detailed departmental spend is reported in Note 7 to the Statement of Accounts. Further operational and financial analysis is set out in the 2025/26 outturn report published with the papers for the June 2026 Executive meeting.

The Council achieved a balanced General Fund position against the approved revenue budget of £176.1m. This represented a net improvement from the £6.7m overspend forecast at Quarter 3. The final position reflected active financial management, corporate and treasury movements, together with the application of £6.6m of contingency and £1.375m of additional earmarked General Fund reserves to address demand-led pressures and one-off exceptional items, and net reserve

movements of £0.154m associated with the NNDR/S31 grant. The balanced position demonstrates improved in-year financial control, but it should be read alongside the continued reliance on one-off support and the scale of underlying demand pressures.

The principal service pressures were concentrated in Children's Services, Adult Social Care, homelessness and temporary accommodation, and exceptional items within Inclusive Growth. Children's Services remained the largest service pressure, with an overspend of £5.842m. The key issue was not only the number of children supported, but also the complexity and cost of placements, care leaver responsibilities, disabled children's services and staffing requirements. These pressures reflect national market conditions and local demand rather than a single operational issue.

Adult Social Care overspent by £1.520m. The main drivers were purchased care, demographic growth, transitions, direct payments and increased bad debt provision. Although savings, recovery action and improved commissioning reduced the scale of the pressure, the service remains exposed to demographic change, provider market costs and demand for complex care.

Homelessness and temporary accommodation showed material improvement during the year. Households in bed and breakfast reduced from 159 in April 2025 to 21 by March 2026, and temporary accommodation reached its lowest level since 2016. This reflected prevention, move-on activity and stronger management of higher-cost accommodation. However, delays at Wenlock Court reduced the in-year financial benefit, and housing demand remains a significant financial risk.

Inclusive Growth reported a forecast overspend of £2.964m, including exceptional items relating to Buckle Close and Denbigh Primary School. These items should be distinguished from recurring demand-led pressures. Buckle Close represents a forecast cost to completion, with final costs dependent on procurement and delivery. Denbigh Primary School relates to emergency expenditure for essential structural repairs and associated temporary relocation, with costs increasing as the full scope of works became clearer.

There were important areas of improvement. Adult Social Care delivered its £1.5m Deficit Recovery Plan and a further £1.0m of in-year savings. SEND transport underspent by £0.475m, following service redesign, route optimisation, technology improvements and better fleet use. Income collection also improved, supported by stronger recovery activity within Revenues and Benefits.

Savings delivery improved but remains a key risk. The Council delivered £8.4m of the £10.7m planned savings from Deficit Recovery Plans and transformation activity. Of the remaining balance, £0.8m was delayed into 2026/27 and £1.5m was undelivered. As transformation moves into more complex cross-cutting work, delivery will require clear ownership, robust business cases, realistic phasing and effective benefits tracking.

The overall judgement is that 2025/26 was a year of improved financial grip, but not a year in which the underlying pressures were resolved. The priority for 2026/27 is to convert in-year management into recurring solutions through prevention, commissioning, transformation, stronger forecasting, sustained savings delivery and disciplined financial management.

Key numbers at a glance

GENERAL FUND BUDGET

£176.1m

Approved revenue budget

FINAL OUTTURN

Break even

Balanced General Fund position

YEAR-END VARIANCE

£0.0m

Improved from £6.7m Q3 forecast

CONTINGENCY USED

£6.6m

Used to manage in-year pressures

EARMARKED GF RESERVES USED

£1.2m

Drawdown to support the final position

SAVINGS DELIVERED

£8.4m

Delivered against planned savings of £10.7m

SAVINGS DELAYED OR UNDELIVERED

£2.3m

£0.8m delayed and £1.5m undelivered

PUBLIC HEALTH

£0.247m underspend

Transferred to the Public Health reserve

HOUSING REVENUE ACCOUNT

£0.123m underspend

Small underspend despite repairs pressures

DEDICATED SCHOOLS GRANT

£2.383m overspend

Met from brought-forward DSG reserves

CAPITAL ACTUAL SPEND

£109.9m

Against a closing budget of £110.0m

CAPITAL SLIPPAGE

£216.1m

Around 70% of the original working capital budget

What the year-end position shows

1 Break-even outturn achieved

The General Fund finished on budget after a £6.7m overspend forecast at Quarter 3.

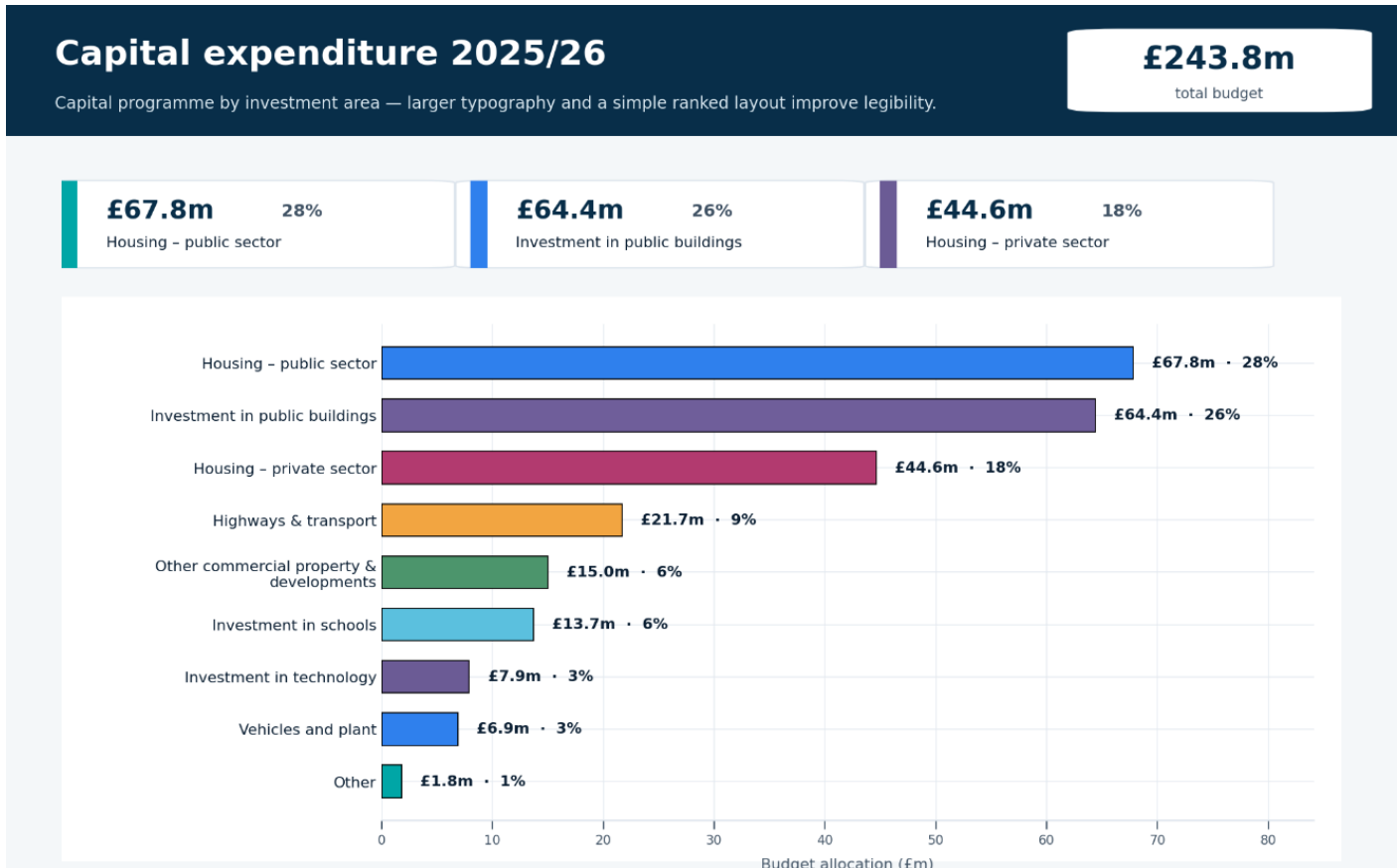
2 One-off support helped manage pressures

£6.6m contingency and £1.2m earmarked reserves supported the final position.

3 Delivery risks remain

Savings delivery, DSG pressures and capital slippage require continued focus.

The capital programme supports long-term investment in assets such as schools, housing, highways, temporary accommodation, ICT, regeneration and other infrastructure. In 2025/26, actual capital expenditure was £109.9m against a closing budget of £110.0m. This apparently close match to the closing budget needs to be read in the context of significant slippage and reprofiling during the year.



Capital slippage was £216.1m, approximately 70% of the original working budget. The main areas of slippage were housing projects, The Stage (due to delays in approvals from the Building Regulator), highways, transport and other Inclusive Growth projects. Some schemes experienced delivery delays while others were reprofiled to align with revised delivery plans. Slippage reduced borrowing costs in the short term, but it also moved delivery, borrowing and affordability pressures into future years.

The priority is not simply to increase spending pace. The priority is to ensure that the capital programme is realistic, affordable and supported by appropriate business cases, risk assessment, whole-life costing and clear delivery plans. This is particularly important given the scale of the revised 2026/27 capital programme and the revenue consequences of borrowing.

Key areas requiring continued monitoring include The Stage, temporary accommodation purchases, Foxhall Homes investment, HRA major works, schools capital schemes and Denbigh Primary School. Denbigh Primary School is the main exceptional scheme-specific cost pressure. The latest forecast cost to completion is £12.348m compared with the original approval of £9.871m, a forecast overspend of £2.477m. Further reporting will address increased costs and proposed funding arrangements.

Capital investment and slippage

ORIGINAL WORKING BUDGET

£307.2m

Original approved budget plus slippage from 2024/25

CLOSING BUDGET

£110.0m

After in-year movements

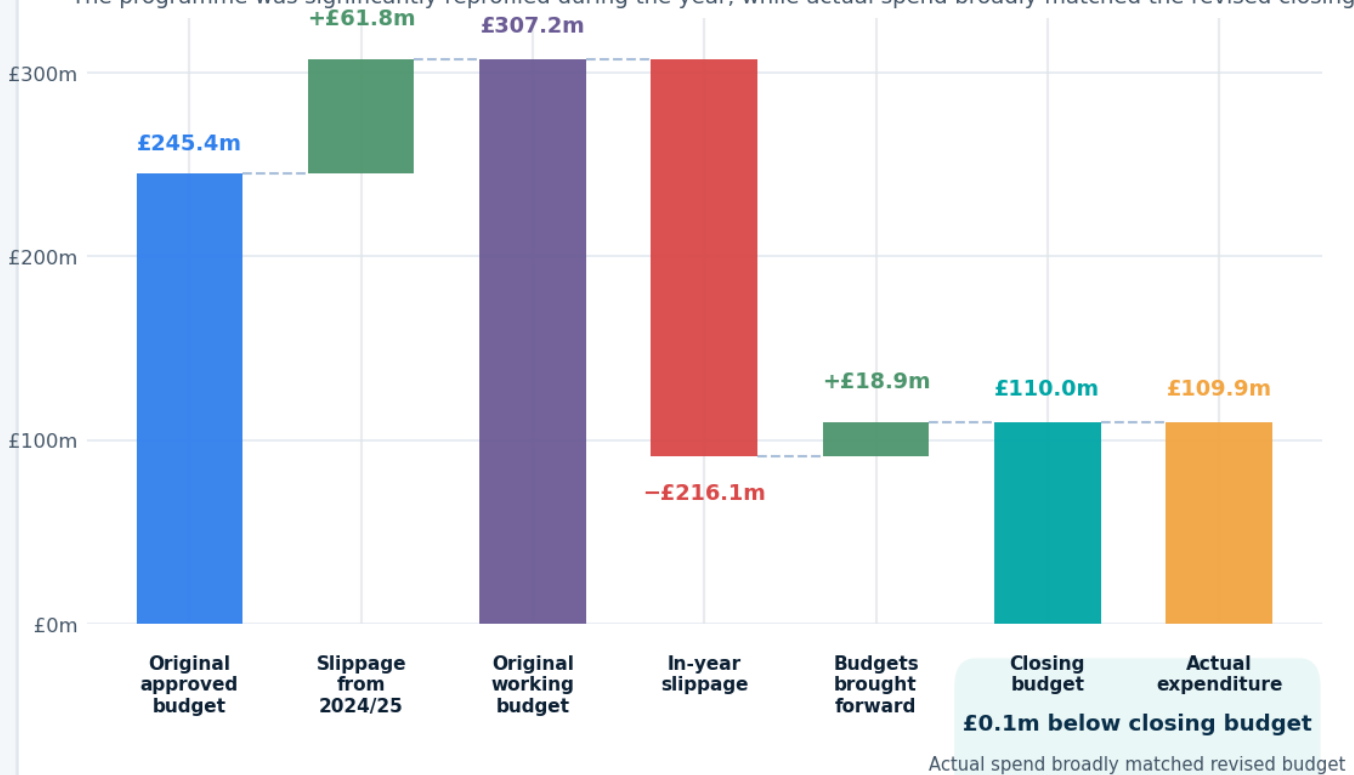
ACTUAL CAPITAL EXPENDITURE

£109.9m

£0.1m below closing budget

From original working budget to actual spend

The programme was significantly reprofiled during the year, while actual spend broadly matched the revised closing budget.



What this shows

1

Large reprofiling

£216.1m was slipped into future years, around 70% of the original working programme.

2

Delivery matched revised plans

Closing budget was £110.0m and actual capital expenditure was £109.9m.

3

Forward control remains critical

The revised 2026/27 programme is £360.2m, requiring strong profiling and affordability control.

Reserves, balances and financial resilience

Reserves are an important part of financial resilience. They protect the Council against unexpected events, help manage one-off costs and fund specific commitments where resources have been set aside. However, reserves and contingency are not a permanent solution to recurring budget pressures. Where reserves are used to support the outturn, the underlying budget position must still be addressed.

In 2025/26 the Council used £6.6m of contingency and made a further £1.375m drawdown from earmarked General Fund reserves to address in-year pressures and support the final outturn position. In addition, there were net General Fund reserve movements of £0.154m associated with the NNDR/S31 grant position. Public Health transferred £0.247m to its reserve. The DSG used £2.383m of brought-forward reserves to meet the in-year overspend within the DSG reserve position. The HRA ended the year with a £0.123m underspend, despite significant responsive repairs pressures.

The Council holds different types of reserves. General balances provide a safety net for unforeseen risks. Earmarked reserves are set aside for specific commitments, projects or known risks. Ring-fenced reserves can only be used for a specified purpose. HRA and DSG balances are separate from the General Fund. This structure is important because not all reserves are available to support general spending.

The 2025/26 outturn shows improved financial management in several areas but also confirms that demand-led pressures remain significant. Protecting and, where necessary, replenishing reserves will remain important to the Council's financial sustainability.

Companies and Group Accounts

The Council prepares group accounts because it has interests in companies and other entities connected to its wider financial position. The main relationships are with Luton Rising, Foxhall Homes and any other entities that meet the accounting criteria for consolidation or disclosure. The group accounts explain the wider financial position of the Council and relevant companies.

Luton Rising remains strategically important because of its ownership of London Luton Airport and its role in supporting Luton's economic ambitions. In 2025/26, LLAL debenture interest of £41.7m supported the Council's treasury position. This should not be confused with dividend income, accounting profit or unrestricted cash available for general spending. The final group accounts will explain the difference between accounting profit, interest income, dividends, cash flows and the General Fund impact.

Foxhall Homes supports the delivery of housing. The company has moved from a development-for-sale model towards a mixed approach including private rental, private sale and affordable rent. This revised approach is supported by a funding and financing package from the Council, including equity funding and an increased loan facility. During 2025/26, loan requirements increased due to changes in the profiling of scheme costs. Company-related investment needs to be considered alongside the Council's wider capital affordability, borrowing and risk position.

Performance and Outcomes

The Council's financial position should be read alongside what was delivered for residents. This report does not replace the Council's full performance framework. It highlights a small number of indicators that help explain the link between resources, service demand and outcomes.

The strongest improvements were in homelessness and temporary accommodation, Adult Social Care savings and commissioning, SEND transport and income collection and recovery. These improvements show that targeted action can reduce financial pressure and improve outcomes when it is linked to clear operational delivery.

The main areas requiring continued focus are children's placement costs, capital programme delivery, savings and transformation delivery, repairs and compliance pressures, forecasting and financial management. The Council will need to strengthen the link between performance, resources and outcomes during 2026/27, including clearer reporting on whether transformation activity is delivering intended financial and service benefits.

Governance and Financial Management Improvement

Strong governance and financial management are essential to the Council's resilience. The Council has statutory responsibilities for the proper administration of its financial affairs and must maintain effective arrangements for budgetary control, decision-making, risk management and reporting.

The 2025/26 outturn shows improved in-year control but also highlights areas for continued improvement. These include forecasting for volatile demand-led budgets, delivery and tracking of savings, management of aged debt, capital programme governance, business case quality, affordability assessment and finance capacity. The Council should present these actions as part of ongoing improvement activity rather than overstate any programme that has not yet been formally approved.

Capital governance remains a priority. The level of slippage and the cost pressures on some schemes show the need for realistic planning, appropriate gateway review, risk assessment, whole-life costing, funding strategies and revenue impact assessment. The Council's approach should support better decisions about affordability and delivery, not simply faster spending.

Transformation governance also remains important. The Transformation Programme is central to the Medium-Term Financial Strategy, but delivery risk increases as work becomes more complex and cross-cutting. Clear ownership, benefits tracking and regular reporting will be needed to support delivery in 2026/27.

Outlook

The Council enters 2026/27 with a stronger financial platform than in recent years, supported by the final 2025/26 outturn and the latest finance settlement. However, the outlook remains finely balanced. The Council must continue to deliver savings, manage demand, protect reserves and strengthen capital governance.

The medium-term financial position depends on turning in-year improvements into recurring solutions. This will require sustained focus on prevention, commissioning, placement management,

temporary accommodation, savings delivery, transformation, debt recovery, capital affordability and financial forecasting. The Council will also need to ensure that reserve use remains prudent and that one-off resources are not used as a substitute for sustainable service budgets.

The revised 2026/27 capital programme is £360.2m, made up of £267.6m General Fund and £92.6m HRA. The scale of the programme means that affordability, profiling, borrowing implications and delivery capacity will remain critical. Capital investment is necessary to support the town and its residents, but it must be managed within a clear financial framework.

The Council's focus for 2026/27 will be to sustain improvements in homelessness, Adult Social Care and SEND transport; strengthen control of children's placement costs; deliver delayed and planned savings; improve forecasting and budget accountability; finalise reserves and group accounts analysis; and strengthen capital governance and benefits realisation.

Principal Risks and Uncertainties

The Council's financial position has improved, but it remains exposed to significant risks. These risks affect the ability to maintain a balanced budget, protect reserves, deliver services and invest sustainably. This section summarises the principal financial risks and should be read alongside the Annual Governance Statement and the Council's risk management reporting.

- Demand-led services: children's placements, adult care, housing and SEND remain the most significant recurring financial risks.
- Savings delivery: the Council delivered £8.4m of planned savings in 2025/26, but £0.8m was delayed and £1.5m remained undelivered.
- Capital affordability: slippage reduced borrowing costs in the short term, but deferred delivery and affordability pressures into future years.
- Forecasting: improvements have been made, but volatile demand and market costs require continued strengthening of forecasting methods and financial grip.
- Reserves: contingency and reserves helped manage 2025/26, but recurring pressures must be addressed through sustainable budgets and delivery plans.
- Company and group exposure: company-related investment and treasury income should be monitored alongside the Council's wider borrowing, cash flow and risk position.

Principal risk heat map

2025/26 outturn context

PRINCIPAL RISKS

7
areas tracked

HIGH / VERY HIGH

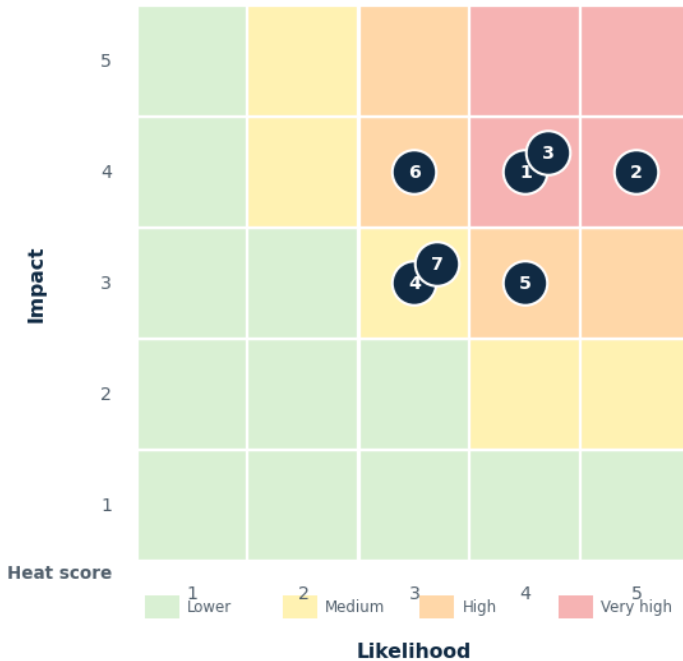
5
based on heat score

CLOSE CONTROL

3
active or close oversight

Risk heat map

Indicative assessment of likelihood and impact, using the direction and mitigation in the risk table



Risk key

1	Financial sustainability	Very high
2	Demand-led services	Very high
3	Savings and transformation	Very high
4	Forecasting accuracy	Medium
5	Capital affordability	High
6	Debt recovery and income volatility	High
7	Airport-company revenue exposure	Medium

Mitigation and direction

Condensed view of why each risk matters and the management response

RISK	WHY IT MATTERS	MITIGATION	DIRECTION
Financial sustainability	Demand and cost pressures could exceed resources	Balanced budget planning, savings, reserves strategy and financial controls	Stable but pressured
Demand-led services	Costs can move quickly in statutory services	Prevention, commissioning, panels and budget monitoring	Mixed
Savings and transformation	Undelivered savings increase future pressure	PMO support, business case review and benefits tracking	Improving but high risk
Forecasting accuracy	Weak forecasting delays action	Better systems, training and finance engagement	Improving
Capital affordability	Slippage and cost increases affect borrowing	Gateway reviews, business cases and Prudential Code compliance	Requires close control
Debt recovery and income volatility	Income shortfalls weaken the revenue position	Debt recovery project and active income management	Under active management
Airport-company revenue exposure	Airport-company income and group relationships affect revenue resilience	Monitor passenger volumes, debenture interest, treasury exposure, group accounts and governance	Stable and improving

Indicative scoring: 1 low to 5 high. Heat map intended for summary reporting and should align to the Council's formal risk register.

Understanding the Financial Statements

The Statement of Accounts sets out the Council's financial performance for the year and its financial position at year end. The 2025/26 accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, issued by CIPFA/LASAAC. The Code is based on International Financial Reporting Standards as adapted for the UK public sector.

The main statements should be read together. The Comprehensive Income and Expenditure Statement shows the accounting cost of services. The Movement in Reserves Statement explains how accounting results affect usable and unusable reserves. The Balance Sheet shows assets, liabilities, cash and reserves at year end. The Cash Flow Statement shows operating, investing and financing cash flows. The Housing Revenue Account records the Council's landlord function. The Collection Fund records Council Tax and business rates collected and distributed. The Group Accounts show the Council and relevant companies. The notes provide detailed supporting information, including departmental spend in Note 7.

The General Fund is the Council's main account for day-to-day services. The Housing Revenue Account records council housing landlord activity and is separate from the General Fund. The Dedicated Schools Grant is ring-fenced schools funding and is accounted for separately. These distinctions are important because resources cannot always be moved between funds.

The accounts are prepared on a going concern basis. This means they assume that the Council, and the group where relevant, will continue to operate for the foreseeable future and meet obligations in the normal course of business. Local authorities are statutory bodies, which supports the use of this basis for the Council's accounts.

The 2025/26 Code includes changes to some accounting requirements, including the treatment of property, plant and equipment valuations and intangible assets. Where these changes affect the Council's accounts, they will be explained in the accounting policies and notes.

Understanding the financial statements

PURPOSE

Explain the accounts

what each statement shows

BASIS

Going concern

Council continues to operate

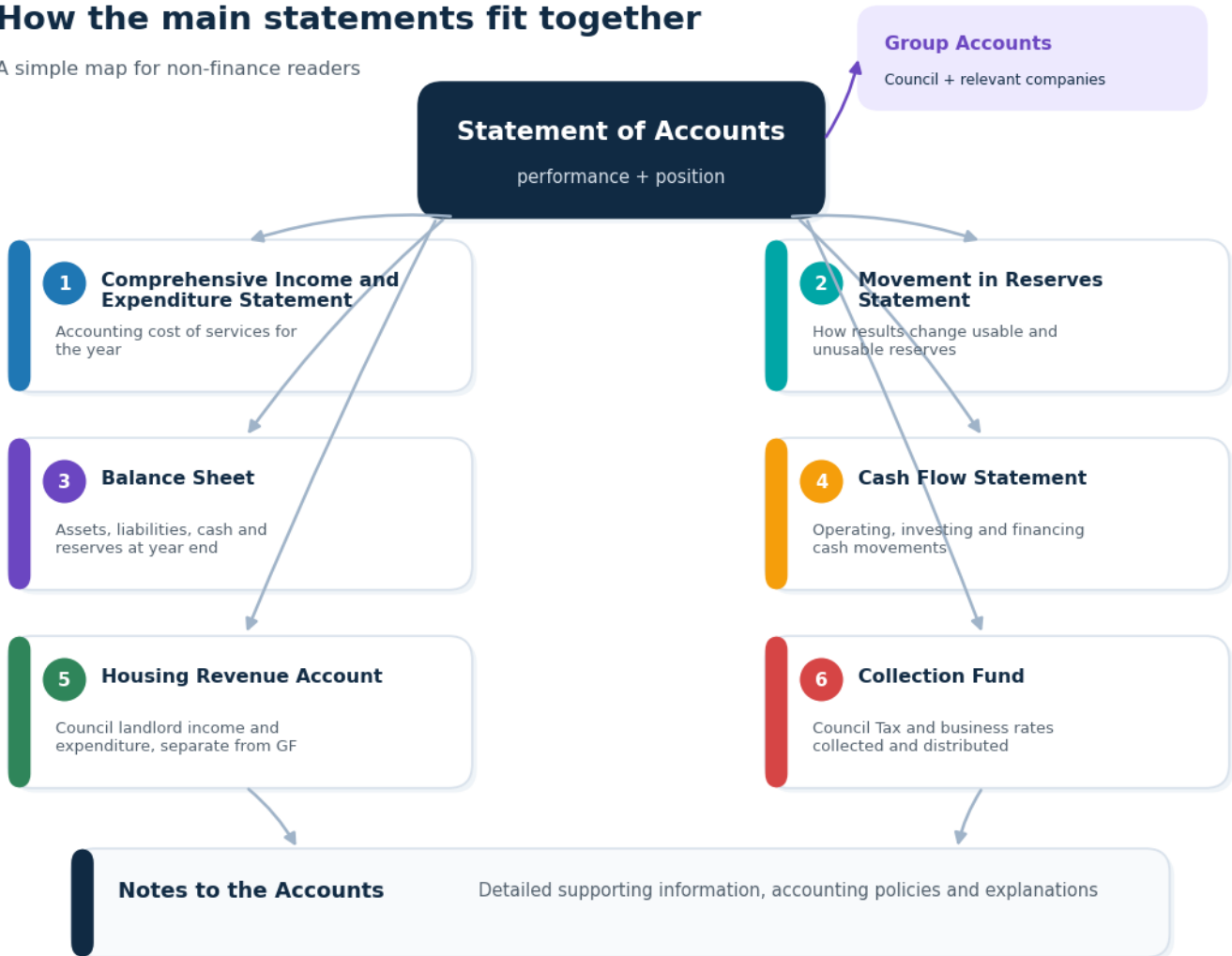
FRAMEWORK

CIPFA Code

UK public sector IFRS-based

How the main statements fit together

A simple map for non-finance readers



Key funds to understand

General Fund

Main account for day-to-day services

Housing Revenue Account

Landlord function, separate from the General Fund

Dedicated Schools Grant

Ring-fenced schools funding, accounted for separately

Statement of Responsibility for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration for those affairs. In line with statute this is the Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Responsibilities of the Service Director (Finance Revenues & Benefits)

The Service Director (Finance, Revenues & Benefits) is the Council's Section 151 Officer and is responsible for the preparation of the Council's Statement of Accounts which, in accordance with proper practice as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code'), present fairly the financial position of the Council at the accounting date and the income and expenditure for the year.

In preparing these Statements of Accounts, the Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code.

The Section 151 Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Signed



6 July 2026

Dev Gopal FCA, FCPFA, FCCA, CMgr MCMI

Director of Finance, Revenues & Benefits (S151 Officer)

Approval of Statement of Accounts

The Council's constitution states that the Audit and Governance Committee has the responsibility to approve the Council's Statement of Accounts. The Accounts and Audit Regulations 2015 introduced a requirement for the chair or deputy chair of the meeting at which approval is given to sign the accounts. This formally represents the completion of the Council's approval process of the accounts.

Signed:

Dd mmm 2026

Councillor Amy Nicholls

Chair of Audit & Governance Committee

LUTON BOROUGH COUNCIL

Annual Governance Statement

Statement of Accounts 2025/26

Luton

Annual Governance Statement

Executive Governance Dashboard 2025/26

Overall assessment: governance arrangements were broadly effective and remained fit for purpose during 2025/26, although improvement is required in specific areas of financial control, ICT/system control, service-level governance, schools' control environments, partnership/group governance and financial resilience.

Area	Position	Evidence / evaluation
Internal audit opinion	Adequate overall assurance	69% of audit opinions issued were adequate or above; limited/no assurance areas are subject to action plans and follow-up.
Risk management	Embedded and regularly reviewed	30 corporate risks reported; two high residual risks relate to budget/financial resilience and cyber.
Counter-fraud	Positive outcomes in fraud prevention and deterrence	391 referrals in 2025/26; £6.5m fraud/irregularity identified or prevented based on caseload and NFI/FraudHub activity; 807 counter-fraud days delivered.
External inspection	Positive direction of travel	Children's Services and Adult Social Care were rated Good during 2025/26.
Internal Audit recommendation follow-up	On target	76% of followed-up recommendations fully implemented against a 75% target.

A. Scope of Responsibilities

Luton Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that it is used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and maintaining throughout the year a sound system of internal control that supports the achievement of its policies, aims and objectives while safeguarding public funds and assets.

The Council has approved and adopted a Local Code of Corporate Governance intended to be consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. During 2025/26 the Audit and Governance Committee approved the local Code of Corporate Governance and recommended it for inclusion within the Constitution. The Constitution Committee did not recommend amendments to the Constitution during 2025/26.

This statement explains how the Council has complied with its Local Code during 2025/26 and how it has reviewed the effectiveness of its governance arrangements. It also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

B. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and through which it accounts to, engages with and leads the local community. It enables the Council to define and pursue its vision and intended outcomes, to monitor performance, to manage risk, to maintain strong public financial management and to deliver transparent and accountable decision-making.

The framework integrates strategic planning, performance management, risk management, financial management and internal control, aligned to delivery of the Luton 2040 vision.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's objectives, to evaluate the likelihood and potential impact of those risks, and to manage them proportionately and effectively.

Governance arrangements are reviewed annually through management assurance, supported by internal audit, corporate risk reporting, counter-fraud reporting and external inspection activity.

This governance framework was in place throughout the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts for 2025/26.

B1. Council context and governance snapshot

The Council comprises 48 councillors elected every four years. During 2025/26, Councillor Hazel Simmons MBE was Leader of the Council and confirmed publicly that she would step down at the Council's AGM on 19 May 2026. Councillor Tahmina Saleem was appointed Leader of the Council at the AGM on 19 May 2026 and Councillor Umme Ali was appointed Deputy Leader.

The latest political composition identified for drafting purposes is 28 Labour, 14 Liberal Democrat, 3 Conservative, 1 Reform UK and 2 Independent councillors.

B2. Strategic context

Governance in 2025/26 operated in the context of sustained financial and demand-led service pressures, including social care, homelessness, temporary accommodation, SEND and supported living. The Council also continued to manage major regeneration, commercial and group governance responsibilities, together with cyber, information governance, workforce capacity and partnership risks.

The Council continued to operate in a challenging economic environment affected by inflationary pressures, elevated interest rates, workforce challenges and wider uncertainty. A balanced General Fund Revenue Budget was set for 2026/27 without recourse to reserves, supported by additional grant funding and continued prudent financial management, but the 2025/26 position remained subject to material demand-led pressures.

External assurance during the year included positive inspection outcomes: Children's Services were rated Good by Ofsted following inspection in January 2026, and Adult Social

Care was rated Good by the Care Quality Commission in May 2026. Both outcomes provide positive assurance while identifying areas where further improvement remains necessary.

C. How this Statement was prepared and Sources of Assurance

This statement has been informed by the Council's annual review of governance and internal control. The review has drawn on management assurance, statutory officer assurance, internal audit, corporate risk management, counter-fraud reporting, external audit where available, external inspections and the work of the Audit and Governance Committee.

C1. Sources of assurance used in preparing this statement

- Annual governance / internal control assurance statements completed by Corporate Directors, Service Directors and other designated managers.
- Assurances from the statutory officers, including the Chief Executive, Monitoring Officer and Section 151 Officer.
- The Head of Internal Audit's annual opinion for 2025/26, audit reporting during the year and follow-up of recommendations.
- The work of the Audit and Governance Committee, including scrutiny of risk, internal audit, counter-fraud, external audit, the Statement of Accounts and this Annual Governance Statement.
- Corporate risk management arrangements, including the Corporate Risk Register and quarterly reporting to the Internal Governance Group, Departmental Management Teams, Corporate Leadership Team and Audit and Governance Committee.
- Performance management, financial monitoring, budget management and medium-term financial planning processes.
- Counter-fraud arrangements and outcomes delivered with the Shared Anti-Fraud Service.
- External inspection activity, including Ofsted inspection of Children's Services and CQC assessment of Adult Social Care.
- Assurance relating to partnerships, subsidiaries, companies and other group entities, including Luton Rising, Foxhall Homes and Connect2Luton.
-

C2. Overall assessment process

The Council has assessed the effectiveness of its governance arrangements against the seven core principles of good governance set out in the CIPFA/SOLACE Framework. In doing so, it has considered both whether the required governance arrangements were in place and whether they operated effectively in practice during 2025/26. The Council has also considered whether there are any significant governance issues requiring disclosure and whether its governance arrangements remain fit for purpose for 2026/27.

The overall evaluation is that governance arrangements were broadly effective and fit for purpose, supported by an adequate internal audit opinion and positive inspection outcomes, but with significant improvement required in specific areas of control, financial resilience, cyber/system controls, schools, group governance and partnership working.

D. Review of Corporate Governance Arrangements against the Seven Principles of Good Governance

The sections below summarise the Council's key governance arrangements, the evidence considered in the review of effectiveness and areas identified for further improvement. The structure demonstrates how the Council's Local Code of Corporate Governance aligns with the CIPFA/SOLACE Framework.

D1. Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Key governance arrangements in place during 2025/26

- The Council's Constitution, Codes of Conduct for Members and officers, Financial Regulations, Procurement / Contract Procedure Rules and related governance policies.
- Statutory officer roles and arrangements for legal, financial and ethical advice to Members and officers.
- Standards Committee arrangements, member interests, gifts and hospitality, declarations of interest and standards-related training.
- Whistleblowing, complaints handling, fraud response, anti-fraud / anti-corruption arrangements and management of conflicts of interest.
- Compliance arrangements for equality, health and safety, information governance, safeguarding and other key legal / regulatory duties.

Review of effectiveness in 2025/26

The arrangements were broadly effective. The Constitution Committee did not recommend amendments to the Constitution during 2025/26. Counter-fraud arrangements remain active and are supported by policies, reporting routes, training, proactive alerts and investigation capability. Areas for continued improvement include completion and recording of mandatory training, consistent application of delegated authority and further strengthening of financial and procurement compliance awareness.

D2. Principle B: Ensuring openness and comprehensive stakeholder engagement

Key governance arrangements in place during 2025/26

- Transparent decision-making through public reports, meeting papers, notices of key decisions and access to information arrangements.
- Public participation in Council and committee meetings, petitions, consultations, complaints and feedback channels.
- Communications and engagement arrangements supporting the Council's priorities and major change programmes.
- Partnership and stakeholder engagement through Luton 2040, town-wide boards and other partnership structures.

Review of effectiveness in 2025/26

The Council maintains established transparency and engagement arrangements. Areas for improvement include information governance performance, including Freedom of Information and Subject Access Request performance, and the continuing update of the corporate Information Asset Register. Public reporting and engagement on fraud remain important, particularly as public reporting of suspected fraud reduced during 2025/26 while staff reporting increased.

D3. Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Key governance arrangements in place during 2025/26

- The Luton 2040 vision and the Council's Corporate Plan / annual delivery plan, supported by medium-term financial planning, workforce planning and transformation arrangements.
- A focus on long-term, sustainable outcomes for residents and communities, including economic inclusion, health and wellbeing, housing, climate and fair growth.
- Consideration of financial sustainability, capacity and deliverability in setting priorities and outcomes.

Review of effectiveness in 2025/26

The Council's governance framework supports delivery of long-term outcomes through Luton 2040 and corporate priorities. The 2025/26 review highlights financial sustainability, demand-led pressures, regeneration, group governance and climate risk as important considerations in achieving sustainable outcomes. The Council undertook an annual review of compliance with the CIPFA Financial Management Code, with findings and improvement opportunities due to be reported through governance channels.

D4. Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Key governance arrangements in place during 2025/26

- Business planning, performance management, service planning, programme governance and decision-making arrangements that link interventions to desired outcomes.
- Use of evidence, options appraisal, risk assessment, consultation and financial analysis in decision reports.
- Scrutiny, challenge and review through the Executive, Audit and Governance Committee, Overview and Scrutiny and review groups.

Review of effectiveness in 2025/26

Decision-making and programme governance operated during the year, but assurance evidence indicates scope to strengthen consistency of financial engagement, business case discipline, procurement planning and contract management. Transformation and service redesign activity remained important in responding to demand, workforce and financial pressures. The Council should continue to strengthen programme, project, procurement and contract management governance in 2026/27.

D5. Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Key governance arrangements in place during 2025/26

- Leadership arrangements through Full Council, the Executive, CLT and the wider senior management structure.
- Member development, officer training, performance management, succession planning and workforce development.
- Capacity-building work covering skills, digital, organisational design, equalities, culture and transformation.

Review of effectiveness in 2025/26

Leadership arrangements remained in place during 2025/26, with a planned political leadership transition at the May 2026 AGM. Capacity and capability remain material governance themes, including recruitment and retention in specialist roles, use of agency/interim resources, social worker recruitment, mandatory training completion and

internal audit capacity. Internal Audit completed 87% of the audit plan against a target of 90%, prioritising high-risk work, and concluded that there has been sufficient coverage of the audit plan and the reduced resource position did not impact the annual opinion.

D6. Principle F: Managing risks and performance through robust internal control and strong public financial management

Key governance arrangements in place during 2025/26

- Corporate and directorate risk management, internal control, budget monitoring, medium-term financial planning and reserves strategy.
- The statutory role of the Section 151 Officer and finance function in supporting robust financial management and decision-making.
- Internal audit arrangements, counter-fraud activity, control improvement and follow-up of recommendations.
- Oversight of subsidiaries, companies, partnerships and major projects / programmes.

Review of effectiveness in 2025/26

The risk and control framework is established and broadly effective, but this is the strongest area for disclosed improvement. Internal Audit provided an adequate level of assurance on the council's overall control environment (which comprises of three key areas: internal control, governance and risk management), with 69% of audit opinions issued resulting in an adequate or above assurance. Limited/no assurance areas included VAT management, mobile phones, pre-payment cards for children's direct payments, alternative provision budget and maintained schools. Accounts Receivable control weaknesses following a system upgrade created additional risk due to manual intervention and elevated access. The Corporate Risk Register included 30 risks, with high residual risks for budget/financial resilience and cyber. Counter-fraud arrangements delivered positive outcomes, including £6.5m of fraud and irregularity identified or prevented based on caseload and NFI/FraudHub activity. The Council met the target for internal audit recommendation implementation, with 76% fully implemented.

D7. Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Key governance arrangements in place during 2025/26

- Publication of the Statement of Accounts, Annual Governance Statement and other key governance reporting in line with statutory requirements.
- The Audit and Governance Committee's role in overseeing governance, risk, audit and financial reporting.
- Internal and external audit reporting, accountability to residents and stakeholders, and action tracking on recommendations.
- Review of governance effectiveness and commitment to continuous improvement.

Review of effectiveness in 2025/26

The Council has established audit, risk, counter-fraud and governance reporting arrangements. Internal Audit reporting was presented throughout the year, with follow-up of recommendations and physical follow-up for limited/no assurance reviews. The Internal Audit Service completed an internal assessment against the Global Internal Audit Standards for the UK Public Sector and assessed itself as Generally Conforms. The next external assessment is due by 31 March 2028. The Audit and Governance Committee produces an annual report on how the committee has complied with CIPFA's Position Statement and

Guidance for Audit Committees, discharged its responsibilities, and undertaken an assessment of its performance.

E. Particular Governance Themes for 2025/26

E1. Audit and Governance Committee effectiveness

The Audit and Governance Committee is a key component of the Council's governance framework. It provides an independent and high-level focus on the adequacy of governance, risk management, counter-fraud, internal control and financial reporting, and supports the Council in meeting its accountability responsibilities.

During 2025/26 the Committee received reports on internal audit, counter-fraud, corporate risk updates and governance matters, including the Internal Audit Annual Report. These reports support Member oversight and provide challenge over the Council's arrangements for governance, risk, internal control and financial management. The committee also produces an annual report on how the committee has complied with CIPFA's Position Statement and Guidance for Audit Committees, discharged its responsibilities, and undertaken an assessment of its performance.

E2. Public financial management and the role of the Section 151 Officer

The Council recognises the central importance of strong public financial management to good governance. The Section 151 Officer is responsible for the proper administration of the Council's financial affairs and for ensuring that Members receive timely, accurate and impartial financial advice to support lawful, sustainable and value-for-money decision-making.

Financial resilience remained one of the Council's most significant governance risks. Demand-led pressures in social care, homelessness, temporary accommodation, SEND and supported living contributed to budget pressure in 2025/26. The Council's 2026/27 budget was balanced without recourse to reserves, supported by additional grant funding and continued financial management. Mitigations include updated recovery planning, regular monitoring, transformation work to address the core deficit and enhanced capital monitoring and reporting.

Financial control improvements during the year included work to resolve bank reconciliation and Collection Fund issues, improvements to the Statement of Accounts preparation model, earlier audit planning and action to strengthen Finance engagement, training and compliance with Financial Regulations.

E3. Internal audit governance and assurance

Internal audit provides independent and objective assurance on the adequacy and effectiveness of governance, risk management and control. For 2025/26 the Council's internal audit arrangements reflect the requirements of the Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government.

Internal Audit completed 87% of the 2025/26 audit plan and issued 43 final audit reports. The annual opinion concluded that an adequate level of assurance could be provided over the Council's overall control environment. The service completed an internal assessment

using CIPFA's Conformance Assessment Toolkit and assessed itself as Generally Conforms with the Global Internal Audit Standards for the UK Public Sector.

The main limited/no assurance areas informing this AGS were Management of VAT, Mobile Phones, Pre-Payment Cards for Direct Payments – Children, Alternative Provision Budget, and maintained schools. Management actions were agreed for all high, medium and low priority recommendations, and follow-up work is in place.

E4. Group governance, companies, partnerships and other significant delivery vehicles

The Council delivers outcomes and manages risk not only through its own services but also through partnerships, companies and other delivery vehicles. Given the significance of group arrangements to the Council's financial position, strategic plans and reputation, group governance is an important element of this AGS.

The Council obtains assurance over material group arrangements through shareholder oversight, Executive decision-making, monitoring of financial performance and internal audit work. Corporate risk reporting identifies financial sustainability and revenue risks relating to key group entities, including Luton Rising and Foxhall Homes, with specific control measures including Luton Shareholders Group oversight, monitoring of performance and scheme viability, early warning triggers and external review where appropriate.

Governance improvements remain in progress in relation to shareholder agreements, reserved matters and approval timetables. This remains an important forward-looking governance priority for 2026/27, particularly given the financial, reputational and strategic significance of these arrangements.

F. Review of Effectiveness and Overall Conclusion

Luton Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness for 2025/26 has been informed by the work and assurance of management, statutory officers, Internal Audit, the Audit and Governance Committee, external audit where available, corporate risk management, counter-fraud activity and external inspection activity.

On the basis of the review summarised in this statement, the Council is satisfied that its governance arrangements were broadly effective and remained fit for purpose during 2025/26, although improvement is required in the significant areas identified below.

This conclusion is supported by an adequate overall internal audit opinion, reasonable assurance over governance and risk management arrangements, positive external inspection outcomes in Children's Services and Adult Social Care, active corporate risk reporting, and robust counter-fraud activity. It is also informed by the control weaknesses and improvement actions identified through audit, management assurance and corporate risk reporting.

F1. Significant governance issues identified in 2025/26

The Council is committed to transparency and continuous improvement. Where the annual review of governance, internal control, risk management or assurance has identified significant issues, these are disclosed below together with the actions being taken to address them.

Ref	Significant governance issue	Why significant	Improvement actions	Lead officer	Target date	Oversight reporting route	Status
1	Financial resilience and budget management	High residual corporate risk. Demand-led pressures, inflation, workforce and market pressures affect sustainable medium-term financial planning.	Continue deficit recovery planning, enhanced monitoring, transformation work, capital monitoring and Finance Improvement Programme.	S151 Officer / CLT	2026/27	CLT, Executive, Audit and Governance Committee	In progress
2	Core financial systems and compliance controls	Limited assurance in VAT and Accounts Receivable control weaknesses create risk of error, non-compliance, fraud or misstatement.	Complete VAT manual/training, maintain independent VAT review, implement AR compensating controls and strengthen finance compliance training.	Director Finance, Revenues and Benefits	30 September 2026	CLT, Audit and Governance Committee	In progress
3	ICT, cyber and system control resilience	Cyber is a high residual corporate risk; mobile device controls received limited assurance.	Continue cyber incident planning, phishing simulation, mandatory training, SOC/SIEM review and mobile device/asset control improvements.	Digital, Data and Technology lead	30 September 2026	Data and Governance Board, CLT, A&G	In progress
4	Maintained schools' governance and financial control	50% of limited/no assurance audits related to maintained schools, including one no assurance opinion.	Risk-based audit programme, SFVS/self-assessment, targeted follow-up reviews and school finance best practice support.	Education / Schools Finance / Internal Audit	31 December 2026 and ongoing	DMT, CLT, A&G	In progress
5	Service-level control weaknesses	Limited assurance findings in children's direct payments and alternative provision affect oversight of expenditure and monitoring.	Strengthen direct payment monitoring and reconciliations; produce alternative provision local guidance and improve budget monitoring.	Relevant Service Directors	30 September 2026	DMT, CLT, A&G	In progress
6	Procurement, contract and partnership governance	Evidence identifies contract management, supplier financial assessment, procurement timeliness and partnership risk gaps.	Strengthen contract management, procurement planning, supplier risk review, partnership risk registers and decision discipline.	Corporate Directors / Procurement Lead	2026/27	Procurement Board, DMT, CLT	In progress
7	Group governance and shareholder oversight	Material financial and strategic exposure through group entities requires strong oversight and	Update shareholder agreements/reserved matters, improve strategic plan approval timetables and maintain shareholder oversight.	Shareholder representative / CLT lead	2026/27	Shareholders Group, Executive, CLT	In progress

		timely approvals.					
8	Workforce capacity, capability and mandatory training	Recruitment challenges, agency reliance and gaps in training/check-ins affect capacity and control consistency.	Continue workforce planning, targeted recruitment, manager accountability for check-ins/training and capacity planning in transformation work.	Corporate Director / HR Lead	2026/27	CLT, DMTs	In progress

F2. Issues carried forward from the 2024/25 AGS

Prior year issue	Disclosed 2024/25?	Action taken in 2025/26	Current position	Remains significant?	Commentary / next step
IT Governance / IT Key Controls	Yes	Follow-up reviews undertaken; cyber remains high corporate risk.	Controls improved but cyber/system resilience remains significant.	Yes	Continue cyber plan, SOC/SIEM review, training and BCP arrangements.
Capital Programme governance	Yes	Capital monitoring and reporting enhanced.	Improving but linked to financial resilience.	Partly	Continue enhanced oversight.
IR35 / off-payroll working	Yes	HMRC audit completed with no issues; follow-up audit draft.	Improved; final outcome to confirm closure.	Partly	Confirm final follow-up.
Street cleansing / overtime claims	Yes	No live DRPs of note; resourcing monitored.	No evidence as standalone significant issue.	No / monitor	Continue service monitoring.
Assistive Technology Solutions	Yes	Follow-up review in progress.	Awaiting final outcome.	Partly	Update when finalised.
Fostering recruitment and training	Yes	Good Ofsted rating; recruitment remains active priority.	Improved but workforce remains broad issue.	Partly	Continue workforce strategy.
Adult Social Care spend	Yes	Budget management improved; CQC Good and inadequate-risk closed.	Improved but financial pressures remain.	Partly	Continue improvement work.
SEND transport	Yes	Follow-up review in progress.	Awaiting final outcome.	No / monitor	Update when finalised.
Project / contract management governance themes and robustness of business case	Yes	Procurement and contract management progressed; issues remain.	Cross-cutting improvement theme.	Yes	Strengthen in 2026/27.

G. Looking Ahead: Governance Priorities for 2026/27

In addition to addressing the significant issues disclosed above, the Council has considered how its governance arrangements may need to develop further in 2026/27 in order to remain fit for purpose. The priorities for the coming year are expected to include the following:

- Embedding the local Code of Corporate Governance and the 2025 CIPFA/SOLACE addendum expectations.
- Strengthening financial resilience, delivery of savings, medium-term planning and implementation of Finance Improvement Programme and FM Code actions.
- Strengthening core financial controls, including VAT, Accounts Receivable.
- Delivering improvement actions from external inspections for Children Services and Adult Social Care, and internal audit reviews, including maintained schools, mobile phones, pre-payment cards for Children's direct payments, and alternative provision budget.
- Strengthening project and contract management governance arrangements and robustness of business case.
- Improving use of procurement exemptions.

- Delivering improvement actions from external inspections for Children Services and Adult Social Care, and internal audit reviews, including maintained schools, mobile phones, pre-payment cards for Children’s direct payments, and alternative provision budget

H. Approval of Annual Governance Statement

Signed:	Signed:
Mark Fowler Chief Executive Date: [insert date]	Councillor Tahmina Saleem Leader of the Council Date: [insert date]

LUTON BOROUGH COUNCIL

Independent Auditor's Report

Statement of Accounts 2025/26

Luton

Independent Auditor's Report

Independent Auditor's Report — not included in these draft unaudited accounts. This section will be updated following completion of the external audit.

LUTON BOROUGH COUNCIL

Core Financial Statements

Statement of Accounts 2025/26

Luton

Movement in Reserves Statement

This statement summarises the differences between the outturn on the Comprehensive Income and Expenditure Statement and the movement on the General Fund Balance and Housing Revenue Account. It also shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (which can be applied to fund expenditure or reduce local taxation) and other reserves.

Movement in Reserves Statement	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	(134,102)	(12,082)	(2,416)	(17,551)	(13,821)	(179,972)	(923,486)	(1,103,459)
Movement in Reserves during 2024/25								
(Surplus) or deficit on provision of services	(4,243)	31	0	0	0	(4,212)	0	(4,212)
Other Comprehensive Expenditure and (Income)	0	0	0	0	0	0	(19,743)	(19,743)
Total Comprehensive Expenditure and Income	(4,243)	31	0	0	0	(4,212)	(19,743)	(23,955)
Adjustments between accounting basis & funding basis under regulations (note21)	8,594	739	(3,309)	(1,585)	13,821	18,260	(18,260)	0
(Increase) / Decrease in 2024/25	4,351	770	(3,309)	(1,585)	13,821	14,048	(38,003)	(23,955)
Balance as at 31 March 2025	(129,751)	(11,312)	(5,725)	(19,136)	0	(165,924)	(961,489)	(1,127,413)
Movement in Reserves during 2025/26								
(Surplus) or deficit on provision of services	(4,140)	7,504	0	0	0	3,364	0	3,364
Other Comprehensive Expenditure and (Income)	0	0	0	0	0	0	(237,147)	(237,147)
Total Comprehensive Expenditure and Income	(4,140)	7,504	0	0	0	3,364	(237,147)	(233,783)
Adjustments between accounting basis & funding basis under regulations (note21)	(710)	(5,106)	324	(6,759)	0	(12,250)	12,250	0
(Increase) / Decrease in 2025/26	(4,850)	1,680	324	(6,759)	0	(9,605)	(224,897)	(234,502)
Balance as at 31 March 2026	(134,600)	(9,632)	(5,401)	(25,895)	0	(175,528)	(1,186,385)	(1,361,913)

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council at the end of the financial years reported. The net assets of the Council are matched by the reserves held by the Council.

Balance Sheet		2024/25	2025/26
	Note	£000	£000
Assets			
Long Term Assets			
Property, Plant and Equipment	31	1,276,439	1,517,865
Investment Property	32	109,878	123,554
Intangible Assets	33	1,612	865
Heritage Assets	34	10,090	10,090
Right of Use Assets	41	3,986	25,321
Long Term Investments	36	578,365	590,435
Long Term Debtors	36	111	152
Total Long Term Assets		1,980,481	2,268,282
Current Assets			
Inventories	42	7,897	6,344
Short Term Debtors	42	83,168	122,267
Cash and Cash Equivalents	43	42,958	3,362
Total Current Assets		134,023	131,973
Liabilities			
Current Liabilities			
Short Term Borrowing	36	(57,958)	(57,920)
Short Term Creditors	44	(95,114)	(99,070)
Current Provisions	45	(4,750)	(3,803)
Revenue Grants Receipts in Advance	47	(8,667)	(4,974)
Total Current Liabilities		(166,489)	(165,767)
Long Term Liabilities			
Non Current Provisions	45	(1,208)	(1,504)
Capital Grants Receipts in Advance	46	(37,814)	(45,787)
Other Long Term Liabilities	38	(21,142)	(43,702)
Pension Scheme Net Liability	40	(51,038)	(32,523)
Long Term Borrowing	36	(709,400)	(749,056)
Total Long Term Liabilities		(820,602)	(872,572)
Total Net Assets		1,127,413	1,361,914

Balance Sheet - continued			
Reserves			
Usable Reserves			
General Fund Reserves (including GF Earmarked)	22	(129,751)	(134,600)
Housing Revenue Account Res. (including HRA Earmarked)	22	(11,312)	(9,632)
Major Repairs Reserve	MIRS	(5,725)	(5,401)
Capital Receipts Reserves	MIRS	(19,136)	(25,895)
Capital Grants Unapplied Reserve	MIRS	0	0
Total Usable Reserves		(165,924)	(175,528)
Unusable Reserves			
Revaluation Reserve	24	(343,344)	(565,487)
Capital Adjustment Account Reserve	25	(644,177)	(637,710)
Pensions Reserve	26	55,168	32,523
Financial Instruments Adjustment Account Reserve	27	5,220	4,969
Deferred Capital Receipts Reserve	28	(16,921)	(16,921)
Collection Fund Adjustment Account Reserve	29	(20,442)	(6,260)
Accumulated Leave Reserve	30	3,007	2,501
Total Unusable Reserves		(961,489)	(1,186,385)
Total Reserves		(1,127,413)	(1,361,914)

Certification by the Chief Financial Officer

I certify that the statement of accounts presents a true and fair view of the financial position as at 31st March 2026.



Dev Gopal FCA, FCPFA, FCCA, CMgr MCMI
 Director of Finance, Revenues & Benefits (S151 Officer)

6 July 2026

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.

The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipient of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Cash Flow Statement		2024/25	2025/26
	Note	£000	£000
Net surplus/(deficit) on provision of services	48	4,212	(3,364)
- Adjustment to net surplus/deficit on provision of services for non-cash movements	48	50,017	125,906
- Adjustment for items included in the net surplus/deficit on provision of services that are investing and financing activities	48	(31,776)	(45,064)
Net cash flows from Operating Activities		22,453	77,478
Investing Activities	49	(45,732)	(48,220)
Financing Activities	50	31,845	(68,853)
Net increase/(decrease) in cash and cash equivalents		8,566	(39,596)
Cash and cash equivalents at the beginning of the reporting period		34,392	42,958
Cash and cash equivalents at the end of the reporting period		42,958	3,362

LUTON BOROUGH COUNCIL

General Accounting Policies

Statement of Accounts 2025/26

Luton

General Accounting Policies & Judgements

Note 1: Basis of preparation

The Statement of Accounts summarises Luton Borough Council's transactions for the year ended 31 March 2026 and its financial position at that date. The accounts have been prepared in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the 2025/26 Code), which constitutes proper accounting practice for English local authorities. The 2025/26 Code is based on UK-adopted international accounting standards, subject to adaptations and interpretations for the local government context and statutory accounting requirements.

The accounting convention is historical cost, modified by the revaluation of certain categories of non-current assets, financial instruments and investment property as required by the 2025/26 Code. The Council has applied the material accounting policy information set out in Note 2. Accounting policies have been applied consistently unless a change is required by the 2025/26 Code, statute, regulation or a new/amended accounting standard effective for 2025/26.

The 2026/27 Accounting Code of Practice and 2026/27 Service Reporting Code of Practice have been issued but are not yet in force for these financial statements. They apply from 1 April 2026 and have not been applied in preparing the 2025/26 accounts. Future changes identified from the 2026/27 ACOP are considered in Note 3 as standards and Code changes issued but not yet adopted.

The accounts have been prepared on a going concern basis. The 2025/26 Code requires local authority accounts to be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies do not, of themselves, negate the going concern presumption. Management has considered the Council's statutory framework, approved budget, Medium Term Financial Plan, cash flow forecasts, reserves, borrowing headroom, savings and transformation plans, demand-led service pressures and the financial position of material group entities for a period of at least 12 months from the expected date of authorisation of these accounts. Subject to final update of the 2025/26 going concern assessment, management expects that the Council will continue to realise its assets and settle its obligations in the normal course of business.

Events after 31 March 2026 have been considered up to the date the accounts are authorised for issue. Adjusting events are reflected in the financial statements where they provide evidence of conditions that existed at 31 March 2026. Material non-adjusting events are disclosed in Note 6.

Note 2: General Accounting Policies

General principles and materiality

The Council discloses material accounting policy information only. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence users of the financial statements. The Council has therefore avoided duplicating immaterial or generic

Code wording unless it is necessary to understand material balances, transactions, judgements or estimates.

Accruals of income and expenditure

Income and expenditure are accounted for in the year in which the activity takes place, not when cash is received or paid. Revenue from contracts with service recipients is recognised when, or as, the Council satisfies its performance obligations. Expenditure is recognised when goods or services are received. Accruals are recognised where the value is equal to or exceeds the Council's de minimis threshold of £5,000 for an individual debtor or creditor, unless a lower threshold is needed to avoid material misstatement.

Council Tax and National Non-Domestic Rates (NNDR)

Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement represents the Council's share of accrued income for the year, including its share of the prior-year declared Collection Fund surplus or deficit for Council Tax and NNDR. The statutory amount required to be credited to the General Fund is adjusted through the Movement in Reserves Statement and the Collection Fund Adjustment Account, so that the General Fund is charged or credited with amounts determined under regulation.

Debtors and impairment allowances

Where income has been recognised but cash has not been received, a debtor is recognised. Debtors are reviewed for impairment using an expected credit loss approach, taking account of historical collection experience, debt age, debt type, known specific circumstances and forward-looking economic and collection risk factors. The impairment allowance is updated at each reporting date. The term "impairment allowance" is used in these accounts rather than "bad debt provision".

Property, plant and equipment (PPE)

PPE is recognised where it is probable that future economic benefits or service potential associated with the asset will flow to the Council and the cost of the asset can be measured reliably. Assets are capitalised where they meet the Council's recognition criteria and exceed the Council's de minimis threshold.

Infrastructure assets, community assets and assets under construction are measured at depreciated historical cost unless the 2025/26 Code permits or requires another basis. Other operational PPE is measured at current value using the measurement basis required by the 2025/26 Code for the class of asset, including existing use value, existing use value – social housing, or depreciated replacement cost where appropriate. Surplus assets are measured at fair value.

From 1 April 2025, the 2025/26 Code requires PPE revaluations to be undertaken using either a quinquennial valuation process or a rolling five-year programme, with annual indexation in intervening years. Where no suitable index is available, a desktop valuation may be used in year three in rare cases. The Council will apply the valuation cycle and

indices agreed with its valuers and will review whether carrying amounts are materially different from current value at the reporting date.

Infrastructure asset disclosure relief

Where applicable, the Council applies the temporary 2025/26 Code relief for infrastructure assets and does not disclose gross cost and accumulated depreciation for infrastructure assets where historical information deficits mean that this information is not available. This relief applies in England and Wales up to and including the 2028/29 financial year.

Depreciation

Depreciation is provided on all PPE with a finite useful life by allocating the depreciable amount over the periods expected to benefit from the asset's service potential. Useful lives, residual values and depreciation methods are reviewed where there is an indication that they have changed materially. Depreciation is not normally treated as a major source of estimation uncertainty unless the sensitivity of useful lives is material to the accounts.

Intangible assets

From 1 April 2025, intangible assets are measured at historical cost only, less accumulated amortisation and impairment. The 2025/26 Code has withdrawn the option to use the revaluation model for intangible assets. The change is applied prospectively in accordance with the 2025/26 Code's transitional arrangements.

Leases

The Council applies the 2025/26 Code's lease requirements on an ongoing basis. As lessee, the Council recognises a right-of-use asset and lease liability at the commencement date unless the lease is short-term, the underlying asset is of low value, or another Code exemption applies. Right-of-use assets are measured and subsequently depreciated, impaired and remeasured in accordance with the 2025/26 Code. Lease liabilities are measured at the present value of lease payments and subsequently adjusted for interest, payments and reassessments.

Investment property

Investment property is property held solely to earn rentals, for capital appreciation, or both. Investment property is measured at fair value at each reporting date. Gains and losses arising from changes in fair value are recognised in the Comprehensive Income and Expenditure Statement and reversed out of the General Fund through the Movement in Reserves Statement where required by statutory accounting arrangements.

Schools

Assets, liabilities, income and expenditure of maintained schools are recognised where the Council controls the economic benefits or service potential of the assets and is exposed to the associated risks. Voluntary aided, voluntary controlled, academy and free school assets

are not recognised where control rests with the relevant trustees, dioceses or academy bodies. Schools funded through PF2 arrangements are not recognised on the Council's Balance Sheet where the Council does not control the underlying assets; income and expenditure relating to the Council's responsibilities are recognised in the CIES. The judgement applied to PF2 schools is set out in Note 5 where material.

Pooled budgets and partnership arrangements

The Council participates in pooled budget arrangements with NHS partners under Section 75 of the NHS Act 2006, including the Better Care Fund. A pooled budget is not, of itself, a separate accounting entity. The Council recognises the income, expenditure, assets and liabilities for which it is responsible under the agreement. Where the arrangement gives rise to joint control, management assesses whether it is a joint operation, joint venture or other collaborative arrangement by reference to the parties' rights to assets and obligations for liabilities.

Financial instruments and pooled investments

Financial assets and liabilities are recognised and measured in accordance with the 2025/26 Code's adoption of IFRS 9, IFRS 7 and IAS 32. Where the Council holds defined pooled investment funds entered into by 1 April 2024, the Council will consider whether the statutory override for fair value gains and losses, extended to 31 March 2029 in England and Wales, applies. Any statutory adjustments are presented through the Movement in Reserves Statement.

SeRCOP and service reporting

The Council's Comprehensive Income and Expenditure Statement is prepared on the basis of the Council's internal management reporting structure, as required by the 2025/26 Code. SeRCOP remains relevant to statistical reporting, service expenditure analysis, best value reporting, performance indicators and benchmarking. The 2026/27 SeRCOP changes are not applied to these 2025/26 financial statements.

Note 3: Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The 2025/26 Code requires disclosure of the expected impact of accounting standards and Code changes that have been issued but are not yet adopted by the 2025/26 Code and that could have a material impact on the Council's financial statements. The 2026/27 ACOP and 2026/27 SeRCOP have been reviewed for this purpose only. They are not yet in force for the 2025/26 accounts and have not been applied in preparing these financial statements.

The 2026/27 ACOP applies to accounting periods commencing on or after 1 April 2026 and supersedes the 2025/26 Code from that date. The principal changes identified for consideration in the Council's 2025/26 "issued but not yet adopted" disclosure are set out below.

1. Revenue, grants and non-exchange transactions

The 2026/27 ACOP removes references to IPSAS 9 Revenue from Exchange Transactions and IPSAS 23 Revenue from Non-exchange Transactions, and formalises adaptations of IFRS 15 Revenue from Contracts with Customers and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The changes clarify the Code basis for recognising revenue from contracts with service recipients, government and non-government grants, and non-exchange income. Management should assess whether the change affects presentation or disclosure for any material income streams. At this stage, it is not expected to change the Council's 2025/26 reported income because it is not effective until 2026/27.

2. Financial instruments – IFRS 9 and IFRS 7 amendments

The 2026/27 ACOP incorporates amendments to IFRS 9 and IFRS 7 relating to classification and measurement of financial instruments, including derecognition for electronic payment settlements, assessment of contractual cash flows with environmental, social and governance (ESG)-linked features, disclosures for contingent features, and additional disclosure requirements for equity instruments designated at fair value through other comprehensive income. It also incorporates amendments for contracts referencing nature-dependent electricity, including power purchase agreements. Management should assess whether the Council or Group has material financial assets, liabilities, guarantees, derivatives or electricity contracts affected by these amendments. If none are material, the final note should state that no material impact is expected.

3. Heritage assets – FRS 102 amendments

The 2026/27 ACOP includes amendments relating to heritage assets, including disclosure of any depreciation or amortisation recognised in the period where applicable. Management should assess whether the Council has heritage assets with finite useful lives or recognised depreciation/amortisation. If not, the expected impact is likely to be disclosure-only and not material.

4. Intangible assets

The 2026/27 ACOP removes the transitional arrangements following the 2025/26 withdrawal of the option to measure intangible assets using the revaluation model. As the Council's 2025/26 accounting policy already applies the historical cost model for intangible assets, no material additional impact is expected unless further guidance identifies a required reclassification or disclosure.

5. Pension fund reporting – IPSAS 49 Retirement Benefit Plans

The 2026/27 ACOP updates pension fund reporting to reflect IPSAS 49 Retirement Benefit Plans becoming applicable from 1 January 2026. Management should consider whether this affects any pension fund reporting included within, or linked to, the Council's accounts. For the Council's own IAS 19 defined benefit pension disclosures, no material impact is expected unless confirmed otherwise by actuarial or administering authority guidance.

6. Publication and events after the reporting period

The 2026/27 ACOP updates publication references for 2026/27 accounts, including the England deadline of 30 November 2027. This is not relevant to the 2025/26 accounts publication timetable and is not applied in Note 6.

7. SeRCOP 2026/27

The 2026/27 SeRCOP applies from 1 April 2026 to 2026/27 budgets, performance indicators and statistical returns. Its key changes include updates to the England public health Service Expenditure Analysis, climate change reporting and electric vehicle infrastructure cost classification. SeRCOP does not prescribe the format of the financial statements and the 2026/27 SeRCOP changes do not affect the recognition or measurement of balances in the 2025/26 accounts. The Council will plan coding and statistical reporting updates for 2026/27, but no 2025/26 accounting adjustment is required.

Conclusion

The Council expects that the 2026/27 ACOP and SeRCOP changes will not require adjustment to the 2025/26 accounts. Any impact is not expected to be material or cannot yet be reasonably estimated.

Note 4: Assumptions Made About the Future and Other Major Sources Of Estimation Uncertainty

The accounts contain estimated figures based on assumptions about the future or other sources of estimation uncertainty. Estimates are made using professional judgement, historical experience, current market evidence, specialist reports and other relevant factors. Actual results may differ from these estimates. The disclosures below should include only those estimates for which there is a significant risk of material adjustment to carrying amounts within the next financial year.

Valuation of Council property, plant and equipment

The Council holds significant PPE balances, including council dwellings, other land and buildings, infrastructure assets, community assets, surplus assets and assets under construction. Operational property valuations use the measurement bases required by the 2025/26 Code, including existing use value, existing use value – social housing, and depreciated replacement cost. From 2025/26, valuations are supported by a quinquennial or rolling five-year valuation cycle with annual indexation in intervening years. Key assumptions include build costs, location factors, condition, remaining useful lives, obsolescence, market yields, comparable market evidence and the selection of appropriate indices.

Investment property – Council

Investment property is measured at fair value at each reporting date. Valuations may be sensitive to market rental values, yields, void assumptions, lease terms, comparable transactions and wider market conditions.

Investment property – Group, including London Luton Airport

The Group includes significant investment property balances held by London Luton Airport Ltd, including the airport estate. The airport valuation is highly judgemental and is expected to be sensitive to passenger forecasts, operating assumptions, inflation/RPI assumptions, capital expenditure, discount/yield assumptions, concession terms, regulatory developments and the status of airport expansion plans.

Expected credit losses / impairment allowances for debtors

The Council estimates impairment allowances for Council Tax, NNDR, housing rents, housing benefit overpayments, sundry debtors and other receivables. The estimate is based on debtor age, collection history, recovery status, debt category and forward-looking economic factors

NNDR appeals provision

The Council recognises a provision for its share of the estimated cost of successful NNDR appeals where an obligation exists at the reporting date and can be reliably estimated. The estimate is affected by the volume of outstanding appeals, success rates, settlement values, the rating list and changes from the check, challenge and appeal process.

Note 5: Critical judgements in applying accounting policies

In applying the Council's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Going concern

The Council has prepared the accounts on a going concern basis. In reaching this conclusion, management has considered the statutory framework for local authorities, the 2026/27 budget, the Medium Term Financial Plan, reserves, cash flow forecasts, borrowing headroom, savings and transformation plans, demand-led service pressures and the financial position of material group entities. Management has not identified a material uncertainty related to going concern. This conclusion should be updated for the final 2025/26 assessment and the assessment period should extend to at least 12 months from the date the accounts are authorised for issue.

Group boundary

The Council has assessed its interests in companies and other entities to determine whether they are subsidiaries, associates, joint arrangements or outside the group boundary. London Luton Airport Ltd and Foxhall Homes Ltd are consolidated as subsidiaries where the Council has control. Connect2Luton and any other material associates or joint arrangements are accounted for based on the Council's rights, obligations and influence. The financial impact of consolidation is disclosed in the Group Accounts.

PF2 schools and school asset recognition

Management has assessed the recognition of school assets by considering control, risks and rewards, legal rights, service potential and the Council's obligations. Maintained school

assets controlled by the Council are recognised. PF2 school assets are not recognised where the Council does not control the underlying assets, notwithstanding that the Council may recognise related income and expenditure.

Better Care Fund and pooled budget arrangements

The Council participates in Section 75 pooled budget arrangements with NHS partners. Management has judged that the arrangements do not create a separate accounting entity. The Council recognises only its own income, expenditure, assets and liabilities, and those for which it acts as lead commissioner under the agreement. Although decisions may require unanimous agreement, the substance of the arrangement should be assessed by reference to rights to assets and obligations for liabilities. The final note should explain why the arrangement is accounted for as a pooled budget/collaborative arrangement rather than a joint operation or joint venture, or disclose the accounting if the final legal analysis differs.

Note 6: Events after the reporting period

Events after the reporting period are those events, both favourable and unfavourable, that occur between 31 March 2026 and the date on which the Statement of Accounts is authorised for issue.

Following the year end, the Council agreed a stabilisation plan for Foxhall Homes Limited. As part of this plan, the Council committed to provide £12.0 million of funding to support the company's financial stability and ongoing operations.

The agreement of the stabilisation plan occurred after 31 March 2026 and relates to circumstances and decisions arising after the reporting date. Accordingly, this has been assessed as a non-adjusting event under IAS 10 Events after the Reporting Period, as it does not provide evidence of conditions that existed at 31 March 2026 requiring adjustment to the financial statements.

No adjustments have therefore been made to the amounts recognised in the 2025/26 Statement of Accounts. The Council will continue to monitor the financial position and performance of Foxhall Homes Limited and consider the implications for future financial reporting periods.

Apart from the matter disclosed above, no other material events have been identified occurring between 31 March 2026 and the date the accounts were authorised for issue.

LUTON BOROUGH COUNCIL

Comprehensive Income and Expenditure Statement Notes

Statement of Accounts 2025/26

Luton

Comprehensive Income and Expenditure Statement Notes

Note 7: Expenditure and Funding Analysis

This note demonstrates how the funding available to the Council for the year has been used to provide services and reconciles the amounts reported for management purposes to the amounts reported under generally accepted accounting practice (GAAP). The Expenditure and Funding analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis

2024/25				2025/26					
Net Expenditure Chargeable to the General Fund & HRA Balances	Adjustment between the Funding & Accounting Basis	Net Expenditure Comp Income & Expenditure Statement		Final Outturn	Adjustment to charged to GF and HRA arrive at net amount charged to GF and HRA	Net Expenditure Chargeable to the General Fund & HRA Balances	Adjustment between the Funding & Accounting Basis	Net Expenditure Comp Income & Expenditure Statement	
£000	£000	£000		£000	£000	£000	£000	£000	£000
15,123	(42)	15,081	Chief Executive	15,874	(1,311)	14,563	(42)	14,521	
92,794	7,551	100,345	Children, Families and Education	75,124	35,312	110,436	7,551	117,987	
49,085	18,097	67,182	Population Wellbeing	85,037	(32,746)	52,291	18,097	70,388	
82,646	(1,629)	81,017	Inclusive Economy	64,217	29,933	94,150	(1,629)	92,521	
(16)	(84)	(100)	Airport	(42)	(139)	(181)	(84)	(265)	
(41,529)	(2,704)	(44,233)	Schools Individual Budgets	2,383	(46,550)	(44,167)	(2,704)	(46,871)	
(2,596)	1,310	(1,286)	Housing Revenue Account	(149)	(3,876)	(4,025)	1,310	(2,715)	
(248)	920	672	Other Corporate Accounts	(23,583)	11,920	(11,663)	920	(10,743)	
195,259	23,419	218,678	Net Cost of Services	218,861	(7,457)	211,404	23,419	234,823	
(190,138)	(32,752)	(222,890)	Other Income & Expenditure	0	0	0	0	0	
			Other Operating (Income)/Expenditure	137	12,486	12,623	0	12,623	
			Financing and Investment						
			(Income)/Expenditure	(37,323)	4,118	(33,205)	0	(33,205)	

			Taxation and Non-Specific Grant Income	(177,614)	(33,263)	(210,877)	0	(210,877)
			Transfer to/(from) Earmarked Reserves	(4,210)	4,210	0	0	0
5,121	0	0	(Surplus) or Deficit	(149)	(19,906)	(20,055)	23,419	3,364
(146,184)			Opening General Fund & HRA Balance			(141,063)		
4,351			General Fund Surplus			(4,763)		
770			HRA Surplus			1,680		
(141,063)			Closing General Fund & HRA Balance			(144,146)		

The movement in year is split between the General Fund and Housing Revenue Account within the Movement in Reserves Statement. Adjustments from the General Fund to the amounts presented in the Comprehensive Income and Expenditure Statement:

Adjustment for Capital Purposes	Net Change for the Pensions Adjustment	Other Differences	Total 2024/25 Adjustment		Adjustment for Capital Purposes	Net Change for the Pensions Adjustment	Other Differences	Total 2025/26 Adjustment
£000	£000	£000	£000		£000	£000	£000	£000
679	(721)	0	(42)	Chief Executive	(1,868)	1,938	0	70
9,154	(1,603)	0	7,551	Children, Families and Education	(11,773)	2,974	0	(8,799)
20,086	(1,989)	0	18,097	Inclusive Economy	(17,851)	2,374	594	(14,883)
(322)	(1,307)	0	(1,629)	Population Wellbeing	(13,009)	2,830	0	(10,179)
0	(84)	0	(84)	Airport	0	224	0	224
396	(3,100)	0	(2,704)	Schools Individual Budgets	(1,520)	5,542	0	4,022
12,375	(283)	(10,782)	1,310	Housing Revenue Account	(10,596)	516	10,782	702
0	990	(70)	920	Other Corporate Accounts	5,000	(1,189)	0	3,811
42,368	(8,097)	(10,852)	23,419	Net Cost of Services	(51,617)	15,209	11,376	(25,032)
(20,976)	(4,462)	(7,314)	(32,752)	Other Income & Expenditure				
				Other Operating (Income)/Expenditure	17,968	0	0	17,968
				Financing and Investment (Income)/Expenditure	11,381	(313)	0	11,068
				Taxation and Non-Specific Grant Income	0	0	(9,930)	(9,930)
				Transfer to/(from) Earmarked Reserves	0	0	0	0
21,392	(12,559)	(18,166)	(9,333)	(Surplus) or Deficit	(22,268)	14,896	1,446	(5,926)

Other income and expenditure represents the income and expenditure included in the Comprehensive Income and Expenditure Statement outside of the Net Cost of Services, and is explained in more detail in the following Notes 9, 10 and 11.

Note 1 – Capital accounting charges and financing, including; Depreciation, Amortisation, Revaluations, Revenue Expenditure Funded Capital Under Statute (REFCUS), Disposals, Capital Receipts, Minimum Revenue Provision (MRP), Major Repairs Allowance, Direct Revenue Financing and Capital Grants & Contributions.

Note 2 – IAS19 pension adjustments. This includes the accounting adjustments to remove historical deficit contributions and to recognise financing costs and returns for the financial year.

Note 3 – Other accounting adjustments, including; Employee Benefits Accrual, Financial Instruments Accounting Adjustments and Collection Fund Accounting Adjustments. In addition to these accounting adjustments all transfers out of the Net Cost of Services to the Other Income and Expenditure line is incorporated in this column.

Note 8: Expenditure and Income Analysed By Nature

The Authority's expenditure and income is analysed as follows: Total expenditure has increased between years mainly due to capital charges relating to disposals, revaluations and depreciation. Government grants and contributions have risen year on year, and the Council continues to maximise such revenue streams.

	2024/25 £000	2025/26 £000
Expenditure		
Employee benefits expenses*	268,989	288,132
Other services expenses	407,396	453,821
Depreciation, amortisation, impairment	34,692	0
Interest payments	70,381	25,895
Precepts and levies	134	137
(Gain) / Loss on the disposal of assets	8,073	12,291
Total expenditure	789,665	780,276
Income		
Fees, charges and other service income	(153,894)	(156,775)
Interest and investment income	(92,778)	(47,792)
Income from council tax, non-domestic rates	(156,946)	(155,134)
Government grants and contributions	(390,259)	(417,211)
Total income	(793,877)	(776,911)
(Surplus) or Deficit on the Provision of Services	(4,212)	3,364

* Employee benefits expenses include employee costs for staff not employed by the Council. This represents the staffing costs of maintained schools which have Voluntary Aided or Foundation status.

** Internal recharges include all central support cost, internal trading and other inter department charging.

Note 9: Other Operating Expenditure

This note shows the levy paid to the Environment Agency and any gains or losses on the disposal of fixed assets.

	2024/25 £000	2025/26 £000
Other Operating Expenditure		
Levies	134	137
Other Operating Expenditure	0	195
(Gain) / loss on the disposal of non-current assets	8,196	12,291
Total	8,330	12,623

Note 10: Financing and Investment Income and Expenditure

This note includes interest receivable and payable on the Council's investment portfolio. The Council's net rental income on the properties it holds purely for investment purposes is also included. It also includes the interest element of the pension fund liability.

Financing and Investment Income and Expenditure	2024/25	2025/26
	£000	£000
Interest payable and similar charges	25,024	25,895
Net interest on the net defined benefit liability	(4,462)	313
Interest receivable and similar income	(48,179)	(49,217)
Income and expenditure in relation to investment properties and changes in their fair value (Note 32)	6,905	(15,577)
Trading and other investment activities (Note 20)	229	5,380
Total Finance and Investment Income and Expenditure	(20,483)	(33,205)
Subsidiaries	0	0
Total Financing and Investment Income and Expenditure	(20,483)	(33,205)

Note 11: Taxation and Non-Specific Grant Income

This note consolidates all non-specific grants and contributions receivable that cannot be directly attributed a service area. All capital grants and contributions are credited to non-specific grant income even if service specific. The note also identifies the Council's proportion of council tax and business rates used to fund in year service activities.

Taxation and Non-Specific Grant Income	2024/25	2025/26
	£000	£000
Council Tax income	(105,209)	(109,445)
Non-domestic rates	(43,382)	(36,514)
Non-domestic rates Top Up Payment	(13,283)	(13,531)
Collection Fund (Surplus)/Deficit	5,377	5,739
Revenue Support Grant	(13,488)	(13,833)
New Homes Bonus	(490)	(262)
S31 Business Rates Compensation	(16,476)	(15,208)
Other grants	(518)	82
Capital grants and contributions	(23,268)	(27,905)
Total Taxation and Non Specific Grant Income	(210,737)	(210,877)

Capital grants and contributions are analysed in more detail below:

Capital Grants and Contributions	2024/25	2025/26
	£000	£000
Schools - Basic Needs	(4,829)	(5,126)
Capital Grants – School Condition Allocation	(2,772)	(2,407)
Other Capital Grants - Education	(1,175)	0
Devolved Formula Capital	(1,533)	(1,331)
High Needs Provision	0	(237)
Levelling-Up Fund	(6,986)	(7,315)
Local Transport Plan Block Allocation Grant	(3,825)	(4,065)
Wardown Park Museum Development Grant	0	(79)
Other Government Grants (<£1m)	(268)	0
Other Non-Government Grants (<£1m)	(153)	(92)
S106 Developers' Contributions	(22)	0
DfT Bus Service Improvement Plan	(1,705)	(3,552)
Luton Dunstable Busway Contributions	0	0
ECB Grant for Cricket Facilities	0	(688)
UK Shared Prosperity Fund	0	(97)
TSOG funding (Traffic Signals Operators	0	(122)
Food Waste Collection Capital Grant	0	(1,182)
DfE Contribution towards RAAC works	0	(1,138)
Sport England Funding for PV Panels	0	(343)
Consolidated Active Travel Fund (CATF)	0	(44)
ACL Grant for Stockwood Play Area	0	(88)
Total Capital Grants and Contributions	(23,268)	(27,905)

Note 12: Grant Income Credited to Services

This note consolidates all specific grants and contributions receivable that can be directly attributed a service area. All capital grants and contributions are credited to non-specific grant income even if service specific with the exception of those shown in this note.

Accounting Policy

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have been satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Grant Income Credited to Services	2024/25	2025/26
	£000	£000
Revenue Grants Credited to Services		
Dedicated Schools Grant	(174,934)	(188,481)
HRA Rent Rebates	(19,899)	(16,816)
S31 Business Rates Compensation Grants	0	(15,126)
Public Health Grant	(17,410)	(18,497)
Rent allowance	(29,007)	(27,291)
Revenue Support Grant	0	(13,833)
Service Director Adult Social Care (DASS)	0	(10,397)
Social Care Grant	0	(10,377)
16+ Placements - LAC	0	(546)
Arts Council England Music Hub Grant	0	(386)
BSIP - Revenue Grant	0	(6,424)
Capital Grant Transferred from CFA	0	(380)
Community Safety	0	(408)
Core Schools Budget Grant - Special Schools	0	(3,142)
COVID-19 Hospital Discharge S75	0	(1,748)
DATRIG - Rough Sleepers	0	(457)
DATRIG - SSMTR	0	(892)
DHP Allowance	0	(502)
Domestic Abuse Capacity Building Fund	0	(653)
DWP Connect to Work Grant	0	(347)
ELSEC Grant	0	(252)
Family Hubs and Start for Life Programme	0	(1,320)
FFC Pathfinder Grant	0	(1,902)
Flood Risk Management	0	(413)
Food Waste Collections	0	(264)
HB Administration Subsidy	(558)	(574)
Holiday Activities and Food Programme	0	(1,060)
Homelessness for Ukraine	0	(500)
Homelessness Prevention Grant	(5,669)	(7,632)
Household Support Fund	0	(3,224)
Improved Better Care Fund (iBCF)	(7,481)	(7,481)
Improvement Grants	0	(2,088)
Infants Universal FSM Funding	(2,641)	(2,539)
LCTS Support Grant	0	(9,517)
Leaving Care - Non LAC	0	(270)
Luton Adult Learning	0	(2,000)
Market Sustainability and Cost of Care	0	(3,448)
MHCLG Rapid Rehousing Pathway Fund	0	(2,025)
National Insurance Contributions grant	0	(1,817)
New Homes Bonus	0	(262)
Challney Girls PFI - EFA Funding	(2,811)	(2,811)
Primary School Sport Funding	0	(604)
Pupil Premium	(7,555)	(7,697)
Rough Sleepers NRP Project	0	(289)

Schools budget support grant	0	(935)
SEND AP Change Programme Grant (LA)	0	(1,611)
Sixth Form Funding	0	(739)
Supporting Families Grant	(1,270)	(1,270)
Tackling Rough Sleeping in Luton	0	(777)
UKSPF - Revenue Grant	0	(518)
Unaccompanied Asylum Seeker Children	(3,907)	(1,496)
Unaccompanied Asylum Seeker Children 18+	0	(1,751)
Virtual School - Pupil Premium Grant	0	(660)
Wellness Service - smoking	0	(350)
YJB Good Practice Grant (YOS)	0	(466)
Other Grants (Less than £250,000)	(62,073)	(4,341)
Total Revenue Grants Credited to Services	(335,215)	(391,603)
Capital Grants Credited to Services		
Disabled Facilities Grant	(1,996)	(2,136)
Total Capital Grants Credited to Services	(1,996)	(2,136)
Total Grants Credited to Services	(337,211)	(393,739)

Note 13: Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early years (England) Regulations 2022. The Schools Budget included elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2025/26 are as follows:

Dedicated Schools Grant (DSG)						
Net Expenditure Chargeable to the General Fund and HRA Balances	2024/25 Adjustments between the Funding and Accounting Basis	Net Expenditure Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	2025/26 Adjustments between the Funding and Accounting Basis	Net Expenditure Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
40,815	263,771	304,587	Final DSG before Academy Recoupment	44,895	287,083	331,978
0	(128,511)	(128,511)	Academy Figure Recouped	0	(141,610)	(141,610)
40,815	135,260	176,075	Agreed Initial Budgeted distribution in this year	44,895	145,473	190,368
29,004	(23,868)	5,137	Brought forward from previous year	5,204	0	5,204
(4,184)	0	(4,184)	Carry-forward to next year agreed in advance	(3,835)	0	(3,835)
65,636	111,392	177,028	Agreed initial budgeted distribution in this year	46,264	145,473	191,737
0	211	211	In year adjustments	0	(310)	(310)
65,636	111,603	177,239	Final budgeted distribution for this year	46,264	145,163	191,427
(41,742)	0	(41,742)	Actual Central Expenditure for this year	(43,972)	0	(43,972)
0	(134,478)	(134,478)	Actual ISB deployed to schools	0	(148,457)	(148,457)
4,184	0	4,184	Carry-forward to next year agreed in advance	3,835	0	3,835
28,078	(22,874)	5,204	DSG (Over)/Underspend carried forward	6,127	(3,294)	2,833

Note 14: Material Items of Income and Expenditure

There were no material items requiring separate disclosure in 2025/26

Note 15: Member Allowances

This note shows the amounts of allowances and expenses by paid by the Council to members of the Council during 2024/25.

Member Allowances	2024/25	2025/26
	£000	£000
Member Allowances	601	620
Member Expenses	2	2
Total	603	622

Note 16: External Audit Costs

The Council has incurred these costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections.

External Audit Costs	2024/25	2025/26
	£000	£000
Fees payable to Grant Thornton (GT) with regard to external audit services carried out by the appointed auditor	530	548
Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns	109	65
Total	639	613

Note 17: Officer Remuneration

This note sets out the remuneration of senior employees, defined as the Corporate Leadership Management Team, those holding statutory posts, and for those whose remuneration is £150,000 or more per year to be specifically named.

2025/26 Remuneration	Salary	Employers pension contributions	Compensation for loss of office	Total remuneration
<i>Post Holder</i>	£000	£000	£000	£000
*Chief Executive (Mark Fowler)	210	41	0	251
**Former Chief Executive (Robin Porter)	16	3	0	19
Corporate Director, Inclusive Growth	148	29	0	177
Corporate Director, Childrens, Families & Education	148	29	0	177
Corporate Director, Luton Rising (Nick Platts)	155	30	0	185
*Corporate Director Population Wellbeing	141	28	0	169
Service Director of Adult Social Care	105	22	0	127
*Service Director of Governance & Monitoring Officer	105	20	0	125
Service Director, Finance and Audit, Section 151 Officer	111	22	0	133
Service Director, Citizen Engagement	106	21	0	127
Service Director, Digital Data and Technology (DDAT)	106	21	0	127

**Interim Service Director Public Health job share Apr-Aug'25	76	15	0	91
**Interim Service Director Public Health job share Apr-Aug'25	94	18	0	112
**Service Director, Public Health (Pro Rata start date Aug'2025)	79	15	0	94
Total	1,600	314	0	1,914

*Aggregated Salary where officer held different roles in the course of the 2025/26 financial year.

***Pro rata Salary for duration officer worked in 2025/26 financial year.

2024/25 Remuneration	Salary	Employers pension contributions	Compensation for loss of office	Total remuneration
<i>Post Holder</i>	£000	£000	£000	£000
Post Holder	240	43	0	283
Chief Executive (Robin Porter)	140	27	0	167
Corporate Director, Inclusive Economy	141	27	0	168
Corporate Director, Childrens, Families & Education	151	29	0	180
Corporate Director Population Wellbeing	151	29	0	180
Corporate Director, Luton Rising	108	21	0	129
Service Director of Adult Social Care	100	19	0	119
Service Director, Finance and Audit, Section 151 Officer	108	21	0	129
Service Director, Citizen Engagement and Legal Services.	103	20	0	123
Service Director, Digital Data and Technology (DDAT) - pro rata start date: Nov2024	38	7	0	45
Total	1,280	243	0	1,523

The number of council employees (excluding the Senior Officers shown below) whose remuneration, excluding employer's pension contributions, was £50,000 or more is as follows:

Pay Bands	2024/25			2025/26		
	Council Officers Number	Community Schools Number	Total Number	Council Officers Number	Community Schools Number	Total Number
Bandings						
£50,000 to £54,999	149	122	271	154	125	279
£55,000 to £59,999	110	72	182	125	81	206
£60,000 to £64,999	60	72	132	70	37	107
£65,000 to £69,999	38	33	71	51	30	81
£70,000 to £74,999	16	28	44	23	18	41
£75,000 to £79,999	18	17	35	15	17	32
£80,000 to £84,999	11	11	22	17	14	31
£85,000 to £89,999	0	13	13	5	8	13
£90,000 to £94,999	3	6	9	2	8	10
£95,000 to £99,999	2	4	6	1	7	8
£100,000 to £104,999	5	6	11	4	5	9
£105,000 to £109,999	5	1	6	4	6	10
over £110,000	5	4	9	10	4	14
Total	422	389	811	481	360	841

Exit package costs are included within the Senior Officer Remuneration note and the Officer Remuneration Banding note. The number and value of exit packages is included in Note 17.

Note 18: Exit Packages

This note sets out the amount of termination benefits payable to officers to terminate officers' contracts of employment before normal retirement age as a result of voluntary redundancy.

Accounting Policy

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in which the employee worked in the Comprehensive Income and Expenditure Statement.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable, but unpaid at the year-end.

Exit Packages	Number of Exit Packages		Cost of Exit Packages		Number of Exit Packages		Cost of Exit Packages	
	2024/25		2024/25		2025/26		2025/26	
Exit Package Cost Band	No.		£000		No.		£000	
£0 to £20,000	20	129		20	130			
£20,001 to £40,000		4		104	5		157	
£40,001 to £60,000		0		0	2		87	
£60,001 to £80,000					1		72	
£80,001 to £100,000								
£100,001 to £150,000								
£150,001 and above								
Total		24		233	28		446	
This consists of:								
Voluntary Exits		0		0	5		77	
Compulsory Exits		11		98	16		273	
Other Exits		13		135	7		96	
Total		24		233	28		446	

Note 19: Pooled Budgets

The council has entered into a pooled budget arrangement with NHS Bedfordshire, Luton and Milton Keynes Integrated Care Board, in accordance with Section 75 of the National Health Service Act 2006, with any surplus or deficit generated being the responsibility of the respective partner to whom it is attributable to.

In 2024/25 the council hosted five pooled budgets with BLMK ICB supporting place-based services within Luton; the Better Care Fund (BCF) which now includes the improved Better Care Fund (iBCF) and Discharge Fund, the provision of a range of children's services, the provision of learning disabilities services, Mental Health Services and Collaborative Commissioning.

Details of the income and expenditure for each of the pooled budgets are as follows:

Total Expenditure	2024/25			Pooled Arrangement	2025/26			Net (surplus)/deficit
	Luton Borough Council	NHS Luton	Net (surplus)/deficit		Total Expenditure	Luton Borough Council	NHS Luton	
£000	£000	£000	£000		£000	£000	£000	£000
27,505	(17,581)	(9,924)	0	Better Care Fund (including iBCF)	31,968	(20,221)	(11,747)	0
1,748	(1,748)	0	0	Better Care Fund – Discharge (LB)	0	0	0	0
1,796	0	(1,796)	0	Better Care Fund – Discharge (ICB)	0	0	0	0
3,804	(2,191)	(1,101)	512	Children & Young People's Service	3,261	(1,878)	(1,069)	314
1,325	(1,298)	(27)	0	Children's Public Health Services	1,321	(1,307)	(14)	0
13,243	(8,113)	(6,791)	(1,661)	Learning Disability Services	16,190	(8,490)	(7,198)	502
556	(288)	(230)	38	Collaborative Commissioning	575	(392)	(392)	(209)
43,146	(5,768)	(39,644)	(2,266)	Other – Mental Health	44,645	(6,569)	(40,609)	(2,533)
93,123	(36,987)	(59,513)	(3,377)	Total	97,960	(38,857)	(61,029)	(1,926)

In respect of the BCF and iBCF the terms of the section 75 agreement means that contracts are stand-alone with the financial risk being retained by the lead body. Each partner then manages the contracts with their own providers of BCF services and each partner retains any financial risk relating to those contracts. Following the announcement of additional BCF funding to support hospital discharge in late 2022, the section 75 agreement was made and this has been included in the above statement.

The BCF is not a separate legal entity and has been accounted for as a pooled budget arrangement (), since it is not an entity, joint operation or joint venture. It should be noted that neither party has unilateral control of the BCF, as decisions of the Board need to be made unanimously.

Note 20: Trading and Other Investment Activities

This note shows the net (profit) or loss of the Council's trading units and the centrally managed insurance accounts. The Council's trading units (profit) or loss for 2024/25 is summarised below:

Turnover	2024/25		Trading Activities	Turnover	2025/26	
	Expenditure	(Surplus)/ Deficit			Expenditure	(Surplus)/ Deficit
£000	£000	£000		£000	£000	£000
(29,017)	29,001	(16)	Housing maintenance	(25,645)	29,389	3,744
(73)	(672)	(745)	Insurance	(2,013)	3,291	1,278
(2,255)	1,848	(407)	Property design and maintenance	(4,753)	4,222	(530)
(5,448)	4,540	(908)	Other trading units	(34,756)	39,640	4,884
(36,793)	34,717	(2,076)	Total	(67,167)	76,543	9,376

LUTON BOROUGH COUNCIL

Movement in Reserves Statement Supporting Notes

Statement of Accounts 2025/26

Luton

Movement in Reserves Statement Supporting Notes

Note 21: Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Adjustments between Accounting Basis and Funding Basis under Regulations

	General Fund	Housing Revenue Account	Major Repairs Reserve	2024/25 Capital Receipts Reserve	Capital Grants Unapplied	Unusable Reserves
	£000	£000	£000	£000	£000	£000
Reversal of accounting charges for capital						
Charges for depreciation and impairment of non-current assets	(23,637)	(10,496)	0	0	0	34,133
Amortisation of intangible assets (note 25)	(559)	0	0	0	0	559
Revaluation gains/losses on Property, Plant and Equipment	(5,351)	(10,249)	0	0	0	15,600
Movements in the market value of Investment Properties	(7,957)	0	0	0	0	7,957
Revenue Expenditure funded Capital under Statute	(3,074)	0	0	0	0	3,074
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(10,660)	(2,509)	0	0	0	13,170
External capital financing adjustments						
Capital grants and contributions applied to CAA	26,342	215	0	0	0	(26,557)
Capital grants and contributions unapplied recognised in year	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	13,821	(13,821)
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	0	5,097	0	(5,097)	0	0
Contribution from the Capital Receipts Reserve towards admin costs of disposals	0	(43)	0	43	0	0
Contribution from Capital Receipts to be paid to the government capital receipts pool	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	3,469	0	(3,469)
Capital Financing Requirement Funding						
Statutory provision for repayment of debt	11,443	0	0	0	0	(11,443)
Statutory provision for repayment of debt (PFI)	600	0	0	0	0	(600)
Capital expenditure charged against the General Fund and HRA balances	5,418	4,028	0	0	0	(9,445)

Use of the Major Repairs Reserve to finance new capital expenditure	0	0	7,473	0	0	(7,473)
Other Statutory Adjustments						
Amount by which finance costs differ from costs chargeable in accordance with statute	(4)	33	0	0	0	(29)
Reversal of items relating to retirement benefits debited or credited to the statement	(18,653)	(738)	0	0	0	19,391
Employer's pensions contributions and direct payments to pensioners payable in the year	30,647	1,303	0	0	0	(31,950)
Council Tax / NNDR income differs from income calculated under statute	7,314	0	0	0	0	(7,314)
Officer remuneration charged on an accruals basis differs from amount under statute	41	0	0	0	0	(41)
Posting of HRA resources from revenue to the major repairs reserve	0	10,782	(10,782)	0	0	0
Total Statutory Adjustments	11,910	(2,577)	(3,309)	(1,585)	13,821	(18,260)

Adjustments between Accounting Basis and Funding Basis under Regulations

	2025/26					
	General Fund	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Unusable Reserves
	£000	£000	£000	£000	£000	£000
Reversal of accounting charges for capital						
Charges for depreciation and impairment of non-current assets	(28,221)	(10,488)	0	0	0	38,709
Amortisation of intangible assets (note 25)	0	0	0	0	0	0
Revaluation gains/losses on Property, Plant and Equipment	(15,526)	(3,831)	0	0	0	19,357
Movements in the market value of Investment Properties	11,898	0	0	0	0	(11,898)
Revenue Expenditure funded Capital under Statute	(7,533)	0	0	0	0	7,533
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(7,898)	(19,084)	0	0	0	26,982
External capital financing adjustments						
Capital grants and contributions applied to CAA	29,994	380	0	0	0	(30,374)
Capital grants and contributions unapplied recognised in year	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	2,398	12,292	0	(14,690)	0	0
Contribution from the Capital Receipts Reserve towards admin costs of disposals	0	(114)	0	114	0	0
Contribution from Capital Receipts to be paid to the government capital receipts pool	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	7,931	0	(7,931)
Capital Financing Requirement Funding						
Statutory provision for repayment of debt	3,610	0	0	0	0	(3,610)
Statutory provision for repayment of debt (PFI)	1,006	0	0	0	0	(1,006)

Capital expenditure charged against the General Fund and HRA balances	5,126	3,723	0	0	0	(8,849)
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	11,104	0	0	(11,104)
Other Statutory Adjustments						
Amount by which finance costs differ from costs chargeable in accordance with statute	0	0	0	0	0	0
Reversal of items relating to retirement benefits debited or credited to the statement	(18,266)	(657)	0	0	0	18,923
Employer's pensions contributions and direct payments to pensioners payable in the year	32,644	1,173	0	0	0	(33,817)
Council Tax / NNDR income differs from income calculated under statute	(9,930)	0	0	0	0	9,930
Officer remuneration charged on an accruals basis differs from amount under statute	594	0	0	0	0	(594)
Posting of HRA resources from revenue to the major repairs reserve	0	10,782	(10,781)	0	0	(1)
Total Statutory Adjustments	(104)	(5,824)	323	(6,645)	0	12,250

Note 22: Transfer To/From General Fund & Housing Revenue Account Reserves

This note reconciles the amounts transferred to and from the General Fund and Housing Revenue Account balances, including transfers to and from named earmarked reserves. Earmarked reserves provide financing for future expenditure plans.

Reserves and Balances	Balance at 1 April 2024	Transfers out of the Reserve	Transfers into the Reserve	Balance at 31 March 2025	Transfers out of the Reserve	Transfers into the Reserve	Balance at 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
General Fund Balance	(17,190)	0	(31)	(17,221)	0	0	(17,221)
GF Earmarked Reserves							
Invest to save	(6,865)	480	0	(6,385)	302	0	(6,083)
Service provision	(13,527)	0	(838)	(14,365)	2,506	(422)	(12,281)
Specific risk management	(2,970)	0	0	(2,970)	0	0	(2,970)
Planning	(96)	75	0	(21)	0	0	(21)
Reorganisation	(2,775)	0	(700)	(3,475)	0	0	(3,475)
Cremator Mercury Emissions	(1,117)	0	0	(1,117)	0	(310)	(1,427)
Recession & welfare benefits	(1,472)	0	0	(1,472)	0	0	(1,472)
Butterfield profit share	(589)	0	(124)	(713)	0	(94)	(807)
Major projects	(10,404)	0	0	(10,404)	5,697	(248)	(4,955)
Public health	(1,585)	0	(44)	(1,629)	1	(248)	(1,876)

Investment	(222)	0	0	(222)	0	0	(222)
Funding equalisation	(23,271)	4,961	(3,871)	(22,181)	0	(4,686)	(26,867)
Neighbourhood Services	(414)	35	0	(379)	65	0	(314)
Luton Investment Framework	(558)	0	0	(558)	67	0	(491)
Property Commercialisation	(4,720)	0	0	(4,720)	0	0	(4,720)
Covid Funding	(4,194)	0	0	(4,194)	0	0	(4,194)
Interest Equalisation Reserve	(9,315)	0	0	(9,315)	0	0	(9,315)
Luton 2040	(167)	24	0	(143)	118	0	(25)
Inflation	(2,500)	0	0	(2,500)	0	0	(2,500)
Rough Sleepers	(3)	0	(15)	(18)	95	(191)	(114)
Adult Social Care Reserve	0	0	0	0	0	(300)	(300)
Pension fund	(6,874)	0	0	(6,874)	0	0	(6,874)
Insurance	(2,483)	0	(346)	(2,829)	1,154	0	(1,675)
Other	(10)	0	0	(10)	0	0	(10)
Collection Fund Equalisation	0	0	2,852	2,852	0	(13,145)	(10,293)
Transformation Reserves	0	0	1,239	1,239	1,133	0	2,372
GF Earmarked total	(96,130)	5,575	(1,846)	(92,403)	11,138	(19,644)	(100,909)
Schools Reserve	(20,779)	3,526	(2,875)	(20,128)	10,906	(7,250)	(16,472)
General Fund Total	(134,099)	9,101	(4,752)	(129,751)	22,044	(26,894)	(134,600)
HRA Balance	(11,952)	1,043	0	(10,909)	1,728	0	(9,181)
HRA Earmarked Reserves							
Legal disputes	0	0	0	0	0	0	0
Sheltered Reserve	(130)	0	0	(130)	0	0	(130)
Revenue cont. to capital	0	0	(273)	(273)	0	(49)	(322)
HRA Earmarked total	(130)	0	(273)	(403)	0	(49)	(452)
HRA Total	(12,082)	1,043	(273)	(11,312)	1,728	(49)	(9,632)

Purpose of Reserves

The **Invest to Save Reserve** is to be utilised for initiatives, which will reduce future revenue costs.

The **Service Provision Reserve** is earmarked for specific budget carry forward requests from 2024/25 to 2025/26.

The **Specific Risk Management Reserve** is to actively manage risk management as this becomes increasingly important for all councils. As a result, part of the General Reserve has been earmarked to cover potential loss of income, given the importance to the Council of its trading undertakings.

The **Planning Reserve** is to meet any future exceptional planning improvement costs.

The **Reorganisation Reserve** is to enable the Council to cover the costs of reorganisations required as a result of budget decisions. A number of approved savings will involve reducing staff numbers and whilst the council aims to redeploy staff wherever possible, redundancy and early payment of pension may become due. This reserve will be used to pay for such costs as they arise and as part of the Emergency budget for the Voluntary Separation Scheme.

The **Cremator Mercury Emissions Reserve** is earmarked for replacement of cremator equipment.

The **Recession & Welfare Reserve** (formerly the Recession Reserve) is intended for use for one-off developments and initiatives to prepare for and mitigate the impact of Welfare Reform, as well as local issues arising as a consequence of the recession that impact on the Council's key priorities.

The **Butterfield Profit Share Reserve** has been created in accordance with the agreement made with the operator of the Business Innovation Centre, the Council's share of the profit is held in this reserve for economic development.

The **Major Projects Reserve** has been established in recognition of the scale of major construction projects, particularly infrastructure projects, being undertaken by the Council, principally on the basis of fixed amounts of grant funding from central government. This also recognises that the conditions of grant could require some repayment. The establishment of such a reserve was a recommendation of the Council's Finance Review Group, who undertake the financial scrutiny function.

The **Public Health Reserve** is held for supporting public health functions and is a requirement of the Public Health grant.

The **Investment Reserve** was set up to fund specific investment projects. Almost all the funds are committed.

The **Funding Equalisation Reserve** was set up to help address future fluctuations in major income sources such as business rates, new homes bonus & government grants.

The **Neighbourhood Services Reserve** to fund Neighbourhood Projects from contributions received

The **Luton Investment Framework Reserve** was set up to promote economic development in the town.

The **Property Commercialisation** is earmarked funding in place to meet unexpected property costs and potential temporary falls in rental income.

The **Covid Funding Reserve** to hold specific grant funding received in advance for coronavirus control measures and financial impacts

The **Interest Equalisation Reserve** to provide risk cover for future fluctuations in commercial returns, including the impacts from the stabilisation plan for the airport company.

The **Luton 2040 Reserve** to fund skills and economic regeneration programmes

The **Inflation Reserve** provides risk cover to smooth the effect of increased inflation

The **Rough Sleepers Reserve** hold grant funding to support people with substance misuse who are at risk of/or actually homeless.

The **Pension Fund Reserve** is earmarked for reducing future pension liabilities and will be paid to the Bedfordshire Pension Fund.

The **Capital Reserve** holds contributions from the Income and Expenditure Account to fund future capital expenditure.

The **Insurance Reserve** helps to reduce cost of external insurance by self-insurance of certain risks, the reserve is held against claims, which may be received in future years.

The **Schools Reserve** To enable schools to carry forward funds not spent in any particular year for use on future projects

The **Housing Revenue Account Reserve** to fund additions or improvements to the Council's housing stock. To ensure sufficient funds are available to cover unexpected events. And to meet any overspend on the HRA budget. To provide a prudent basis for operating.

The **HRA Revenue Contributions to Capital Reserve** was created to hold HRA revenue contributions which have been set-a-side for specific future HRA capital schemes.

Note 23: Unusable Reserves

All unusable reserves are described below; the movements in year for all reserves with a material balance are also disclosed.

Unusable Reserves	2024/25	2025/26
	£000	£000
Revaluation Reserve (note 24)	(343,344)	(565,485)
Capital Adjustment Account (note 25)	(644,176)	(637,710)
Pensions Reserve (note 26)	55,168	32,523
Financial Instruments Adjustment account	5,220	4,969
Deferred Capital Receipts (note 28)	(16,921)	(16,921)
Collection Fund Adjustment Account (note 29)	(20,443)	(6,260)
Accumulated Absences Reserve (note 30)	3,007	2,501
Total Unusable Reserves	(961,489)	(1,186,384)

Note 24: Revaluation Reserve

The Revaluation Reserve includes the gains made by the Council arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation;

disposed of and the gains are realised.

Revaluation Reserve	2024/25	2025/26
	£000	£000
Opening Balance	(342,110)	(343,344)
Adjustment to opening balance	9,084	0
Upward revaluation of assets not charged to Surplus/Deficit on provision of services	(32,467)	(242,956)
Downward Revaluation of assets & Impairment losses not charged to provision of services	8,345	9,430
Surplus or deficit on revaluation of non- current assets	(357,149)	(576,870)
Difference between fair value depreciation and historical cost depreciation	11,584	0
Accumulated gains on assets sold or scrapped	2,221	11,384
Closing Balance	(343,344)	(565,487)

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Note 25: Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement element of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	2024/25	2025/26
	£000	£000
Opening Balance	(622,971)	(644,176)
Adjustment to opening balance	(9,084)	43
Reversal of capital charges debited or credited to the CIES:		
Depreciation, amortisation and impairment	34,133	38,709
Revenue expenditure funded from capital under statute	3,074	7,533
Amortisation of intangible assets	559	0
Non-current assets written off on disposal or sale as part of the gain/ loss to the CIES	13,170	21,632
Revaluation losses on Property, Plant and Equipment	15,600	24,706
Movements on Investment Properties	7,957	(11,898)
Total reversal of capital charges debited or credited to the CIES	74,492	80,682

Difference between fair value depreciation and historical cost depreciation	(11,584)	0
Accumulated gains on assets sold or scrapped	(2,221)	(11,384)
Net written out amount of the cost of non-current assets consumed in the year	(13,805)	(11,384)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(3,469)	(7,931)
Use of the Major Repairs Reserve to finance new capital expenditure	(7,473)	(11,104)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(40,379)	(30,374)
Minimum Revenue Provision	(11,443)	(3,610)
Minimum Revenue Provision (PFI)	(600)	(1,006)
Capital expenditure charged against the General Fund and HRA balances	(9,445)	(8,850)
Total capital financing applied in year	(72,809)	(62,875)
Closing Balance	(644,176)	(637,710)

Note 26: Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pay any pension for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are due for payment.

Pensions Reserve	2024/25	2025/26
	£000	£000
Opening Balance	63,119	55,168
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	19,391	18,923
Actual amount charged against General Fund Balance for pensions in year	(36,080)	(37,947)
Total Movement in Reserves Transfers to Reserve	(16,689)	(19,024)
Re-measurements of the net defined benefit liability debited or credited to Other Comprehensive Income & Expenditure Statement	8,738	(3,621)
Closing Balance	55,168	32,523

Note 27: Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for losses or gains per statutory provisions.

The Council uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance and Housing Revenue Account to the Account in the Movement in Reserves Statement. Over time, the net expense is posted back to the General Fund and Housing Revenue Account balances in accordance with statutory arrangements.

Financial Instruments Adjustment Account	2024/25	2025/26
	£000	£000
Opening Balance	5,472	5,220
Premium Payments	(252)	(252)
Closing Balance	5,220	4,969

Note that for the Financial Year 2023-24, there was an in year write off of £252,000 in relation to Premium on refinancing resulting in a closing balance of £5.472m.

Note 28: Deferred Capital Receipts

This reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place.

Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Deferred Capital Receipts	2024/25	2025/26
	£000	£000
Opening Balance	(16,921)	(16,921)
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0
Closing Balance	(16,921)	(16,921)

Note 29: Collection Fund Adjustment Account

This reserve manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund Adjustment Account	2024/25	2025/26
	£000	£000
Opening Balance	(13,137)	(20,442)
Opening Balance Adjustment	0	4,252
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	2,332	925
Amount by which non-domestic rates income credited to the CIES is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(9,638)	9,006
Closing Balance	(20,442)	(6,260)

Note 30: Accumulated Absences Account

This reserve absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is offset by transfers to or from the Account.

Accumulated Absences Account	2024/25	2025/26
	£000	£000
Opening Balance	3,048	3,007
Amount by which officer remuneration on an accruals basis is different to remuneration chargeable by statute	(41)	(507)
Closing Balance	3,007	2,501

LUTON BOROUGH COUNCIL

Balance Sheet Supporting Notes

Statement of Accounts 2025/26

Luton

Balance Sheet Supporting Notes

Note 31: Property, Plant & Equipment

This note shows the non-current tangible assets own by the Council which are categorised as property, plant and equipment.

Accounting Policy

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition of, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. routine repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Property, Plant and Equipment is capitalised if it is capable of being used for more than one year and items individually have a cost of at least £10,000. They are also capitalised if collectively they have a cost of at least £10,000, where the assets are functionally interdependent, they have broadly simultaneous purchase dates and expected disposal dates and are under single managerial control.

Assets are initially valued at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in a Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - historical cost net of depreciation (community assets are not depreciated).

- Council dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH) on the basis laid down by the DLUHC, i.e. open market value less a specified notified percentage known as the social housing discount.
- Council offices – current value, determined as the amount that would be paid in its existing use (existing use value), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost, which is used as an estimate of current value
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (i.e. the cost of reconstructing the building on a modern equivalent basis less accumulated depreciation), is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains.
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- If there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- If there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings - on a straight-line basis over their estimated useful lives. Assets are depreciated over forty years, unless a different period is advised by the Council's Valuer.
- Housing properties (dwelling and non-dwelling) - in accordance with guidelines the Housing Revenue Account is charged an amount equivalent to the depreciation charged on a straight-line basis over its estimated useful lives. The Council no longer uses the Major Repairs Allowance as a proxy for Housing dwelling depreciation.
- Infrastructure - depreciated on the straight-line method using asset lives of up to sixty years.
- Vehicles & Equipment - depreciated on a 25% reducing balance method.

Where an item of Property, Plant and Equipment asset has a new major component after 1 April 2010 whose cost is significant in relation to the total cost of the item, the component will be depreciated separately. Where significant, components of existing assets are identified as part of the revaluation process.

Where a component is replaced or restored, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount. This recognition and de-recognition takes place regardless of whether the replaced part had been depreciated separately. The de-minimis level for this recognition and de-recognition is £150,000 (based on the capital expenditure of the new component).

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

The CIES therefore fully reflects the use of assets and the consumption of their economic benefits in the provision of services.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses. However, it is required to make an annual contribution from revenue, known as the Minimum Revenue Provision (MRP), towards the reduction in its overall borrowing requirement. The MRP is calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses are therefore replaced by the MRP, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Componentisation

The Code requires that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Within the Council's asset portfolio there are a number of asset classes where componentisation will not be considered, including:

- Equipment – as this is considered immaterial
- Asset classes which are not depreciated – such as land, investment property, heritage assets, community assets, surplus assets and assets held for sale.

The remaining assets, which are contained within the operational portfolio, are often of a specialised nature such as schools and leisure centres. The Council requires the valuation specialists to provide component information for each asset which is then reviewed to assess if inclusion of different components will have a material impact on depreciation.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Interest Capitalisation

The Council's accounting policy includes the capitalisation of borrowing costs for qualifying assets as it better reflects the costs of property, plant and equipment and helps ensure that those benefiting from the use of the asset meet those costs.

In applying the accounting policy, the Council has identified that number of schemes which meets the qualifying asset definition includes schemes being developed by LLAL (£6.97m) and Foxhall Homes (£1.12m).

The council's definition of a qualifying asset is an asset that incurs a material amount of debt interest cost during the construction of the asset.

Borrowing costs for non-qualifying assets are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the financial year in which they were incurred.

Infrastructure assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Movements in Property, Plant & Equipment during 2025/26

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2025	530,040	565,060	68,874	252,130	12,619	990	25,876	1,455,589
Subsidiary PPE Movement 2023-24	0	0	0	0	0	0	0	0
Additions	14,925	16,180	3,808	17,703	1,389	0	37,426	91,431
Revaluation increases / (decreases) to Revaluation Reserve	46,914	162,597	0	0	0	0	0	209,511
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,831)	(17,283)	0	0	0	0	0	(21,114)
Derecognition - Disposals	(19,084)	(9,001)	(367)	0	0	0	0	(28,452)
Reclassifications/Transfers	5,655	(4,024)	0	0	0	0	(2,246)	(615)
At 31 March 2026	574,619	713,529	72,315	269,833	14,008	990	61,056	1,706,350
Accumulated Depreciation & Impairment								
At 1 April 2025	(61)	(47,550)	(56,953)	(74,276)	(242)	(68)	0	(179,150)
Depreciation charge	(10,781)	(8,251)	(2,430)	(13,446)	(234)	0	0	(35,142)
Depreciation written out to the Revaluation Reserve	10,618	13,398	0	0	0	0	0	24,016
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	293	0	0	0	0	0	0	293
De-recognition – disposals	0	1,163	335	0	0	0	0	1,498
Reclassifications/Transfers	0	0	0	0	0	0	0	0
At 31 March 2026	69	(41,240)	(59,048)	(87,722)	(476)	(68)	0	(188,485)
At 31 March 2025	529,979	517,510	11,921	177,854	12,377	922	25,876	1,276,439
Net Book Value at 31 March 2026	574,688	672,289	13,267	182,111	13,532	922	61,056	1,517,865

Movements in Property, Plant & Equipment during 2024/24

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2024	524,851	535,138	65,988	243,247	11,577	890	35,912	1,417,603
Subsidiary PPE Movement 2023-24								
Additions	11,179	19,187	2,919	11,445	762	0	12,506	57,998
Revaluation increases / (decreases) to Revaluation Reserve	6,837	3,619	0	0	0	0	0	10,456
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,266)	(5,351)	0	0	0	0	0	(15,617)
Derecognition - Disposals	(2,560)	(4,537)	(33)	(7,864)	0	0	(2,586)	(17,580)
Reclassifications/Transfers	0	15,065	0	5,302	280	100	(19,957)	790
At 31 March 2025	530,041	563,121	68,874	252,130	12,619	990	25,875	1,453,650
Accumulated Depreciation & Impairment								
At 1 April 2024	(41)	(43,226)	(53,750)	(68,944)	(80)	(34)	0	(166,075)
Depreciation charge	(10,497)	(8,330)	(3,234)	(13,196)	(162)	(34)	0	(35,453)
Depreciation written out to the Revaluation Reserve	10,122	3,545	0	0	0	0	0	13,667
Depreciation written out to the Surplus/Deficit on the Provision of Services	18	0	0	0	0	0	0	18
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	286	2,110	0	0	0	0	0	2,396
De-recognition – disposals	50	291	31	7,864	0	0	0	8,236
Reclassifications/Transfers	0	0	0	0	0	0	0	0
At 31 March 2025	(62)	(45,610)	(56,953)	(74,276)	(242)	(68)	0	(177,211)
At 31 March 2024	524,810	491,912	12,238	174,303	11,497	856	35,912	1,251,528
Net Book Value at 31 March 2025	529,979	517,511	11,921	177,854	12,377	922	25,875	1,276,439

Revaluations

The Council carries out a programme that ensures that all significant classes of Property, Plant and Equipment required to be measured at fair value are revalued. The 2024/25 Investment Properties valuations and some freehold operational properties were carried out in-house by Chartered Surveyors in the Fixed Asset Division, all members of the Royal Institute of Chartered Surveyors, as at 31st March 2025.

A sample of School valuations were carried out by Cluttons, an external valuer and the other school's valuations have been indexed on the basis of this sample.

The HRA housing stock valuations were carried out by DVS (Commercial Arm of the Valuation Office Agency).

The properties were classified as Property Plant and Equipment and were valued to Current Value in Existing Use using either the depreciated replacement costs methodology (for specialised assets) or the investment method. Valuations of vehicles, plant, furniture and equipment are based on purchase prices.

Note 32: Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods.

Accounting Policy

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

Financial Performance

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

Financial Performance	£000	£000	2024/25	2025/26
Rental income from investment property			(11,556)	(11,485)
Direct operating expenses arising from investment property			19,785	8,160
Net (gains)/losses from fair value adjustments			9,282	(12,252)
Net (gain)/loss on investment property			17,511	(15,577)

Movement in Fair Value

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out internally by qualified RICS Registered Valuers in accordance with valuation methodologies as set out in the Royal Institution of Chartered Surveyors Professional Standards (the 'Red Book'). The authority's valuers work closely with the finance officers reporting directly to the Service Director, Finance and Audit on a regular basis regarding all financial matters. The following table summarises the movement in the fair value of investment properties over the year:

Movement in Fair Value	2024/25	2025/26
	£000	£000
Opening Balance	122,406	109,878
Additions – Purchases	45	3
Disposals	(3,827)	0
Total gains/(losses) in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(7,957)	11,898
Transfers (to/from Inventories or PPE)	(790)	1,776
Balance at end of the year	109,877	123,554

Note 33: Intangibles

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Accounting Policy

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Intangible Assets	2024/25	2025/26
	£000	£000
Gross Carrying Amount	4,296	4,644
Accumulated Amortisation	(2,473)	(3,032)
Net Carrying Amount	1,823	1,612
Additions – Purchases	348	692
Reclassifications to/from PPE	0	(1,161)
Amortisation for the period	(559)	(198)
Disposals	0	(80)
Grossing Carrying Amount	4,644	4,095
Accumulated Amortisation	(3,032)	(3,230)
Balance at end of the year	1,612	865

Note 34: Heritage Assets

This note shows the value of heritage assets, such as the Mossman Collection or Shillington Hoard, held by the Council.

Accounting Policy

The carrying amounts of heritage assets are based on insurance valuations and are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. If it is agreed to dispose of any heritage assets the proceeds are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The assets held include the Mossman Collection of horse-drawn vehicles, the Shillington Hoard coin collection and the Wenlok Jug. There are various other photographic and furniture collections among the heritage assets held by the Council. The accounts have been updated according to current valuation reports.

Heritage Assets Property Valuations	2024/25	2025/26
	£000	£000
Luton Borough Council - Museum Collection revaluation February 2022	9,789	9,789
Chief Exec - Items Insured	19	19
Civic Exp - Marketing PR - Items Insured	149	149
Town Hall Silver Room - Description - Items Insured	132	132
Total	10,090	10,090

Note 35: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Capital Financing Requirement	2024/25	2025/26
	£000	£000
Opening Capital Financing Requirement	958,002	954,854
Capital investment		
Property, Plant and Equipment (Note 31)	57,998	91,431
Investment Properties (Note 32)	45	3
Intangibles (Note 33)	348	692
Revenue Expenditure Funded from Capital under Statute (Note 25)	3,074	7,533
London Luton Airport Limited Debenture Loan	5,485	0
Share Capital Expenditure (Foxhall Homes & LEP)	2,711	12,462
Source of finance		
Capital Receipts (Note 25)	(3,469)	(7,931)
Government Grants and Other Contributions (Note 25)	(40,379)	(30,374)
Major Repairs Reserve (Note 25)	(7,473)	(11,104)
Sums set aside from revenue		
Direct revenue contributions (Note 25)	(9,445)	(8,850)
MRP/loans fund principal (Note 25)	(12,043)	(4,616)
Closing Capital Financing Requirement	954,854	1,004,100
Underlying increase/ (decrease) borrow	(3,148)	49,246

Note 36: Financial Instruments

Financial Assets

This note provides the details of any financial assets held by the Council and the basis of their valuation.

Accounting Policy

Financial assets are classified into three types:

- Amortised cost – assets whose contractual terms are basic lending arrangements (i.e. they give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding, which the Council holds under a business model whose objective is to collect those cash flows)
- Fair value through Profit and Loss (FVPL) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

- Fair Value through other comprehensive income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable (plus accrued interest). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value that might arise are not accounted for until the instrument matures or is sold.

Allowances for impairment losses have been calculated for amortised cost and FVPL cost assets, applying the expected credit losses model. For 2024/25 the impairment has been deemed immaterial. Changes in loss allowances (including balances outstanding at the date of de-recognition of an asset) are debited or credited as appropriate to the Financing and Investment Income and Expenditure line in the CIES.

Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

The Council currently only has equity shares and debentures, in London Luton Airport Ltd, Foxhall Homes Ltd, Connect2Luton Ltd, QED Challney Holdings Ltd and Luton Learning and Community Partnership Ltd. None of the aforementioned have quoted market price and are therefore currently held at historic cost.

These investments are reviewed annually for any impairment loss. The most recent review has determined that no impairment loss is required.

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Non exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

**Financial Assets Balance Sheet
Values**

2024/25				2025/26			
Current Investments	Debtors	Non-Current Investments	Debtors	Current Investments	Debtors	Non-Current Investments	Debtors
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
		530,867				542,936	
	83,168		111		122,267		152
9,839				(15,317)			
9,839	83,168	530,867	111	(15,317)	122,267	542,936	152
33,119				18,679			
33,119	0	0	0	18,679	0	0	0
42,958	83,168	530,867	111	3,362	122,267	542,936	152
		47,499				47,499	
42,958	83,168	578,366	111	3,362	122,267	590,435	152

Effect of reclassification and re-measurement as at 1st April 2024

This note shows the effect of reclassification of financial assets following the adoption of IFRS 9 Financial Instruments by the Code of Practice and the re-measurements of carrying amounts then required.

Loans and receivables are a straight transfer to Amortised Cost with no impact on Balance Sheet value. Unquoted equity investments are shares held in a joint venture.

Cash and cash equivalents have been split with MMFs being allocated to Fair Value through Profit and Loss with the residual cash equivalents deemed amortised cost. The impact on value has been deemed immaterial and no value adjustments have been accounted for.

Financial Liabilities

Accounting Policy

Financial liabilities are initially measured at fair value and are carried at their amortised cost. The fair value of loans are valued at carrying value because it is not possible to derive a fair market value for the types of loans currently held by the Council. For most of the Council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement (CIES) is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of /the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Liabilities Balance Sheet Values

		2024/25				2025/26			
Current Borrowings	Creditors	Non-Current Borrowings	Creditors		Current Borrowings	Creditors	Non-Current Borrowings	Creditors	
£000	£000	£000	£000		£000	£000	£000	£000	
(57,958)		(709,400)		Amortised Cost	(57,920)		(749,056)		
		(18,231)		Loans			(17,225)		
		(2,911)		PFI			(26,477)		
	(95,114)		0	Liabilities					
				Other Liabilities					
				Creditors		(99,070)			0
(57,958)	(95,114)	(730,542)	0	Amortised Cost Total	(57,920)	(99,070)	(792,758)		0
(57,958)	(95,114)	(730,542)	0	Total Financial Liabilities	(57,920)	(99,070)	(792,758)		0

Items of income, expense, gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Items of income, expense, gains or losses	2024/25	2025/26
	Surplus or Deficit on the Provision of Services £000	Surplus or Deficit on the Provision of Services £000
Interest income:		
Financial assets measured at amortised cost	(48,179)	(49,217)
Other financial assets measured at fair value through Profit and Loss	0	0
Total interest revenue (note 10)	(48,179)	(49,217)
Fee income	0	0
Interest expenses:		
Financial liabilities measured at amortised cost	25,024	25,895
Total interest expenses (note 10)	25,024	25,895
Fee expense	32	167

Fair value of financial assets and liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Fair value of financial assets and liabilities

	2024/25		2025/26	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial assets measured at amortised cost:				
Subsidiary Loans	530,867	592,527	542,936	603,596
Fixed Term Deposits	0	0	0	0
Debtors	83,279	83,279	122,419	122,419
Cash & Cash Equivalents (Other)	9,839	9,839	(15,317)	(15,317)
Other financial assets measured at fair value through profit and loss:	0	0	0	0
Unquoted Equity Investments	0	0	47,499	47,499
Cash & Cash Equivalents (MMF)	33,120	33,120	18,679	18,620
	657,105	718,765	716,216	776,817
Financial liabilities measured at amortised cost:				

Loans		(767,359)	(500,909)	(806,434)	(571,546)
PFI Liabilities	(18,231)	N/A	(17,225)	N/A	
Other Liabilities		(167)	N/A	N/A	N/A
Creditors		(93,954)	(93,954)	(94,401)	(94,401)
Total Financial Liabilities		(879,711)	(594,863)	(918,060)	(665,947)

The fair value of the long term creditors is higher than the carrying amount reflecting the ability to borrow at a lower interest rate at the balance sheet date.

The fair value of the assets is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31st March 2025) attributable to the commitment to receive interest below current market rates. It should be noted that both the carrying amount and the fair value for both years includes cash in hand at the 31st March.

Note 37: Nature and extent of risk

This note sets out the nature and the extent of the financial risks to which the Council is exposed.

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Re-financing risk - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Council uses the creditworthiness service provided by its Treasury advisers Link Asset Services, their model combines the ratings of all the three main agencies – Fitch, Moody's and Standard and Poors.

The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The credit criteria in respect of financial assets held by the council are detailed in the Treasury Management Strategy report approved by the Council.

The credit criteria in respect of financial assets held by the council are detailed below:

Credit Criteria

Group	Rating	Exposure	Maximum Maturity
A	Combination scoring method - highest band (all at least AA+ with one agency)	£25.0 m	24 Months
B	Combination scoring method - second band (all at least AA- with one agency)	£22.5 m	364 Days
C	Combination scoring method - third band (all at least A with one agency)	£15.0 m	6 Months
D	Combination scoring method - fourth band (all at least A with one agency)	£11.5 m	3 Months
E	UK Local Authorities	£15.0 m	364 Days
F	AAA Rated Money Market Liquidity Funds	£50.0 m	On call
F1	Part owned or supported under guarantee scheme by UK Government	£30.0 m	2 years

Institutions in Groups A to D must all be in countries with a sovereign rating of AAA/AA.

The Council’s maximum exposure to credit risk in relation to its investments in banks cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all the Council’s deposits, but there was no evidence at the 31st March 2025 that this was likely to crystallise.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the relevant department of the Council.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits. The Council does not generally allow credit for customers.

The analysis below includes all sundry debts before any impairment and excludes any social care debt.

Sundry debt continues to be collected efficiently with minimal write offs. The debts over 12 months are now being chased by our legal services. The majority of this debt has been provided for in chase of non-collection.

In addition to sundry debts, the Council is owed considerable debt in the relation to housing tenants £11.380 million and housing benefit overpayments £9.452 million. Due to the nature of the debt the Council has impaired the debt on a very prudent basis, housing tenants by £10.622 million (93.3%) and housing benefit overpayments by £8.110 million (83.7%).

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready

access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that not more than 15% of loans are due to mature within any one year through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

Borrowing age profile	31/03/2025	31/03/2026
	£000	£000
Less than 1 year	138,929	131,500
between 12 months & 24 months	15,000	55,595
between 24 months & 5 years	19,095	997
5 years and above	599,473	613,476
Total	772,497	801,568

There are a number of Lender Option Borrower Option Loans with maturities over 40 years, some of which have call dates within five years.

All trade and other payables are due to be paid in less than one year.

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

Market Risk

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council’s cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31st March 2026, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

Sensitivity analysis

	£000
Decrease in fair value of fixed rate investment assets	27,933
Decrease in fair value of fixed rate borrowings liabilities	45,614
Decrease in fair value of fixed rate PFI and long term liabilities	N/A

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Council does not generally invest in equity shares; its only current shareholdings are in London Luton Airport Limited and Foxhall Homes Ltd, where the Council owns 100% of the shares and the shares are not traded. More details regarding this shareholding can be found in the Group Accounts. The Council is therefore not exposed to losses arising from movements in the prices of shares.

Foreign Exchange Risk

The Council has no financial assets/liabilities denominated in foreign currencies.

Note 38: Other Long-Term Liabilities

This note sets out the Council's long-term liabilities. Those liabilities recorded in the Balance Sheet represent the agreements listed below:

Long Term Liabilities		31/03/2025	31/03/2026
Ref	Liabilities	£000	£000
(A)	Challney Girls PFI Scheme	(18,231)	(17,225)
(C)	Highways Vehicles	(128)	(128)
Total		(18,359)	(17,353)
Right of Use Asset		(2,783)	(26,349)
Total		(21,142)	(43,702)

Agreement for Highways Vehicles is explained in more detail within the service concessions section below. An additional £39,985 relating to the Right of Use Asset is also included under this heading.

Private Finance Initiatives and Similar Contracts

Accounting Policy

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- Life cycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Building Schools for the Future PFI Scheme

There is a 25 year PFI contract for the construction, maintenance, and facilities management of Challney Girls School. The financial close for the project was achieved on 3rd June 2009 and construction commenced almost immediately. The new school building was handed over to the Council on 31st December 2010. The school was one of the Council's Community Schools.

The contract specifies minimum standards for the services provided by the contractor to the school. The contractor took on the obligation to construct the school and maintain it in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the school. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for the costs incurred and future profits that would have been generated over the remaining term of the contract. During March 2019 the PFI operating body re-financed the full loan debt portfolio. This reduced the level of interest payable with a corresponding uplift in the total liability. The new structure of the debt does not alter the financial relationship the council has with the Local Education Partnership Ltd.

Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31st March 2026 (excluding any estimation of inflation and availability/performance deductions) are as follows:

Building Schools for the Future PFI Scheme	Payment for services	Capital Charge	Interest element	Total
<i>Payment profile</i>	£000	£000	£000	£000
Payable in current year	1,532	1,006	1,959	4,497
Payable within 2 to 5 years	5,576	4,934	6,743	17,253
Payable within 6 to 10 years	7,875	10,181	4,622	22,678
Payable within 11 to 15 years	1,180	2,109	227	3,516
Payable within 16 to 20 years	0	0	0	0
Total	16,163	18,230	13,551	47,944

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value for the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

Balance outstanding	31/03/2025	31/03/2026
	£000	£000
Opening balance	18,830	18,230
Loan repayment	(2,624)	(2,965)
Interest incurred	2,024	1,959
Closing balance	18,230	17,224

Service Concessions

Service concessions are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the assets that are provided under these schemes, and as the Council is to receive substantially all of the assets economic output, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on estimated purchase price) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non-current assets related to these contracts which are recognised on the Balance Sheet are revalued and depreciated on a straight line basis over the duration of the contract. The Council's policy is to charge Minimum Revenue Provision equal to the amount of principal repaid during the financial year. This policy ensures the contract payment is equal to the charge to General Fund.

Highways Vehicles

A new highways contract was entered into with Volker Highways during 2016/17 for them to provide highways maintenance and professional services across the Council's region. Part of the contract includes the purchase of a number of vehicles by Volker Highways to carry out highways work solely for the Luton Borough Council contract. The vehicles are branded and are stored in a Council owned depot. The majority of the annual contract price of £8 million represents the direct labour and management costs of running the highways contract. There will be an element for vehicles and equipment which are used on the contract, but these are not branded or solely used for Luton works. All of these costs will be recognised as revenue expenditure. Using estimated capital cost per vehicle, provided by a fleet specialist, the embedded asset, and its financing costs, have been stripped out of the £8 million highways annual payment.

Property, Plant and Equipment

The assets used to provide services under the service concession contracts are recognised on the Council's Balance Sheet. Movements in their value are detailed below. These amounts are included within the PPE Note 31.

Property, Plant and Equipment	Opening £000	Additions £000	Depreciation £000	Closing £000
Highways Vehicles	593	0	(490)	103
Total	593	0	(490)	103

Payments

The Council makes agreed payments each year to the operators, increased in line with inflation where stated in the contract and similarly reduced if performance falls below minimum standards in any year. Payments remaining to be made under the PFI contract at 31st March 2026 (including an estimate of inflation) are as follows:

Payment profile	Payment for services	Capital Charge	Interest element	Total
	£000	£000	£000	£000
<i>Highways Vehicles</i>				
Payable within 12 months	7,921	68	11	8,000
Payable within 2 to 5 years	13,862	128	10	14,000
Payable within 6 to 10 years	0	0	0	0
Total	21,783	196	21	22,000

Note 39: Pensions Schemes Accounted For As Defined Contribution Schemes

This note sets out the details of defined contributions pensions schemes of which some Council employees are members.

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members' pensionable salaries.

The Scheme is technically a defined benefit scheme, however the scheme is unfunded. The Department for Education uses a notional fund as the basis for calculating the employer's contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, the Council paid £14.138million (2024/25 £12.805 million) to the Teachers Pensions Agency in respect of teachers' retirement benefits.

NHS Staff Pension Scheme

Former NHS employees that work for the Council are permitted to maintain their membership of the NHS Pension Scheme. The Scheme provides these employees with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, the Council paid £0.013 million (2024/25 £0.013 million) to the NHS Pension Scheme in respect of former NHS staff retirement benefits.

Note 40: Defined Benefit Pension Schemes

This note sets out the details of defined benefit pensions schemes of which some Council employees are members

Accounting Policy

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render services to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off owed on flexi-time schemes) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Post Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Local Government Pensions Scheme, administered by Bedford Borough Council.
- The Teachers' Pension Scheme, administered by the Capital Teachers' Pensions on behalf of the Department for Education.
- NHS Pension Scheme

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children, Families and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefit scheme.

The liabilities of the Bedfordshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.

The assets of the Bedfordshire Pension Fund attributable to the council are included in the Balance Sheet at their fair value:

- quoted securities – bid value

- unquoted securities – professional estimate
- unitised securities – bid value
- property – market value.

The change in the net pension's liability is analysed into six components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Contributions paid to the Bedfordshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the following:

The Local Government Pension Scheme, administered locally by Bedford Borough Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions' liabilities, and cash has to be generated to meet actual pensions' payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves State

Pensions transactions in the surplus or deficit on the provision of services and the movement in reserves statement

	2024/25 £000	2025/26 £000
Comprehensive Income and Expenditure Statement		
Cost of services:		
Current service cost	22,855	17,367
Past service cost	42	75
Administration Cost	948	1,167
(Gain) / loss from settlements	(4,692)	296
Financing and Investment and Expenditure:		
Net Interest Expense	238	18
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	19,391	18,923
Re-measurement of the Net Defined Benefit Liability comprising:		
Return on plan assets (excluding the net interest expense)	(203)	(38,260)
Actuarial (gains) and losses arising on changes in demographic assumptions	(2,180)	4,723
Actuarial (gains) and losses arising on changes in financial assumptions	(129,999)	(26,402)
Other actuarial (gains) and losses	34,373	(23,638)
Experience gain/(loss) on defined benefit obligation	(3,326)	71,171
Impact of Asset Ceiling	110,073	8,785
Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement	8,738	(3,621)
Total Charged to CIES	28,129	15,302
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	19,391	(18,923)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers contributions payable to scheme	(31,950)	33,817
Total amount charged against the General Fund	(12,559)	14,894

Pensions Assets and Liabilities Recognised In the Balance Sheet

	2024/25	2025/26
	£000	£000
Present value of the defined benefit obligation	(771,153)	(848,367)
Fair value of plan assets	900,556	1,013,085
Surplus/(Deficit)	129,403	164,718
Opening Impact of Asset Ceiling	(61,739)	(174,978)
Interest on impact of asset ceiling	(3,166)	(10,093)
Actuarial Gains and Losses	(110,073)	(8,785)
Closing Impact of Asset Ceiling	(174,978)	(193,856)
Present Value of Unfunded Obligation	(5,463)	(3,385)
Net liability arising from defined benefit obligation	(51,038)	(32,523)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	2024/25	2025/26
	£000	£000
Opening Balance	880,477	900,556
Interest income	45,357	51,980
Re-measurement gain / (loss):		
The return on plan assets, excluding the net interest	203	38,260
Other actuarial gains / (losses)	(34,373)	23,638
Contributions from employer	31,950	33,817
Contributions from employees into the scheme	8,405	9,694
Benefits paid	(44,560)	(40,294)
Other (if applicable) Effect of Settlements	14,045	(3,399)
Administrative expenses	(948)	(1,167)
Closing Balance	900,556	1,013,085

Guaranteed Minimum Payments

It should be noted that the pensions liability has not been revised because of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our actuary's understanding that HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes".

Reconciliation of the Movements in the Fair Value of Scheme Liabilities

	2024/25	2025/26
	£000	£000
Opening Balance	(873,597)	(776,616)
Current Service Cost	(22,855)	(17,367)
Interest cost	(42,429)	(41,905)
Contribution from scheme participants	(7,479)	(8,865)
Re-measurement (gains) and losses:	0	0
Actuarial (gains) and losses arising on changes in demographic assumptions	2,180	(4,723)
Actuarial (gains) and losses arising on changes in financial assumptions	129,999	26,402
Other (if applicable)	3,326	(71,171)
Past service cost	(42)	(75)
Effect of settlements	(9,353)	3,103
Benefits paid	43,634	39,465
Closing Balance	(776,616)	(851,752)

Pensions Reserve

	2024/25 £000	2025/26 £000
Opening Balance	63,119	55,168
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	19,391	18,923
Actual amount charged against General Fund Balance for pensions in year	(36,080)	(37,947)
Total Movement in Reserves Transfers to Reserve	(16,689)	(19,024)
Re-measurements of the net defined benefit liability debited or credited to Other Comprehensive Income & Expenditure Statement	8,738	(3,621)
Closing Balance	55,168	32,523

Assets Composition

Assets Composition

Quoted Prices 2024/25 Active Market £000	Quoted Prices 2024/25 Inactive Market £000	2024/25 Total £000		Quoted Prices 2025/26 Active Market £000	Quoted Prices 2025/26 Inactive Market £000	2025/26 Total £000
	29,603	29,603	Cash and cash equivalents		16,618	16,618
47,242		47,242	Debt Securities:			
	18,218	18,218	UK Government		138,820	138,820
			Private Equity		30,534	30,534
			Property:			
	93,365	93,365	UK Property		167,372	167,372
	51,869	51,869	Overseas Property			0
0	145,234	145,234	Sub-total Property	0	167,372	167,372

			Other Investment Funds:			
36,436	500,992	537,428	Equities		590,331	590,331
	122,831	122,831	Bonds		69,410	69,410
		0	Other			0
36,436	623,823	660,259	Sub-total Other investment funds	0	659,741	659,741
83,678	816,878	900,556	Total Assets	0	1,013,085	1,013,085

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Pension Fund being based of the latest full valuation of the scheme as at 31st March 2026. The significant assumptions used by the actuary have been:

Basis for Estimating Assets and Liabilities	2024/25	2025/26
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
Men	21.1	21.2
Women	24.0	23.9
Longevity at 65 for future pensioners:		
Men	22.2	22.8
Women	25.5	25.6
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	5.85%	6.10%

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivity Analysis	Approximate % increase	Approximate amount (£000)
<i>Change in assumptions at 31 March 2026</i>		
0.1% decrease in Real Discount Rate	1.41%	3.49%
0.1% increase in the Salary Increase Rate	0.05%	1.08%
0.1% increase in the Pension Increase Rate	1.44%	4.69%

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Bedford Borough Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis.

Note 41: Leases

This note provides details of finance and operating leases where the Council is either the lessee or lessor.

Change in Accounting Policies for Leases – Council as Lessee

In 2024/25, the Council has changed its accounting policies to align with those in IFRS 16 Leases as adopted by the Code of practice on local authority accounting in the United Kingdom 2024/25.

In previous years substantially all the risks and rewards incidental to ownership of the leased item (finance leases).

For all other leases (operating leases), no assets were recognised and rents were charged as expenses when they became payable.

From 1 April 2024, an asset representing the right to use the item over the lease term will be recognised for all leases (except for those that are for low value items or whose term is less than one year).

Liabilities are also recognised in the Balance Sheet for the obligations that the Council has to pay rents for the rights acquired, discounted to their present value.

Transitional Provisions

The transitional provisions of the Code are for the following amounts to be brought onto the Balance Sheet by adjusting the opening balances at 1 April 2024:

- liabilities for leases previously accounted for as operating leases, calculated as the present value of the remaining lease payments fixed at 1 April 2024, discounted by the Council's incremental borrowing rate at that date
- right-of-use assets for the leased items, measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the Balance Sheet on 31 March 2024.

However, LBC has opted for the transitional provisions that allows previously made decisions regarding leases are carried forward into the new arrangements. Therefore, there are no adjustments required to adjust the opening balance.

As 2024/25 is the first year of new lease accounting arrangements, reliable comparative figures for 2023/24 are not available.

The table shows the change in the carrying amount of right of-use assets held under leases by the Council:

Right -of-use-assets held under leases: change in value	Vehicles	Land and Buildings	31/03/2026
	£000	£000	Total £000
Balance as at 31 March 2025	258	3,738	3,996
b/f adjustment	134	1,035	1,169
Additions	180	23,428	23,608
Depreciation and Amortisation	(267)	(3,175)	(3,442)
Balance as at 31 March 2026	305	25,026	25,331

Right -of-use-assets held under leases: change in value	Vehicles	Land and Buildings	31/03/2026
	£000	£000	Total £000
Balance as at 31 March 2024	447	4,616	5,063
Additions			0
Depreciation and Amortisation	(151)	(916)	(1,067)
Balance as at 31 March 2025	296	3,700	3,996

CIES & Cashflow		2024/25	2025/26
	£000	£000	
Comprehensive Income and Expenditure Statement			
Interest Expense on lease liabilities		254	1,446
Cashflow Statement			
Minimum Lease Payments		1,374,321	3,984

Maturity Analysis of Lease Liabilities			
	2024/25	2025/26	
	£'000	£'000	
Less than one year		(1,160)	(2,243)
One to five years		(2,783)	(5,663)
More than five years		0	(18,443)
Balance as at 31 March 2026		(3,943)	(26,349)

Note 42: Inventories and Debtors

This note provides inventories held by the Council and an analysis by organisation type of bodies which owe money to the Council at year end.

Inventories	2024/25	2025/26
	£000	£000
Building Materials	7,669	6,014
Fuel	17	49
Transport Stores	211	280
Total	7,897	6,344

The outstanding debtors at 31st March 2025 comprised the following:

Debtor Classification 2025/26	31/03/2026	31/03/2026	31/03/2026
	Debtor	Impairment of Asset	Net Debtor
	£000	£000	£000
Other Local Authority	26,721	0	26,721
Central Government	7,788	0	7,788
NHS Bodies	(8)	0	(8)
Council Tax	60,410	(38,735)	21,675
NNDR	18,188	(8,932)	9,256
Housing Benefit Overpayments	8,233	(7,656)	577
Housing Tenants	10,069	(8,347)	1,722
Other bodies	58,044	(6,925)	51,119
Payments in advance	3,416	0	3,416
Total	198,226	(70,593)	122,267

Note 43: Cash and Cash Equivalents

This note provides details of cash and short-term deposits repayable without penalty on notice of not more than 24 hours held by the Council at year end.

Accounting Policy

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or under and are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Cash and Cash Equivalents	2024/25	2025/26
	£000	£000
Short term deposits with banks	0	0
Money Market funds	33,119	18,679
Bank Current Accounts	8,164	(15,335)
Cash held by the Authority	1,675	18
Total	42,958	3,362

Note 44: Creditors

This note provides an analysis by organisation type of bodies to which the Council owes money at year end.

The outstanding creditors at 31st March 2025 comprised the following:

Creditors	2024/25	2025/26
	£000	£000
Other Local Authorities	(7,797)	(7,628)
Central Government Bodies	(27,211)	(11,896)
NHS Bodies	1,221	(2)
Public Corporations & Trading	(4,301)	0
Council Tax	(5,005)	(11,186)
NNDR	(3,864)	(3,045)
Housing Tenants	(3,007)	(507)
Other Bodies (incl. Subsidiaries)	(41,577)	(59,879)
Receipts in Advance	(3,318)	(4,927)
Period Close Adjustments	(256)	0
Total Short Term Creditors	(95,115)	(99,070)
Long-Term Creditor – Other Bodies	0	0
Total All Creditors	(95,114)	(99,070)

Note 45: Provisions

This note provides details of the provisions set aside by the Council at year and any movement on these provisions during the year.

Accounting Policy

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) it is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

All provisions are reviewed annually to ensure they are at an appropriate level. The following tables analyse provisions into current and long-term provisions:

Provisions	01/04/2024					31/03/2025
Movement in Balances	Opening	B/F Adjust	Additions	Utilised	Released	Closing
	£000	£'000	£000	£000	£000	£000
Insurance related	(2,083)		(230)	9	687	(1,618)
Business Rates Appeals	(5,836)		(6,074)	0	9,371	(2,539)
Other	(2,116)		(355)	9	660	(1,801)
Total	(10,035)		(6,659)	18	10,718	(5,958)

Provisions	01/04/2025					31/03/2026
Movement in Balances	Opening	B/F Adjust	Additions	Utilised	Released	Closing
	£000	£'000	£000	£000	£000	£000
Insurance related	(1,618) +		(1,691)	1,195	184	(1,929)
Business Rates Appeals	(2,539)		(2,643)	0	3,878	(1,304)
Other	(1,798)	(2)	(283)	0	50	(2,032)
Total	(5,955)	(2)	(4,616)	1,195	4,112	(5,307)

All provisions are reviewed annually to ensure they are at an appropriate level. The following tables analyse provisions into current and long-term provisions:

Provision	31/03/2026	Less than 1 year	Between 1 and 5 years	Over 5 years	Long-term total	Total
	£000	£000	£000	£000	£000	£000
Insurance related	(425)	(1,504)	0	(1,504)	(1,929)	
Business Rates Appeals	(1,304)	0	0	0	(1,304)	
Other	(1,379)	0	0	0	(1,379)	
Total	(3,109)	(1,504)	0	(1,504)	(4,613)	

Insurance related – The Insurance Fund provision holds the balances set aside for potential liabilities in respect of payments that fall within the insurance excesses. A review of the insurance provision is carried out annually using an actuarial forecasting approach which is designed to review the appropriateness of the provisions and reserves for the Council's self-insured claims as at the date of the valuation. This valuation takes into account all known and outstanding (unpaid) claims received from 1998 to date and also makes a calculation for any incurred but not reported claims (IBNR).

Insurance Issues – Due to the fact that many insurance claims are made and/or settled some years after the incident to which they relate, it is not possible to determine when any claims are likely to be settled and hence a provision is made for insurance losses.

There is an existing provision to cover the potential liabilities in relation to the Council's former Insurers, Municipal Mutual Insurance (MMI). MMI were the insurers for many Local Councils and they collapsed in September 1992. As a mutually created local government insurance company, Councils are responsible for meeting any shortfall on claims. The Supreme Court has determined that employers' liability insurance cover is triggered at the point of exposure to toxic materials rather than when a disease starts to develop. This means that the number of claimants that may arise in relation to policies written by MMI in the past is very difficult to estimate.

Business Rate Appeals – The Local Government Finance Act 2012 introduced a business retention scheme that enabled local authorities to retain a proportion of the business rates

generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013. Luton Borough Council, as a billing authority, is required to make provision for refunding ratepayers who have successfully appealed against the rateable value on their properties. The provision shown is the Council's 49% share of the total amount.

Note 46: Capital Grants Receipts In Advance

This note shows capital grants where the condition of the grant have yet to be met and the grant therefore may be repayable if those conditions remain unmet.

The following capital grants and contributions have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if not met.

Capital Grants Receipts In Advance	31/03/2025	31/03/2026
	£000	£000
Basic Needs Grant	(21,995)	(27,532)
Devolved Formula Capital	0	(1,197)
ERDF Grant for High Rise insulation work	(5,770)	(5,390)
Local Electric Vehicle Infrastructure	(1,273)	(1,273)
Levelling Up Fund	(1,176)	(1,009)
DfT Bus Service Improvement Scheme	(3,274)	(2,354)
Other Government Grants (<£1m)	(2,230)	(2,407)
s106 Developer Contributions	(891)	(3,278)
Other Non-government Grants (<£1m)	(1,205)	(1,346)
Total	(37,814)	(45,787)

Note 47: Revenue Grants Receipts In Advance

This note shows revenue grants where the condition of the grant have yet to be met and the grant therefore may be repayable if those conditions remain unmet.

The following revenue grants and contributions have yet to be recognised as income as they have conditions that will require the monies to be returned to the giver if not met.

Revenue Grants Receipts In Advance	31/03/2025	31/03/2026
	£000	£000
Bus Improvement Scheme	630	
Revenue Support Grant	(1,245)	0
Education – Special Needs	(46)	0
Other Grants and Contributions (<£1m)	(8,006)	0
National Lottery Community Fund		(102)
Homeless Prevent Social Worker Funding		(104)
Active Travel Capability Fund		(269)
Communications Grant		(163)
DfT Resource Funding		(178)
APST Funding		(230)
UKSPF		(247)
Local Electric Vehicle Infrastructure (LEVI) Capability Fund		(260)
Pride in Place Government Grant		(300)
Place Based Health and Care Support		(300)

Rough Sleeping Prevention & Recovery Grant		(675)
Other Grants (less than £100,000)		(2,145)
Total	(8,667)	(4,974)

LUTON BOROUGH COUNCIL

Cash Flow Statement Supporting Notes

Statement of Accounts 2025/26

Luton

Cash Flow Statement Supporting Notes

Note 48: Cash Flow Statement – Operating Activities

This note provides a breakdown of the operating activities included in the Cash Flow Statement.

Cash Flow Statement – Operating Activities	2024/25	2025/26
	£000	£000
Net surplus or deficit on the provision of services	4,212	(3,364)
Adjustments for non-cash items		
Depreciation and amortisation	33,625	38,709
Impairment and downward valuations	2,665	19,357
Movements in the market value of investment properties	9,282	(11,898)
Increase/(decrease) in creditors	(10,124)	(3,956)
(Increase)/decrease in debtors	2,141	39,099
Increase/(decrease) in provisions	(4,078)	651
(Increase)/decrease in inventories	(4,021)	(1,553)
Movement in pension liability	(3,821)	18,515
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	24,348	26,982
Other non-cash items charged to the net surplus/deficit on provision of services	0	0
	50,017	125,906
Adjustments for investing and financing activity items		
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,097)	(14,690)
Any other items for which the cash effects are investing or financing cash flows	(26,679)	(30,374)
	(31,776)	(45,064)
Net cash flows from operating activities	22,453	77,478

Interest and Dividends	2024/25	2025/26
	£000	£000
Interest Paid	(25,254)	(25,895)
Interest Received	(25,254)	(25,895)
Dividends	(25,254)	(25,895)

Note 49: Cash Flow Statement – Investing Activities

This note provides a breakdown of the investing activities included in the Cash Flow Statement.

Cash Flow Statement – Investing Activities	2024/25	2025/26
	£000	£000
Purchase of property, plant & equipment & intangible assets	(57,998)	(91,431)
Purchase of short and long term investments	(12,116)	27,527
Proceeds from the sale of property, plant & equipment	(2,176)	(14,690)
	0	-
Other receipts from investing activities	26,557	30,374
	(45,732)	(48,220)

Note 50: Cash Flow Statement – Financing Activities

This note provides a breakdown of the financing activities included in the Cash Flow Statement.

Cash Flow Statement – Financing Activities	2024/25	2025/26
	£000	£000
Cash receipts of short and long term borrowing	204,943	(1,094)
Other receipts from financing activities	(1,343)	(4,575)
Cash payments for the reduction of outstanding liabilities (finance leases)	(600)	(1,006)
Repayment of Short and Long Term Borrowing	(171,155)	0
Other payments for financing activities	-	(62,178)
	31,845	(68,853)

LUTON BOROUGH COUNCIL

Other Supporting Notes

Statement of Accounts 2025/26

Luton

Other Supporting Notes

Note 51: Contingent Assets and Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

As at 31st March 2026 there are no new contingent assets and liabilities which have been reported during the closure of accounts process.

Note 52: Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants credited to the Comprehensive Income and Expenditure Statement are listed in Notes 11 and 12.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2025/26 are shown in Note 14. At the time of compilation of this report, during 2025/26 the council did not have any transactions with organisations that Members had a pecuniary interest in.

Officers

At the time of compilation of this report, during 2025/26 the council did not have any transactions with organisations that Officers had a pecuniary interest in.

Other Public Bodies (subject to common control by Central Government)

Details of payments made to the Bedfordshire Pension Fund (Bedford Borough Council) for employer's superannuation contributions are shown in Note 33. The Council has a number of pooled budget arrangements with NHS Luton and with South Essex Partnership University NHS Foundation Trust. Details of these arrangements are shown in Note 19.

Entities Controlled or Significantly Influenced by the Council

Details of the Council's shareholdings and investments in London Luton Airport Limited and Foxhall Homes are disclosed in the Note 1. The Council is involved with a number of companies whose assets and liabilities are not included in the Council's single entity statements. Most of these companies are small simple investments and the Council's interest does not extend to a relationship that could be classified as a subsidiary, associate or joint venture. None of these companies are included in the group accounts.

London Luton Airport Limited

This company is a full subsidiary of the Council and the Group Accounts consist of the consolidation of its financial statements with those of the Council's.

The principal activity of the company is the ownership of airport facilities. In 1998/99 the company entered into a thirty-year concession with London Luton Airport Operations Limited to operate the airport [later extended to 31 March 2031 in August 2012]. The Council holds 44,837,019 ordinary £1 shares, equivalent to 100% of the company's share capital carried at a historic valuation of £44.8 million. It also holds debentures totalling £507.1 million at 31st March 2026.

At the year ended 31st March 2026, the company had net assets of £1,194.1million (£1,158.1million at 31st March 2025). The 2025/26 profit before tax was £49.4 million and after tax was a profit of £35.9million (2025: before tax £261.3m and after tax: £194.6million).

Foxhall Homes

During 2016/17 the Council established a wholly owned subsidiary called Foxhall Homes. The purpose of the subsidiary which has been established is to optimise council land and property assets including the use of redundant spaces to provide hundreds of much needed new homes. During 2019/20 £800,000 of shares were issued from Foxhall Homes to Luton Borough Council. It also held debentures totalling £23.3 million at 31st March 2026.

Note 53: Fair Value

Investment Properties Fair Value Hierarchy

Fair valuations have been classified into three levels to signify the level of certainty existing within the underlying valuation assumptions. The three levels are;

- **Level 1** valuations are derived from quoted prices in active markets for identical assets or liabilities
- **Level 2** valuations do not have quoted market prices and there is some element of assumptions being used which are supported by observable market data
- **Level 3** valuations contain at least one input which significantly impacts on the valuation of the asset or liability, and the input cannot be directly supported by market data.

The Council does not have any Investment Properties classified using the level 1 classification.

Investment Properties Fair Value Hierarchy	Other significant observable inputs	Significant unobservable inputs	Fair Value as at 31/03/2026
	(Level 2)	(Level 3)	
	£000	£000	£000
Retail	0	0	0
Leisure	0	0	0
Office Units	0	0	0
Industrial	0	0	0
Other	0	0	0
Total	0	0	0

Investment Properties Fair Value Hierarchy	Other significant observable inputs	Significant unobservable inputs	Fair Value as at 31/03/2025
	(Level 2)	(Level 3)	
	£000	£000	£000
Retail	38,920	0	38,920
Leisure	2,790	0	2,790
Office Units	30,450	0	30,450
Industrial	16,290	0	16,290
Other	19,453	650	20,103
Total	107,903	650	108,553

Investment Properties Valuation Methods Used to Determine Levels 2 & 3 Fair Values

Significant Observable Inputs – Level 2

For the Level 2 valuations, we have based the valuations on the market-based income and investment approach in all the separate categories, assessing rental values by reference to comparable leasing deals in the locality of each asset, with relatively minor adjustments to unit rental values to cater for individual characteristics of the property being valued. Capitalising income streams at an appropriate valuation yield has also been carried out by reference to comparable sales of investment properties with similar characteristics and adopting the capitalisation yields in those comparable deals. The retail, office and some of the industrial properties have been placed in the Level 2 category, as relevant rental value and investment/capital value are comparable to going market rates.

For our offices throughout the south-east of England comparable capital transactions may be in other towns of similar types of office building. Adjustments have been made to comparable yields to reflect differences in individual property's features, such as unexpired lease term, strength of tenant covenant, quality of specification and micro location. For a Level 2 valuation we would seek to base valuations on very similar comparable market transactions so that the adjustments made in the valuation for these factors are not significant; thus "observable inputs" (i.e. the comparable market evidence) are significant determinants in each valuation.

Significant Observable Inputs – Level 3

Those assets that are in the categories of some 'Industrial' properties, the development sites and all of those categorised as 'Others' have been placed in the Level 3 category. The valuation method is largely similar to that used for Level 2 properties, assessing rental values and capital values separately and applying suitable investment yields to income streams, but more significant adjustments to rents and yields deriving from other transactions may have been applied, using the valuer's experience and judgement of the property investment market, than the minor adjustments made in Level 2 valuations. Where the comparable evidence of similar assets is thin, or where the adjustments we have to make to the valuations using the valuer's judgement are material, and are thus 'unobservable inputs', we would place the valuations in the Level 3 category.

Investment Properties Valuation Methods Used to Determine Levels 2 & 3 Fair Values

Fair Value as at 31/03/2025	Significant unobservable inputs	Other significant observable inputs	Assets	Other significant observable inputs	Significant unobservable inputs	Fair Value as at 31/03/2026
Total	(Level 3)	(Level 2)		(Level 2)	(Level 3)	Total
£	£	£		£	£	£
38,920		38,920	Retail	38,920		38,920
2,790		2,790	Leisure	2,790		2,790
30,450		30,450	Office Units	30,450		30,450
16,290		16,290	Industrial	16,290		16,290
20,103	650	19,453	Other	19,453	650	20,103
1,710,000		1,710,000	LLAL - Freehold Interest (Airport) & Other	1,710,000		1,710,000
139,512	139,512		LLAL - AUC & Other		139,512	139,512
1,958,065	140,162	1,817,903	Total	1,817,903	140,162	1,958,065

LUTON BOROUGH COUNCIL

Housing Revenue Account

Statement of Accounts 2025/26

Luton

Housing Revenue Account (HRA)

HRA Income and Expenditure Account and Movement on HRA Balance

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents.

The Council charges rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

The HRA Income and Expenditure Statement is consolidated into the Comprehensive Income and Expenditure Statement.

Housing Revenue Income and Expenditure Account	2024/25	2025/26
	£000	£000
EXPENDITURE		
Repairs and Maintenance	15,162	16,494
Supervision and Management	9,826	11,194
Rents, Rates, Taxes and Other Charges	3,337	3,235
HRA share of Democratic Core	208	211
Depreciation and impairment of non-current assets	17,436	14,319
Upward revaluation of non-dwellings	0	0
Impairment reversal	0	0
Movement in FV of Investment Properties	0	0
Revenue expenditure funded by capital under statute	0	0
Debt Management Costs	16	16
Movement in the allowance for Bad Debts	254	817
Total Expenditure	46,240	46,287
INCOME		
Dwelling Rents	(39,900)	(40,866)
Non-dwelling Rents	(985)	(1,007)
Tenant Services and Facilities Charges	(4,388)	(4,238)
Leaseholders services and facilities charges	(1,686)	(1,872)
Contributions towards expenditure	(567)	(1,017)
Total Income	(47,526)	(49,000)
Net cost of HRA Services	(1,286)	(2,713)
HRA share of the operating income and expenditure	0	0
(Gain)/Loss on sale of HRA non-current assets	(2,587)	6,791
Movement in FV of Investment Properties	0	0
Interest Payable and similar charges	5,411	5,086
Interest and Investment Income	(1,798)	(1,660)
Net interest cost on the net defined benefit liability	291	0
Capital contributions receivable	0	0
Total	1,317	10,217
Deficit/(surplus) for the year on HRA services	31	7,504

Statement of Movement on the Housing Revenue Income & Expenditure Account

Statement of Movement on the Housing Revenue Income & Expenditure Account	2024/25 £000	2025/26 £000
HRA balance brought forward	(11,952)	(10,909)
(Surplus)/Deficit for the year on the HRA services	0	0
Adjustments between accounting basis and funding basis under statute		
Charges for depreciation and impairment of non-current assets	(10,249)	(3,831)
Revaluation losses on Property, Plant and Equipment	3,316	0
Movements in the market value of Investment Properties	0	0
Revenue Expenditure funded from Capital under Statute	(2,509)	(19,084)
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	215	380
Capital grants and contributions applied to capital financing	5,097	12,292
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	(43)	(114)
Contribution from the Capital Receipts Reserve towards administrative costs of disposals	4,028	3,723
Capital expenditure charged against HRA balances	10,782	10,781
Reversal of Major Repairs Allowance credited to the HRA	33	0
Amount by which finance costs differ from costs chargeable in accordance with statute	(738)	517
Reversal of items relating to retirement benefits debited or credited to the statement	1,303	(571)
Employer's pensions contributions and direct payments to pensioners payable in the year	0	0
Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	0	0
Net (inc)/dec before transfers to/from res.	770	1,680
Transfer to/(from) earmarked reserves	0	0
(Inc)/dec in the HRA balance for the year	1,043	1,680
HRA balance carried forward	(10,909)	(9,229)

HRA Statement Supporting Notes

Movements in Asset Values (see Note 31)

Housing Stock

Housing Stock

Houses & bungalows	1 bed	2 bed	3 bed	>3 bed	Total
31-Mar-25	128	732	2,402	169	3,431
31-Mar-26	127	719	2,367	168	3,381
(Reduction)/Increase	(1)	(13)	(35)	(1)	(50)

Flats	1 bed	2 bed	3 bed	>3 bed	Total
31-Mar-25	2,356	1,600	213	0	4,169
31-Mar-26	2,344	1,590	209	0	4,143
(Reduction)/Increase	(12)	(10)	(4)	0	(26)

Major Repairs Reserve

Authorities are required by regulation to establish and maintain a Major Repairs Reserve. The main credit to the account comprises the total depreciation charge for all Housing Revenue Account assets. Capital spending on Housing Revenue Account assets is then funded from the reserve without being charged to the Housing Revenue Account. The movements of the Major Repairs Reserve can be found in Note 21.

Major Repairs Reserve	31/03/2025	31/03/2026
	£000	£000
Opening Balance Brought Forward	(2,416)	(5,725)
Reversal of Depreciation Charged to the HRA	7,473	11,104
Reserve used to Finance Capital Expenditure	(10,782)	(10,781)
Closing Balance Carried Forward	(5,725)	(5,401)

Capital Receipts Reconciliation

Capital Receipts	31/03/2025	31/03/2026
	£000	£000
Sale of Council Houses	(4,301)	(12,578)
Mortgage receipts	0	0
HRA receipts in year	(4,301)	(12,578)
less: Statutory pooling	0	0
Total Capital Receipts	(4,301)	(12,578)

Rent and Arrears

Government policy changed from 1st April 2020 to permit annual rent increases on both social and affordable rent properties. The increase was limited to CPI plus 1 percent point and would be for a period of at least five years.

Rent Arrears				
Type	Number of Bedrooms	Lowest	Highest	Typical
		£	£	£
Houses & Bungalows	1	66.49	104.84	103.59
	2	87.03	209.42	112.55
	3	93.15	263.28	120.55
	4 or more	102.82	304.44	149.55
Flats	1	58.95	250.00	94.32
	2	69.43	201.58	105.97
	3	103.71	253.15	117.47

Rent arrears at 31st March 2026 were £4.461 million (£4.201 million at 31st March 2025), against which a provision for bad debt of £4.303 million (£4.052 million at 31st March 2025) has been made.

LUTON BOROUGH COUNCIL

Collection Fund

Statement of Accounts 2025/26

Luton

Collection Fund Statements

Collection Fund Annual Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and non-domestic rates.

Collection Fund Annual Statement	2024/25 NNDR	2024/25 Council Tax	2025/26 NNDR	2025/26 Council Tax
	£000	£000	£000	£000
Income from Council Tax		(129,709)		(136,346)
Income collectable from business rates	(70,897)		(75,298)	
Total Income	(70,897)	(129,709)	(75,298)	(136,346)
Central Government	(5,486)	0	9,041	0
Luton Borough Council	(5,377)	4,519	8,860	(872)
Bedfordshire Police Authority	0	658	0	(124)
Beds and Luton Combined Fire Authority	(110)	274	181	(53)
Apportionment of prior year surplus/(deficit)	(10,973)	5,451	18,081	(1,050)
Central Government	34,432	0	37,260	0
Luton Borough Council	33,744	103,014	36,514	110,318
Bedfordshire Police Authority	0	14,904	0	16,006
Beds & Luton Combined Fire Authority	689	6,338	745	6,751
Total Precepts and Demands	68,865	124,256	74,519	133,074
Costs of Collection	236	0	235	0
Write-offs charged to Collection Fund	0	0	0	0
Change in allowance for impairment	2,027	2,805	3,832	5,430
Change in provision for appeals	(6,728)	0	(2,520)	0
Transitional Protection payments	(2,200)	0	(471)	0
Total Charges to Collection Fund	(6,665)	2,805	1,075	5,430
Total Expenditure	51,227	132,512	93,675	137,454
Deficit/(Surplus) for year	(19,670)	2,803	18,377	1,109
Deficit / (Surplus)brought forward	(3,949)	(8,371)	(23,619)	(5,568)
Deficit / (Surplus) carried forward	(23,619)	(5,568)	(5,242)	(4,460)

Collection Fund Movement in Reserves

The surplus generated in 2024/25 for Business Rates and Council Tax has improved the level of reserves held for both funds.

2024/25			Movement in Reserves			2025/26		
NNDR	Council Tax	Total		NNDR	Council Tax	Total		
£000	£000	£000		£000	£000	£000		£000
(19,670)	2,803	(16,867)	Deficit / (Surplus) for year	18,377	1,109	19,486		
(12,628)	(8,371)	(20,999)	Deficit / (Surplus)brought forward	(23,619)	(5,568)	(29,187)		
(32,298)	(5,568)	(37,866)	Deficit / (Surplus) carried forward	(5,241)	(4,460)	(9,701)		

The closing reserves balances can then be split by the major preceptors. This is shown in the following note.

Collection Fund Supporting Notes

Split of the Collection Fund Balances Share by Major Preceptor

2024/25			Reserve Analysis			2025/26		
NNDR	Council Tax	Total		NNDR	Council Tax	Total		
£000	£000	£000		£000	£000	£000		£000
(25,984)	0	(25,984)	Central Government	(2,621)	0	(2,621)		
(25,464)	(2,293)	(27,757)	Luton Borough Council	(2,568)	(3,697)	(6,265)		
0	(332)	(332)	Bedfordshire Police Authority	0	(536)	(536)		
(520)	(141)	(661)	Beds and Luton Combined Fire Authority	(52)	(226)	(279)		
(51,967)	(2,766)	(54,733)	Total Reserve Balance	(5,241)	(4,460)	(9,701)		

Council Tax reserves are split across the major preceptors based on the precept demands place on the Collection Fund.

Business Rates are proportioned based on a set percentage across the major preceptors.

- 50% Central Government
- 49% Luton Borough Council
- 1% Beds and Luton Combined Fire Authority

Income from Business Rates

The Council is a billing authority and collects from local businesses an amount equal to the rateable value of their property, multiplied by the uniform rate set nationally by government. In unitary authority areas such as Luton, the Council will retain 49% of the rates yield.

There is inherent volatility in the Non-Domestic Rates yield as the tax base is based on notional property rental values. The Council now benefits from any growth in yield, subject

to a levy on disproportionate gains, but also shares the risk of any negative volatility in yield, subject to a national safety net system that will ensure retained yield does not fall below 92.5% of the Council’s baseline funding requirement as determined by the Government.

Ratepayers have a right to appeal against the rateable value attributed to their property under certain circumstances. It is necessary to establish a provision for the estimated loss in yield, but it is difficult to form an accurate estimate of the potential liability to the Council that will arise due to outstanding rating appeals because appeals are determined independently by the Valuation Office Agency or, in some cases, the Valuation Tribunal.

The 2025/26 rating multiplier set by central government was 55.5p per £ (55.6p per £ in 2024/25) and the 2025/26 small business multiplier was 49.9p per £ (49.9p in 2024/25).

Income from Council Tax

The Council’s tax base for 2025/26 was 59,774 (56,224 in 2024/25). This is the number of chargeable dwellings in each of the valuation bands adjusted for discounts and non-collection and converted into an equivalent number of band D properties.

Band	Value at April 1991	Number of Dwellings	Ratio (9th)	Council Tax
A	Disabled Relief	27	5/9	1,355.52
A	Under 40,000	21,543	6/9	1,626.63
B	40,000 – 52,000	28,106	7/9	1,897.73
C	52,000 – 68,000	22,857	8/9	2,168.83
D	68,000 – 88,000	8,000	9/9	2,439.93
E	88,000 – 120,000	3,521	11/9	2,982.13
F	120,000 – 160,000	1,125	13/9	3,524.34
G	160,000 – 320,000	292	15/9	4,066.56
H	Over 320,000	32	18/9	4,879.86

LUTON BOROUGH COUNCIL

Group Accounts

Statement of Accounts 2025/26

Luton

Group Accounts

Introduction

The purpose of the Group Accounts is to provide a picture of Luton Borough Council and the group of companies and other entities, which are either controlled or are significantly influenced by the Council. The Group Accounts show the full extent of the Authority's wider assets and liabilities, provide transparency and enable comparison with other entities.

The Group Accounts include the following:

- **Group Comprehensive Income and Expenditure Statement (CIES)** - summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accruals' basis.
- **Group Movement in Reserves (MiRS)** - shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group reserves.
- **Group Balance Sheet** - reports the Council's Group financial position at the year-end.
- **Group Cash Flow Statement** - shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.
- **Notes to the Group Accounts** where the balances are materially different to those in the single entity accounts.

Results of the Subsidiaries and Associates

The following notes provide additional details about the Authority's involvement in the entities consolidated to form the group accounts.

London Luton Airport Limited (LLAL)

This company is a full subsidiary of the Council and the Group Accounts consist of the consolidation of its financial statements with those of the Council's.

The principal activity of the company is the ownership of airport facilities. In 1998/99 the company entered into a thirty-year concession with London Luton Airport Operations Limited to operate the airport. The Council holds 44,837,002 ordinary £1 shares, equivalent to 100% of the company's share capital carried at a historic valuation of £44.8 million. It also holds debentures totalling £507.1million at 31st March 2026.

LLAL 2025/26 Group Performance

At the year ended 31st March 2026, the company had net assets of £1,949.1 million (£1,158.1 million at 31st March 2025). The 2025/26 profit before tax was £49.4million and after tax was a profit of £35.9million (profit before and after tax were £261.3 million and £194.6million for 2024/25).

As agreed, there was no dividend paid by LLAL to the Council for the year 2025/26 as the airport continues the recovery from the Covid-19 pandemic.

Foxhall Homes Limited

This company is a full subsidiary of the Council and the Group Accounts consist of the consolidation of its financial statements with those of the Council's.

The principal activity of the company is to provide the Council with a means to develop a mix of property types of different tenures, maximising resources to assist in the delivery of much needed homes. The Council holds 800,001 ordinary £1 shares, equivalent to 100% of the company's share capital.

2025/26 Performance.

At the year ended 31st March 2026, the company had a negative net asset of £0.1million (positive £0.3million in 2025). The loss before and after tax were £0.7million and 0.4million (0.3million and 0.6million 2025) respectively.

Luton & Kent Commercial Services LLP (Connect2Luton)

Historically, the financial outturn for our joint-venture partner (Connect2Luton) has been below materiality (less than £0.5m) and the Council opted, in line with accounting regulations, not to consolidate in the Group accounts. However, in 2023/24, Connect2Luton reported a profit above materiality of £0.7m requiring their accounts to be consolidated together with the Group.

2025/26 Performance

At the year ended 31st March 2026, the company had net assets of £1.3 million (£1.0million 2025). The reported profit after all expenditure was £0.6million (£0.3million 2025).

QED Luton (Challney) Limited

The group accounts in relation to QED Luton (Challney) Ltd has been deemed as not material and not consolidated into the group accounts.

In January 2019, the Council took a 45% stake in QED Luton (Challney) Holding Ltd, 45% stake is held by Building Schools for the Future and the remaining 10% by Luton Learning Community Partnership Ltd (LLCP).

The company manages the Challney School PFI arrangement. They are almost solely financed by the Council via DfE Grant. The income is used to finance asset lifecycle costs, pay the private sector financing costs and management overheads.

Going Concern

The Group accounts have been prepared on a going concern basis with reference to the council's single entity going concern (as disclosed set out above) and the following reasons relating to the Group's subsidiary entities.

London Luton Airport Limited (LLAL)

Decision to prepare Group accounts on a going concern basis with respect to LLAL is predicated on (1) the strong financial performance and the agreed contingent credit facility available to LLAL from the Council, its sole shareholder.

1) Financial Performance

The company recorded revenue of £91.3 million to 31 March 2026 compared to £86.9 million in 2025: an increase driven by the continued recovery in the aviation industry post Covid-19 pandemic.

Liquidity

The company also reported strong liquidity ratios on its balance sheet, with a trend showing improvement year-on-year. Additionally, it actively manages its short-term investments and cash holdings to ensure sufficient funds are available for its operational activities.

2) Agreed Contingent Credit Facility (Debenture Loans) with Shareholder

The company does not have any external financial relationships with banks or finance houses for credit facilities. The debenture loans to the company are from the Council, the sole shareholder.

As the sole shareholder, the Council continues to support LLAL's operations within the expected governance framework and management accountability to ensure the best returns on investment for the taxpayer.

As at the reporting date, we do not foresee any exceptional situation which might lead to the LLAL curtailing or ceasing its operations.

Foxhall Homes Ltd (FHL)

Notwithstanding the consecutive losses reported in 2026 and 2025 largely due to major interruptions to its operations from its suppliers, FHL'S short to medium term operational plans for 2026/27 and beyond forecast a period of stabilisation.

Additionally, FHL has an agreed contingent credit facility available to it from the Council to shore up its financial operations should the need arises. There are no plans or foreseeable events at the reporting date which could lead to a curtailing or cessation of its operations in the next twelve months.

Comprehensive Income and Expenditure Statement (Group)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2024/25					2025/26		
GROSS SPEND £000	GROSS INCOME £000	NET SPEND £000		Note	GROSS SPEND £000	GROSS INCOME £000	NET SPEND £000
92,600	(76,742)	15,858	Chief Executive		100,080	(84,772)	15,308
152,053	(51,708)	100,345	Children, Families and Education Services		171,707	(53,720)	117,987
192,170	(110,895)	81,275	Population Wellbeing		210,223	(115,376)	94,847
148,506	(76,284)	72,222	Inclusive Economy		146,589	(71,264)	75,325
30,476	(86,957)	(56,480)	Airport		22,598	(91,396)	(68,798)
292,589	(336,823)	(44,234)	Schools Individual Budgets		307,595	(354,466)	(46,871)
46,274	(47,560)	(1,286)	Housing Revenue Account (separate HRA statement)		46,022	(48,737)	(2,715)
1,722	(1,050)	672	Other Corporate Accounts		2,435	(10,890)	(8,455)
956,390	(788,018)	168,372	Total Net Cost of Services		1,007,249	(830,620)	176,629
		8,330	Other Operating (Income)/Expenditure				12,623
		(231,207)	Financing and Investment (Income)/Expenditure				(21,404)
		(210,737)	Taxation and Non-Specific Grant Income				(210,877)
		(265,242)	(Surplus) / Deficit on Provision of Services				(43,030)
		(26)	Share of (surplus)/Deficit on Joint Venture				(167)
		66,702	Tax expenses of subsidiary (LLAL)				13,443
		1	Tax expenses of subsidiary (FH)				(274)
		(198,564)	Group (Surplus) / Deficit on Provision of Services				(30,028)
		(24,180)	(Surplus) / Deficit on Revaluation of PPE assets				(233,639)
		4,379	Remeasurement of the Net Defined Liability/(Asset)				(3,621)
		(19,801)	Other Comprehensive (Income) and Expenditure				(237,260)
		(218,365)	Total Comprehensive (Income) and Expenditure				(267,288)

Movement in Reserves Statement (Group)

	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	<u>Total Usable Reserves</u> £000	Unusable Reserves £000	<u>Total Council Reserves</u> £000	LLAL Profit & Loss Account Reserve £000	Foxhall Homes Profit & Loss Account Reserve £000	Share of Associates & JV Reserve (K&LCS LLP) £'000	Total Group Reserves
Balance at 1 April 2024	(134,102)	(12,082)	(2,416)	(17,551)	(13,821)	(179,971)	(903,830)	(1,083,802)	(938,193)	(107)	(472)	(2,022,574)
Movement in Reserves during 2024/25												
(Surplus) or deficit on provision of services	46,202	31	0	0	0	46,233	0	46,233	(242,789)	(1,983)	(26)	(198,564)
Other Comprehensive Expenditure and (Income)	0					0	(19,743)	(19,743)	(58)			(19,801)
Total Comprehensive Expenditure and Income	46,202	31	0	0	0	46,233	(19,743)	26,490	(242,847)	(1,983)	(26)	(218,365)
Adjustments between group and authority accounts	(50,446)	0	0	0	0	(50,446)	0	(50,446)	48,113	2,333	0	0
Net increase before transfer	(4,244)	31	0	0	0	(4,213)	(19,743)	(23,956)	(194,734)	350	(26)	(218,365)
Adjustments between accounting basis & funding basis under regulations (note20)	8,594	739	(3,309)	(1,585)	13,821	18,260	(18,260)	0	0	0		0
(Increase) / Decrease in 2024/25	4,350	770	(3,309)	(1,585)	13,821	14,047	(38,003)	(23,956)	(194,734)	350	(26)	(218,365)
Balance as at 31 March 2025	(129,752)	(11,312)	(5,725)	(19,136)	0	(165,923)	(941,833)	(1,107,758)	(1,132,927)	243	(497)	(2,240,939)
Balance at 1 April 2025	(129,752)	(11,312)	(5,725)	(19,136)	0	(165,923)	(941,833)	(1,107,758)	(1,132,927)	243	(497)	(2,240,939)
Opening Balance Adjustments	0	0		0	0	0	0	0	0	245	0	245
Movement in Reserves during 2025/26												

Group (Surplus) or deficit on provision of services	51,969	8,075	0	0	0	60,044		60,044	(85,745)	(4,159)	(167)	(30,028)
Other Comprehensive Expenditure and (Income)						0	(237,147)	(237,147)	(113)			(237,260)
Total Comprehensive Income and Expenditure	51,969	8,075	0	0	0	60,044	(237,147)	(177,103)	(85,859)	(4,159)	(167)	(267,288)
Adjustments between group and authority accounts	(54,392)	0	0	0	0	(54,392)	0	(54,392)	49,784	4,608	0	(0)
Net increase before transfer	(2,423)	8,075	0	0	0	5,652	(237,147)	(231,495)	(36,074)	449	(167)	(267,289)
Adjustments between accounting basis & funding basis under regulations	5,100	(10,971)	323	(6,759)	0	(12,307)	12,307	0	0	0		0
(Increase) / Decrease in 2025/26	2,677	(2,896)	323	(6,759)	0	(6,655)	(224,840)	(231,495)	(36,074)	449	(167)	(267,289)
Balance as at 31 March 2026	(127,075)	(14,208)	(5,402)	(25,895)	0	(172,578)	(1,166,673)	(1,339,253)	(1,169,001)	937	(664)	(2,507,983)

Balance Sheet (Group)

31 March 2025				31 March 2026	
£000	£000		Note	£000	£000
1,406,527		Property, Plant and Equipment	GRP2	1,662,194	
2,038,226		Investment Property	GRP3	2,101,067	
1,612		Intangible Assets		865	
10,090		Heritage Assets		10,090	
3,986		Right of Use		25,321	
2,254		Long Term Investments		1,862	
497		Investment in Associates & Joint Ventures		663	
111		Long Term Debtors		152	
	3,463,304	Total Long Term Assets			3,802,213
0		Short Term Investments		0	
25,931		Inventories		11,029	
110,238		Short Term Debtors		147,625	
63,949		Cash and Cash Equivalents		30,264	
	200,118	Total Current Assets			188,918
0		Cash and Cash Equivalents (Bank overdrawn)		0	
(57,958)		Short Term Borrowing		(57,920)	
(110,692)		Short Term Creditors		(112,718)	
(4,750)		Current Provisions	GRP4	(3,803)	
(8,667)		Revenue Grants Receipts in Advance		(4,974)	
	(182,067)	Total Current Liabilities			(179,415)
(1,637)		Non Current Provisions	GRP4	(1,504)	
(418,414)		Deferred Tax Liability		(427,355)	
(37,814)		Capital Grants Receipts in Advance		(45,787)	
0		Long term Creditors		0	
(21,142)		Other Long Term Liabilities		(43,702)	
(52,012)		Pension Scheme Net Liability		(33,327)	
(709,400)		Long Term Borrowing		(749,056)	
	(1,240,419)	Total Long Term Liabilities			(1,300,731)
	2,240,936	Total Net Assets			2,510,985
(129,751)		General Fund Reserves (including GF Earmarked)		(129,914)	
(11,312)		Housing Revenue Account Res. (including HRA Earmarked)		(14,926)	
(5,725)		Major Repairs Reserve		(5,401)	
(19,136)		Capital Receipts Reserves		(25,895)	
0		Capital Grants Unapplied Reserve		0	
(1,132,869)		LLAL Profit & Loss Account	MiRS	(1,168,890)	
244		Foxhall Homes Profit & Loss Account	MiRS	937	
(497)		Associates and Joint Ventures	MiRS	(663)	
	(1,299,046)	Total Usable Reserves			(1,344,143)
(343,402)		Revaluation Reserve		(565,600)	
(644,177)		Capital Adjustment Account Reserve		(637,710)	
55,168		Pensions Reserve		32,523	
5,220		Financial Instruments Adjustment Account Reserve		4,969	

2,736	Deferred Capital Receipts Reserve	2,736
(20,442)	Collection Fund Adjustment Account Reserve	(6,260)
3,007	Accumulated Leave Reserve	2,501
(941,890)	Total Unusable Reserves	(1,166,841)
(2,240,936)	Total Reserves	(2,510,985)

Cash Flow Statement (Group)

31/03/2025 £0		31/03/2026 £0
198,564	Net surplus/(deficit) on provision of services	30,028
-90,538	Adj to net surplus/deficit on provision of services for non-cash movements	143,704
-31,802	Adj for items included in the net surplus/deficit on provision of services that are investing and financing activities	-45,345
76,225	Net cash flows from Operating Activities	128,387
-62,824	Investing Activities	-71,940
6,318	Financing Activities	-90,130
19,719	Net (increase)/decrease in cash and cash equivalents	-33,683
44,232	Cash and cash equivalents at the beginning of the reporting period	63,951
63,951	Cash and cash equivalents at the end of the reporting period	30,267

Group Notes

Note 1 – Accounting Policies

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

- The Council has two wholly-owned subsidiaries: London Luton Airport Ltd (LLAL) and Foxhall Homes Ltd (FHL). It is also in joint venture arrangement with an associate: Connect2Luton (incorporated name: Luton & Kent Commercial Services LLP) .
- The applicable accounting standards require us to consolidate subsidiaries on a line-by-line basis with the single entity; whereas for joint ventures and associates the share of the single entity's portion of the declared profit and equity base of the balance sheet are to be included in the consolidation process.
- Where group entities use different accounting policies to the Council, their accounts would be restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts; there has not been a need to do so for 2026's consolidation.

Note 2 Group Property, Plant and Equipment

Movements in Property, Plant & Equipment during 2025/26	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Group Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2025	530,041	566,950	68,874	611,918	12,619	990	31,379	1,822,771
Additions	14,925	20,953	3,808	18,135	1,389	0	34,803	94,013
Revaluation increases / (decreases) to Revaluation Reserve	46,914	162,597	0	0	0	0	0	209,511
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,831)	(17,283)	0	0	0	0	0	(21,114)
Derecognition - Disposals	(19,084)	(9,001)	(367)	0	0	0	0	(28,452)
Reclassifications/Transfers	5,655	(4,024)	0	0	0	0	(2,246)	(615)
At 31 March 2026	574,620	720,192	72,315	630,053	14,008	990	63,936	2,076,114
Accumulated Depreciation & Impairment								
At 1 April 2025	(62)	(45,796)	(56,953)	(313,124)	(242)	(68)	0	(416,245)
Depreciation charge	(10,781)	(8,307)	(2,430)	(16,902)	(234)	0	0	(38,654)
Depreciation written out to the Revaluation Reserve	10,618	13,398	0	0	0	0	0	24,016
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	293	0	0	0	0	0	0	293
De-recognition – disposals	0	1,163	335	15,169	0	0	0	16,667
Reclassifications/Transfers	0	0	0	0	0	0	0	0
At 31 March 2026	68	(39,542)	(59,048)	(314,856)	(476)	(68)	0	(413,922)
At 31 March 2025	529,979	521,154	11,921	298,794	12,377	922	31,379	1,406,526
Net Book Value at 31 March 2026	574,688	680,650	13,267	315,197	13,532	922	63,936	1,662,192

Movements in Property, Plant & Equipment during 2024/25	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Group Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2024	524,851	538,997	65,988	603,037	11,577	890	40,515	1,785,855
Additions	11,179	19,158	2,919	11,443	762	0	13,407	58,868
Revaluation increases / (decreases) to Revaluation Reserve	6,837	3,619	0	0	0	0	0	10,456
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,266)	(5,351)	0	0	0	0	0	(15,617)
Derecognition - Disposals	(2,560)	(4,537)	(33)	(7,864)	0	0	(2,586)	(17,580)
Reclassifications/Transfers	0	15,065	0	5,302	280	100	(19,957)	790
At 31 March 2025	530,041	566,950	68,874	611,918	12,619	990	31,379	1,822,772
Accumulated Depreciation & Impairment								
At 1 April 2024	(41)	(43,359)	(53,750)	(311,921)	(80)	(34)	0	(409,185)
Depreciation charge	(10,497)	(8,383)	(3,234)	(16,373)	(162)	(34)	0	(38,683)
Depreciation written out to the Revaluation Reserve	10,122	3,545	0	0	0	0	0	13,667
Depreciation written out to the Surplus/Deficit on the Provision of Services	18	0	0	0	0	0	0	18
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	286	2,110	0	0	0	0	0	2,396
De-recognition – disposals	50	291	31	15,170	0	0	0	15,542
Reclassifications/Transfers	0	0	0	0	0	0	0	0
At 31 March 2025	(62)	(45,796)	(56,953)	(313,124)	(242)	(68)	0	(416,245)
Net Book Value at 31 March 2024	524,810	495,638	12,238	291,116	11,497	856	40,515	1,376,670
Net Book Value at 31 March 2025	529,979	521,154	11,921	298,794	12,377	922	31,379	1,406,527

Note 3 – Group Investment Properties

2024/25 Group £'000		2025/26 Group £'000
(12,425)	Rental income from investment property	(12,354)
20,530	Direct operating expenses arising from investment property	8,905
(236,918)	Net (gains)/losses from fair value adjustments	(25,656)
0	Charitable Donations	0
(228,813)	Net (gain)/loss on investment property	(29,105)

2024/25 Single £'000		2025/26 Single £'000
1,799,677	Opening Balance	2,038,226
14,664	Additions – Purchases	35,824
(3,827)	Disposals	0
238,243	Total gains/(losses) in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	25,302
(790)	Transfers (to/from Inventories or PPE)	1,716
(9,742)	Other Changes	0
2,038,225	Balance at end of the year	2,101,067

Investment Properties Fair Value Hierarchy

Fair valuations have been classified into three levels to signify the level of certainty existing within the underlying valuation assumptions. The three levels are;

- **Level 1** valuations are derived from quoted prices in active markets for identical assets or liabilities
- **Level 2** valuations do not have quoted market prices and there is some element of assumptions being used which are supported by observable market data
- **Level 3** valuations contain at least one input which significantly impacts on the valuation of the asset or liability, and the input cannot be directly supported by market data.

Fair Value Levels of LBC Group Investment Property Assets

Fair value levels making up the valuation assumptions of LBC's Group IP assets are Levels 2 and 3.

Level 2 (Valuation Approach)

In assessing the fair values of Level 2 assets, reference was made to comparable market rental values, earnings rate and where appropriate to the retail price index (RPIx). Adjustments to capitalisation values were made to account for any adverse events affecting asset values.

Key investment properties under Level 2 Fair Values include:

Luton Airport (2026: £1,800,000,000; 2025: £1,790,000,000)

The Freehold Interest in London Luton Airport has been placed in the Level 2 category as the valuers have adopted an income approach, based on capitalisation of present and predicted cashflows, and made assumptions regarding passenger growth and RPI forecasts based on analysis of historical trends and knowledge of other airports. The asset comprises a freehold interest in the airport and ancillary assets and covers approximately 570 acres of land and buildings, and typical aviation structures (runway, apron and taxiway, terminal buildings, hangars etc.).

Green Horizon Park (2026: £9,700,000; 2025: £10,200,000)

Green Horizons Park, previously known as New Century Park, is located within the greenbelt immediately to the north-east of London Luton Airport, approximately 3 miles to the east of Luton town centre and spans the administrative boundary of both Luton Borough Council and North Herts District Council. Wigmore Park is adjacent to the site's north-western boundary. Major road connections include the M1 to the east accessible via junction 10 which offers direct access to both the M25 to the south and M6 to the north. The asset comprises a strategic development site extending to 235 acres. Valuation methodology considered the value on a comparable rate per acre basis as a cross-check.

Airport Executive Park (2026: £9,450,000; 2025: £8,610,000)

The Airport Executive Park comprises 2 blocks of 8 multi-let light industrial units, ranging in size from 6,119 sq ft to 29,390 sq ft. They are located in the Luton Airport Executive Park adjacent and to the north of London Luton Airport. Airport Executive Park is approximately 2 miles to the east of Luton town centre and has strong transport links with Junction 10 of the M1 a short distance away which is accessed via the A1081 Airport Way and has recently been upgraded to improve road network capacity. Valuation methodology adopted the Investment Approach, utilising comparable market rental.

Level 3 (Valuation Approach)

AUCs (2026: £118,440,000; 2025: £106,452,000)

The Assets under construction (AUC) include £12,071k (2025: £11,545k) in respect of the commercial development sites at Bartlett Square and Century Park and £100,339k (2025: £94,170k) in respect of the Future Luton project (Development Consent Order).

Note 4 – Group Provisions

	31/03/2024				31/03/2025			31/03/2026			
	Opening	Additions	Utilised	Released	Closing	B/Fwd Adjustments	Additions	Utilised	Released	Closing	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Employee related	0	0	0	0	0	-3		0	0	-3	
Insurance related	-2,083	-230	9	687	-1,618		-1,691	1,195	184	-1,929	
Business Rates Appeals	-5,836	-6,074	0	9,371	-2,539		-2,643	0	3,878	-1,304	
Other	-2,116	-784	9	660	-2,230	657	-283	429	50	-1,376	
Deferred Tax (Subsidiary -LLAL)	-355,428	-62,986			-418,414	-245	-8,969	274		-427,355	
Total	-365,463	-70,074	18	10,718	-424,802	409	-13,585	1,899	4,112	-431,968	

Description	31/03/2027 Provision	Between 2 and 5 years	Over 5 years	Long-term total	Total
	£'000	£'000	£'000	£'000	£'000
Employee related	-3	0	0	0	-3
Insurance related	-1,618	-15	-296	-311	- 1,929
Business Rates Appeals	-2,539	1,235	0	1,235	- 1,304
Other	-1,144	-232	0	-232	- 1,376
Deferred Tax (Subsidiary -LLAL)	0		-427,355	-427,355	- 427,355
Total	-5,304	988	-427,651	-426,663	-431,968

LUTON BOROUGH COUNCIL

Glossary of Terms

Statement of Accounts 2025/26

Luton

Glossary

Accounting Policies

Accounting policies define the process whereby transactions and other events are reflected in the financial statements.

Accrual Accounting

The concept that items of income and expenditure are included in the accounts in the year they are earned or incurred, not when the money is received or paid.

Budget

This is a statement of the expected level of service to be provided expressed in monetary terms, over a set period of time including both revenue and capital expenditure.

Capital Adjustment Account

This account was formed on 1 April 2007 from the consolidation the former Capital Financing Account and the Fixed Asset Restatement Account. Transactions on the account since reflect the financing of capital expenditure, the adjustment for the Minimum Revenue Provision and adjustments to the value of assets in the balance sheet which cannot be accounted for in the Revaluation Reserve. This account cannot be used to fund revenue expenditure

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure, which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipts

Proceeds from the sale of fixed assets and repayment of advances. These are either set aside for the repayment of loans or used to finance new capital expenditure.

Carry Forwards

These are year-end under spends which have been approved by Members to be carried forward into the next year to support specific expenditure.

CIPFA

This is the Chartered Institute of Public Finance and Accountancy, the accountancy body which sets and monitors professional standards and provides guidance for public services accounting.

Code of Practice on Local Authority Accounting in the United Kingdom ('the Code')

The 'Code' is the accounting standards which CIPFA have published for Local Authorities to follow when producing the Statement of Accounts. The 'Code' translates International Financial Reporting Standards (IFRS) into compatible rules and regulations for Local Authorities to apply.

Collection Fund

This fund receives all income raised through Council Tax and Non-Domestic Rates. The fund then disperses funds to the Income and Expenditure Account, pays the precepts to the Bedfordshire Police Authority and Bedfordshire and Luton Combined Fire Authority, and transfers the Non-Domestic Rate income to the Central Government national pool for redistribution.

Community Assets

Assets that the council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and works of art.

Contingent Liability

A contingent liability is a possible obligation arising from past events that will only be confirmed by future events. An example of a contingent liability would be a court case or employment tribunal case, which had commenced, but not concluded at the year-end.

Council Tax

This is the means of raising money locally to pay for local authority services. This is a property-based tax where the amount levied depends on the valuation of each dwelling.

Creditors

Amounts owed by the Council for goods or services that it has received but for which payment had not been made by the balance sheet date of 31 March.

Current Assets

These are assets that can be readily realised and converted into cash.

Current Liabilities

These are liabilities that are due for payment immediately or in the short term.

Current Service Cost (Pensions)

This is the increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include the termination of employees' service sooner than expected and the termination of or amendment to the terms of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors

Amounts owed to the Council where services have been delivered but for which payment has not been received by the balance sheet date.

Deferred Liabilities

These are sums due to be paid by the Council in future periods.

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciated Replacement Cost

A method employed in valuing land and buildings where a market value basis is not readily available. For example this method might be used for valuing schools, where there is no market for the asset in its existing use.

Depreciation

This is the measure of the value of fixed assets, used to provide services, consumed during the accounting period and is based on the expected useful life of the asset. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset.

Doubtful Debts

A provision made for debts which might not be paid, based on the age and particular circumstances relating to the debt.

Earmarked Reserves

These reserves represent the monies set aside that can only be used for the specified use or purpose.

Emoluments

Amounts paid to employees of the council, including expenses or non-monetary benefits that are taxable net of employee pension contributions.

Estimation Techniques

The methods adopted by the council to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Events after the Balance Sheet Date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

Exceptional items

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give a fair representation to the accounts.

Extraordinary items

These are material items, needing a separate disclosure because they are activities that fall outside of the ordinary activities of the authority.

Fair Value

The fair value of an asset is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial Reporting Standards (FRSs)

These are statements of accounting standards issued by the Accounting Standards Board. Accounting standards apply to all companies, and other kinds of entities that prepare accounts that are intended to provide a true and fair view. The extent to which they apply to local authorities is determined by the SORP.

Foundation School

A school that receives funding from the Council, but where the governing body owns the land and buildings. Many of these schools were formerly grant maintained schools.

General Fund

This is the council's main revenue fund to which revenue receipts are credited and from which revenue liabilities are discharged. The movement on the fund in the year represents the excess of income over expenditure.

Government Grants

Financial assistance provided to the council by government departments, inter-government agencies and similar bodies to enable services to be provided.

Group Accounts

These show the revenue account and balance sheet including regulated companies of the Council. There are two companies that falls within the regulations, these are London Luton Airport Ltd and Foxhall Homes.

Historical Cost

The value of the capital expenditure originally occurred when the asset was purchased, constructed or enhanced.

Housing Revenue Account (HRA)

This is the ring-fenced account that records the income and expenditure relating to the provision of council housing.

Impairment

This is a reduction in the value of a fixed asset below its carrying amount on the balance sheet. Examples would include loss in value due to physical damage or decline in market value due to a general fall in prices.

Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Intangible Assets

This is expenditure that is of a capital nature, but where no tangible asset exists. An example of intangible asset is a computer software licence.

International Financial Reporting Standards

International Financial Reporting Standards (IFRS) underpin the preparation and presentation of financial statements in a consistent format so that users from different countries can interpret financial information.

Inventory

The amount of unused or unconsumed inventory (stocks) held by the council in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Investment Properties

An interest in land and/or buildings where construction work and improvements are complete and it is held for its investment potential, with any rental income being negotiated at arm's length.

Investments (Pensions Fund)

The investments of the Pensions Fund are accounted for in the accounts of the Fund, which is administered by Bedford Borough Council. However the council is required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

Investments (Non-Pensions Fund)

A long-term investment is an investment that is held for use on a continuing basis. The council's long-term investments mainly relate to the capital investment in London Luton Airport Ltd and in land development. In addition long-term investments include surplus funds that are invested for periods in excess of twelve months. Short-term investments, which are classified as current assets, comprise deposits of temporary surplus funds with banks or similar institutions.

Liabilities

Amounts the authority either owes or anticipates owing to others, whether they are due for immediate payment or not.

Long Term Debtors

These are amounts due to the council more than one year after the balance sheet date.

Major Repairs Allowance (MRA)

The MRA is a government subsidy that was introduced to replace the Housing Revenue Account borrowing for repairs.

Major Repairs Reserve (MRR)

This reserve is for capital expenditure on HRA assets.

Minimum Revenue Provision (MRP)

This is the minimum amount that must be charged to an authorities income and expenditure account each year, as a notional redemption cost of the authority's credit liabilities, for example an element of the principal repayment of outstanding loans.

Net Book Value

The amount at which fixed assets are included in the balance sheet, for instance their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, for instance the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Non-operational Assets

Fixed assets held by the council, but not used or consumed in the delivery of services or for the service or strategic objectives of the council. Examples of such assets include investment properties and assets that are surplus to requirements, pending their sale.

Non Domestic Rates (NDR)

This is a rate in the pound set by central government at a standard countrywide rate, applied to the rateable value of each premise not being used for domestic purposes. It is collected locally by the council and paid over to central government. Central government then redistribute NDR to council's by revenue grant in proportion to the population of each authority.

Operational Assets

Fixed assets held and occupied, used or consumed by the council in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

Precept

The levy made by other authorities, namely the police authority and the combined fire authority, on the council, requiring the council to collect income from council taxpayers on their behalf.

Provisions

Provisions represent sums set aside in the accounts to meet future expenditure where the specific liability is known to exist but is of uncertain amount or timing.

Prudential Borrowing

This is borrowing by local authorities without government financial support, but in accordance with the CIPFA prudential code of local authority borrowing to finance capital expenditure.

Public Works Loan Board (PWLB)

This is a government body that provides loans to local authorities for financing capital expenditure.

Revaluation Reserve

IFRS compliant account introduced for the first time in 2007/08 that reflects revaluations of assets from 1 April 2007, enabling assets to be shown in the balance sheet at current value. The overall balance is attributable to identifiable assets and impairment can only be charged here if a previous valuation gain was greater than or equal to the impairment being credited to the reserve. This account does not represent additional resource available to the Council.

Reserves

These monies set aside are mainly available to meet future commitments. Earmarked reserves are allocated for a specific purpose. Three of the reserves, the Capital Adjustment Account, the Pensions Reserve and the Revaluation Reserve cannot be used to meet commitments.

Revenue Contributions to Capital Outlay

These are contributions from the income and expenditure account to finance capital expenditure.

Revenue Support Grant

This is the amount of general Central Government grant support for local authority expenditure. In addition there are specified grants directly related to particular services and costs.