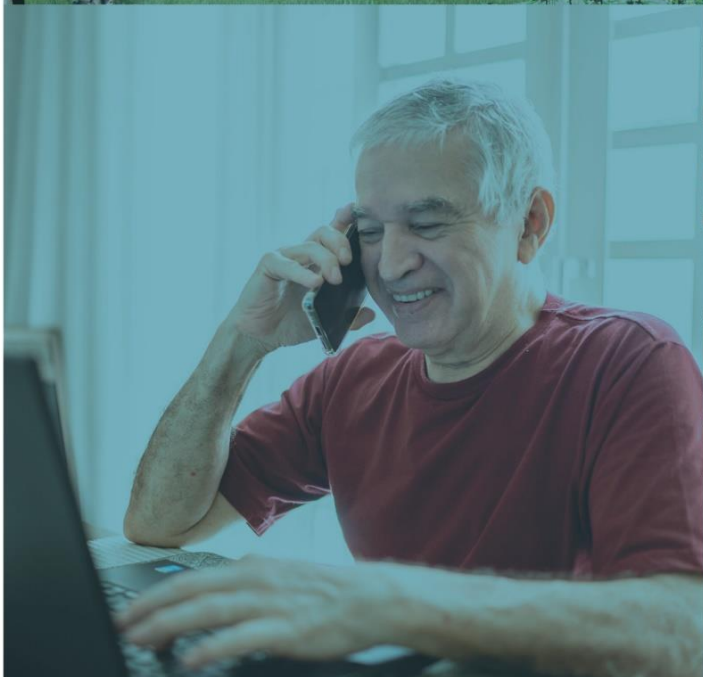




# Draft Statement of Account for 2025/26



# Contents

Narrative Report .....	3
Independent Auditor’s Report to the Members of Milton Keynes City Council .....	23
Accounting Policies .....	28
Comprehensive Income and Expenditure Statement .....	54
Movement in Reserves Statement .....	55
Balance Sheet .....	57
Cash Flow Statement .....	58
Note 1 – Expenditure and Funding Analysis .....	59
Note 2 – Note to the Expenditure and Funding Analysis .....	60
Note 3 – Expenditure and Income Analysed by Nature .....	61
Note 4 – Adjustments between Accounting Basis and Funding Basis under Regulations .....	62
Note 5 – Accounting Standards Issued, Not Adopted .....	65
Note 6 – Critical Judgements in Applying Accounting Policies.....	65
Note 7 – Assumptions made about the future and other Major Sources of Estimation Uncertainty .....	66
Note 8 – Material Items of Income and Expense .....	69
Note 9 – Events After the Balance Sheet Date .....	69
Note 10 – Transfers to/from Earmarked Reserves.....	69
Note 11 – Other Operating Expenditure .....	71
Note 12 – Financing and Investment Income and Expenditure .....	71
Note 13 – Taxation and Non-Specific Grant Income .....	72
Note 14 – Trading Operations .....	72
Note 15 – Members’ Allowances.....	72
Note 16 – External Audit Costs .....	72
Note 17 – Road Charging Schemes.....	73
Note 18 – Pooled Budgets .....	73
Note 19 – Officers’ Remuneration.....	75
Note 20 – Dedicated Schools Grant.....	77
Note 21 – Grant Income .....	77
Note 22.1 – Property, Plant and Equipment .....	79
Note 22.2 – Infrastructure Assets.....	81
Note 22.3 – Assets Held for Sale.....	85
Note 23 – Investment Properties .....	85
Note 24 – Capital Expenditure and Capital Financing .....	87
Note 25 – Debtors.....	88
Note 26 – Creditors.....	88

Note 27 – Borrowing Repayable .....	88
Note 28 – Provisions .....	89
Note 29 – Contingent Liabilities .....	90
Note 30.1 – Usable Reserves .....	92
Note 30.2 – Unusable Reserves .....	93
Note 31 – Cash and Cash Equivalents.....	95
Note 32.1 – Cash Flow from Operating Activities .....	96
Note 32.2 – Cash Flow from Investing Activities .....	96
Note 32.3 – Cash Flow from Financing Activities .....	97
Note 33 – Financial Instruments.....	97
Note 34 – Leases.....	104
Note 35 – Related Parties .....	105
Note 36 – Defined Benefit Pension Scheme.....	108
Collection Fund .....	114
Housing Revenue Account Income and Expenditure Statement .....	116
Movement on the HRA Statement .....	117
Notes to the HRA Account .....	117
Group Accounts .....	120
Group Movement in Reserves Statement .....	122
Group Comprehensive Income and Expenditure Statement .....	123
Group Balance Sheet .....	124
Group Cash Flow Statement.....	124
G1 – Accounting Policies.....	125
G2 – Summary of Subsidiaries Transactions included in the Group Balance Sheet.....	125
G3 – Investment Properties.....	126
G4 – Debtors .....	126
G5 – Creditors .....	126
G6 – Provisions .....	126
G7 – Reserves .....	127
G8.1 – Cash Flow from Operating Activities.....	127
G8.2 – Cash Flow from Investing Activities .....	128
G8.3 – Cash Flow from Financing Activities.....	128
Glossary.....	129

# Narrative Report

## Introduction

This document presents the statutory financial statements for Milton Keynes City Council (the Council) for the period 1 April 2025 to 31 March 2026 and gives a comprehensive summary of the overall financial position of the Council giving a true and fair view.

The accounts are presented in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA), as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code). Our core financial statements use this format and meet the conditions of the Code.

This narrative report provides an overview of the financial and operational performance of Milton Keynes City Council for the financial year ending 31 March 2026. It aims to offer a clear and concise summary of our achievements, challenges, and financial position, ensuring transparency and accountability to our stakeholders.

## Milton Keynes Council Overview

Milton Keynes City Council (MKCC) is a unitary Authority with city status and a rapidly growing population of c306,000. It is widely recognised for its extensive parkland and green spaces, distinctive grid road network, and strong reputation for innovation, culture and economic growth.

Over the past year, Milton Keynes City Council has continued to deliver key services and priority initiatives in a challenging financial environment. Alongside managing increased demand in a number of services, the Council has made progress in areas including recycling, school place planning, sustainability, culture and innovation, while maintaining a strong focus on financial management and value for money.

During 2025/26, the Council continued to make progress across a number of priority areas, including:

- To deliver essential services effectively – recycling volumes have increased significantly since the introduction of wheelie bins, placing Milton Keynes as the highest performing City in the Country and 2<sup>nd</sup> best performing local authority. The Council has also continued to invest in greener frontline services, including electric waste vehicles and equipment to support more efficient highways maintenance.
- To support children and young people – 95% of children secured a place at their first-choice primary school for September 2026, with 99% offered one of their top four preferences. This reflects the Council’s continued work with schools to plan and expand local school capacity in line with the city’s growth. We’re number two in the South East of England for the high number of families accessing early years education, and sixth in the country for school attendance rates. We provided more than 750,000 hours of activities with meals for children receiving free school meals.
- To advance sustainability and green infrastructure – Milton Keynes continues to have one of the strongest electric vehicle charging networks in the country outside London, and the Council has expanded its plans for additional on-street and rapid charging infrastructure. Work has also continued to improve the energy efficiency of council homes and reduce emissions from frontline services.

- To provide decent, affordable housing – the Council has continued to progress new housing and regeneration schemes, including work at the Lakes Estate. Alongside this, it has supported programmes to improve existing homes and reduce energy costs for residents. For the seventh year running, we have exceeded national housebuilding targets, delivering 2,351 new homes, including hundreds of new council homes and an £80m investment in Bletchley.
- To help the city thrive – the free Midsummer Festival returned in 2025 following a successful debut that attracted more than 7,000 visitors, and the Milton Keynes AI Festival attracted over 2,300 attendees, further strengthening the city’s reputation for culture, innovation and technology. The Council continues to support investment and skilled employment in a city where around one in three jobs are in the tech sector.
- To support our communities – the Council has continued to provide a wide range of support for residents, including activities for families, targeted financial support for vulnerable groups, accessible community facilities, and transport and care services that help people remain connected and independent.
- We invested £15.7m from city growth and housebuilding to help Milton Keynes University Hospital expand its cancer and acute care, including towards a new specialist radiotherapy centre which opened last year.
- MKCC is one of the top council’s for Adult Social Care - We’ve just been judged as one of the top ten councils in the country for our adult social care, which inspectors called “supportive, empowering and responsive”. This year we’ll open Linford Wood Place, a £13m centre for local people with complex needs, which we’ve designed with the help of the families using it.
- The Council has recently received a C2 grading for its Housing Landlord Function.
- Following an extensive procurement exercise, the Council has awarded a new operator contract for its Residual Waste Treatment Facility to Suez, which will commence from 1 October 2026.
- The Council has continued to manage significant demand-led pressures, particularly in social care and temporary accommodation, while maintaining a strong focus on budget control, delivery of savings and the prudent use of reserves to support one-off risks and corporate priorities.

Some challenges the Council has faced throughout 2025/26 included:

- Navigating the financial uncertainties posed by the broader economic environment.
- Addressing the increased demand for social care, particularly for Children’s services.

MKCC is the landlord for over c12,000 properties of which 925 is the Council’s portion of shared ownership dwellings, whose income and expenditure is operated through a Housing Revenue Account (HRA). A new 5 year repairs and maintenance contract was awarded to Mears in August 2025.

## **Strategic Objectives and Performance**

Milton Keynes is the pinnacle of post-war planning and innovation.

Designed on the founding principle that each and every citizen has the right to a high quality of life through the provision of good-quality affordable housing, well paid employment and access to open space, our city is a unique and special place of character, innovation, and community.

Milton Keynes City Council is committed to strengthening and enhancing the qualities that make us special while ensuring we are ambitious for the next chapter in our history as an internationally

recognised economic powerhouse, centre of innovation and cultural creativity, and pioneer of high-quality sustainable growth.

Milton Keynes City Council is ambitious for all, ensuring everybody has opportunities to fulfil their potential by delivering the best services and support we can while ensuring the change needed to tackle climate change and meeting the challenges of recovering from a global pandemic and a cost-of-living crisis.

The Council Plan sets out the vision, values and objectives for the Council. The Council Plan 2022 - 2026 was adopted at Council in June 2022 and refreshed at Cabinet in June 2024. The overall financial position is very challenging; the choices we will need to make will be very difficult.

Our key objectives are:

- A thriving city - We will continue to improve our city as a unique regional and national economic powerhouse, with a growing cultural significance that builds on our success and innovates for the future.
- An inclusive city - Everyone in Milton Keynes deserves to have the same opportunities and chances in life, where people are valued, feel safe and are encouraged to participate in their community and lead healthier, fulfilled lives.
- A sustainable city - We will ensure that we grow sustainably and deliver value for money services that put tackling climate change at the heart of our actions.

Further details on the Council's aims, visions and priorities can be found in the [Milton Keynes City Council Plan 2022-2026](#) which is published on the Internet.

The Strategy for 2050 is our long-term vision for our city and the future, seeking to ensure that everyone in Milton Keynes can lead happy, healthy lives.

The Strategy sets out a long-term approach to spatial development. It aims for a steady population increase to around 410,000 people in the City by 2050 as the best means of achieving our key Priorities:

- A diverse and inclusive economy
- Decent, affordable, homes in a high-quality environment
- Tackling social inequalities
- Supporting cleaner, safer and healthier communities
- Action on climate change

The Strategy for 2050 has been prepared to provide ambition and focus at a time of great uncertainty but to be flexible to adapt to changing circumstances. The delivery programme will explore the potential of new forms of delivery vehicles and seek new partnerships, including with government and Homes England, that will help secure the investment in public services and infrastructure necessary to secure high quality growth.

## **Sustainability**

In April 2025, the Council approved its [Five Year Plan – Pathway to Net Zero 2030](#), which sets out the Council's programme for reducing its own operational emissions and confirms the revised target of becoming a Net Zero Authority by 2030. The plan is supported by an action plan and annual greenhouse gas emissions reporting, with progress updates to be reported each year. A separate city-wide

sustainability strategy has also now been developed to set the wider direction for supporting Milton Keynes to become a more sustainable, low-carbon and climate-resilient city.

[Milton Keynes City Council's Sustainability Strategy 2026–2050](#) sets out a long-term plan to achieve net zero carbon emissions by 2030 and become carbon negative by 2050, positioning the city as a leader in sustainability. The strategy is structured around five themes—economy, energy, emissions, environment and engagement—and combines action on the Council's own operations with a wider leadership role across the city. Key priorities include expanding renewable energy, decarbonising transport, improving energy efficiency in buildings, embedding carbon considerations into capital investment and procurement, and enhancing green spaces. Delivery is supported by detailed action plans and regular monitoring, with a strong emphasis on partnership working to ensure residents, businesses and communities contribute to achieving sustainable, inclusive growth.

Further information on how the Council is building sustainability into Council Policy and Services can be found in the [Capital Strategy](#) published as part of the 2026/27 budget proposals.

## **Workforce**

To meet the above aims, Milton Keynes City Council had a total establishment of 4,564.78 FTE (Milton Keynes City Council staff 2,166.36 FTE and Maintained school's employees 2,398.42 FTE). We currently have 122 employees undertaking apprenticeships part-funded by the apprenticeship levy. Our provision spans Levels 2 (intermediate) to Level 6, supporting the development of talent pipelines and enabling professional progression across key service areas.

Apprenticeships remain a central component of our Learning and Development strategy, supporting the delivery of organisational priorities by addressing current and emerging skills gaps. Through targeted investment of the apprenticeship levy, we aim to maximise value for money by aligning programmes to critical workforce needs, improving capability, and reducing reliance on external recruitment.

We will continue to review and refine our apprenticeship offer to ensure it remains responsive to service demands and represents an efficient and impactful use of levy funding, delivering both individual career development and long-term organisational and community benefit.

Our workforce continues to reflect the diversity of the residents of the City.

## **Political Structure 2025/26**

Milton Keynes City Council operates as a unitary authority, meaning it provides the majority of local government services for Milton Keynes.

During 2025/26, the Council comprised 57 councillors and operated under Labour majority control. The political composition during the financial year was 30 Labour councillors, 18 Liberal Democrat councillors and 9 Conservative councillors. The Leader of the Council during the year was Councillor Pete Marland (Labour). Following the all-out local election in May 2026, which was held on new ward boundaries, the Council now comprises 60 councillors. No political party has overall control. The current political composition is 20 Liberal Democrat councillors, 19 Labour councillors, 12 Conservative councillors and 9 Reform UK councillors. The Council is currently administered by a Liberal Democrat and Labour partnership, led by Councillor Jane Carr (Liberal Democrat).

How decisions are made:

- **Cabinet/Executive System:** The Cabinet, led by the Council Leader, is responsible for most day-to-day decisions. It consists of the Leader and up to 9 other councillors.
- **Scrutiny Committees:** The Council operates a number of Scrutiny Committees which review decisions made by the Cabinet, examine policy and performance, and can make recommendations for reconsideration.
- **Council Meetings:** All councillors meet together to decide on overall policies and set the budget. These meetings are generally open to the public.

## The Council's 2025/26 Financial Position

### General Fund

The Council's 2025/26 reported draft outturn shows an overall surplus of (£2.994m) for the year. There was a large overspend in relation to high-cost external residential placements in Children Services, which has been offset by a larger underspend across most other services, particularly in Adult Social Care and across Homelessness. There is also a balance of £1.5m remaining on the corporate contingency that was not drawn down.

The table below shows the General Fund outturn position for the year ending 31 March 2026.

#### General Fund - Income & Expenditure Summary on 31 March 2026

General Fund High Level Revenue Summary	Outturn Position			
	2025/26 Full Year Budget	Outturn	Variance	% variance
Service	£m's	£m's	£m's	%
Adult Social Care	124.559	118.298	(6.261)	-5.0%
Public Health	14.070	14.077	0.007	0.0%
Children's Services	74.965	81.264	6.299	8.4%
Customer and Community	9.421	8.567	(0.854)	-9.1%
Planning and Placemaking	3.513	3.109	(0.404)	-11.5%
Environment & Property	78.785	79.387	0.602	0.8%
Resources - Retained MKC	6.921	6.134	(0.787)	-11.4%
Law & Governance	2.728	2.628	(0.100)	-3.7%
Corporate Codes & Debt Financing	2.988	1.492	(1.496)	-50.1%
Assets Management	(34.150)	(34.150)	0.000	0.0%
<b>General Fund Requirement</b>	<b>283.800</b>	<b>280.806</b>	<b>(2.994)</b>	
New Homes Bonus	(3.917)	(3.917)	0.000	0.0%
NNDR	(81.126)	(81.126)	0.000	0.0%
RSG	(7.522)	(7.522)	0.000	0.0%
Public Health	(14.077)	(14.077)	0.000	0.0%
Other Government Grants	(2.029)	(2.029)	0.000	0.0%
Council Tax	(175.129)	(175.129)	0.000	0.0%
<b>Total Financing</b>	<b>(283.800)</b>	<b>(283.800)</b>	<b>0.000</b>	
<b>Net Surplus / Deficit</b>	<b>0.000</b>	<b>(2.994)</b>	<b>(2.994)</b>	

The significant overall revenue variances on the general fund by service are as follows:

## Adult Social Care – (£6.261m) underspend

- **Assessment, Review and Hospital Discharge (£2.639m)** - underspend due to lower spend on external home care and direct payments for older people arising from fewer packages than forecast, additional income, and in-year savings on the Out of Hours service.
- **Commissioning & Contracts (£2.921m)** – favourable movement driven by additional income on care home placements, use of additional Rough Sleeper grant funding to support Housing First services, decommissioning of the single homelessness hostel, and staffing vacancies.
- **Autism £1.199m** - overspend due to a higher-than-budgeted number of care packages and lower client contribution income. There are currently 155 placements against a budget of 105 across direct payments, supported living and external home care.
- **Learning Disabilities £1.583m** - overspend due to a higher-than-budgeted number of packages, lower client contributions and direct payment clawback. There are currently 555 placements against a budget of 530 across direct payments, external home care, spot placements, day care and supported living.
- **Temporary Accommodation (£3.062m)** - The underspend reflects maximising the use of Harben House, a 10% reduction in the number of nights spent in temporary accommodation driven by increased move-on into the Private Rented Sector, and the use of swift evictions where MKCC does not have a housing duty. There are also staffing underspends within the Homeless Prevention and Access team due to vacancies.

## Children's Services – £6.299m overspend

- **Children's External Residential placements £8.435m** - The overspend relates to the Increasing number of high-cost external residential placements required for our most complex children. There were 71 high-cost external residential placements in March, 2 mother and baby placements and 2 placements at Fenny House. This was against a budget of 48. These placements cost on average £0.395m per year, compared to the budgeted cost of £0.434m. Despite a reduction in the number of Looked After Children (LAC), we have now seen a greater proportion of our children in care placed in residential placements, whilst Independent Foster care Agency placements continue to reduce.
- **School Travel Support (£0.761m)** - Underspend mainly due to the local strategy to expand specialist unit places within mainstream schools which has helped to manage demand for School Travel Support (STS). This has enabled more families to access provision closer to home, reducing the need for additional transport. We have a legal duty to provide free school travel support (STS) for children who meet certain criteria. As a result of strong screening, monitoring, and commissioning processes, the average weekly cost per child remains stable ranging between £110 - £122. Demand for STS has steadily increased, mainly due to more children living in Milton Keynes and a rise in those with an Education, Health, and Care Plan (EHCP).
- **In house Fostering placements (£0.619m)** - Underspend on in house fostering placements as a result of there being fewer placements than budgeted. There are currently 113 in house placements (against a budget of 146) and 76 Kinship placements (against a budget of 100). Our in house foster placements are currently at capacity. Whilst we have a recruitment campaign to recruit new carers there is a difficulty meeting the number of placements budgeted this financial

year. The number of kinship placement depends on the availability and suitability of family and friend carers when that child is placed in our care.

- **Corporate Parenting - External Fostering Placements (£0.387m)** - The number of external fostering placements in March was 135, against a budget of 146. Numbers are below budget due to a lack of capacity in the market. There is also a lack of foster carers who can meet the needs of children in our cohort.

## **Customer and Community – (£0.854m) underspend**

- **Casino Income £0.250m** - there was a pressure on the budget following the previous Casino operator going into Administration in 2025. Although a new operator has since acquired the license, this has left a shortfall of £0.250m in 2025/26 in one-off unrecoverable contribution under the schedule 9 agreement.
- **Registration income (£0.440m)** - Additional Income of (£0.440m) which aligns with previous years due to statutory and inflationary fee increases. A (£0.250m) increase in income has been added into the 2026/27 budget as a result of the additional income seen over the year
- **Rent & Lease income (£0.170m)** – Increased income from Abbey Hill Golf Course, driven by higher attendance and a rent review covering prior years
- **Salary savings (£0.443m)** – Salary savings achieved in year across the service due to review of structure & vacancies not yet filled within the service and using one-off grant funding to cover staffing costs.

## **Planning and Placemaking – (£0.404m) underspend**

- **Salary savings (£0.221m)** - There are vacancies within the service and resources directed to capital projects leading to an underspend on the core revenue budget.
- **Development Management and Land Charges income (£0.473m)** – Additional income compared to budget due to increased demand.
- **Planning Appeals £0.123m** – Offset by increased costs and legal fees involved in defending the council in planning appeals.

## **Environment & Property – £0.602m overspend**

- **Property £0.555m** - The overspend is primarily due to a one-off pressure of £0.328m relating to vacant property costs, including business rates, and other costs which are incurred before approved site disposals complete. There was a pressure of £0.350m on the property asset rationalisation programme (ARP) savings target, mainly due to programme delays, which were rephased as part of the 2026/27 budget process. These pressures have been offset by the commercial rental portfolio, mainly comprising small retail units and medical centres, undergoing a focused rent review project in year resulting in a (£0.271m) increase in commercial rent income.
- **Saxon Court costs £0.592m** – This covers business rates, security, and electricity costs while the development is progressed. An appeal has been submitted for a refund of £0.444m of the business rates costs to date, however until it has been determined, the potential income cannot be recognised.

- **Highways & Transport £0.080m** - There is an underspend of (£0.261m) on concessionary fares, mainly due to the £1.50 per trip charge introduced under the new DRT contract, with the remaining £1.30 covered by English National Concessionary Travel Scheme. Highways adoptions income is (£0.532m) above budget due to Section 278/38 fees from the Caldecott Farm development, alongside staffing underspends from delayed recruitment. These have been reduced in part by on- and off-street car parking pressure of £0.348m where income was lower than projected and £0.143m of one-off costs were incurred for the opening of Elder Gate car park. An unplanned provision has also been made in the outturn for remedial works at the Synergy Park boundary wall.
- **Environment and Waste (£0.607m)** - There is a net underspend of (£0.961m) on the Environmental Services contract. This reflects the complexity of the multi-service contract and in-year volume and cost fluctuations. Part of the 2025/26 underspend is built into the 2026/27 budget, reflecting improved long-term costs, one-off savings, recharges to other services (including capital and HRA), and use of external funding. Cost allocation and recharges are reviewed annually, with a further review planned as part of the 2026/27 budget. This is offset by a pressure on green bin income of £0.312m where demand was lower than expected.

### **Resources MKCC – (£0.787) underspend**

- **ICT savings (£0.427m)** – the underspend includes savings from a contract renewal for Microsoft licensing, which was significant below budget, other software license fees and staffing. (£0.200m) of this underspend has been recognised as a reduction in the 2026/27 budget.
- **Court Costs (£0.157m)** - Additional income was raised from court costs, driven by an unanticipated increase in the number of summonses issued during the year.
- **Salary savings** - Savings were also achieved from vacancies across the service by holding vacant posts.

### **Law & Governance – (£0.100m) underspend**

- **Salary savings (£0.100m)** - Salary saving within the service.

### **Debt Financing & Corporate Codes – (£1.496m) underspend**

In 2025/26, the corporate contingency totalled £5.6m. Of this, £4.1m was used to fund a ‘catastrophic event’ at the Milton Keynes Waste Recovery Park (MKWRP) in October 2025, when both steam drums were taken offline due to leaks. The steam drums are critical to the operation of the Advanced Thermal Treatment plant and, under the contract, this incident met the definition of a catastrophic event. Works are now complete and the plant resumed operations on 18 January 2026. The remaining balance of £1.5m was not required.

### **General Fund Balance**

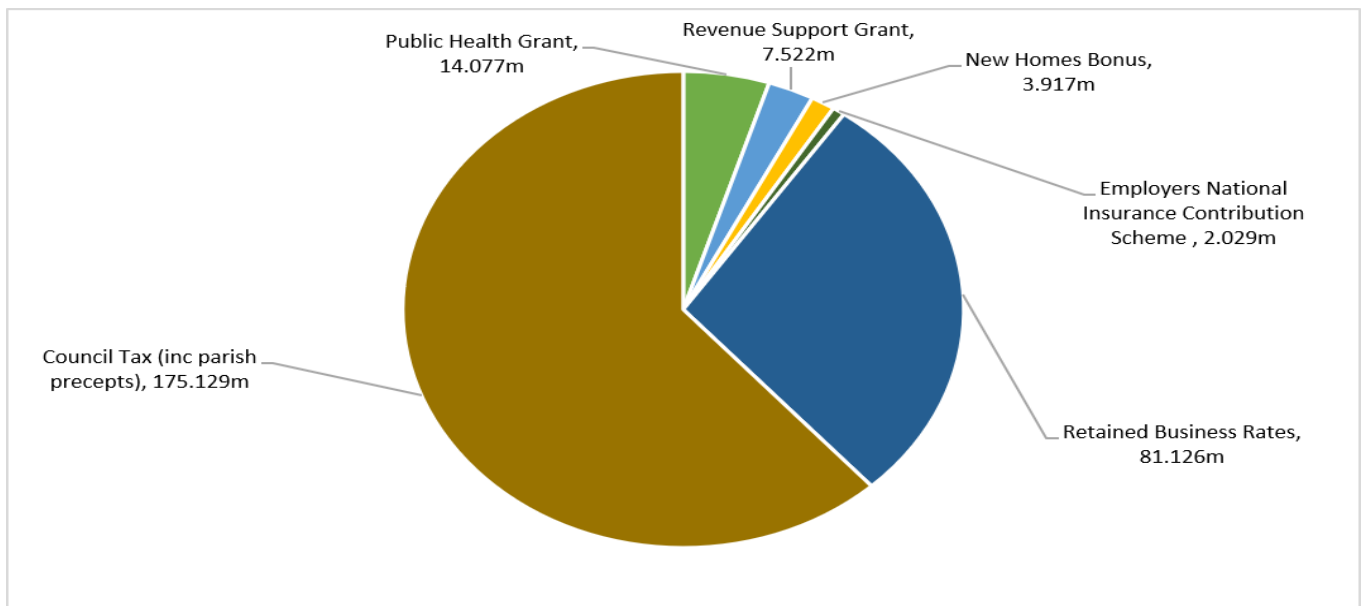
The General Fund Revenue Account reported an underspend of (£2.994m) against budget in 2025/26. Of this, £2.000m was transferred to the Collection Fund Cashflow Reserve to manage volatility in business rates and council tax income, and £0.900m was approved in June 2026 Delegated Decision to support refurbishment works at Warwick Road and the Civic Office. The remaining £0.094m was transferred to the General Fund Balance, increasing it to £34.678m on 31 March 2026.

## Cost Reductions and Income in 2025/26

Savings of £9.498m were approved for implementation in 2025/26, and £0.573m savings were carried forward from 2024/25, resulting in a total target of £10.071m to deliver in 2025/26. £8.629m (86%) have been achieved in year, £1.120m (11%) will be delivered next year and £0.322m (3%) is undeliverable and amended in the 2026/27 budget.

## Sources of Financing

Milton Keynes City Council's net cost of service is funded through Council Tax, Business Rates and Grants. The chart below details how the 2025/26 budget requirement of £283.800m was financed.



In addition, some services receive specific grants, which are held within the relevant service budgets. There are conditions attached to many specific grants, which set out how, when and on what service or activity the grant may be spent.

## Public Health

Public Health is contributing (£0.964m) to the Public Health Reserve in year, compared to a budgeted contribution (£1.047m). This takes into account an in year underspend of (£0.160m) mainly from in-year vacancies within the service, offset by a drawdown from the reserve of £0.242m for one-off projects agreed as part of the budget including: Drug & Alcohol re-engagement, Illicit Tobacco & Vapes enforcement, Choose You, Bletchley Pathfinder and suicide prevention. This has increased the value of the reserve from £2.415m to £3.379m.

## Dedicated Schools Grant (DSG)

When the budget was set, it was anticipated that there would be a surplus carry forward of £5.027m, however the carry forward was a surplus of £6.675m, an improvement of (£1.648m). As the blocks are ring-fenced the surplus will be carried forward against the relevant block and has been considered as part of future year's budget setting. The key variances are as follows:

- **Schools Block (£0.532m)** - There was an adverse movement due to the 2024/25 surplus carry forward being lower than expected by £0.094m. This has been offset by an underspend on growth funding of (£0.626m). We budgeted for 240 contingency growth places during the year

(120 primary and 120 secondary) however we only used 60 secondary places leaving a total of 180 growth places not needed this financial year.

- **Early Years (£2.985m)** – Whilst there was an adverse movement of £0.307m between the 2024/25 budgeted carry forward and the final outturn, there was an in year favourable movement of £1.436m relating to the 2024/25 final DSG adjustment which was not finalised until July 2025 and based on January headcount. The remaining underspend of £1.856m largely related to the difference between provider’s funding rates and the grant we receive. The 2025/26 budget was set in December 2024 and since then our allocations increased significantly (by £4.6m) due to increased take up. As our central costs were already covered and provider rates were set the difference between the amount we received and paid out created a surplus.
- **High Needs £1.864m** – There is an adverse variance due to a reduction in carry forward from 2024/25 of £0.347m, predominantly due to an increase in Independent School Fees and SEND packages for children receiving education other than at school. There was an in-year overspend of £1.517m due to additional independent school placements and education packages £1.665m as the number of packages required has increased due to demand. Special school place and top up funding overspent by £0.219m as MK special schools have been placed over their commissioned numbers to ensure children are in suitable placements. College Place and Top-up Funding is overspent by £0.733m as the number and cost of placements for the 2025/26 academic year has significantly increased. This reflects demand, increase in complexity of young people and parental expectation. On the other hand, there is an underspend of (£0.769m) on central expenditure relating to vacancies. A freeze was placed on recruitment until a full review of the establishment had taken place. This has now been completed with the new structure in place from January 2026 and delivering £0.300m of permanent savings. The high needs block continues to be under significant pressure and based on forecast demand it is expected that the block will go into deficit in 2026/27.

## **Housing Revenue Account (HRA)**

The HRA is reporting an underspend of (£7.655m). The underspend was offset by an increase in the revenue reserves £8.006m and a voluntary transfer made through depreciation to the Major Repairs Reserve (£0.351m). The key variance in the HRA forecast related to:

- **Tenant and Leaseholder Income £0.553m** - Rental income from tenants is (£0.632m) favourable due to the earlier than estimated delivery of the Lakes Regeneration scheme, lower voids and relets at higher rents. Rent collection levels are good due to enforcement actions and revised business processes which has reduced bad debt and write offs by (£0.291m).

Major works income was £1.613m lower than forecast. Income was lower due a combination of issues, including incorrectly billed works to some leaseholders and income being incorrectly forecasted.

- **Housing Management (£4.220m)** – (£3.787m) less interest paid due to lower borrowing than anticipated and (£0.263m) interest received due to higher cash balances and higher interest rates, both partly due to the capital rephasing/slippage/funding decisions.
- **Asset Management (£1.898m)** – Housing Maintenance and Investment has a saving of (£0.330m) as the mobilisation of the repairs and maintenance contract is less than estimated. A pressure on Council tax of £0.192m. This variance should reduce when void properties are relet, and

demolition orders are in place. Staffing costs are underspent due to unfilled vacancies (£0.417m). Responsive repairs underspend (£1.683m) due to the impact of ending the old contract, mobilisation of new contract with changed price structure and processes. This is expected to stabilise into 2026/27. This was partly offset by abortive capital costs where the surveys/designs were completed but the work was not started £0.330m.

- **Housing Systems & Strategy (£0.907m)** - Release part of the contingency due to currently no foreseen HRA pressures (£0.670m) and the full pay award provision was not needed (£0.231m).
- **Housing Operations (£0.936m)** - Welfare fund (£0.099m) has been released due to reduced tenant rent debts and low qualifying demand. Staffing costs (£0.436m) due to vacancies and some positions being part filled in the year. Lower than expected Decant costs in Reema Blocks (£0.198m) and (£0.037m) in communication and grants. Part of the communication budget will fund the Procurement Decision Report on HRA Personal Data Collection. (£0.135m) reduction in Caretaking, for utility costs which had lower than anticipated increases in electricity and gas prices.

## Capital Outturn & Slippage

The Capital outturn position was lower than budget by (£90.070m) compared to the budget of £233.435m; £70.306m is forecast to slip into 2026/27, resulting in an underspend of (£19.764m) in year.

Key underspending projects included:

- **SHDF2 – The Social Housing Decarbonisation Fund Wave 2 (£13.018m)** – The programme was extended to March 2026, but delivery reduced due to the complexity of works to occupied homes, access issues, changes in Right to Buy legislation and additional stock condition issues identified during delivery. As a result, £9.3m of grant will be returned.
- **HRA Asset Management Programme (£4.725m)** – The underspend reflects several factors, including the end of the old repairs and maintenance contract in 2025/26, the mobilisation and repricing of the new contracts, a new programme of condition surveys, and demand-led spending.
- **CMK Library - Fire Risk Assessment Essential Works (£0.671m)** - The original budget included contingency for risks associated with works to a Listed Building. Tendered costs were lower than anticipated and the works were completed under budget.

Most of the slippage in capital spend is due to either timing of works on maintenance allocations in Children's, HRA, and Highways & Transport (£27.822m) where money is set aside for Funds for replacement elements which have not yet failed or part of a larger programme to maintain. e.g. Highways & Transport (£2.835m) building maintenance Fund (£0.473m), Health & Safety Fund (£0.580m), Asset Rationalisation Fund (£0.379m), Schools Asset Management Programme (£5.735m), and ICT Asset Fund (£0.463m). Other amounts relate to demand e.g. Disabled Facilities Grants (£1.705m), HRA asset replacement (£14.026m). The largest underspend is on ongoing projects spanning several years, where the slippage is reflecting a change in the project's cashflow forecast £29.881m. A total of £10.049m relates to delays in project delivery, where £0.348m is still in planning stage, £1.861m is in design and the remainder currently out to tender or under construction.

## 2025/26 Key Slippage to later Years:

- **Cripps (Acre) Lodge £4.430m** - The contractor has now finalised the design and development has started on site; therefore some slippage is required into 2026/27.
- **HRA Asset Management Programme £14.026m** - Slippage required into next year as part of the 5-year rolling programme. The slippage reflects several factors, including the end of the old repairs and maintenance contract in 2025/26, the mobilisation and repricing of the new contracts, a new programme of condition surveys, and demand-led spending.
- **SHDF Wave 2 £5.143m** - The project was extended from October 2025 to the end of March 2026, with final accounts due to be submitted in May 2026. This project has been extended due to the complicated nature of major capital works to homes with residents in situ, as has been the case across the country.
- **Towns Fund - 3. Transport Hub £2.957m** – Delivery has commenced on first phase of scheme, however final design to be completed on remaining phases hence slippage.
- **Towns Fund - 4. Public Realm Imps £2.922m** - Aylesbury Street was completed in November 2025. Works on Queensway started in October but were delayed by winter weather and contractor resourcing. Completion is now expected in September 2026, resulting in partial slippage.
- **Children’s Asset Management Programme £5.506m** – Slippage required into next year as part of the 5-year rolling programme.
- **Linford Wood Place £6.104m** - The contractor has been appointed and started on-site in October 25. Slippage reflects delay to programme due to unplanned fire protection works required to roof and other design changes to scheme. Estimated completion is now September 26.
- **Highways & Transport £2.835m** – Delays in the highways & Transport programme due to bad weather. Improvement are part of a 5-year rolling programme.

Slippage has been added into the 2026/27 Capital Programme, along with any new projects that have been approved by Cabinet on 30 June 2026. A review of all projects in the 2026/27 Capital Programme has been undertaken to confirm deliverability and spend approval for the capital programme in year and over the medium term. The Capital Programme has been rebased to reflect current expected deliverability with a revised 2026/27 in year Programme of £214.262m and £613.316m agreed programme over the medium term. This programme is fully funded.

The main capital schemes in 2026/27 Programme are:

- Agora Regeneration £24.000m
- Major Highways Tariff Junctions £18.170m
- Social Housing Decarbonisation Fund (SHDF) Wave 2 £8.571m
- HRA Asset Management £43.601m
- HRA Lakes Estate Regeneration £3.643m
- Waste Initiatives £12.179m
- Towns Fund projects £7.291m
- Adult Social Care hub £6.104m
- Cripps (Acre) Lodge £15.813m
- HRA - Other New Build, Acquisition & Regeneration programme £12.557m

Details of the 2025/26 Outturn reported can be found on the Council website on the following link [Agenda item - Quarter 4 2025/26 Draft Outturn, General Fund Revenue, Housing Revenue Account, Dedicated Schools Grant and Capital Programme 2025/26 | Milton Keynes City Council](#)

## Financial Outlook

The Council Medium Term Financial Plan 2026/27 sets out how the Council will address its financial challenges, prioritise the resources it has and support the delivery of the Council Plan. The financial plans are based on the 2026/27 final 3-year Local Government Financial Settlement.

Milton Keynes City Council continues to operate in a highly challenging financial environment, with significant demand-led and inflationary pressures affecting the cost of delivering services. The Medium-Term Financial Plan for 2026/27 to 2029/30 sets out how the Council intends to maintain financial sustainability while continuing to support the priorities of the Council Plan. Although the 2026/27 budget has been balanced, the Council continues to face a projected funding gap of £14.139m over the medium term.

The financial position has been shaped by a combination of national funding reform, local demand pressures and wider economic uncertainty. The 2026/27 Local Government Finance Settlement provided additional government funding, which improved the short-term position, but this has not removed the underlying structural challenge. Inflation remains above target, and the impact of pay awards, contractual inflation, energy costs and wider market pressures continues to place significant strain on Council budgets.

The most significant cost pressures continue to arise in services supporting vulnerable residents, particularly children's social care and adult social care. Increasing complexity of need, rising placement costs, growth in looked after children, special educational needs and disabilities, and pressures associated with adult care packages all contribute to substantial ongoing expenditure growth. In addition, the continued growth of Milton Keynes places further demand on infrastructure, waste, highways and other frontline services.

To respond to these pressures, the Council has identified a range of savings, income generation measures and service efficiencies, supported by its corporate transformation programme, **Changing Because We Have To**. This programme is intended to improve productivity, redesign services, strengthen the use of data and evidence, and ensure that resources are focused on areas of greatest impact. While this work is essential, further difficult decisions will be required over the life of the plan to close the remaining gap.

Overall, the Medium-Term Financial Plan demonstrates that the Council has a clear understanding of the scale of the challenge and has put in place a structured approach to managing it. However, the financial outlook remains challenging, and the Council will need to continue to review assumptions, manage risk carefully and maintain strong financial discipline to ensure long-term resilience.

Further details of the Council 2026/27 Budget and Medium-Term Financial Plan can be found on the Council's Website here [Agenda item - Council Budget 2026/27 | Milton Keynes City Council](#)

The table below, shows the financial pressures we must address over the next four years, there is still significant work for the Council to do to close the gap, and to ensure that it remains financially sustainable.

## Medium Term Financial Plan Gap

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Government Funding Adjustments	(10.032)	(6.070)	(5.814)	(4.896)	(26.812)
Local Funding Sources	(12.799)	(13.330)	(14.126)	(10.644)	(50.899)
Pay, Contract and Other Inflation	12.304	12.213	11.617	12.064	48.198
Budget Service Pressures	21.052	6.945	10.150	11.210	49.357
Capital Financing Costs	0.911	0.023	0.917	(0.159)	1.692
Corporate Measures	(2.574)	3.370	3.547	0.015	4.358
One-off Pressures	1.590	1.240	0.775	0.250	3.855
<b>Total Pressures</b>	<b>10.452</b>	<b>4.391</b>	<b>7.066</b>	<b>7.840</b>	<b>29.749</b>
Total Service Budget Reductions and Income Proposals	(8.862)	(1.519)	(0.996)	(0.378)	(11.755)
Less Reserves applied to one-off pressures	(1.590)	(1.240)	(0.775)	(0.250)	(3.855)
<b>Budget Gap</b>	<b>0.000</b>	<b>1.632</b>	<b>5.295</b>	<b>7.212</b>	<b>14.139</b>
<b>Budget Gap (cumulative)</b>	<b>0.000</b>	<b>1.632</b>	<b>6.927</b>	<b>14.139</b>	

### *Changing Because We Have To (CBWHT)*

*CBWHT* is the name of the Councils corporate savings programme. It is being brought into effect to help close the forecast gap over the medium term. We have received a three-year financial settlement from the Government which means we can prepare to take a multi-year approach and focus on some fundamental changes to the organisation. *CBWHT* aims to provide a framework to do that.

The strategy sets out the current challenges we face and proposes three 'must do' areas where we should focus our efforts. These are:

- Become a highly productive organisation.
- Use evidence to improve service impact.
- Only do things ourselves where it makes sense.

Whilst Milton Keynes City Council is a well-run, high performing council, the funding challenge we face is substantial. Although our income has increased, rising demand in children's social care, adult social care and homelessness means we are forecasting a £14.139m gap between 2027 and 2030. The strategy sets out how we plan to tackle this and further change the organisation and the way we work, to reduce spending.

Further details of the *Change because we have to* strategy can be found here [Agenda for Cabinet on Tuesday 3rd June, 2025, 6.30 pm | Milton Keynes City Council](#)

## Reserves

There are a number of reasons the Council holds reserves, some of the key ones are as follows:

- To manage known financial risks
- To hold funding as one-off contributions to expenditure, which has allowed the Council to make ongoing revenue budget reductions.
- To manage timing differences between the receipt of funding and actual spend
- To hold ring-fenced balances for example, specific grants, trusts, schools or the Housing Revenue Account

The Council continues to hold a strong level of financial reserves and the General Fund working balance of £34.678m is above the minimum recommended level for 2025/26. In addition to this the Council also holds separate risk reserves for a number of other key business areas providing a further risk buffer.

The Council's overall reserves have increased in 2025/26 from £247.608m to £258.238m. Details of the Council's earmarked reserves can be found in note 10 to the Financial Statement.

The table below present the total reserves available to meet known and unknown risks.

Reserve Summary	Balance 31/03/26 £m	Forecast Balance 31/03/27 £m
GF Working Balance	34.678	34.678
<b>% Net Revenue Budget</b>	<b>12.85%</b>	<b>10.93%</b>
GF Risk Reserves	47.769	39.200
<b>Total: Reserves Available to meet known and unknown risks</b>	<b>82.447</b>	<b>73.878</b>
<b>% Net Revenue Budget</b>	<b>30.54%</b>	<b>23.28%</b>

## Risks

A detailed risk assessment was carried out as part of the budget and used to inform the Councils approach to the budget and also the level of reserves.

We have identified 42 significant budget risks as part of this assessment, which have been categorized as follows:

- Service Cost – Demand and Pricing
- Service – Fees and Charges
- Commercial Contract Risks
- Critical Service Performance Failure
- Supporting our Residents
- Government Funding
- Balance Sheet Risks
- Major Events

The risk assessment sets out the key controls, risk level and how the Council proposes to fund the impact of each risk if this should materialise. we have undertaken an in-depth review of the adequacy of the Council's level of reserves which is set out in **Annex R** to the Council 2026/27 Budget report (see page 15).

## Risks and opportunities

The aim of Risk Management is to improve the Council's ability to deliver its identified priorities, by managing the threats, taking opportunities and creating an environment that allows innovation and adds value.

All risks are monitored, and the Audit Committee receives updates on risks and their management actions on a six monthly basis. The last corporate risks register went to Audit Committee on the 26 February 2026, details of which can be found on the Councils Internet page: [Agenda for Audit Committee on Thursday 26th February, 2026, 7.00 pm | Milton Keynes City Council](#)

## Non-Current asset Disposals

The total of disposals within 2025/26 was £61.460m. The major non-current asset disposals during the year included:

- Sale of land at the Western Expansion Area £25.060m
- Conversion of Brooklands Farm Primary School to Academy Status £8.460m
- Conversion of Brooklands Primary School to Academy Status £9.283m

Other non-current asset disposals include the sale of Council dwellings main stock of 101 properties for £7.883m and Council dwellings shared ownership stock of 9 part properties for £0.370m.

## Contingencies, Provisions and Material Write-offs

During 2025/26 Milton Keynes City Council raised general debts (including adult social care, rents and traded services) totalling £97.935m. The in-year collection rate is 93.94% based on the value of invoices raised and cleared by year end. The total debt written off in 2025/26 is £1.011m.

The Council has 6 Contingent Assets and Liabilities which are detailed in note 29 to the accounts.

The total provisions in the Balance Sheet on 31 March 2026 were £11.882m, with the two major provisions relating to business rates appeals £7.136m and Insurance provisions £3.923m. Further details can be found in note 28 to the Account.

## Annual Investment Strategy

CIPFA and Ministry of Housing, Communities and Local Government (MHCLG) guidance requires Councils to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults as well as the risk of receiving unsuitably low investment income.

The Treasury Management Strategy Statement (TMSS) for 2025/26, which included the Annual Investment Strategy, was approved by Council on 18 February 2026. It set our investment priorities as being:

- Security of Capital;
- Liquidity; and then
- Yield

Bank of England Bank rate decreased from a starting point of 4.50% to 3.75% by the end of the financial year. Borrowing became more expensive and investment returns remained robust. A detailed

commentary on economic conditions experienced during 2025/26 can be found in the annual Treasury Management Outturn report.

At the 31 March 2026, the Council held £291.526m invested with various financial institutions (including total accrued interest of £5.791m); of this amount £34.441m has been classified as cash equivalents in accordance with Accounting Policy F, £243.100m has been classified as short-term investments, and £13.985m has been classified as long-term investments.

## **Expenditure – Borrowing**

Although capital expenditure plans are the primary driver of the Council's borrowing requirement, loans are not attached to particular capital schemes and actual borrowing is a separate aggregated treasury management decision based on cashflow analysis.

During 2025/26, £10.500m of maturity loans and a further £3.465m annuity loan principal repayments were made to the Public Works Loan Board (PWLB) in line with loan agreements. No new loans to fund expenditure on capital projects were undertaken.

At the end of the financial year the Council had outstanding external borrowing totalling £366.190m. This full amount (including accrued interest of £1.069m) represents funding of capital projects. Further details of the composition of this sum can be found in the note 27 to the Financial Statements.

It was not necessary during the year for the Council to borrow temporary funds for cash flow purposes. Consequently, there were no temporary loans outstanding on 31 March 2026. Depending upon economic conditions and cash availability to borrow internally, the Council expects to undertake new borrowing in 2026/27 to finance HRA capital investment.

## **Partnerships**

During 2025/26 the Council had an interest in the following entities:

### **Milton Keynes Development Partnership**

Milton Keynes City Council wholly owns Milton Keynes Development Partnership (MKDP), a body set up to facilitate growth and economic success in line with the corporate plan. MKDP is a Limited Liability Partnership created to manage and exploit the commercial assets purchased from the Homes and Communities Agency. It uses and develops its land assets to help the city become a better place to live, socialise and work.

MKCC set up a company called DevelopMK Ltd; the directors of this organisation are three senior MKCC staff members. DevelopMK is, together with MKCC, a parent of MKDP.

In 2012/13, the Council funded the purchase of the assets, and the debt was passed on to MKDP along with the assets. The loan has since been repaid, however MKDP do have a revolving cashflow facility with MKCC, at the 31 March this was nil. Any cash flow loan would be reflected in the balance sheet under short-term investments.

MKDP estate comprises around c300 developable acres which are used to develop Milton Keynes in line with the Council Plan. Further information on MKDP and its up and coming projects can be found at [www.mkdp.org.uk](http://www.mkdp.org.uk).

## **Flexible Home Improvement Loans**

The Council has an interest in the Flexible Home Improvement Loans Ltd – the company is a private company limited by guarantees with Milton Keynes City Council being one of 13 members. The company arranges the provision of loans on behalf of the members to individuals for home improvements to enable them to stay within their own homes.

## **Shared Public Health Collaboration**

Milton Keynes City Council is a partner of a shared Public Health function with two other Unitary Authorities (Bedford Borough Council and Central Bedfordshire Council). Since September 2017 the Parties collaborate and co-operate to ensure that service activities are delivered efficiently, and actions are taken on a joint basis. The Parties work together to constantly improve their service and create efficiencies for the future.

## **Opus People Solutions (East)**

In September 2018 Milton Keynes City Council was admitted as a shareholder in Opus (East) LGSS People Solutions Ltd, a Joint Venture with Opus (East) (wholly owned by Suffolk CC), North Northants Council (NNC), West Northants Council (WNC) and Cambridgeshire County Council (CCC) to provide more cost effective interim and permanent employment services. Whilst the company is performing well the Council has received a small dividend to date and it is not viewed as material for Group Accounts.

## **The 2025/26 Statement of Accounts**

The Council is required to present a complete set of financial statements (including comparative information). The core financial statements are set out on pages 54 to 58 and are presented as follows (The Expenditure & Funding Analysis (EFA) is not a core financial statement but is detailed below to aid users of the accounts):

### **Comprehensive Income and Expenditure Statement (CIES)**

The CIES shows the accounting cost in the financial year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the EFA and the Movement in Reserves Statement (MIRS).

### **Balance Sheet**

This sets out the assets and liabilities recognised by the Council at the balance sheet date, the bottom line is effectively the net worth of the organisation. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

### **Movement in Reserves Statement (MIRS)**

This statement represents the movements on the reserves held by the Council during the financial year analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The 'surplus or (deficit) on provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES.

These are different from the statutory amounts required to be charged to the General Fund to balance for Council Tax setting purposes. The 'net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

## **Cash Flow Statement**

This statement outlines the changes in the cash and cash equivalents, for example changes in debtor balance (those owing the Council money) and creditor balances (those which the Council owes money to) during the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

## **Expenditure & Funding Analysis (EFA)**

The objective of the EFA is to demonstrate to Council tax and rent payers how the funding available to the Council (i.e. government grants, rents, Council tax and business rates) for the year has been used in providing services, in comparison to the resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented fully in the Comprehensive Income and Expenditure Statement. The analysis of income and expenditure on the face of the EFA is specified by the Council's operating segments which are based on the Council's internal management reporting structure.

## **Supplementary Financial Statements:**

### **Collection Fund**

The transactions of the billing authority are shown on the Collection Fund Statement in accordance with the code of accounting practice.

### **Housing Revenue Account (HRA)**

The Housing Revenue Accounts shows the in-year cost of providing landlord housing services in accordance with generally accepted accounting practices.

### **Group Accounts**

The Council is required by the Code to prepare Group Accounts. These consolidate the financial statements of the Council together with those of organisations in which the Council has material financial interests and a significant level of control. The Group accounts contained in this document consolidate the accounts of the Milton Keynes Development Partnership with Milton Keynes City Council.

## **External Audit Backlog**

There has been a significant national backlog in the external audit of local authority accounts. In response, the Government introduced a series of statutory backstop dates through amendments to the Accounts and Audit Regulations and the National Audit Office's Code of Audit Practice in order to support the clearance of historic audit arrears and the restoration of more timely audit reporting.

For Milton Keynes City Council, this resulted in a disclaimed audit opinion in the 2022/23 financial year, which was issued by the previous external auditor, Ernst & Young as they were unable to carry out the audit. KPMG, who were appointed as the Council's external auditors from April 2023, issued a disclaimed opinion for the 2023/24 Statement of Accounts on 28 February 2025 because there was insufficient assurance available over opening balances following the non-completion of the 2022/23 audit by the relevant backstop date. KPMG subsequently issued their modified audit opinion for the Council's 2024/25 Statement of Accounts on 27 February 2026.

Under the current national timetable for local audit recovery, the statutory backstop date for publication of the Council's audited 2025/26 Statement of Accounts is 31 January 2027. The Council will continue to work with its external auditor to support the timely completion of the audit within that framework.

## **Further Information**

For information please contact: [CorporateFinance@milton-keynes.gov.uk](mailto:CorporateFinance@milton-keynes.gov.uk)

# **Independent Auditor's Report to the Members of Milton Keynes City Council**







# Statement of Responsibilities

## The Council's Responsibilities

The Council is required:

- a) 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 of those affairs. In this Council, that officer is the Chief Finance Officer;
- b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- c) to approve a Statement of Accounts.

Councillor Martin Petchy

Chair of the Audit Committee

Date:

## The Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Chief Finance Officer has:

- a) selected suitable accounting policies and then applied them consistently;
- b) made judgements and estimates that were reasonable and prudent;
- c) complied with the Local Authority Code.

The Chief Finance Officer has also:

- a) kept proper accounting records which are up to date;
- b) taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts provides a true and fair view of the Council's financial position of the authority at the reporting date, and of its income and expenditure for the year ended 31 March 2026.

Steve Richardson

Director of Finance and Resources

Date:

# Accounting Policies

## a) General Principles

---

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The authority is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2024 which require the Accounts to be prepared in accordance with proper accounting practices. These practices, under section 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12, of the 2003 Act.

The accounting policies have been applied consistently in dealing with items considered material to present a true and fair view of the financial position and transactions of the Council.

### Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Councils accounts are therefore produced under the Code and assume that the Councils services will continue to operate for the foreseeable future.

The Council has undertaken an assessment of the financial position, the key risks and put in measures to address these, some of which continue to operate to ensure that the Council remains financially sustainable.

### 2025/26

#### Financial year

The Council's 2025/26 budget and Medium-Term Financial Plan 2025/26 – 2028/29 was approved by Council on the 19 February 2025. Details of which can be found here [Agenda for Council on Wednesday 19th February, 2025, 7.30 pm | Milton Keynes City Council](#)

The Council's 2025/26 reported outturn shows an overall surplus of (£2.994m). Of this underspend, £2.0m was transferred to the Collection Fund Cashflow Reserve to manage volatility in business rates and council tax income, and £0.9m was approved in June 2026 to support refurbishment works at Warwick Road and the Civic Office. The remaining £0.094m was transferred to the General Fund

Balance, increasing it to £34.680m on 31 March 2026, which is £2.215m above the minimum recommended level.

## 2026/27

### Budget

Our Budget and Medium-Term Financial Planning is based on 12 core principles, which have and continue to be endorsed by the Cabinet:

- Emerging pressures are managed, where possible within existing budgets.
- Spending is aligned to key priorities as set out in the Council Plan.
- Income is only included in the budget, where supported by robust proposals and is deliverable.
- Future liabilities are anticipated.
- Budgets are sustainable.
- Base Budget / one-off expenditure/ capital expenditure are distinguished.
- Savings proposals are supported by implementation plans and the impact on service delivery is clear.
- The allocation of capital resources is separate from expenditure approval.
- Capital and revenue planning needs to be integrated to ensure implications are fully anticipated.
- The use of specific grant funding does not lead to revenue budget pressures.
- The Council's reserves (and other one-off resources) are not to be used as a primary method to balance the ongoing pressures in the budget.
- Earmarked reserves are used for specific one-off purposes to support the delivery of corporate objectives and to mitigate risks.

The Councils approach to budget planning aims to balance the uncertainty from both government funding decisions and general economic factors through a measured approach to delivering new savings, holding prudent levels of reserves and putting in place change programmes which can deliver future efficiencies over a longer timescale. It is recognised that if government support is withdrawn or the wider economic impact is worse than predicted then the Council would need to reconsider the scope of services that it can provide.

### Medium Term Financial Plan Forecasted Gap

Summarised below is our current view on the MTFP position which shows that by 2029/30 we have a projected gap of £14.139m.

2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
0.000	1.632	5.295	7.212	14.139

### Risks

A key part of the budget is the review of key financial risks. We have reassessed the budgetary risks and where possible looked to mitigate these. It should be noted however that most of the significant risks are not within the direct control of the Council, and it is therefore critical in setting a robust and legal budget that we make sufficient provision within service budgets using available evidence to manage reasonable variations.

## Reserves

The Council continues to hold a strong level of financial reserves and the General Fund Working Balance remains above the minimum prudent balance. In addition to this the Council also holds separate risk reserves for a number of other key business areas providing a further risk buffer. Further details are outlined in the Narrative Statement and Note 10 to the Financial Statements.

## Commercial Activity

The Council has very limited commercial income within its General Fund budget and has not undertaken commercial property transactions in the way that some other authorities have.

The Council owns MKDP to which it has provided a commercial loan facility of up to £15m. The balance amount outstanding on 31 March 2026 was nil. During 2025/26 the Council received a dividend payment of £2.563m. In 2026/27 and 2027/28, the Council has budgeted for £2.563m of dividend payments. There are no concerns about MKDP's ability to service the loan commitment or dividend payment, which are paid in full and on time.

## Cashflow

On 31 March 2026 the Council held £291.526m of investments including accrued interest; of which £34.441m was held in liquid cash instruments, £120.553m in investments with less than three months to maturity, £122.386m with between three months and one year to maturity, and £14.146m with greater than one year to maturity. Investment balances are projected to fall to c.£250m by 31 March 2027. External Borrowing on 31 March 2026 stood at £366.190m including accrued interest, of which £14.261m is due for repayment within 12 months. If no new external borrowing takes place during the 2026/27 financial year, the balance outstanding on 31 March 2027 will be £352.9m including accrued interest. The Council continues to have a very strong cashflow position to repay its external debt & liabilities as they fall due. Further information can be found in the Council's Treasury Management Strategy and Capital Strategy.

The Council remains in a stable financial position and is continuing to work on addressing the medium-term financial pressures to ensure that it continues to remain financially strong. The Council therefore remains a going concern.

## **b) Accruals of Income and Expenditure**

---

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority;
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet;

- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year;
- Annual leave that has not been taken on 31 March is accrued and full details can be found in Accounting Policy H – Employee Benefits.

### **c) Fair Value Measurement**

---

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

## **d) Acquired and Discontinued Operations**

---

IFRS5 defines a discontinued operation as a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations, and;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or;
- is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

The surplus or deficit on discontinuing the operation is presented as a single amount on the face of the Comprehensive Income and Expenditure Statement where applicable.

## **e) Capital Receipts**

---

The treatment and usage of capital receipts is accounted for in accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).

Milton Keynes City Council has entered into an agreement in accordance with Section 11(6) of the Local Government Act 2003; this enables the Council to retain additional Capital Receipts which must be used towards the provision of new affordable housing. A maximum of 100% from 1 April 2024 (an increase from the previous 40% cap in 2023/24) of the expenditure incurred on new affordable housing can be funded using these receipts.

## **f) Cash and Cash Equivalents**

---

Cash is represented by cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments held for cash flow purposes that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Council's cash management.

## **g) Charges to Revenue for the use of Non-Current Assets**

---

Service revenue accounts and support services 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;
- Amortisation of intangible assets attributable to the service.

External interest payable is charged to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement calculated in accordance with Accounting Policy K (Minimum Revenue Provision or MRP). Depreciation, revaluation and impairment losses and amortisation are adjusted through the Capital Adjustment Account in the Movement in Reserves Statement in order that there is no impact on the level of Council Tax.

## **h) Employee Benefits**

---

### **Benefits Payable during Employment**

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees are permitted to carry forward into the next financial year. The accrual is made at the wage and salary rate 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 the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Untaken leave is accrued on the basis of actual leave untaken on 31 March 2026 for non-school staff and a calculation of the accrued benefit for school's staff based on the number of days in each term.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Benefits are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of:

- when the authority can no longer withdraw the offer of those benefits, or
- when the authority recognises costs of restructuring and involves the payment of termination benefits.

### **Post-Employment Benefits**

Employees of the Council are entitled to become members of one of two separate pension schemes according to the terms of their employment:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DFE);
- The Local Government Pension Scheme, administered by Buckinghamshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The teachers' scheme is therefore accounted for as if it were a defined contribution scheme; no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the Comprehensive Income and

Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

On 1 April 2013 the statutory responsibility for Public Health activities transferred to the Council from the NHS primary care trusts. There were 14 members of staff who transferred along with their pensions in the NHS pension's scheme to the Council, of which one member remains. This scheme is not available for other current Milton Keynes City Council staff to participate in. The pension contributions are included within the Comprehensive Income and expenditure Statement, but full disclosure is not considered to be material to include in note 36 to the Financial Statements.

## **Local Government Pension Scheme**

The Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the Buckinghamshire pension scheme 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, and projected earnings for current employees).

Liabilities are discounted to their value at current prices using a discount rate of 6.15% (3.25% real). The assets of the Local Government Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

The assets of the Local Government Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted Securities – Current Bid Price;
- Unquoted Securities – Professional Estimate;
- Unitised Securities – Current Bid Price;
- Property – Market Value.

The change in the net pension liability is analysed into the following components:

Service cost comprising:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past Service Cost – the increase or decrease in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Any gain or loss on settlement – arising when an authority enters into a transaction that eliminates all further legal or constructive obligations for part or all the benefits provided under a defined benefit plan.
- 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 Comprehensive Income and Expenditure Statement – 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 at the beginning of the period – taking into account any changes in the net defined benefit liability 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 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 actuary has updated its assumptions – charged to the Pensions Reserve as other Comprehensive Income and Expenditure.

Administrative expenses are now accounted for within the Comprehensive Income and Expenditure Statement; previously the actuary made a deduction to the actual and expected return on assets.

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

The accounting treatment for pension’s benefits is in accordance with International Financing Reporting Standard (IAS) 19. This is a complex accounting standard, but it is based on a simple principle – that the Council has to account for accumulated retirement benefits earned at the Balance Sheet date, even if the actual benefits are paid out over many years into the future.

In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund in year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end. The negative balance that arises on the Pension Reserve measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits, on the basis of cash flows rather than as benefits that are earned by employees.

Full disclosures in respect of the Local Government Pension Scheme can be found in note 36 to the Financial Statements.

## **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of any early retirements. Any liabilities estimated to arise as a result of an award to any members 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.

### **i) Material Events After The Balance Sheet Date**

---

Events after the Balance Sheet reporting period are those events, which could be favourable or unfavourable, that occur between the Balance Sheet date and the date that the Financial Statements are authorised for issue.

Events can be classified as adjusting or non-adjusting, with definitions as follows:

- Adjusting - An event after the reporting period that provides further evidence of conditions that existed at the end of the reporting period, including an event that indicates that the going concern assumption in relation to the whole or part of the Council is not appropriate.
- Non-Adjusting - An event which takes place after the reporting period that is indicative of a condition that arose after the end of the reporting period.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

The Council discloses details of any such events at Note 9 to the Financial Statements.

## **j) Exceptional Items and Prior Period Adjustments**

---

Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if such a degree of prominence is required for a fair view of the accounts. A disclosure note is provided where the authority has any exceptional items in the Accounts (there were none in 2025/26).

Prior period adjustments that are the result of corrections and adjustments arising from the use of estimates inherent in the accounting process are adjusted in the accounts in the year that they are identified. However, prior period adjustments arising from changes in accounting policies or from the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and by adjusting the opening balance of reserves for the cumulative effect. Details of any Prior Period Adjustments are fully explained as a note to the accounts where applicable.

## **k) Financial Instruments**

---

### **Financial Liabilities:**

Financial liabilities are recognised on the Balance Sheet when the authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective interest rate for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The amount presented in the Balance Sheet is the outstanding principal repayable and any accrued interest and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund and Housing Revenue Account Balance to be spread over future years. The Council has a policy of spreading the losses from premiums payable over the unexpired term that would have been remaining on settled loan, and the gains from discounts receivable over a minimum of 10-years as required by accounting regulations. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required

against the General Fund and Housing Revenue Account Balance is managed by a transfer to or from the Movement in Reserves Statement, taken to or from the Financial Instrument Adjustment Account.

### **Soft Loan:**

A soft loan is a loan which carries a favourable rate of interest compared to market rates. The Council does not hold any soft loans.

### **Debt Redemption:**

The Council sets aside a statutory amount each year from its General Fund Revenue Account for debt redemption, in the form of a Minimum Revenue Provision (MRP), as required by the Local Authority (Capital Finance and Accounting) regulations.

### **Debt Restructuring:**

The Council has not conducted any debt restructuring activity during 2025/26.

### **Financial Assets:**

Financial Assets are classified based upon a classification and measurement approach that best reflects the business model for holding such assets and their cashflow characteristics. The three main classes are:

- Amortised cost;
- Fair Value through profit or loss (FVPL), and;
- Fair Value through other comprehensive income (FVOCI).

The Council's policy is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost, except those whose contractual payments are not solely either payments of principal or interest.

### **Amortised cost:**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at Fair Value. They are subsequently measured at their amortised cost. Credits to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset at the effective rate of interest. For most of the financial assets held by the Council, this means the amount presented on the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest credited to the Comprehensive Income and Expenditure Statement is therefore the amount receivable for the year per the contractual provisions.

### **Fair Value through Profit or Loss:**

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are measured at Fair Value. Fair Value gains and losses are recognised in the Surplus or Deficit on the Provision of Services line of the Comprehensive Income and Expenditure Statement.

The fair value measurements are based on the following techniques:

- Instruments with quoted market prices, or;
- Discounted cashflow analysis based on fixed and determinable payments.

The inputs to measurement techniques are categorised in accordance with the following three levels:

- Level 1 – quoted prices in active markets for an identical asset that the Council can access at the measurement date;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset, either directly or indirectly, or;
- Level 3 – unobservable inputs for the asset.

Any gains or losses that arise on derecognition of the assets are credited or debited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

The Council holds a £15.000m (cash terms) long-term investment in the CCLA Local Authority Property Fund (LAPF). Ordinarily under IFRS 9, annual movements in Fair Value would represent a gain or loss that should be charged to the revenue account. The Government has extended a time-limited statutory override requiring Local Authorities to reverse out fair value movements on pooled investment funds to an unusable reserve, thus mitigating the impact on the revenue account. This override will remain in place for existing pooled fund investments held as of 1 April 2024 and continue to apply to these investments until 1 April 2029. On 31 March 2026 the bid price of the Council's holding (excluding accrued interest) in the CCLA LAPF was £13.986m (£13.985m in 2024/25).

### **Fair Value through Other Comprehensive Income:**

Financial assets that are measured at Fair Value through Other Comprehensive Income (FVOCI) are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are measured at Fair Value. Fair Value gains and losses are recognised in the Financial Instruments Revaluation Reserve on the Balance Sheet. Any gains or losses that arise on derecognition of the assets are credited or debited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

The Council does not hold any investments classified as FVOCI. Future investments that meet the criteria may be elected to FVOCI upon initial recognition, subject to review.

### **Expected Credit Loss Model:**

IFRS 9 requires an Expected Credit Loss model calculation for impairment of financial assets. This requires the Council to assess the potential probability risk of default by calculating the likely loss that would be incurred if a default event occurred and consequential altered timing of payment receipts, instead of an assessment based on evidence that a default has occurred.

The Council will recognise material expected credit losses on financial assets held at amortised cost, either on a 12-month or lifetime basis. Credit risk plays a crucial part in assessing potential losses and the Council's Treasury Management Strategy sets out the assessment framework and techniques applied to monitor, manage and mitigate those risks. Where the risk has not increased significantly since initial measurement or remains low, losses are assessed on a 12-month expected losses. Where the risk has increased significantly since initial measurement, losses are assessed on a lifetime basis.

On 31 March 2026 the expected credit loss against the Council's fixed term investments has been calculated at £0.045m (£0.127m on 31 March 2025) and being an immaterial amount, has not been recognised in the accounts.

Loss allowances reduce the carrying amount of financial assets on the Balance Sheet and are charged either against the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement, or for financial assets classed as capital expenditure, the Capital Adjustment Account. On derecognition, the loss allowance is reversed and the carrying amount of financial assets on the Balance Sheet reinstated.

## **l) Government Grants and Other Contributions**

---

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 authority 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 have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of 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 not been satisfied are carried in the Balance Sheet as short-term or long-term receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income line (for non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Revenue grants or contributions with no conditions attached are recognised as income within the Comprehensive Income & Expenditure Statement at the point of receipt.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund and Housing Revenue Account 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 Grant 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.

A Business Improvement Districts (BID) scheme applies in Central Milton Keynes. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as a principle under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

## **m) Housing Revenue Account Self-Financing**

---

Following the introduction of the Housing Self-Financing regime in March 2012, the Council initially adopted a single pool approach to managing external borrowing (interest costs apportioned between the General Fund and Housing Revenue Account in proportion to debt held by each at a consolidated

rate of interest). From 2021/22 the Council has chosen to adopt a two-pool approach, whereby the Council's external borrowing loans have been equitably split into two separate pools (one for General Fund and one for Housing Revenue Account). This approach allows each respective fund to pursue its own debt strategy most appropriate to its capital programme and refinancing objectives. Any new loans raised will be added to the respective fund's loans pool.

## n) Insurance

To obtain insurance cover in the most cost-effective manner the Council arranges its insurance by utilising a mix of self-insured and externally insured arrangements. Where the Council buys external insurance it generally does so with substantial self-insurance arrangements (excesses) for any claims and always via fully regulated and recognised insurance providers.

Internal funds are maintained to cover those claims that fall below the policy excess or are not catered for within the Council's insurance arrangements. These funds are based on an actuarial review of the total potential liability that the Council could incur up to the 31 March 2026. Set out below are the risks and levels to which the Council self-insures or is responsible for self-financing, anything in excess of these figures would be, subject to insurance policy terms and conditions, insured.

	<b>Maximum Self Retention Each Claim (£)</b>	<b>Maximum Self Retained Amount Each Policy Period (£)</b>	<b>Notes</b>
Casualty - Public & Employers Liability	100,000	3,000,000	
Material Damage	Housing Properties 100,000 General Properties 50,000	Unlimited	
Business Interruption	50,000	Unlimited	
Property Owners (Commercial)	250	Unlimited	
Property Owners (Leasehold)	0	0	Excess on claims payable by leaseholders not MKCC
Contract Works	1,000	Unlimited	
Terrorism	100,000	Unlimited	
Motor	500	Unlimited	Any one event with more than one vehicle involved subject to excess Limit of £2,000
Crime	50,000	10,000,000	
Contents Accidental Damage (General Properties)	100% Self insured	Unlimited	Uninsured

## **o) Interest in Companies**

---

The authority has material interests in companies and other entities that have the nature of subsidiaries and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

The Council wholly owns Milton Keynes Development Partnership (MKDP) LLP and DevelopMK Ltd (established in March 2020). Further details of these bodies can be found in the Group Accounts notes.

The Comprehensive Income and Expenditure Statement reflect all the Council's revenue activities. The Balance Sheet has been prepared by aggregating the account balances of all the Council's services and funds.

The Council is invited to appoint Councillors to many entities of local, regional and national significance. These appointments have been examined; together with Councillors' own declarations of interest and also those of the Corporate Leadership Team. No material reportable interests were identified. Minority interests in companies are detailed in note 35 to the Financial Statements.

## **p) Investment Property**

---

Investment property is property (land or building, or part of a building, or both) that is held solely to earn rentals or for capital appreciation or both. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

An investment property is recognised as an asset when and only when:

- It is probable that the future economic benefits that are associated with the investment property will flow to the entity, and;
- The cost or fair value of the investment property can be measured reliably.

Investment properties are measured at cost initially. The cost of an investment property includes its purchase price, transaction costs and directly attributable expenditure. After initial recognition, investment properties are measured at fair value. The fair value of an investment property reflects market conditions at the Balance Sheet date. Investment properties are not depreciated but are revalued annually according to market conditions at the end of each year.

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. See Accounting Policy C on Fair Value Measurement for a more detailed explanation of the valuation techniques adopted.

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, revaluations and disposals 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 to the Capital Receipts Reserve.

## q) Leases

---

### The Authority as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

### Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods more than one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date.
- Amounts expected to be payable under a residual value guarantee.
- The exercise price under a purchase option that the authority is reasonably certain to exercise.
- Lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option.
- Penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

### Subsequent measurement

The right-of-use asset is subsequently measured in accordance with the fair value model. Fair value being 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. The authority considers the cost model to be a reasonable proxy except where:

- Assets held under non-commercial leases
- Leases where rent reviews do not necessarily reflect market conditions
- Leases with terms of more than five years that do not have any provision for rent reviews
- Leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated on a straight-line basis over the shorter period of the remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- There is a change in future lease payments arising from a change in index or rate.
- There is a change in the group's estimate of the amount expected to be payable under a residual value guarantee.
- The authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- There is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

### **Low value and short lease exemption**

As permitted by the Code, the Council excludes leases:

- For low-value items that cost less than £20,000 when new (except for Vehicles see Accounting Policy t - Property, Plant and Equipment for further details on Capital de-minimus), provided they are not highly dependent on or integrated with other items, and
- With a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

### **Lease expenditure**

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charged against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

### **The Authority as Lessor**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the Property, Plant or Equipment from the lessor to the lessee. All other leases are classified as operating leases.

## **Finance Leases**

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. This is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

For Academy Schools, where finance leases have been granted at peppercorn rents, no long-term debtors are created.

## **Operating Leases**

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the appropriate service area on a straight-line basis over the life of the lease.

## **r) Council Tax and Non-Domestic Rates**

---

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

## **Accounting for council tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## **s) Overheads**

---

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

## **t) Property, Plant and Equipment**

---

Property, Plant and Equipment (PPE) are assets that have physical substance and are held for use in the provision of services, or for administrative purposes, and are expected to be used for more than one financial year.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual basis, provided that it yields benefits to the Council and the services that it provides last for more than one financial year. Expenditure that secures but does not extend the previously assessed standard of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

The Foundation Schools' assets are not included within Milton Keynes City Council's Property, Plant and Equipment.

### **Measurement**

Assets are carried in the Balance Sheet using the following measurement bases and with a guideline de-minimus level of £20,000 except for Vehicles:

- Community assets (excluding investment property) - depreciated historical cost.
- Assets under construction – historical cost.
- Council dwellings – current value is determined using the basis of existing use value for social housing.
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use.
- School buildings – current value, 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 classes of asset – current value, determined as the amount that would be paid for the asset in its existing use.

Vehicles will always be considered assets of Milton Keynes City Council, regardless of their acquisition method or value, even if below the de-minimus level of £20,000.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) introduced revised requirements for the revaluation of Property, Plant and Equipment (PPE).

Milton Keynes City Council operates a rolling programme for the revaluation of land and buildings. Where assets are not included within this programme, and are not subject to annual indexation (e.g. non-property assets where appropriate indices are available), such assets are required to be formally revalued at least every five years.

For assets not subject to a quinquennial revaluation, appropriate indices are applied annually in the intervening years to ensure that carrying values are not materially misstated.

Where suitable indices cannot be obtained without undue cost or effort, the Authority adopts a quinquennial revaluation approach (at least once every five years), supported by a desktop revaluation in year three.

## **Estimation Techniques**

The accounting policy specifies the basis on which an item is measured. However, where there is uncertainty over the monetary amounts corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves the amount is arrived at using an estimation technique that most closely reflects the economic reality of the transaction.

## **Impairment**

At the end of each reporting period an assessment is undertaken to determine whether there is any indication that assets may be impaired.

If any indication exists, the recoverable amount is estimated having regard to the concept of materiality in identifying whether the recoverable amount of any specific asset needs to be estimated.

All impairment losses on re-valued assets are recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each respective asset. Any excess is charged to the relevant Cost of Service in the Comprehensive Income and Expenditure Statement.

## **Impairment Losses and Revaluation Losses**

A clear distinction is made between impairment losses and revaluation losses. Impairment losses are those attributable to consumption of economic benefit or a fall in prices that are specific to an asset.

Revaluation losses are any related losses attributable to a general fall in prices that are not specific to an asset.

As with impairment losses, the relevant service revenue account will be charged when the balance on the Revaluation Reserve for any specific asset has been used in full against the relevant revaluation loss.

Where losses are subsequently reversed, 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 assets with a determinable finite life (except for investment properties, assets held for sale, assets under construction and land), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is provided in accordance with the following policy on all assets where, at the time of acquisition or revaluation, a finite useful life can be determined:

- a) Newly acquired assets are depreciated from the year following acquisition. Assets in the course of construction are not depreciated until they are brought into use;
- b) Depreciation is calculated by allocating the costs (or re-valued amounts), less the estimated residual value of the relevant assets, on a straight line basis over their useful economic lives. This is deemed to be the most appropriate method given the nature of the assets held by the Council;

- c) Depreciation is calculated on the opening balances. Transactions in year including additions and revaluations are not charged depreciation until the following year.
- d) The bases for calculating the lives of different classes of assets at acquisition are as follows:

Property, Plant & Equipment: Other Buildings, Community Assets and Surplus Assets	Up to 60 years life from the completion date.
Property, Plant & Equipment: Council Dwellings	Actual life of Right To Buy Council Dwellings. Shared Ownership Dwellings not depreciated.
Property, Plant & Equipment: Vehicles, Plant and Equipment	Varies from 3 to 40 years according to the estimated life of each asset.
Property, Plant & Equipment: Right of Use	Varies from 3 to 125 years according to the length of the lease of each asset.
Investment Properties	Not depreciated.
Assets Held for Sale	Not depreciated.
Land	Not depreciated.

- e) The useful lives of assets are reviewed regularly. Where necessary, the life of an asset is revised and the carrying amount of the asset is then depreciated over the remaining useful life;
- f) Council Dwellings – for Right to Buy Council dwellings depreciation is calculated on an actual life basis. No depreciation is charged on Shared Ownership Dwellings;
- g) Revaluation gains are also depreciated. An amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been charged based on their historical cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

The Council has carried out component-based depreciation for Housing Revenue Account properties from financial year 2017/18 onwards.

## Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying amount of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals in excess of £10,000 are categorised as capital receipts. The usable proportion of housing capital receipts is net of amounts subject to the pooling arrangements under the Local Government Act 2003. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund and Housing Revenue Account Balance in the Movement in Reserves Statement.

The net cost of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund and Housing Revenue Account Balance in the Movement in Reserves Statement.

## Revaluation Reserve

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only (the date of its formal implementation when it was created with a zero balance). Gains arising before that date have been consolidated into the Capital Adjustment Account.

## General Fund Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Asset groups have been identified for property (building) assets which categorise assets with similar characteristics into relevant groups for their potential impact on depreciation calculations.

The average net book value (NBV) of each property (building) asset group has been used to set the de-minimus threshold level as illustrated on the materiality table for componentisation below:

Average NBV of Asset Group	De-minimus Threshold for Componentisation
Under £0.5m	£0.5m
Between £0.5m - £1.0m	£1.0m
Between £1.0m - £1.5m	£1.5m
Between £1.5m - £2.0m	£2.0m

The average NBV of each asset group has been compared with a materiality table to identify the relevant de-minimus level. The de-minimus level of each asset group will be reviewed annually.

Some specialist property sites have been assessed by using their individual net book values as their materiality level.

Property assets which are identified for review by the Valuer are assessed in relation to three types of components with useful lives as follows:

Type of Property Component	Component Useful Life
Structure of Building	Normally 60 years
Mechanical and Electrical	25 years
Externals	Normally 60 years

A component is considered to be significant if it is more than 10% of the total cost of the property asset (building). The componentisation policy may be altered to fit individual circumstances where the Valuer deems it to be a better representation of the asset.

Derecognition of General Fund components is based on capital expenditure recognised as an addition in year to the component and is therefore treated as a disposal, using the addition value as a proxy.

## Housing Componentisation

The authority fully componentised its Housing Stock for the first time in 2017/18. The authority provided the Valuer with a list of components required.

In order to achieve this full componentisation, the Valuer prepared an assessment of Life Cycle and Replacement Costs for each Component under review, using their own experience of the sector and also referred to their Building Consultancy Department who are experienced in preparing Stock Condition Surveys and Audits of similar stock.

The Valuer varied their cost assessments by property size (ranked by number of bedrooms) in order to give a more representative assessment overall, further fine-tuned by applying a discount to flats in order to reflect their typically smaller size.

Finally, for each property address, the assessed Life Cycle for each component was compared to the previously assessed Life Cycle for the building element of that property.

The components, percentages and useful lives are:

<b>Type of Component</b>	<b>% of total cost</b>	<b>Component Useful Life</b>
Land	35	Nil
Kitchen	7	5 – 15 years
Bathroom	5	5 – 25 years
Windows/Doors	5	5 – 25 years
Heating/Lighting/Electrics	9	5 – 25 years
Roof	11	5 – 125 years
Structure	28	5 – 125 years

Derecognition of Housing Council dwelling asset components is calculated on the basis that where capital expenditure recognised as an addition in year is greater than 50% of the existing component value the component has been replaced and is therefore treated as a disposal.

## **u) Infrastructure Assets**

---

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.

### **Recognition**

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, if it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

### **Measurement**

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for infrastructure assets were originally recorded in Balance Sheet at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Milton Keynes City Council has balances of assets transferred at local government reorganisation which were transferred at their carrying value in 1997 when MKCC became a Unitary Authority.

## Depreciation

Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the Highways Strategic Asset Manager and the Senior Engineer Structures using industry standards where applicable as follows:

Carriageways	Resurfacing 7 to 25 years and New or Reconstructed 60 years
Footways and Redways	Resurfacing 7 to 40 years and New or Reconstructed 60 years
Structures (Bridges, Underpasses, Port Cocheres, Retaining Walls)	50 to 120 years
Bridge Joints, Safety Barriers, Protective Coatings	20 to 30 years
Drainage	40 to 60 years
Street Lighting	25 to 50 years
Street Furniture	Bus Stops and Traffic Management 25 years and other assets 5 to 40 years
Other Infrastructure Assets	5 to 20 years

## Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement

## **v) Provisions, Contingent Liabilities and Contingent Assets**

---

### **Provisions**

Provisions are made where an event has taken place that gives the authority 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.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the authority has an 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 probable that a transfer of economic benefit will now be required, the provision is reversed and credited back to the relevant service.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the authority a possible obligation. Its 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.

### **Contingent Assets**

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.

## **w) Reserves**

---

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund and Housing Revenue Account in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to count against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund and Housing Revenue Account Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax or rent payers for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets (Revaluation Reserve, Capital Adjustment Account, Financial Instruments, Retirement and Employee Benefits) and do

not represent usable resources for the Council – these reserves are explained in the relevant policies and note 30.2 to the Financial Statements.

## **x) Revenue Expenditure Funded from Capital Under Statute**

---

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is 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 and Housing Revenue Account Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax. Types of expenditure in this category include improvement grants to owner-occupiers to improve the quality of the housing stock in the area.

## **y) VAT**

---

Income and expenditure exclude any amounts related to Value Added Tax (VAT), as all VAT collected is payable to Her Majesty's Revenue and Customs (HMRC) and all VAT paid is recoverable from it.

## **z) Accounting for Schools**

---

A maintained school is a school which is funded by the local education authority; these are divided into the following categories:

- Community Schools
- Foundation Schools
- Voluntary Schools
  - Voluntary Aided
  - Voluntary Controlled
- Community Special Schools

Schools that are maintained by Milton Keynes City Council are treated as follows:

- Income and Expenditure is taken through the Comprehensive Income and Expenditure Statement, and is reported against the Children's Services line within Cost of Services;
- Current assets and Liabilities are reported as part of the Council's Balance Sheet;
- Reserves held by the maintained schools are included in the Net Worth on the Balance Sheet within the Local Management of School (LMS) Reserve.
- Maintained school non-current assets are reported as such on the Council's Balance Sheet, however:
  - Voluntary schools are reported at nil value on the Balance Sheet, except for some pieces of land used as playing fields.
  - Foundation schools are reported at nil value on the Balance Sheet.
  - Information is reviewed from both voluntary and foundation schools on an ongoing basis to establish if assets should be recognised on the Balance Sheet.

Academy Schools are not included on the Council's Balance Sheet and the Income and Expenditure is not taken through the Comprehensive Income and Expenditure Statement as they are not within the control of the Council.

## **aa) Better Care Fund**

---

In 2015/16 a single pooled budget known as the Better Care Fund (BCF) was created by Milton Keynes City Council (MKCC) in partnership with Milton Keynes Clinical Commissioning Group (MKCCG) now known as Integrated Care Board (ICB). The fund is comprised of revenue and capital. The purpose of the BCF is to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with 'wraparound' fully integrated health and social care, resulting in an improved experience and better quality of life. In 2025/26 the fund received £32.539m for BCF; improved Better Care Fund; Hospital Discharge and Dedicated Facilities Grant to spend across various Adult Social Care and Health projects which were evaluated and monitored by the partners throughout the year to ensure their desired objectives were achieved and to agree the reallocation of funds if required.

Milton Keynes City Council's share of the Income and Expenditure is included within the Comprehensive Income and Expenditure Statement and the Assets & Liabilities in the Balance Sheet.

# Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2024/25			Note	2025/26		
Expenditure £'000	Income £'000	Net £'000		Expenditure £'000	Income £'000	Net £'000
185,349	(76,361)	108,988		193,745	(79,940)	113,805
15,845	(15,835)	10		15,489	(16,490)	(1,001)
317,015	(247,997)	69,018		340,871	(265,300)	75,571
13,883	(9,687)	4,196		14,727	(6,880)	7,847
77,968	(74,763)	3,205		140,022	(72,950)	67,072
8,918	(10,239)	(1,321)		10,218	(9,205)	1,013
128,965	(30,576)	98,389		102,461	(39,105)	63,356
70,049	(63,851)	6,198		58,529	(53,996)	4,533
4,578	(1,464)	3,114		3,054	(487)	2,567
66	(3,247)	(3,181)		149	(2,547)	(2,398)
<b>822,636</b>	<b>(534,020)</b>	<b>288,616</b>		<b>879,265</b>	<b>(546,900)</b>	<b>332,365</b>
	27,738	11				49,070
	(22,028)	12				1,075
	(326,374)	13				(319,860)
	<b>(32,048)</b>					<b>62,650</b>
	(34,200)	30.2a				1,673
	12,979	30.2a				24,085
	0	30.2d				0
	8,131	30.2e				18,762
	<b>(13,090)</b>					<b>44,520</b>
	<b>(45,138)</b>					<b>107,170</b>

\* Resources - Shared Services line reported in 2024/25 Statements has been combined with Finance & Resources for 2025/26

^ Housing Revenue Account expenditure increased in 2025/26 primarily due to higher capital charges charged to the cost of services (£101.257m compared to £39.425m in 2024/25), driven by significant valuation losses and impairments on council dwellings at 31 March 2026. These adverse movements (impairment £66.550m and valuation losses £19.858m) were partly offset by depreciation of £14.822m.

## Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments. Detailed movements to usable reserves are set out at note 30.

	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2025</b>	(223,132)	(24,476)	(47,951)	0	(48,713)	<b>(344,272)</b>	(1,345,002)	<b>(1,689,274)</b>
<b>Movement in reserves during 2025/26</b>								
Surplus or deficit on the provision of services	(10,955)	73,605	0	0	0	<b>62,650</b>	0	<b>62,650</b>
Other Comprehensive Income / Expenditure	0	0	0	0	0		44,520	<b>44,520</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(10,955)</b>	<b>73,605</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62,650</b>	<b>44,520</b>	<b>107,170</b>
Adjustments between accounting basis and funding basis under regulations	3,642	(76,922)	(10,374)	0	(13,422)	<b>(97,076)</b>	97,076	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(7,313)</b>	<b>(3,317)</b>	<b>(10,374)</b>	<b>0</b>	<b>(13,422)</b>	<b>(34,426)</b>	<b>141,596</b>	<b>107,170</b>
Transfers to / from Earmarked Reserves	0	0	0	0	0	<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2025/26</b>	<b>(7,313)</b>	<b>(3,317)</b>	<b>(10,374)</b>	<b>0</b>	<b>(13,422)</b>	<b>(34,426)</b>	<b>141,596</b>	<b>107,170</b>
<b>Balance at 31 March 2026</b>	<b>(230,445)</b>	<b>(27,793)</b>	<b>(58,325)</b>	<b>0</b>	<b>(62,135)</b>	<b>(378,698)</b>	<b>(1,203,406)</b>	<b>(1,582,104)</b>

	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2024</b>	(203,791)	(45,578)	(53,404)	0	(47,916)	<b>(350,689)</b>	(1,293,635)	<b>(1,644,324)</b>
<b>Opening Balance Adjustment IFRS 16</b>	0	0	0	0	0	<b>0</b>	188	<b>188</b>
<b>Balance at 1 April 2024</b>	(203,791)	(45,578)	(53,404)	0	(47,916)	<b>(350,689)</b>	(1,293,447)	<b>(1,644,136)</b>
<b>Movement in reserves during 2024/25</b>								
Surplus or deficit on the provision of services	(25,034)	(7,014)	0	0	0	<b>(32,048)</b>	0	<b>(32,048)</b>
Other Comprehensive Income / Expenditure	0	0	0	0	0	<b>0</b>	(13,090)	<b>(13,090)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(25,034)</b>	<b>(7,014)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(32,048)</b>	<b>(13,090)</b>	<b>(45,138)</b>
Adjustments between accounting basis and funding basis under regulations	5,693	28,116	5,453	0	(797)	<b>38,465</b>	(38,465)	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(19,341)</b>	<b>21,102</b>	<b>5,453</b>	<b>0</b>	<b>(797)</b>	<b>6,417</b>	<b>(51,555)</b>	<b>(45,138)</b>
Transfers to / from Earmarked Reserves	0	0	0	0	0	<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2024/25</b>	<b>(19,341)</b>	<b>21,102</b>	<b>5,453</b>	<b>0</b>	<b>(797)</b>	<b>6,417</b>	<b>(51,555)</b>	<b>(45,138)</b>
<b>Balance at 31 March 2025</b>	<b>(223,132)</b>	<b>(24,476)</b>	<b>(47,951)</b>	<b>0</b>	<b>(48,713)</b>	<b>(344,272)</b>	<b>(1,345,002)</b>	<b>(1,689,274)</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority.

2024/25	Note		2025/26
£'000			£'000
1,646,947	22.1	Property, Plant and Equipment	1,563,984
271,253	22.2	Infrastructure Assets	280,154
821		Heritage Assets	884
119,375	23	Investment Property	94,312
855		Intangible Assets	761
13,986	33a	Long-Term Investments	13,985
361	25a	Long-Term Debtors	509
<b>2,053,598</b>		<b>Long Term Assets</b>	<b>1,954,589</b>
245,750	33a	Short-Term Investments	243,100
5,427	22.3	Assets Held for Sale	5,377
55		Inventories	151
87,978	25b	Short-Term Debtors	84,348
40,157	31	Cash and Cash Equivalents	34,589
<b>379,367</b>		<b>Current Assets</b>	<b>367,565</b>
(15,238)	27b	Short-Term Borrowing	(14,261)
(107,292)	26	Short-Term Creditors	(96,542)
(5,716)	28	Provisions	(4,700)
(73,651)	21	Grants Receipts in Advance - Revenue	(66,154)
(8,356)	21	Grants Receipts in Advance - Capital	(16,277)
<b>(210,253)</b>		<b>Current Liabilities</b>	<b>(197,934)</b>
(4,524)	28	Provisions	(7,182)
(365,025)	27b	Long-Term Borrowing	(351,929)
(16,393)	34	Other Long-Term Liabilities - Finance Lease	(13,602)
(5,456)	36	Other Long-Term Liabilities - Pensions Liability	(11,931)
(133,206)	21	Grants Receipts in Advance - Revenue	(148,634)
(8,834)	21	Grants Receipts in Advance - Capital	(8,838)
<b>(533,438)</b>		<b>Long Term Liabilities</b>	<b>(542,116)</b>
<b>1,689,274</b>		<b>Net Assets</b>	<b>1,582,104</b>
(344,272)	30.1	Usable Reserves	(378,698)
(1,345,002)	30.2	Unusable Reserves	(1,203,406)
<b>(1,689,274)</b>		<b>Total Reserves</b>	<b>(1,582,104)</b>

Steve Richardson  
Director of Finance and Resources

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority'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 authority.

2024/25 £'000	Note		2025/26 £'000
(32,048)		Net (surplus) or deficit on the provision of services	62,650
(91,560)	32.1	Adjustment to surplus or deficit on the provision of services for noncash movements	(213,312)
79,921	32.1	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	71,795
<b>(43,687)</b>		<b>Net cash flows from operating activities</b>	<b>(78,867)</b>
57,954	32.2	Net cash flows from investing activities	65,200
47,196	32.3	Net cash flows from financing activities	19,235
<b>61,463</b>		<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>5,568</b>
101,620		Cash and cash equivalents at the beginning of the reporting period	40,157
<b>40,157</b>	<b>31</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>34,589</b>

## Note 1 – Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how funding available to the authority (i.e. government grants, rents, Council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services.

2024/25				2025/26						
Net Expenditure Chargeable to the General Fund and HRA Balance	Adjustments between services^	Adjustments (Note 2)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Outturn Reported to Cabinet	Contribution to/from reserves	Net Expenditure Chargeable to the General Fund and HRA Balance	Adjustments between services^	Adjustments (Note 2)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000
111,033	(416)	(1,629)	108,988	Adult Social Care	118,298	(465)	117,833	(733)	(3,295)	113,805
13,259	(13,226)	(23)	10	Public Health	14,077	(964)	13,113	(14,077)	(37)	(1,001)
74,044	(211)	(4,815)	69,018	Children Services	81,264	1,499	82,763	(70)	(7,122)	75,571
4,948	(271)	(481)	4,196	Customer & Community	8,567	1,096	9,663	(202)	(1,614)	7,847
21,102	(7,592)	(10,305)	3,205	Housing Revenue Account	0	(3,317)	(3,317)	(8,098)	78,487	67,072
4,897	(5,378)	(840)	(1,321)	Planning & Placemaking	3,109	1,606	4,715	(3,918)	216	1,013
84,878	(17,225)	30,736	98,389	Environment & Property	79,387	11,110	90,497	(18,409)	(8,732)	63,356
6,737	34	(573)	6,198	Finance & Resources *	6,134	(693)	5,441	3	(911)	4,533
3,202	0	(88)	3,114	Law & Governance	2,628	83	2,711	0	(144)	2,567
(48,915)	28,248	17,486	(3,181)	Corporate Items	(32,658)	(16,408)	(49,066)	25,225	21,443	(2,398)
<b>275,185</b>	<b>(16,037)</b>	<b>29,468</b>	<b>288,616</b>	<b>Net Cost of Services</b>	<b>280,806</b>	<b>(6,453)</b>	<b>274,353</b>	<b>(20,279)</b>	<b>78,291</b>	<b>332,365</b>
(273,424)	16,037	(63,277)	(320,664)	Other Income and Expenditure	(283,800)	(1,183)	(284,983)	20,279	(5,011)	(269,715)
<b>1,761</b>	<b>0</b>	<b>(33,809)</b>	<b>(32,048)</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>(2,994)</b>	<b>(7,636)</b>	<b>(10,630)</b>	<b>0</b>	<b>73,280</b>	<b>62,650</b>
(249,369)				Opening Combined General Fund and HRA Balance			(247,608)			
1,761				Plus / less Surplus or Deficit on the General Fund and HRA Balance for the Year (Statutory basis)			(10,630)			
<b>(247,608)</b>				<b>Closing Combined General Fund and HRA Balance</b>			<b>(258,238)</b>			

\*Resources - Shared Services line reported in 2024/25 Statements has been combined with Finance & Resources for 2025/26

^ Adjustments between services represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement in line with the CIPFA code of Practice.

## Note 2 – Note to the Expenditure and Funding Analysis

	2025/26			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Adult Social Care	(2,032)	(1,235)	(28)	(3,295)
Public Health	0	(35)	(2)	(37)
Children Services	(510)	(6,669)	57	(7,122)
Customer & Community	(1,193)	(400)	(21)	(1,614)
Housing Revenue Account	78,745	(267)	9	78,487
Planning & Placemaking	403	(180)	(7)	216
Environment & Property	(8,276)	(468)	12	(8,732)
Finance & Resources*	(234)	(662)	(15)	(911)
Law & Governance	0	(159)	15	(144)
Corporate Items	20,968	0	475	21,443
<b>Net Cost of Services</b>	<b>87,871</b>	<b>(10,075)</b>	<b>495</b>	<b>78,291</b>
Other Income and Expenditure	(8,736)	(2,212)	5,937	(5,011)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>79,135</b>	<b>(12,287)</b>	<b>6,432</b>	<b>73,280</b>

	2024/25			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Adult Social Care	(721)	(798)	(110)	(1,629)
Public Health	0	(22)	(1)	(23)
Children Services	(174)	(4,513)	(128)	(4,815)
Customer & Community	(246)	(253)	18	(481)
Housing Revenue Account	(10,134)	(178)	7	(10,305)
Planning & Placemaking	(726)	(112)	(2)	(840)
Environment & Property	31,025	(282)	(7)	30,736
Finance & Resources*	(171)	(424)	22	(573)
Law & Governance	0	(88)	0	(88)
Corporate Items	19,503	0	(2,017)	17,486
<b>Net Cost of Services</b>	<b>38,356</b>	<b>(6,670)</b>	<b>(2,218)</b>	<b>29,468</b>
Other Income and Expenditure	(68,622)	(2,179)	7,524	(63,277)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(30,266)</b>	<b>(8,849)</b>	<b>5,306</b>	<b>(33,809)</b>

\*Resources - Shared Services line reported in 2024/25 Statements has been combined with Finance & Resources for 2025/26

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Differences - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- Includes the adjustment for the accrued employee leave and flexi leave which are charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that the holiday entitlements and flexi leave are reflected in revenue in the financial year in which the holiday/absence occurs. Further details can be located in Accounting Policy H.
- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Note 3 – Expenditure and Income Analysed by Nature

2024/25 Restated *	Note	Nature of Expenditure or Income	2025/26
£'000			£'000
(152,309)		Fees, charges and other service income *	(156,880)
(36,500)	12	Interest and investment income	(13,973)
(252,333)	13	Income from local taxation	(264,705)
(450,516)	13 & 21	Government grants and contributions *	(438,171)
(5,236)		Other income	(7,004)
250,446		Employee benefits expenses	249,468
86,282		Depreciation, amortisation and impairment	136,205
14,472	12	Interest payments	15,048
13,145	11	Precepts and levies	13,802
14,593	11	Gain or loss on disposal of non-current assets	35,268
485,908		Other expenditure	493,592
<b>(32,048)</b>		<b>Surplus or Deficit for Year</b>	<b>62,650</b>

\* The Social Care Client Contributions 2024/25 £16.717m previously reported under Government grants and contributions have been restated within Fees, charges and other service income, the 2025/26 equivalent is £19.086m.

## **Note 4 – 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 authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

**General Fund Balance** - The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. [For housing authorities – however, the balance is not available to be applied to funding HRA services.]

**Housing Revenue Account Balance** - The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority Council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

**Major Repairs Reserve** - The authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

**Capital Receipts Reserve** - The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

**Capital Grants Unapplied** - The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2025/26	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
<b>Reversal of items Impacting the Usable Capital Reserves</b>						
Charges for depreciation, impairment and Revaluation Losses of non-current assets	(34,731)	(101,256)	0	0	0	135,987
Movements in the market value of Investment Properties	(1,600)	0	0	0	0	1,600
Amortisation of intangible fixed assets	(243)	0	0	0	0	243
Capital grants and contributions applied	0	0	0	0	32,182	(32,182)
Revenue Expenditure Funded from Capital Under Statute	(3,088)	(2,505)	0	0	0	5,593
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(48,667)	(12,792)	0	0	0	61,459
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	14,911	0	(14,911)
HRA Self Financing	0	0	6,215	0	0	(6,215)
Statutory provision for the financing of capital investment	16,112	574	0	0	0	(16,686)
Capital expenditure charged against the General Fund and HRA balance	12,823	9,532	0	0	0	(22,355)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	48,538	(2,934)	0	0	(45,604)	0
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,340	17,231	(18,571)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	5,283	0	0	(5,283)
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	7,620	0	(3,301)	0	0	(4,319)
Other Capital receipts in year	0	0	0	0	0	0
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Notional Major Repairs Allowance credited to the HRA	0	14,911	0	(14,911)	0	0
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(14,221)	(388)	0	0	0	14,609
Employers pensions contributions and direct payments to pensioners payable in year	26,182	714	0	0	0	(26,896)
<b>Adjustments impacting Other Reserves</b>						
Reversal of Accrued Employee benefits	(11)	(9)	0	0	0	20
Council's share of Movement in Collection Fund Surplus/(Deficit)	(5,937)	0	0	0	0	5,937
Financial Instruments	(475)	0	0	0	0	475
<b>Total Adjustments</b>	<b>3,642</b>	<b>(76,922)</b>	<b>(10,374)</b>	<b>0</b>	<b>(13,422)</b>	<b>97,076</b>

2024/25	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
<b>Reversal of items Impacting the Usable Capital Reserves</b>						
Charges for depreciation, impairment and Revaluation Losses of non-current assets	(46,394)	(39,425)	0	0	0	85,819
Movements in the market value of Investment Properties	16,675	0	0	0	0	(16,675)
Amortisation of intangible fixed assets	(487)	0	0	0	0	487
Capital grants and contributions applied	0	0	0	0	65,743	(65,743)
Revenue Expenditure Funded from Capital Under Statute	(18,834)	(2,918)	0	0	0	21,752
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(17,714)	(10,260)	0	0	0	27,974
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	14,777	0	(14,777)
HRA Self Financing	0	0	7,752	0	0	(7,752)
Statutory provision for the financing of capital investment	14,660	419	0	0	0	(15,079)
Capital expenditure charged against the General Fund and HRA balance	2,565	37,281	0	0	0	(39,846)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	47,315	19,225	0	0	(66,540)	0
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,592	8,789	(13,381)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	13,083	0	0	(13,083)
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(2,001)	0	0	2,001
Other Capital receipts in year	0	0	0	0	0	0
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Notional Major Repairs Allowance credited to the HRA	0	14,777	0	(14,777)	0	0
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(17,604)	(482)	0	0	0	18,086
Employers pensions contributions and direct payments to pensioners payable in year	26,218	717	0	0	0	(26,935)
<b>Adjustments impacting Other Reserves</b>						
Reversal of Accrued Employee benefits	208	(7)	0	0	0	(201)
Council's share of Movement in Collection Fund Surplus/(Deficit)	(7,524)	0	0	0	0	7,524
Financial Instruments	2,017	0	0	0	0	(2,017)
<b>Total Adjustments</b>	<b>5,693</b>	<b>28,116</b>	<b>5,453</b>	<b>0</b>	<b>(797)</b>	<b>(38,465)</b>

## **Note 5 – Accounting Standards Issued, Not Adopted**

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

These standards all apply to Local Authority accounts in 2025/26. They are not expected to have a material effect on the Council's financial statements.

## **Note 6 – Critical Judgements in Applying Accounting Policies**

In applying the accounting policies, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Land & Buildings are valued on a 5 year rolling programme each year as at the 31 December. A full property indexation review was carried out as at the 31 March 2026 to identify any significant movements in the asset base during the year. The effect of the valuation methodology is to ensure that any changes in the asset base are reflected correctly in the accounts. More details are disclosed in note 22 and Accounting Policy T - Property, Plant & Equipment.
- Properties are classed as Investment Properties when they are held solely to earn rental income or for capital appreciation. The value of the properties is calculated based on the fair value of the asset on a yearly basis, i.e. the price received to sell the asset or transfer the liability.
- Maintained schools are reported on the Council's Balance Sheet and the total Foundation schools' assets are reported at nil value. However, capital expenditure incurred on academies, foundation and faith schools is treated as 'revenue expenditure funded from capital under statute' through the Comprehensive Income and Expenditure Account. In addition, judgments are applied to transactions and balances when schools change status e.g. change from maintained to academy school. Details of the schools accounting treatment can be found in Accounting Policy Z.

## Note 7 – Assumptions made about the future and other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The authority is required to disclose details of all key estimations and assumptions made within the accounts that could result in an uncertainty and could have a risk of causing an adjustment to the carrying amount of assets and liabilities within the next financial year. Estimates are made in line with the Council's Financial Regulations and Procedures rules as well as historical experience, current trends and other relevant factors.

The main accounting estimates in application along with the degree of associated estimation uncertainty are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Defined Benefit Pension Scheme – Pension Liability</b>	Pensions disclosures provided within the Statement of Accounts are taken from the annual Actuary report, provided by Barnett Waddingham. Key assumptions made are on RPI, CPI and salary increase.	The value of the liability may increase/decrease if the assumptions change. The present value of the total obligation is £773,862m. An adjustment to the long-term salary assumption by +0.1% would result in the present value of the total obligation increasing by £0.363m. Sensitivity to some of the key assumptions is provided in note 36. The carrying amount of the liability is (£11,931m).
<b>Provisions</b>	One of the most significant provision the Council has disclosed is for appeals on business rates where rate payers appeal against the valuation. The Council's share of the provision on 31 March 2026 is £7.137m.	<p>Rate payers can challenge their rateable value through a Check, Challenge and Appeals process.</p> <p>The deadline to submit new appeals against the 2017 valuation list was 31 March 2023, one outstanding appeal is yet to be determined by the Valuation Office Agency (VOA).</p> <p>New checks and challenges against the 2023 rating list have closed on 31 March 2026, appeals against ongoing challenges can be made against the 2023 rating list.</p> <p>It is impracticable to quantify increase in claimants against an increase in provision as claimants are not all appealing the same value.</p>

	<p>The Insurance Provision of £3.923m included within the Statement of Accounts has been determined based on the level of known claims outstanding on 31 March 2026, as an updated annual insurance valuation report was not available for the current year. The estimate has therefore been derived using the most recent loss run data available, with key assumptions applied regarding the stability of the Council's risk profile and the valuation of future liabilities on a present value basis.</p>	<p>The value of the liability may increase or decrease if claims are settled or new claims made. An insurance reserve is retained to manage any financial risks that fall under the Councils Insurance provider contract.</p> <p>Full details of each provision including the basis of estimation applied are provided in note 28 to the Financial Statements.</p>
<b>Allowance for Non-Payment of Debt</b>	<p>The Council maintains an allowance for the non-payment of debts in order to ensure that there are sufficient funds available to meet the future cost of any debt that is uncollectable. The current allowance for doubtful debts is £22.226m.</p>	<p>The Council evaluates each debt or category of debt by considering any significant financial difficulty for the debtor, any breach of contract or default, any concessions granted by the authority based on difficulty for the debtor, the likelihood of the debtor entering bankruptcy and the impact on Customers from the impact on the economy. The value of the allowance is calculated based on a review of all debts and a judgement of the probability of collection for each.</p>
<b>Property, Plant and Equipment – Depreciation</b>	<p>Depreciation is charged on a Useful Economic Life basis ranging from 3-125 years depending on the asset. In 2025/26 the charge is shown as £48.816m.</p>	<p>Full details on Depreciation for each asset type can be found in Accounting Policy T for Property Plant and Equipment and Accounting Policy U for Infrastructure Assets, and non-current asset values are provided in note 22 to the Financial Statements.</p>
<b>Valuation of operational property</b>	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>The current Global inflationary pressures, higher interest rates and currency movements can lead to great volatility in property markets. Consumer and investor behaviour is sensitive to these volatility issues.</p> <p>The Russian invasion of Ukraine has added to the levels of global uncertainty during the period. There is currently no known specific impact to the value of the assets within the</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £56m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive</p>

	<p>portfolio because of the invasion, this will continue to be monitor as the crisis continues.</p> <p>The Middle East Conflict brought instability to the middle eastern region. There is currently no known specific impact to the value of the assets within the portfolio because of the conflict, this will continue to be monitor as the crisis continues.</p> <p>Accordingly, the valuations as a whole are not reported as being subject to 'material valuation uncertainty' as per the RICS Red Book Global</p> <p>The Valuations on 31 March 2026 were:</p> <ul style="list-style-type: none"> <li>• Assets Held for Sale £5.4m</li> <li>• Surplus Assets £6.5m</li> <li>• Investment Properties £94.3m (see below)</li> </ul>	<p>Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>
<b>Council Dwellings</b>	<p>The HRA residential portfolio is valued based on a beacon methodology. In order to value the whole portfolio, it was necessary to research a number of information sources. The stock lists have been supplemented by observations gained from internal inspection of the Beacon properties, external inspection of other blocks or estates and market research.</p> <p>The full five yearly valuation incorporating inspections of every Beacon property was undertaken on 31 March 2026.</p>	<p>A reduction in the estimate value of HRA dwellings would be a reduction in the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £82m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>
<b>Fair value measurement of investment property</b>	<p>The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p>	<p>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p>
<b>Arrears</b>	<p>The Council's share of the NDR arrears balance of £3.105m at the Balance Sheet date is deemed to be at risk of material adjustment within the next year due to current economic circumstances meaning that businesses are struggling to pay. A review of significant balances suggested that an impairment of doubtful debts of (£1.237m) was appropriate.</p>	<p>If collection rates were to deteriorate further, for every 1% reduction in collection rates, an extra £0.081m would be required to be set aside as an allowance</p>

## Note 8 – Material Items of Income and Expense

All material items are shown within the Comprehensive Income & Expenditure Statement.

## Note 9 – Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance and Resources on 30 June 2026. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing on 31 March 2026, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no material events to disclose at this stage.

## Note 10 – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

	Balance at 31 March 2024 £'000	Transfers In 2024/25 £'000	Transfers Between 2024/25 £'000	Transfers Out 2024/25 £'000	Balance at 31 March 2025 £'000	Transfers In 2025/26 £'000	Transfers Between 2025/26 £'000	Transfers Out 2025/26 £'000	Balance at 31 March 2026 £'000
<b>General Fund Reserves:</b>									
Bereavement reserve	(5,337)	(1,057)	1,382	267	<b>(4,745)</b>	(1,057)	25	364	<b>(5,413)</b>
Capital Reserve - General Fund	(54,954)	(5,404)	(5,672)	2,698	<b>(63,332)</b>	(4,250)	2,691	12,958	<b>(51,933)</b>
Corporate Property Reserve	(3,586)	(32)	(119)	345	<b>(3,392)</b>	(176)	521	12	<b>(3,035)</b>
Change Reserve	(1,456)	0	0	735	<b>(721)</b>	0	(3,416)	0	<b>(4,137)</b>
Infrastructure Reserve	(14,188)	0	0	1,197	<b>(12,991)</b>	0	0	1,123	<b>(11,868)</b>
Internal Insurance Fund	(2,272)	(1,118)	0	1,347	<b>(2,043)</b>	(1,609)	0	636	<b>(3,016)</b>
Collection Fund	(15,000)	(6,843)	0	5,107	<b>(16,736)</b>	(8,829)	(2,000)	8,364	<b>(19,201)</b>
Cashflow Reserve									
New Homes Bonus Reserve	(1,178)	(5,377)	4,729	323	<b>(1,503)</b>	(3,917)	5,420	0	<b>0</b>
Other Earmarked Reserves	(13,999)	(8,666)	(1,263)	2,790	<b>(21,138)</b>	(5,763)	(45)	1,042	<b>(25,904)</b>
One-off & Political Priority Reserves *	(9,888)	0	589	2,294	<b>(7,005)</b>	(310)	(5,662)	2,211	<b>(10,766)</b>
Tariff & HCA Risk Reserve	(9,725)	(3,411)	0	0	<b>(13,136)</b>	(3,098)	534	0	<b>(15,700)</b>
Strategic Development Fund	(2,038)	0	454	0	<b>(1,584)</b>	0	1,584	0	<b>0</b>
Waste Infrastructure Reserve	(1,322)	(1,049)	0	0	<b>(2,371)</b>	(969)	0	0	<b>(3,340)</b>
Waste Asset Renewal Fund	(3,918)	(3,918)	0	0	<b>(7,836)</b>	(3,918)	348	0	<b>(11,406)</b>
MKWRRP Risk Reserve	(10,000)	0	0	0	<b>(10,000)</b>	0	0	0	<b>(10,000)</b>
Legal Fees Reserve	(1,959)	0	0	306	<b>(1,653)</b>	0	0	0	<b>(1,653)</b>
Pension fund Reserve	(4,248)	0	(100)	0	<b>(4,348)</b>	(213)	0	0	<b>(4,561)</b>
Public Health Reserve	(2,460)	(32)	0	77	<b>(2,415)</b>	(964)	0	0	<b>(3,379)</b>
Schools Balances	(11,679)	(179)	0	259	<b>(11,599)</b>	(42)	0	1,186	<b>(10,455)</b>
<b>Total General Fund</b>	<b>(169,207)</b>	<b>(37,086)</b>	<b>0</b>	<b>17,745</b>	<b>(188,548)</b>	<b>(35,115)</b>	<b>0</b>	<b>27,896</b>	<b>(195,767)</b>

<b>Housing Revenue</b>									
<b>Account Reserves:</b>									
Capital Reserve - HRA	(35,322)	(11,874)	0	37,281	(9,915)	(12,053)	0	9,532	(12,436)
HRA Financing & Debt Risk Reserve	(1,700)	(3,643)	0	0	(5,343)	0	0	0	(5,343)
Other Earmarked Reserves	(697)	(505)	0	0	(1,202)	(868)	0	232	(1,838)
<b>Total Housing Revenue Account</b>	<b>(37,719)</b>	<b>(16,022)</b>	<b>0</b>	<b>37,281</b>	<b>(16,460)</b>	<b>(12,921)</b>	<b>0</b>	<b>9,764</b>	<b>(19,617)</b>
<b>Total Earmarked Reserves</b>	<b>(206,926)</b>	<b>(53,108)</b>	<b>0</b>	<b>55,026</b>	<b>(205,008)</b>	<b>(48,036)</b>	<b>0</b>	<b>37,660</b>	<b>(215,384)</b>

\*As part of the 2026/27 MTFP Budget setting process, a review of reserves was undertaken, resulting in a reduction in the number of reserves. Any earmarked reserves no longer required were transferred to the one-off pressures and political priority reserve, including the council Plan Reserve, Political Priority reserves, one-off pressure reserves.

**Bereavement Reserve** - This fund will be used to replace and extend the crematorium and cemetery provision in MK as the borough continues to grow. This reserve is a sinking fund to offset this pressure.

**Capital Reserve** - The General Fund and Housing Revenue Account Capital Reserve holds contributions from the Comprehensive Income and Expenditure Statement and Housing Revenue Account to fund capital expenditure.

**Corporate Property Reserve** - This reserve will help meet revenue costs arising from the corporate delivery of the property strategy and Asset Management Plan.

**Change Reserve** - This reserve was created to meet the future costs of any change within the Council including redundancies arising from reductions and restructuring of services.

**Infrastructure Reserve** - This reserve is used to manage the difference in timing between the revenue contributions available to fund the costs of prudential borrowing for Highways improvement, and the costs being incurred.

**Internal Insurance Fund** - This fund covers any internal insurance costs of claims notified to the Council by 31 March (some risks are not fully funded, with losses up to a specified amount being met from revenue). To obtain cost effective insurance cover the Council has chosen to carry excesses in respect of claims made under liability and material damage insurances.

**Collection Fund Cashflow Reserve** - Reserve held to manage volatility in council tax and business rates income arising from unexpected changes, including appeals, unbudgeted levy costs, lower-than-expected growth, empty properties, collection performance, timing differences for transfer of historic surpluses / deficits and potential future changes to the system by government.

**New Homes Bonus Reserve** - This reserve was established in 2011/12 to hold the New Homes Bonus grants paid to the Council each year. Cabinet agreed that this funding would be used strategically to support growth in the borough, with use of the funding approved through the budget process. 2025/26 was the final year of receiving the grant funding, and the reserve was closed on 31 March 2026.

**One-off pressures and Political Priority Reserve** - This reserve will fund the one-off pressure and Political Priorities of the Council agreed as part of the budget process.

**Tariff & HCA Risk Reserve** - This reserve was created to mitigate the Council's liability under the risk sharing agreement on the Tariff and any financing risks.

Strategic Development fund - This reserve was established to fund transformation projects that deliver future revenue savings. As at 31 March 2026, the remaining balance was combined with the Change reserves and the reserve was closed.

Waste Infrastructure Reserve- This reserve is held to build up future financing contributions for the anticipated additional revenue costs resulting from the re-procurement of MKWRP

Waste Asset Renewal Fund - This reserve was set up by annual revenue contributions to the Waste Renewal Fund, which will be built up to enable the capital financing of replacement waste vehicles once they reach the end of their useful life.

MKWRP Risk Reserve – This reserve has been created to cover 1 year of costs in the event of catastrophic failure at MKWRP.

Legal Fees Reserve – This reserve is for when legal challenges arise to either defend the Council's position or take action to protect its and the taxpayer's interests.

Pension fund Reserve – This reserve is to manage the potential impact of pension revaluation changes.

Public Health Reserve – This reserve holds the unspent ring-fenced grant funding held over for future investment in Public Health.

Schools Balance – This reserve holds the balances of net funds held on behalf of schools. Under the current policy these funds belong to the schools and not the Council.

## Note 11 – Other Operating Expenditure

2024/25		2025/26
£'000		£'000
12,537	Precepts	13,204
608	Levies	598
14,593	(Gains)/losses on the Disposal of Non-Current Assets	35,268
<b>27,738</b>	<b>Total Other Operating Expenditure</b>	<b>49,070</b>

## Note 12 – Financing and Investment Income and Expenditure

2024/25	Note	2025/26
£'000		£'000
16,651	Interest payable and similar charges	17,260
(264)	(Gain)/Loss on Pooled Investment Funds	229
(2,179)	Net interest on the net defined benefit liability (asset)	(2,212)
(19,551)	Interest receivable and similar income	(15,868)
(16,717)	Income and expenditure in relation to investment properties and changes in their fair value	1,556
32	14 Trading operations	110
<b>(22,028)</b>	<b>Total</b>	<b>1,075</b>

## Note 13 – Taxation and Non-Specific Grant Income

2024/25 £'000	Note		2025/26 £'000
(173,780)		Council tax income	(187,015)
(78,553)		Non-domestic rates income and expenditure	(77,690)
(7,501)	21	Non-ringfenced government grants	(9,551)
(66,540)		Capital grants and contributions	(45,604)
<b>(326,374)</b>		<b>Total</b>	<b>(319,860)</b>

## Note 14 – Trading Operations

The authority has established a number of ongoing trading units where the service is required to operate in a commercial environment and balance the budget by generating income from other parts of the authority or other organisations.

2024/25				2025/26		
Income £'000	Expenditure £'000	Net £'000	Traded Services	Income £'000	Expenditure £'000	Net £'000
(353)	428	75	Emberton Park	(359)	537	178
(233)	170	(63)	IT Service Desk and Technical Support Services	(233)	186	(47)
(556)	563	7	Building Control	(641)	583	(58)
(25)	38	13	HR Advisory and Payroll Services	(25)	62	37
<b>(1,167)</b>	<b>1,199</b>	<b>32</b>	<b>Net (Surplus)/deficit included in Financing and Investment Income and Expenditure</b>	<b>(1,258)</b>	<b>1,368</b>	<b>110</b>

## Note 15 – Members' Allowances

The authority paid the following amounts to members of the Council during the year.

2024/25 £'000			2025/26 £'000
679	Salaries		692
253	Allowances		264
2	Expenses		2
<b>934</b>	<b>Total Members' Allowances</b>		<b>958</b>

Details of each Councillor's individual allowances are published annually on the Council's website.

## Note 16 – External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections and to non-audit services provided by the authority's external auditors:

2024/25 £'000		2025/26 £'000
449	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year*	382
60	Fees payable to external auditors for the certification of grant claims and returns for the year	62
<b>509</b>	<b>Total</b>	<b>444</b>

\* The fees payable for external audit services includes the 2025/26 audit fee £0.498m, 2024/25 Building back assurance additional fees £0.035m, 2024/25 proposed ISA600 fee variation £0.005m and the net payment of 2022/23 disclaimed audit opinion agreed with the PSAA £0.022m. This has been offset by

grants from the MHCLG to cover the additional audit charges in 2025/26 (£0.061m) and the New Burdens - Local Audit Backstop Grant to offset additional costs from the audit (£0.117m).

## Note 17 – Road Charging Schemes

The Council was designated a Permitted and Special Parking Area from 25 March 2002 and is required under Section 55 of the Road Traffic Regulation Act 1984 and the Traffic Management Act 2004 to keep an account of income and expenditure relating to these responsibilities.

2024/25 £'000		2025/26 £'000
	<b>Expenditure</b>	
1,598	Contractors Management Fee	1,932
523	Pay and Display Installation Costs	586
159	Staffing Cost	169
2	Supplies and Services	1
36	Support Costs	41
126	Surveys and Fees	0
31	Decriminalised Costs	31
153	Depreciation	153
7	Signing Costs	67
<b>2,635</b>	<b>Total Expenditure</b>	<b>2,980</b>
	<b>Income</b>	
(1,818)	Excess Charge/Penalty Charge Notices	(1,820)
(2,782)	Permits	(3,272)
(60)	Suspensions	(7)
(8,317)	Pay and Display Income	(10,678)
<b>(12,977)</b>	<b>Total Income</b>	<b>(15,777)</b>
<b>(10,342)</b>	<b>Surplus achieved in year</b>	<b>(12,797)</b>
0	Transfer to Special Parking Reserve	0
(102)	Transfer from Special Parking Reserve	0
<b>(10,444)</b>	<b>Surplus for the year</b>	<b>(12,797)</b>

The surplus of £12.797m is below the budgeted surplus of £13.376m by £0.579m due to increased car parking contract costs and less parking users than expected. The year-on-year increase of £2.353m in the surplus is essentially due to the parking tariff increase from 1 April 2025. The notional spend covered by the surplus is £15.395m in 2025/26 and as such, 83% is covered with the remainder funded by the General Fund. The notional costs covered are the highways and street lighting costs of on-street parking as well as the landscaping and cleansing costs. All off-street parking and passenger transport costs and environmental improvement works are covered along with 47% of the infrastructure borrowing costs.

## Note 18 – Pooled Budgets

### Integrated Community Equipment

The Integrated Community Equipment pooled budget brings together funding for health and social care equipment. This supports hospital discharges and the maintenance of independence and community living with some efficiency of scale and improved delivery. The Integrated Care Board (ICB) are the Lead partner for the ICES pool.

The Council's share of income and expenditure is included within Adult Social Care in the Comprehensive Income and Expenditure Statement.

2024/25 £'000	Integrated Community Equipment Service (ICES)	2025/26 £'000
	<b>Gross Funding</b>	
(551)	Milton Keynes City Council	(634)
(1,030)	Milton Keynes ICB	(1,121)
<b>(1,581)</b>	<b>Total Funding</b>	<b>(1,755)</b>
(460)	BCF contribution	(378)
<b>(2,041)</b>	<b>Total Funding &amp; Contributions</b>	<b>(2,133)</b>
2,041	Expenditure	1,852
<b>2,041</b>	<b>Total Expenditure</b>	<b>1,852</b>
<b>0</b>	<b>Net (Surplus)/Deficit</b>	<b>(281)</b>
0	MKCC share of underspend/ (overspend)	149
0	ICB share of underspend/ (overspend)	132
<b>0</b>	<b>Net (Surplus) / Deficit Carried Forward</b>	<b>0</b>

## Learning Disability

The Learning Disability pooled budget supports the integrated Learning Disability service (Council and Integrated Care Board), allowing greater flexibility and economies of scale in funding services. Milton Keynes City Council is the Lead Partner for the Learning Disability Pool.

The Council's share of income and expenditure is included within Adult Social Care in the Comprehensive Income and Expenditure Statement.

2024/25 £'000	Learning Disability	2025/26 £'000
	<b>Gross Funding</b>	
(35,295)	Milton Keynes City Council	(38,297)
(1,654)	BLMK ICB	(1,700)
<b>(36,949)</b>	<b>Total Funding</b>	<b>(39,997)</b>
	<b>Expenditure</b>	
36,057	Pooled Expenditure	39,362
<b>36,057</b>	<b>Total Expenditure</b>	<b>39,362</b>
<b>(892)</b>	<b>Net (Surplus)/Deficit</b>	<b>(635)</b>
852	MKCC share of underspend/ (overspend)	608
40	ICB share of underspend/ (overspend)	27
<b>0</b>	<b>Net (surplus) / Deficit Carried Forward</b>	<b>0</b>

## Better Care Fund

The Better Care Fund (BCF) is viewed as an enabler to further integrate Health and Social Care Services. The BCF funds are intended to reduce hospital non-elective admissions; develop more robust and sustainable community health and social care services; and promote independent living. Milton Keynes City Council is the Lead Partner for the Better Care Fund pool, whereby an agreed Section 75 has been established and maintained between MKCC and the Integrated Care Board (ICB).

The Council's share of income and expenditure is included within Adult Social Care in the Comprehensive Income and Expenditure Statement.

2024/25 £'000	Better Care Fund	2025/26 £'000
	<b>Gross Funding</b>	
(1,573)	Milton Keynes City Council - Capital Funding	(1,573)
(9,589)	Improved Better Care Funding	(10,334)
(20,752)	Milton Keynes ICB	(23,347)
0	Additional Better Care Fund Top Up	0
(3,716)	Hospital Discharge	0
<b>(35,630)</b>	<b>Total Funding</b>	<b>(35,254)</b>
35,630	Expenditure	35,254
<b>35,630</b>	<b>Total Expenditure</b>	<b>35,254</b>
<b>0</b>	<b>Net (Surplus)/Deficit</b>	<b>0</b>
0	MKCC share of underspend/ (overspend)	0
0	ICB share of underspend/ (overspend)	0
<b>0</b>	<b>Net (surplus) / Deficit Carried Forward</b>	<b>0</b>

## Note 19 – Officers' Remuneration

### Officer Remuneration

The remuneration paid to the Council's senior employees during 2025/26 whose salary was above £50,000 is as follows:

2024/25		Salary	Expenses Allowance	Pension Contribution	2025/26
£		£	£	£	£
240,996	Chief Executive	207,084	0	41,624	248,708
185,795	Deputy Chief Executive	163,103	185	31,066	194,354
182,838	Director Adult Services	156,823	300	30,936	188,059
182,948	Director Children's Services	156,823	748	31,521	189,092
181,548	Director Environment and Property	156,823	466	29,424	186,713
182,504	Director Finance & Resources	156,823	0	31,521	188,344
146,628	Director Law & Governance	125,995	0	25,325	151,320
146,657	Director of Customer & Community Services	125,995	47	24,567	150,609
145,934	Director of Planning & Placemaking	125,995	286	23,498	149,779

The Council's other employees including those listed individually as senior employees) receiving more than £50,000 remuneration for the year (excluding employer's pension and NIC contributions) were paid the following amounts:

	Number of Employees	
	2024/25	2025/26
£50,001 to £55,000	227	246
£55,001 to £60,000	159	193
£60,001 to £65,000	101	92
£65,001 to £70,000	67	74
£70,001 to £75,000	38	54
£75,001 to £80,000	29	32
£80,001 to £85,000	17	29
£85,001 to £90,000	7	13
£90,001 to £95,000	11	9
£95,001 to £100,000	4	9
£100,001 to £105,000	13	5
£105,001 to £110,000	3	9
£110,001 to £115,000	2	4
£115,001 to £120,000	2	2
£120,001 to £125,000	6	1
£125,001 to £130,000	0	6
£130,001 to £135,000	0	0
£135,001 to £140,000	0	1
£140,001 to £145,000	0	0
£145,001 to £150,000	0	0
£150,001 to £155,000	4	1
£155,001 to £160,000	1	3
£160,001 to £165,000	0	1
£165,001 to £170,000	1	0
£170,001 to £175,000	0	0
£175,001 to £180,000	0	0
£180,001 to £185,000	0	0
£185,001 to £190,000	0	0
£190,001 to £195,000	0	0
£195,001 to £200,000	0	0
£200,001 to £205,000	1	0
£205,000 to £209,999	0	1
<b>Total</b>	<b>693</b>	<b>785</b>

\*Please note that this figure includes both Milton Keynes City Council and school employees.

## Exit Packages

The number of exit packages with total costs per band and total costs of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£'000)	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0 - £20,000	19	55	6	4	25	59	150	418
£20,001 - £40,000	9	13	0	0	9	13	269	387
£40,001 - £60,000	3	12	1	0	4	12	183	566
£60,001 - £80,000	1	4	0	0	1	4	64	287
£80,001 - £100,000	1	3	0	0	1	3	93	260
£100,001 - £150,000	1	1	0	0	1	1	103	109
£150,001 - £200,000	0	1	0	0	0	1	0	199
<b>Total</b>	<b>34</b>	<b>89</b>	<b>7</b>	<b>4</b>	<b>41</b>	<b>93</b>	<b>862</b>	<b>2,226</b>

The total cost of £2.226m in the table above includes exit packages that have been agreed, accrued for and charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

## Note 20 – Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) (No 2) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

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

2024/25		2025/26		
Total		Central Expenditure	ISB	Total
£'000		£'000	£'000	£'000
368,359	Final DSG for 2025/26 before academy and high needs recoupment			411,905
(183,941)	Less: Academy and high needs figure recouped for 2024/25			(211,343)
184,418	Total DSG after academy and high needs recoupment for 2025/26			200,562
6,910	Plus: Brought forward from 2024/25			5,056
(3,408)	Less: Carry forward to 2026/27 agreed in advance			(5,791)
<b>187,920</b>	<b>Agreed initial budgeted distribution in 2025/26</b>	57,812	142,015	<b>199,827</b>
(2,734)	In year adjustments	0	(802)	<b>(802)</b>
<b>185,186</b>	<b>Final budgeted distribution for 2025/26</b>	<b>57,812</b>	<b>141,213</b>	<b>199,025</b>
54,872	Less: Actual central expenditure	57,705		<b>57,705</b>
128,667	Less: Actual ISB deployed to schools		140,435	<b>140,435</b>
0	Plus: Local Authority contributions for 2025/26	0	0	<b>0</b>
1,647	In-year carry-forward to 2026/27	107	778	<b>885</b>
3,408	Plus: Carry-forward to 2026/27 agreed in advance			<b>5,791</b>
<b>5,055</b>	<b>Carry forward to 2026/27</b>			<b>6,676</b>
0	DSG unusable reserve at the end of 2024/25			<b>0</b>
0	Addition to DSG unusable reserve at the end of 2025/26			<b>0</b>
0	Total of DSG unusable reserve at the end of 2025/26			<b>0</b>
<b>5,055</b>	<b>Net DSG position at the end of 2025/26</b>			<b>6,676</b>

## Note 21 – Grant Income

The Council has been credited with the following grants and contributions in the Comprehensive Income and Expenditure Statements during 2025/26.

Credited to Taxation and Non-Specific Grant Income:

2024/25	Note	2025/26
£'000		£'000
(7,178)	Revenue Support Grant	(7,522)
0	Employers' National Insurance Contributions Grant	(2,029)
(323)	Services Grant	0
<b>(7,501)</b>	<b>13 Total Non-Ringfenced Government Grants</b>	<b>(9,551)</b>

Credited to service:

2024/25 Restated*		2025/26
£'000		£'000
(183,544)	Dedicated Schools Grant	(199,695)
(37,255)	Mandatory Rent Allowance: Subsidy	(27,454)
(18,827)	Mandatory Rent Rebates	(17,595)
(2,046)	NHS Discharge Funding	(425)
(5,377)	New Homes Bonus	(3,917)
(13,226)	Public Health Grant	(14,077)
(6,691)	Pupil Premium Grant	(6,829)
(3,226)	Afghan Refugee Bridging Hotels Wraparound funding	0
0	Children and Families Grant	(1,785)
0	Children's Social Care Prevention Grant	(1,218)
0	Rough Sleeping Prevention and Recovery Grant	(2,461)
(3,542)	Young People's Learning Agency	(3,756)
(2,074)	Universal Infant Free School Meals	(1,894)
(16,471)	Social Care Grant	(18,786)
(3,996)	Market Sustainability and fair cost of Care fund	(3,973)
0	Extended Producer Responsibility for Packaging (EPR)	(4,711)
(2,807)	Homelessness Prevention Grant	(5,761)
(3,628)	Unaccompanied Asylum Seekers Grant	(2,726)
(32,009)	Other Grants	(24,151)
(85)	Other Grants - Covid-19 Related	0
(695)	Benefits Administration Grant	(734)
(1,206)	Community Learning (16-19+)	(1,037)
(6,356)	Improved Better Care Fund	(8,122)
(20,752)	Better Care Fund Contributions	(23,347)
(8,532)	Milton Keynes Hospital NHS Foundation Trust and Clinical Commissioning	(6,337)
(4,130)	Other Contributions	(2,225)
<b>(376,475)</b>	<b>Total</b>	<b>(383,016)</b>

\* The Social Care Client Contributions 2024/25 £16.717m previously reported here has been restated from Government grants and contributions to Fees, charges and other service income within Note 3, the 2025/26 equivalent is £19.086m.

## Receipts in Advance

The Council has received a number of grants, contributions and donations that have conditions attached to them these will require the monies or property to be returned to the awarding body if the conditions are not met. These will not be recognised as income until the relevant conditions are met and the Council is able to utilise the funds.

The current Grants and Contributions receipts in advance at the 31 March 2026 are £82.431m. This includes:

- Revenue receipts in advance of £66.154m, of which is mainly £33.892m Developer Tariff contributions, £6.675m Dedicated Schools Grant, £5.377 Better Care Fund, £4.220m Hospital Discharge Funding, £2.215m Improve Better Care Fund, £1.931m Homes for Ukraine Grant, £1.902m Developer S106 contributions and £1.713m PH Digital Incentive Scheme.
- Capital receipts in advance of £16.277m including the Social Housing Decarbonisation Fund £10.113m and the Special Education and High Needs Grants £3.915m.

The long-term Grants and Contributions receipts in advance at the 31 March 2026 are £157.472m. This includes Revenue receipts in advance of £148.634m which is mainly from Developer S106 Contributions £78.274m, Developer Tariff contributions £68.797m and Capital receipts in advance of £8.838m.

## Note 22.1 – Property, Plant and Equipment

The tables on the following pages show the movements in year for PPE in 2025/26 and the 2024/25 comparative movement.

Movements to 31 March 2026	Council Dwellings	Land and Building	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Right of Use - Construction	Right of Use - Land and Building	Right of Use - Vehicles, Plant & Equipment	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>at 31 March 2025</b>	866,654	578,623	131,362	7,391	6,746	114,768	27,459	13,086	<b>1,746,089</b>
Additions	15,861	2,894	6,301	0	0	81,288	57	148	<b>106,549</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,081	(35,125)	(16,118)	0	(2,432)	0	(815)	0	<b>(49,409)</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(34,338)	8,813	(3,726)	0	(34)	0	(112)	0	<b>(29,397)</b>
Derecognition – disposals	(9,068)	(20,594)	(442)	0	0	0	0	(86)	<b>(30,190)</b>
Derecognition – other	(4,261)	(1,400)	(3,483)	0	0	0	0	0	<b>(9,144)</b>
Reclassifications and transfer	116,788	7,405	(547)	0	2,821	(131,453)	0	0	<b>(4,986)</b>
<b>at 31 March 2026</b>	<b>956,717</b>	<b>540,616</b>	<b>113,347</b>	<b>7,391</b>	<b>7,101</b>	<b>64,603</b>	<b>26,589</b>	<b>13,148</b>	<b>1,729,512</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>at 31 March 2025</b>	(67,465)	(4,919)	(19,052)	(1,626)	(534)	0	(975)	(4,571)	<b>(99,142)</b>
Depreciation charge	(14,822)	(9,127)	(8,810)	(165)	(55)	0	(1,957)	(1,396)	<b>(36,332)</b>
Depreciation written out to the Revaluation Reserve	3	8,723	4,825	0	54	0	1,143	0	<b>14,748</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	14,480	(1,422)	(9)	0	(2)	0	104	0	<b>13,151</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	8,886	0	0	0	0	17	0	<b>8,903</b>
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(66,550)	(4,307)	0	0	0	0	(17)	0	<b>(70,874)</b>
Derecognition – disposals	442	1,899	436	0	0	0	0	83	<b>2,860</b>
Derecognition – other	228	159	771	0	0	0	0	0	<b>1,158</b>
Reclassifications and transfer	0	(425)	520	0	(95)	0	0	0	<b>0</b>
<b>at 31 March 2026</b>	<b>(133,684)</b>	<b>(533)</b>	<b>(21,319)</b>	<b>(1,791)</b>	<b>(632)</b>	<b>0</b>	<b>(1,685)</b>	<b>(5,884)</b>	<b>(165,528)</b>
<b>Net Book Value</b>									
<b>at 31 March 2026</b>	<b>823,033</b>	<b>540,083</b>	<b>92,028</b>	<b>5,600</b>	<b>6,469</b>	<b>64,603</b>	<b>24,904</b>	<b>7,264</b>	<b>1,563,984</b>
<b>at 31 March 2025</b>	<b>799,189</b>	<b>573,704</b>	<b>112,310</b>	<b>5,765</b>	<b>6,212</b>	<b>114,768</b>	<b>26,484</b>	<b>8,515</b>	<b>1,646,947</b>

Movements to 31 March 2025	Council Dwellings	Land and Building	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use - Land and Building	Right of Use - Vehicles, Plant & Equipment	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>at 31 March 2024</b>	862,704	617,506	135,633	7,391	8,141	63,063	0	0	<b>1,694,438</b>
Opening Balance adjustment IFRS 16	0	0	0	0	0	0	892	7,077	<b>7,969</b>
<b>at 1 April 2024</b>	862,704	617,506	135,633	7,391	8,141	63,063	892	7,077	<b>1,702,407</b>
Additions	27,377	7,989	3,235	0	0	83,080	7,899	6,009	<b>135,589</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	1,478	(1,386)	0	(45)	0	0	0	<b>47</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(29,783)	(21,846)	(996)	0	(1,097)	0	0	0	<b>(53,722)</b>
Derecognition – disposals	(4,497)	(15,828)	(2,966)	0	0	0	(259)	0	<b>(23,550)</b>
Derecognition – other	(6,808)	(1,370)	(2,317)	0	0	0	0	0	<b>(10,495)</b>
Reclassifications and transfer	17,661	(9,306)	159	0	(253)	(31,375)	18,927	0	<b>(4,187)</b>
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	<b>0</b>
<b>at 31 March 2025</b>	<b>866,654</b>	<b>578,623</b>	<b>131,362</b>	<b>7,391</b>	<b>6,746</b>	<b>114,768</b>	<b>27,459</b>	<b>13,086</b>	<b>1,746,089</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>at 31 March 2024</b>	(59,493)	(26,804)	(18,250)	(1,460)	(532)	0	0	0	<b>(106,539)</b>
Opening Balance adjustment IFRS 16	0	0	0	0	0	0	(273)	(3,678)	<b>(3,951)</b>
<b>at 1 April 2024</b>	(59,493)	(26,804)	(18,250)	(1,460)	(532)	0	(273)	(3,678)	<b>(110,490)</b>
Depreciation charge	(14,691)	(9,580)	(8,800)	(166)	(54)	0	(114)	(893)	<b>(34,298)</b>
Depreciation written out to the Revaluation Reserve	16	21,905	3,570	0	53	0	0	0	<b>25,544</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	14,333	455	767	0	(1)	0	0	0	<b>15,554</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	(4,341)	(28)	0	0	0	0	0	<b>(4,369)</b>
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(8,676)	11,494	28	0	0	0	0	0	<b>2,846</b>
Derecognition – disposals	590	1,024	2,929	0	0	0	200	0	<b>4,743</b>
Derecognition – other	456	140	732	0	0	0	0	0	<b>1,328</b>
Reclassifications and transfer	0	788	0	0	0	0	(788)	0	<b>0</b>
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	<b>0</b>
<b>at 31 March 2025</b>	<b>(67,465)</b>	<b>(4,919)</b>	<b>(19,052)</b>	<b>(1,626)</b>	<b>(534)</b>	<b>0</b>	<b>(975)</b>	<b>(4,571)</b>	<b>(99,142)</b>
<b>Net Book Value</b>									<b>0</b>
<b>at 31 March 2025</b>	<b>799,189</b>	<b>573,704</b>	<b>112,310</b>	<b>5,765</b>	<b>6,212</b>	<b>114,768</b>	<b>26,484</b>	<b>8,515</b>	<b>1,646,947</b>
<b>at 1 April 2024</b>	<b>803,211</b>	<b>590,702</b>	<b>117,383</b>	<b>5,931</b>	<b>7,609</b>	<b>63,063</b>	<b>619</b>	<b>3,399</b>	<b>1,591,917</b>
<b>at 31 March 2024</b>	<b>803,211</b>	<b>590,702</b>	<b>117,383</b>	<b>5,931</b>	<b>7,609</b>	<b>63,063</b>	<b>0</b>	<b>0</b>	<b>1,587,899</b>

## Note 22.2 – Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 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 the previously reported practices and resultant information deficits mean that 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.

2024/25		2025/26
£'000		£'000
267,831	Net book value (modified historic cost) at 1 April	271,253
12,039	Additions	17,546
3,588	Reclassifications and transfer	4,919
0	Derecognitions	(1,084)
(12,205)	Depreciation	(12,480)
0	Impairment	0
<b>271,253</b>	<b>Net Book Value at 31 March</b>	<b>280,154</b>

For the 2020/21 accounts, a limitation of scope was issued on the basis that the Council were unable to obtain and provide sufficient, appropriate evidence as to whether the net book value of fixed assets was materially correct.

Subsequently DLUCH issued a statutory instrument allowing for the infrastructure assets opening balance to be brought forward without amendment and determining the carrying amount to be derecognised in respect of replaced components to be nil. CIPFA issued revised guidance to implement this in Local Authority Accounts meaning a limitation of scope is no longer needed. The Council have decided to apply the Statutory Instrument.

For the 2021/22 accounts the Council completed a thorough review of our Accounting Policy for all Infrastructure assets, the revised policy can be found in the Accounting Policy U.

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amount being derecognised for infrastructure assets following replacement expenditure is nil.

### Depreciation

Depreciation should be provided on all assets with a finite useful life, which can be determined at the time of acquisition or revaluation.

The table on the following page details the different classes of asset held by the Council, the useful lives of each class of asset and the total depreciation charged for the year.

2024/25 Depreciation Charge £'000		Potential Useful Life of Asset Years	Actual Useful Life of Asset Years	2025/26 Depreciation Charge £'000
14,691	Council Dwellings	5 - 125 *	5 - 125 *	14,822
9,800	Other Properties	20 - 60 **	20 - 60 **	9,347
8,800	Vehicles, Plant and Equipment	3 - 40 ***	3 - 40 ***	8,810
1007	Right of Use Assets	3 - 125 *****	3 - 125 *****	3,353
<b>34,298</b>	<b>Total PPE (Note 22.1) Depreciation</b>			<b>36,332</b>
12,205	Infrastructure	5 - 120****	5 - 120****	12,480
<b>46,503</b>	<b>Total PPE Depreciation</b>			<b>48,812</b>
5	Heritage Assets	20 - 60 **	20 - 60 **	4
<b>46,508</b>	<b>Total Depreciation</b>			<b>48,816</b>

\* The depreciation for Right to Buy Council Dwellings is based on actual useful lives.

\*\* The depreciation calculation for Other Properties is based on a 60 year life from the completion date. Each time an asset is revalued the asset life is revised.

\*\*\* The useful life varies from 3 to 40 years depending on the estimated life of each asset.

\*\*\*\* The useful life varies from 5 to 120 years depending on the estimated life of each asset.

\*\*\*\*\* The useful life varies from 3 to 125 years depending on the length of the lease of each asset.

Please see Accounting Policy T and U for further details.

## Capital Commitments

The Council prepares an annual capital programme, but a number of schemes take several years to complete thus committing the authority to capital expenditure in future years.

Overall commitments at 31 March 2026, including those with a commitment of less than £2.0m totalled £74.046m.

Capital Commitments resulting in expenditure for foundation schools and other non-Council owned assets will be treated as Revenue Expenditure Funded from Capital under Statute (REFCUS) because it will not result in an asset for the Council.

Contractual commitments as at 31 March 2026 with a commitment of £2m or more are shown in the table.

Segment: Scheme Name	Scheme Description	2025/26 £'000	Period of Investments Years
Communal Fire Doors	Fire Door Replacement for Block Properties	3,475	1
Energy Improvements	Social Housing Decarbonisation Fund (SHDF) Wave 2 - JCT	3,859	1
Linford Wood Place Conversion	Conversion of Office Building into a New Integrated Care Hub	4,384	1
Cripps Lodge	Redevelopment of Cripps Lodge Site to Create New Homes	24,751	3
Planned Investment Programme	Various Planned HRA Schemes	31,849	1
<b>Total</b>		<b>68,318</b>	

## Valuation of Non-Current Assets

### General Fund

The Authority groups the programme by property type, this accords with the guidance in the Code and ensures that properties of a similar nature (having regard to the Authority's operations) are valued together. This ensures consistency of valuations across the property types and therefore consistency of valuations (and approach towards these valuations) across the rolling programme.

Annual valuations are carried out on Investment Assets and Asset held for Sale.

All 2025/26 valuations, including year-end valuations due to significant expenditure on individual assets, were carried out by Mark Aldis MRICS of Wilks Head and Eve Chartered Surveyors and Town Planners LLP (WHE).

A Property Indexation Review as a supplementary document of the 2025/26 valuations was carried out by Mark Aldis and A M Williams MRICS Registered Valuers of WHE. It refers to three aspects namely; Impairment, Material changes that have occurred before the year end and the Indexation review for assets not valued at the 31 March 2026. The only material change was regarding the Indexation this calculated as a net increase of £1.272m which has been reflected in the Property Plant and Equipment note 22.1.

The Valuers identified some assets groups where no suitable index available, these assets will therefore now be valued on a quinquennial (5 year) basis with a desktop review in year 3 as detailed in the updated requirements in the 2025/26 CIPFA Code of Practice.

Land values applied in 2025/26 are £4.550m per ha, compared to £3.750m in 2024/25 a £0.800m movement.

In addition, we have an annual valuation for the significant waste plant assets at the Milton Keynes Waste Recovery Park. The valuations of these specialised assets were carried out under the direction of Patrick Ditcham, MRICS Registered Valuer of CBRE Limited.

The Valuers have completed the valuation reports in accordance with the following guidance relating to asset valuation for capital accounting purposes:

- Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (issued December 2024 and effective 31 January 2025) and the RICS Valuation – Global Standards: UK National Supplement 2023 edition (issued October 2023 and effective from 1 May 2024).
- International Financial Reporting Standards (IFRS).
- Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting ('The CIPFA Code') 2025/26.

### Council Dwellings

Council Dwellings have been valued as at 1 April 2025 based on a desk top review and a full property review has been undertaken as at 31 March 2026. Council dwellings were valued by Mandy Spenceley BSc FRICS, RICS Registered Valuer and Mark Tyler BSc (Hons) MRICS, RICS Registered Valuer both of Align Property Partners in line with MHCLG 2016 Guidance on Stock Valuation and the Royal Institution of Chartered Surveyors Appraisal and Valuation – Global Standards 2025.

A componentised approach to the valuation of Council Dwellings led to a significant increase in capital charges to the Housing Revenue Account.

- Depreciation c£14.822m.
- Derecognition of Components £4.033m.

The year-end valuation created a total £66.550m Impairments, these impairments resulted from:

- Capital expenditure of £2.357m purchasing of 13 dwelling properties, the change in valuation basis has resulted in impairment of £2.163m.
- Capital expenditure of £73.268m new build and conversions creating 184 new dwelling properties, the change in valuation basis has resulted in impairment of £57.094m.
- Impairment dwellings awaiting capital expenditure to reinstate resulted in additional impairment of £7.293m.

## Property, Plant and Equipment Revaluations

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Right of Use - Land and Building	Right of Use - Vehicles, Plant & Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	0	26,472	5,600	0	0	7,264	39,336
Valued at current value as at:								
31/03/2026	823,033	233,572	65,556	0	6,469	11,504	0	1,140,134
31/03/2025	0	75,506	0	0	0	3,827	0	79,333
31/03/2024	0	35,789	0	0	0	2,219	0	38,008
31/03/2023	0	58,493	0	0	0	6,774	0	65,267
31/03/2022	0	136,723	0	0	0	580	0	137,303
<b>Total Cost or Valuation</b>	<b>823,033</b>	<b>540,083</b>	<b>92,028</b>	<b>5,600</b>	<b>6,469</b>	<b>24,904</b>	<b>7,264</b>	<b>1,499,381</b>

## Foundation School Asset Values

Under the Schools Standards and Framework Act 1998, Foundation Schools Assets are vested in the Governing Bodies of the individual foundation schools. In 2025/26 there were no schools that transferred to foundation status, there was however one foundation school that converted to academy status (Brooksward School). There were also two community schools which converted to academy status – Brooklands Farm Primary (Fen campus) & Brooklands Farm Primary (Countess Way). No newly built schools transferred to Academy upon operational status.

## Impairment

The following table shows the impairment charges for non-current assets in 2025/26:

	Impairment Loss			Reversal of Impairment Loss			Total to Revaluation Reserve	Service Total
	Taken to Revaluation Reserve	Charged to Services		Taken to Revaluation Reserve	Previously Charged to Service			
	£'000	General Fund	HRA	£'000	General Fund	HRA		
<b>Property Plant and Equipment</b>								
Council Dwellings	0	0	67,196	0	0	(646)	0	66,550
Other Land & Buildings	1,594	3,629	0	(10,480)	678	0	(8,886)	4,307
Vehicles, Plant, Furniture and Equipment	1,878	0	0	(1,878)	0	0	0	0
Surplus Assets	2,368	0	0	(2,368)	0	0	0	0
Right of Use - Other Land & Buildings	0	17	0	(17)	0	0	(17)	17
<b>Total Property Plant and Equipment</b>	<b>5,840</b>	<b>3,646</b>	<b>67,196</b>	<b>(14,743)</b>	<b>678</b>	<b>(646)</b>	<b>(8,903)</b>	<b>70,874</b>
<b>Total Impairment</b>	<b>5,840</b>	<b>3,646</b>	<b>67,196</b>	<b>(14,743)</b>	<b>678</b>	<b>(646)</b>	<b>(8,903)</b>	<b>70,874</b>

## Material impairment losses

During 2025/26, the Council has recognised material impairment losses totalling £66.550m in relation to Council Dwellings. Further details of all material impairment losses can be found in the table below:

Assets	Material Impairment Loss - Recognised in year	£'000
Housing Revenue Account	Council Dwellings	66,550
Children Services	Waste Transfer Station at Colts Holm Road	5,027
Environment & Property	Brookland Heath Facility	(3,790)
	Whitehouse Heath Facility	(1,173)
Various	Various Properties	(4,643)
<b>Total</b>		<b>61,971</b>

## Note 22.3 – Assets Held for Sale

2024/25		2025/26
£'000		£'000
9,406	Balance outstanding at start of year	5,427
	Assets newly classified as held for sale:	
0	- Property Plant and Equipment	0
(3,979)	Revaluation losses	(50)
0	Assets Sold	0
<b>5,427</b>	<b>Balance Outstanding year end</b>	<b>5,377</b>

The most significant Assets held for sale at the 31 March 2026 includes Saxon Court the former Councils offices valued at £4.109m. The contracts were exchanged, but have been subject to renegotiation, with the sale now expected in 2026/27.

## Note 23 – Investment Properties

In 2025/26 the annual rental income from investment properties is £0.044m (£0.042m in 2024/25).

The movement in the fair value of investment properties during 2025/26 comprised of:

2024/25 £'000		2025/26 £'000
101,232	Balance at start of year	119,375
	Additions:	
9	- Construction	0
1,469	- Subsequent Expenditure	1,597
0	Disposals	(25,060)
16,665	Net Gain/losses from fair value adjustment	(1,600)
	Transfers to/from:	
0	- Property Plant and Equipment	0
<b>119,375</b>	<b>Balance Outstanding year end</b>	<b>94,312</b>

A significant addition to Investment Properties in 2025/26 related to the Agora in Wolverton. Development project costs of £1.558m have been incurred for this site in year.

The disposal of £25.060m relates to the sale of Plots I J & P within the Shenley Grounds Farm & Weald Leys Farm development land.

The fair value loss in Investment Properties £1.600m mainly relates to the Shenley Grounds Farm & Weald Leys Farm development land £0.849m and the Tickford Fields Farm development land £0.660m.

## Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

The fair value for the farmland located in the Council's Western Expansion Development area has been based on the market approach using current rents and market sales evidence for similar assets in the local authority area.

## Highest & Best Use of Investment Properties

Farms classified as investment properties are currently held for capital appreciation – the agricultural land is located in the Council's Western Expansion area and is allocated for residential and employment development.

## Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

## Effects of Changes in Estimates

The current Global inflationary pressures, higher interest rates and currency movements can lead to great volatility in property markets. Consumer and investor behaviour is sensitive to these volatility issues.

The Russian invasion of Ukraine has added to the levels of global uncertainty during the period. This is an ongoing situation with potential wider implications across the UK and Europe although there are currently no known specific impact to the value of the assets within the portfolio because of the invasion, this will continue to be monitor as the crisis continues.

The Middle East Conflict brought instability to the middle eastern region. This is an ongoing situation with potential wider implications across the UK and Europe although there are currently no known specific impact to the value of the assets within the portfolio because of the conflict, this will continue to be monitor as the crisis continues.

Accordingly, and for the avoidance of doubt, the valuations are not being reported as subject to ‘material valuation uncertainty’ as defined by VPS 6 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the commentary opinion was prepared.

Further details can be found in Note 7 Assumptions made about the future and other Major Sources of Estimation Uncertainty.

## Note 24 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), 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 authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

The CFR is analysed in the second part of this note.

2024/25 £'000	Note		2025/26 £'000
<b>681,543</b>		<b>Opening Capital Financing Requirement</b>	<b>700,346</b>
4,206		Opening Balance adjustment IFRS 16	0
<b>685,749</b>		<b>Revised Opening Capital Financing Requirement</b>	<b>700,346</b>
		Capital Investment:	
149,125		Assets	125,839
21,752	30.2c	Revenue Expenditure Funded from Capital under Statute	5,593
<b>170,877</b>		<b>Total Capital Spending</b>	<b>131,432</b>
		<b>Sources of Finance:</b>	
(13,083)	30.1a	Capital Receipts	(5,283)
(65,743)	30.1c	Other Government Grants & Contributions	(32,182)
(14,777)	30.1b	Major Repairs Reserves	(14,911)
		<b>Sums set aside from revenue:</b>	
(39,846)	30.2c	Revenue Contributions	(22,355)
(7,752)	30.2c	HRA Additional Voluntary Payment of Debt	(6,215)
0		GF Additional Voluntary Provision	0
(15,079)	30.2c	Minimum Revenue Provision	(16,686)
<b>(156,280)</b>		<b>Total Sources of Finance</b>	<b>(97,632)</b>
<b>700,346</b>		<b>Closing Capital Financing Requirement</b>	<b>734,146</b>
		Explanation of movements in year:	
(7,752)	30.1a	Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	(6,215)
8,441		Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	39,850
13,908		Assets acquired under finance leases	165
<b>14,597</b>		<b>Increase/Decrease in Capital Financing Requirement</b>	<b>33,800</b>

## Note 25 – Debtors

### a) Long Term Debtors

2024/25		2025/26
£'000		£'000
361	Other Long Term Debtors	509
<b>361</b>	<b>Total</b>	<b>509</b>

### b) Short Term Debtors

2024/25		2025/26
£'000		£'000
21,179	Trade Receivables	20,430
87,234	Other Receivable Amounts	86,144
(20,435)	Provision for Bad Debts	(22,226)
<b>87,978</b>	<b>Total</b>	<b>84,348</b>

## Note 26 – Creditors

2024/25		2025/26
£'000		£'000
(10,511)	Trade payables	(11,851)
(96,781)	Other payables	(84,691)
<b>(107,292)</b>	<b>Total Creditors</b>	<b>(96,542)</b>

## Note 27 – Borrowing Repayable

### a) Analysis of Loans by type:

2024/25		Range of Interest Rates - 31 March 2026	2025/26
£'000			£'000
	<b>Source of Loan</b>		
(370,133)	Public Works Loan Board	Lowest: 3.37% / Highest: 8.00%	(356,058)
(10,130)	Market Loans	Lowest: 3.75% / Highest: 3.75%	(10,132)
<b>(380,263)</b>	<b>Total</b>		<b>(366,190)</b>

### b) Analysis of Loans by maturity:

2024/25		2025/26
£'000		£'000
	<b>Borrowing repayable on demand or within 12 months</b>	
(14,019)	Principal and accrued interest on borrowing repayable on demand or within 12 months	(13,192)
(1,219)	Accrued interest on borrowing repayable within a period in excess of 12 months	(1,069)
<b>(15,238)</b>	<b>Total Borrowing repayable on demand or within 12 months</b>	<b>(14,261)</b>
	<b>Borrowing repayable within a period in excess of 12 months</b>	
(13,097)	Maturing in 1 to 2 years	(13,734)
(37,635)	Maturing in 2 to 5 years	(33,080)
(62,697)	Maturing in 5 to 10 years	(75,558)
(96,236)	Maturing in 10 to 20 years	(84,197)
(60,000)	Maturing in 20 to 30 years	(50,000)
(85,360)	Maturing in 30 to 40 years	(95,360)
(10,000)	Maturing in 40 to 50 years	0
<b>(365,025)</b>	<b>Total Borrowing repayable within a period in excess of 12 months</b>	<b>(351,929)</b>
<b>(380,263)</b>	<b>Total</b>	<b>(366,190)</b>

## Note 28 – Provisions

### Current Provisions

2025/26	Appeals Provision £'000	Other Provisions £'000	Total £'000
Opening Balance	0	(5,716)	(5,716)
Increase in provision during year	0	(580)	(580)
Utilised during year	0	645	645
Unused Amounts Reversed	0	951	951
<b>Closing Balance</b>	<b>0</b>	<b>(4,700)</b>	<b>(4,700)</b>

2024/25	Appeals Provision £'000	Other Provisions £'000	Total £'000
Opening Balance	0	(6,254)	(6,254)
Increase in provision during year	0	(965)	(965)
Utilised during year	0	877	877
Unused Amounts Reversed	0	626	626
<b>Closing Balance</b>	<b>0</b>	<b>(5,716)</b>	<b>(5,716)</b>

### Long Term Provisions

2025/26	Appeals Provision £'000	Other Provisions £'000	Total £'000
Opening Balance	(4,524)	0	(4,524)
Increase in provision during year	(6,389)	(45)	(6,434)
Utilised during year	3,405	0	3,405
Unused Amounts Reversed	371	0	371
<b>Closing Balance</b>	<b>(7,137)</b>	<b>(45)</b>	<b>(7,182)</b>

2024/25	Appeals Provision £'000	Other Provisions £'000	Total £'000
Opening Balance	(6,786)	0	(6,786)
Increase in provision during year	(2,500)	0	(2,500)
Utilised during year	4,762	0	4,762
Unused Amounts Reversed	0	0	0
<b>Closing Balance</b>	<b>(4,524)</b>	<b>0</b>	<b>(4,524)</b>

### Total Provisions

2024/25 £'000	Total Provisions	2025/26 £'000
(13,040)	Opening Balance	(10,240)
(3,465)	Increase in provision during year	(7,014)
5,639	Utilised during year	4,050
626	Unused Amounts Reversed	1,322
<b>(10,240)</b>	<b>Closing Balance</b>	<b>(11,882)</b>

### Appeals Provision

Under the Business Rates Retention Scheme, the Council retains a proportionate share of business rates income, net of any backdated reductions arising from successful appeals. Ratepayers were able to

appeal valuations relating to the 2017 Rating List up to 31 March 2025. On 31 March 2026, there is only one outstanding appeal remaining in respect of the 2017 Rating List.

Appeals may still be made against the 2023 Rating List, which closed on 31 March 2026. Appeals relating to ongoing challenges can continue, and therefore this remains a source of uncertainty for future business rates income

The appeals provision has been calculated using information provided by the Valuation Office Agency and other external sources, alongside local intelligence of the Rating List. The Council has undertaken a detailed review of the provision, incorporating an external expert assessment to estimate the likely level of successful appeals and associated financial risk.

## **Other Provisions**

### **a) Insurance Provision**

On 31 March 2026 the Council has outstanding insurance liabilities (estimated claims for which liability was accepted) totalling £3.923m. A provision has been charged to the Comprehensive Income & Expenditure Account to fund this and recognises this liability with funding met through reserves.

## **Note 29 – Contingent Liabilities**

The most significant contingent gains and losses disclosed in the Council's accounts for the year ending 31 March 2026 are as follows:

- a) Milton Keynes City Council has entered into an agreement in accordance with Section 11(6) of the Local Government Act 2003 which enables the Council to retain additional capital receipts. These additional receipts must be used towards the provision of new affordable housing within the borough. If, following five years from the date of receipt, any of the capital receipt remains unspent by the Council, the remaining element is required to be repaid. Any repayment due will be subject to interest 4% above the base rate at the date of expiry. At the 31 March 2026 all receipts retained have been allocated to projects to provide additional affordable housing within Milton Keynes, with a further £5.0m allocated to come from receipts to be received in 2026/27.
- b) Due to the uncertainty in terms of both timing and amounts Milton Keynes City Council have estimated a provision for future losses to business rates income as a result of business rate appeals against the 2017 and 2023 rating lists. As such, the potential for further reductions above or below this amount is a potential liability to Milton Keynes City Council which cannot be estimated at this time.
- c) The Council was awarded Housing Infrastructure Funding Grant totalling £94.6m by Homes England to fund two separate packages of Highways and Social Infrastructure in MK East. The Council has directly procured the construction of a new Primary School and Health Hub Centre and Highways works are being delivered by the developer.

In March 2022 MKCC entered into a grant sharing agreement with St James Group Ltd in relation to the Housing Infrastructure Fund Grant Determination Agreement. Under the terms of the grant MKCC are responsible for the delivery of the infrastructure, however through the Grant Sharing Agreement the highway costs have transferred to the St James Group. The grant sharing agreement has a provision for overruns whereby both parties are liable for 50% of any infrastructure expenditure more than the grant of £79.557m up to a cost cap of £19.133m. Berkley St James

Group have agreed that they will fund the costs above the cost cap and a deed of variation for these changes was entered into in August 2024.

As part of the development area the Council has set up a Tariff Scheme to fund other infrastructure that the area will need because of the development in MK East.

- d) A potential claim for adverse possession has been flagged in respect of land in Willen. Negotiations are currently being held with the complainant, and all routes to possible settlement are being explored.
- e) The Council is currently reviewing disputes relating to major works charges for three leasehold blocks following an error in the original cost estimates. Legal advice has been obtained and the Council intends to engage with leaseholders before deciding whether Tribunal action is required. As no settlement has yet been agreed or communicated, and the financial impact remains uncertain, this has been disclosed as a contingent liability
- f) The Council and the Pension Fund are aware of the Court of Appeal judgment in *Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)*.

The case affects defined benefit pension schemes that provided contracted-out benefits before 6 April 2016. Where scheme rules were amended in the period from 6 April 1997 to 5 April 2016, legislation required written actuarial confirmation under Section 37 of the Pension Schemes Act 1993 that the scheme continued to meet the reference scheme test. The Court of Appeal confirmed on 25 July 2024 that amendments made without such confirmation may be void and ineffective.

As a result, there is a potential for additional liabilities where benefits were reduced by amendments that are subsequently found to be invalid.

The Local Government Pension Committee (LGPC) has indicated that it remains unclear whether the ruling applies to public service pension schemes, noting that changes to the LGPS are generally implemented through statute, which remains valid unless overturned by the courts. HM Treasury is considering the wider implications across public sector schemes.

In addition, the Department for Work and Pensions (DWP) announced on 5 June 2025 that it intends to introduce legislation allowing schemes to obtain retrospective actuarial confirmation for historic amendments. This is expected to provide clarity, although further detail has not yet been published.

At this stage, it is not possible to determine whether any additional liability will arise for the Fund or the Council, or to reliably estimate any potential financial impact on the defined benefit obligation. Accordingly, no provision has been recognised in the financial statements and the matter is disclosed as a contingent liability.

## Note 30.1 – Usable Reserves

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement:

2024/25	Note		2025/26
£'000			£'000
(34,584)		General Fund Balance	(34,678)
(176,949)	10	Earmarked General Fund Reserves	(185,312)
(11,599)	10	Schools Balance Reserve	(10,455)
(8,016)		Housing Revenue Account	(8,176)
(16,460)	10	Earmarked HRA Reserves	(19,617)
(47,951)	30.1a	Capital Receipts Reserve	(58,325)
0	30.1b	Major Repairs Reserve	0
(48,713)	30.1c	Capital Grants Unapplied	(62,135)
<b>(344,272)</b>		<b>Total</b>	<b>(378,698)</b>

### a) Capital Receipts Reserve

2024/25		2025/26
£'000		£'000
(53,404)	Balance 1 April	(47,951)
(13,381)	Capital Receipts in year	(18,571)
(2,001)	Deferred Receipts realised	(3,301)
0	Capital Receipts Pooled	0
7,752	Capital Receipts transferred to Capital Adjustment Account to repay debt	6,215
13,083	Capital Receipts used for financing	5,283
<b>(47,951)</b>	<b>Balance 31 March</b>	<b>(58,325)</b>

### b) Major Repairs Reserve

2024/25		2025/26
£'000		£'000
0	Balance 1 April	0
(14,777)	Depreciation and Amortisation	(14,911)
14,777	Application to finance capital expenditure	14,911
<b>0</b>	<b>Balance 31 March</b>	<b>0</b>

### Capital Grants Unapplied

2024/25		2025/26
£'000		£'000
(47,916)	Balance 1 April	(48,713)
(66,540)	Capital grants recognised in year	(45,604)
65,743	Capital grants and contributions applied	32,182
<b>(48,713)</b>	<b>Balance 31 March</b>	<b>(62,135)</b>

## Note 30.2 – Unusable Reserves

Movements in the authority's unusable reserves are detailed in the following table:

2024/25 £'000	Note		2025/26 £'000
(301,760)	30.2a	Revaluation Reserve	(263,004)
1,014	30.2b	Pooled Investment Funds Adjustment Account	1,015
(1,042,561)	30.2c	Capital Adjustment Account	(948,309)
(763)	30.2d	Financial Instruments Adjustment Account	(289)
5,456	30.2e	Pension Reserve	11,931
(9,909)	30.2f	Deferred Capital Receipts Reserve	(14,228)
2,042	30.2g	Collection Fund Adjustment Account	7,979
1,479	30.2h	Accumulated Absences Account	1,499
<b>(1,345,002)</b>		<b>Total</b>	<b>(1,203,406)</b>

### a) Revaluation Reserve

2024/25 £'000		2025/26 £'000
(294,197)	<b>Balance 1 April</b>	(301,760)
(34,200)	Upward revaluation of assets	1,673
12,979	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	24,085
<b>(21,221)</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>25,758</b>
5,127	Difference between fair value depreciation and historical cost depreciation	5,125
8,531	Accumulated gains on assets sold or scrapped	7,873
<b>13,658</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>12,998</b>
<b>(301,760)</b>	<b>Balance 31 March</b>	<b>(263,004)</b>

### b) Pooled Investment Funds Adjustment Account

2024/25 £'000		2025/26 £'000
1,278	<b>Balance 1 April</b>	1,014
(264)	Upward (downward) revaluation of investments	1
<b>(264)</b>	<b>Total Changes in revaluation and impairment</b>	<b>1</b>
<b>1,014</b>	<b>Balance 31 March</b>	<b>1,015</b>

## c) Capital Adjustment Account

2024/25			2025/26
£'000			£'000
(992,168)		<b>Balance 1 April</b>	(1,042,561)
188		Opening Balance adjustment IFRS 16	0
<b>(991,980)</b>		<b>Revised Opening Balance</b>	<b>(1,042,561)</b>
52,190		Charges for depreciation and impairment of non-current assets	113,610
33,629		Revaluation losses on non-current assets	22,377
487		Amortisation of intangible assets	243
21,752	24	Revenue expenditure funded from capital under statute	5,593
27,974		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	61,459
136,032		Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	203,282
(13,658)		Adjusting Amounts written out of the Revaluation Reserve	(12,998)
<b>122,374</b>		<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>190,284</b>
(13,083)	30.1a	Use of Capital Receipts Reserve to finance new capital expenditure	(5,283)
(14,777)	30.1b	Use of Major Repairs Reserve to finance new capital expenditure	(14,911)
(65,743)	30.1c	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(32,182)
(15,079)		Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(16,686)
(39,846)	24	Capital expenditure charged against the General Fund and HRA balances	(22,355)
<b>(148,528)</b>		<b>Capital financing applied in year:</b>	<b>(91,417)</b>
(7,752)	30.1a	Borrowing or liabilities met from the UCRR	(6,215)
(16,675)	23	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,600
0		Other movements	0
<b>(1,042,561)</b>		<b>Balance 31 March</b>	<b>(948,309)</b>

## d) Financial Instruments Adjustment Account

2024/25			2025/26
£'000			£'000
990		<b>Balance 1 April</b>	(763)
(1,680)		Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	545
(73)		Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(71)
(1,753)		Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	474
0		Other movements	0
<b>(763)</b>		<b>Balance 31 March</b>	<b>(289)</b>

## e) Pension Reserve

2024/25		2025/26
£'000		£'000
6,174	<b>Balance 1 April</b>	5,456
8,131	Remeasurements of the net defined benefit (liability)/asset	18,762
18,086	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	14,609
(26,935)	Employer's pensions contributions and direct payments to pensioners payable in the year	(26,896)
<b>5,456</b>	<b>Balance 31 March</b>	<b>11,931</b>

## f) Deferred Capital Receipts Reserve

2024/25		2025/26
£'000		£'000
(11,910)	<b>Balance 1 April</b>	(9,909)
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,620)
2,001	Transfer to the Capital Receipts Reserve upon receipt of cash	3,301
<b>(9,909)</b>	<b>Balance 31 March</b>	<b>(14,228)</b>

## g) Collection Fund Adjustment Account

2024/25		2025/26
£'000		£'000
(5,482)	<b>Balance 1 April</b>	2,042
7,524	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	5,937
<b>2,042</b>	<b>Balance 31 March</b>	<b>7,979</b>

## h) Accumulated Absences Account

2024/25		2025/26
£'000		£'000
<b>1,680</b>	<b>Balance 1 April</b>	<b>1,479</b>
(1,680)	Settlement or cancellation of accrual made at the end of the preceding year	(1,479)
1,479	Amounts accrued at the end of the current year	1,499
(201)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	20
<b>1,479</b>	<b>Balance 31 March</b>	<b>1,499</b>

## Note 31 – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2024/25		2025/26
£'000		£'000
3,148	Cash and Bank balances	148
37,009	Short Term Deposits	34,441
<b>40,157</b>	<b>Total Cash and Cash Equivalents</b>	<b>34,589</b>

At the 31 March 2026, the Council held £34.441m invested with various financial institutions as short term deposits (£37.009m at the 31 March 2025). The deposits are investments held for cash flow purposes that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Due to the nature of these investments, the balance will vary year on year.

## Note 32.1 – Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2024/25		2025/26	
£'000		£'000	
(21,144)	Interest received	(15,718)	
17,298	Interest paid	17,151	
<b>(3,846)</b>	<b>Total</b>	<b>1,433</b>	

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2024/25		2025/26	
£'000		£'000	
(69,144)	Depreciation & Impairment and downward valuations	(137,587)	
(487)	Amortisation	(243)	
(637)	(Increase)/decrease in impairment for bad debts	(1,792)	
(9,951)	(Increase)/decrease in creditors	(18,029)	
7,388	Increase/(decrease) in debtors	(6,584)	
(119)	Increase/(decrease) in inventories	96	
8,849	Movement in pension liability	12,287	
(27,974)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(61,459)	
515	Other non-cash movements charged to the surplus or deficit on provision of services	(1)	
<b>(91,560)</b>	<b>Total</b>	<b>(213,312)</b>	

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

2024/25		2025/26	
£'000		£'000	
13,381	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	26,191	
66,540	Any other items for which the cash effects are investing or financing cash flows	45,604	
<b>79,921</b>	<b>Total</b>	<b>71,795</b>	

## Note 32.2 – Cash Flow from Investing Activities

2024/25		2025/26	
£'000		£'000	
151,190	Purchase of property, plant and equipment, investment property and intangible assets	133,290	
718,050	Purchase of short-term and long-term investments	386,150	
(15,234)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(21,795)	
(721,301)	Proceeds from short-term and long-term investments	(388,650)	
(74,751)	Other receipts from investing activities	(43,795)	
<b>57,954</b>	<b>Net cash flows from investing activities</b>	<b>65,200</b>	

## Note 32.3 – Cash Flow from Financing Activities

2024/25		2025/26
£'000		£'000
9,509	Other receipts from financing activities	5,839
38,337	Repayments of short-term and long-term borrowing	13,965
(650)	Other payments for financing activities	(569)
<b>47,196</b>	<b>Net cash flows from financing activities</b>	<b>19,235</b>

## Note 33 – Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

### Financial Assets

Financial assets are now classified into one of three categories:

- Financial Assets
- Fair value Through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

### a) Financial Instrument Balances

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Non-Current Financial Assets				Current Financial Assets					
	Investments		Debtors		Investments		Debtors		Cash	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost	0	0	0	0	245,575	242,939	50,144	48,110	37,009	34,441
Fair Value through Profit or Loss	13,986	13,985	0	0	175	161	0	0	0	0
<b>Total financial assets</b>	<b>13,986</b>	<b>13,985</b>	<b>0</b>	<b>0</b>	<b>245,750</b>	<b>243,100</b>	<b>50,144</b>	<b>48,110</b>	<b>37,009</b>	<b>34,441</b>
Non-financial assets	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13,986</b>	<b>13,985</b>	<b>0</b>	<b>0</b>	<b>245,750</b>	<b>243,100</b>	<b>50,144</b>	<b>48,110</b>	<b>37,009</b>	<b>34,441</b>

The debtor's lines on the Balance Sheet include £36.238m (£37.834m in 2024/25) short-term and £0.509m (£0.361m in 2024/25) long-term debtors that do not meet the definition of a financial asset. See note 25 for further information.

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	Non-Current Financial Liabilities				Current Financial Liabilities			
	Borrowings		Creditors		Borrowings		Creditors	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost	(365,025)	(351,929)	0	0	(15,238)	(14,261)	(45,423)	(45,380)
<b>Total financial liabilities</b>	<b>(365,025)</b>	<b>(351,929)</b>	<b>0</b>	<b>0</b>	<b>(15,238)</b>	<b>(14,261)</b>	<b>(45,423)</b>	<b>(45,380)</b>
Non-financial liabilities	0	0	0	0	0	0	0	0
<b>Total</b>	<b>(365,025)</b>	<b>(351,929)</b>	<b>0</b>	<b>0</b>	<b>(15,238)</b>	<b>(14,261)</b>	<b>(45,423)</b>	<b>(45,380)</b>

The short-term creditor's lines on the Balance Sheet include £51.162m (£61.869m in 2024/25) that does not meet the definition of a financial liability. See note 26 for further information.

## b) Material Soft Loans Made by the Authority

Soft loans are those advanced at below market rates in support of the Council's service priorities. Soft loans are valued by discounting the contractual payments at the market rate of interest for a similar loan. The market rate has been arrived at by taking the Council's marginal cost of borrowing and adding a credit risk premium to cover the risk that the borrower is unable to repay the Council.

The Council is not in receipt of any soft loans advanced to us.

## c) Reclassifications of financial instruments

During the financial year there have been no reclassifications between financial assets measured at fair value and those measured at amortised cost.

## d) De-recognition of financial instruments

There have been no financial assets transferred in such a way that the assets did not qualify for de-recognition during the financial year.

## e) Allowance account for credit losses

The Council has created an allowance for non-payment of debts. Each class of debt is reviewed and any impairment resulting from issues such as changes in the economic climate, or the financial position of the debtor is calculated. This is known as the incurred losses method.

## f) Defaults and Breaches

In respect of loans payable by the Council during the year, there have been no breaches or defaults.

## g) Financial Instruments Income, Expenses, Gains and Losses

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

2024/25		Financial Liabilities	Financial Assets		2025/26
Total		Amortised Cost	Amortised Cost	Fair Value through Profit or Loss	Total
£'000		£'000	£'000	£'000	£'000
(16,651)	Interest payable and similar charges	(15,955)	0	0	(15,955)
19,551	Interest and investment income	0	15,150	717	15,867
(112)	Fee expenses	0	(47)	(65)	(112)
<b>2,788</b>	<b>Impact in Comprehensive Income &amp; Expenditure Statement</b>	<b>(15,955)</b>	<b>15,103</b>	<b>652</b>	<b>(200)</b>
264	Gains/(Loss) on revaluation	0	0	(1)	(1)
<b>264</b>	<b>Impact in Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>
<b>3,052</b>	<b>Net Interest or Gain/(Loss) for the year</b>	<b>(15,955)</b>	<b>15,103</b>	<b>651</b>	<b>(201)</b>

## Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arm's length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at their fair value. For most assets - including bonds, shares in money market funds and other pooled funds - the fair value is taken from market prices.

For financial instruments carried at their amortised cost, their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows on 31 March 2026, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low-interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

### Fair Values of financial liabilities:

2024/25		Fair Value levels	2025/26		
Balance Sheet £'000	Fair Value £'000		Balance Sheet £'000	Fair Value £'000	
<b>Financial liabilities held at amortised cost:</b>					
370,133	277,591	Loans from PWLB	2	356,058	283,407
10,130	6,597	Market Loans	2	10,132	6,322
<b>380,263</b>	<b>284,188</b>	<b>Total Financial Liabilities</b>		<b>366,190</b>	<b>289,729</b>
45,423		Liabilities for which fair value is not disclosed		45,380	
<b>425,686</b>	<b>284,188</b>	<b>Total Financial Liabilities</b>		<b>411,570</b>	<b>289,729</b>
<b>Recorded on Balance Sheet as:</b>					
45,423		Short-term creditors		45,380	
15,238		Short-term borrowing		14,261	
365,025		Long-term borrowing		351,929	
<b>425,686</b>		<b>Total Financial Liabilities</b>		<b>411,570</b>	

The fair value of financial liabilities held at amortised cost is lower than their Balance Sheet carrying amount because the Councils portfolio of loans includes several loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance Sheet date.

## Fair Values of Financial Assets:

2024/25				2025/26	
Balance Sheet	Fair Value		Fair Value levels	Balance Sheet	Fair Value
£'000	£'000			£'000	£'000
		<i>Financial assets held at fair value:</i>			
37,009	37,009	Liquid Instruments (Money market funds & bank call accounts)	1	34,441	34,441
123,676	122,665	Certificates of Deposit	1	80,105	80,139
50,823	50,823	Local Authorities	1	147,346	147,346
14,161	14,161	Property funds	1	14,146	14,161
71,076	71,076	Fixed Term Deposits (Banks and Building Societies)	1	15,488	15,488
		<i>Financial assets held at amortised cost:</i>			
0	0	Loans to companies	2	0	0
<b>296,745</b>	<b>295,734</b>	<b>Total</b>		<b>291,526</b>	<b>291,575</b>
50,144		Assets for which fair value is not disclosed		48,110	
<b>346,889</b>	<b>295,734</b>	<b>Total Financial Assets</b>		<b>339,636</b>	<b>291,575</b>
		<b>Recorded on Balance Sheet as:</b>			
50,144		Short-term debtors		48,110	
245,750		Short-term investments		243,100	
13,986		Long-term investments		13,985	
37,009		Cash and Cash Equivalents		34,441	
<b>346,889</b>		<b>Total Financial Assets</b>		<b>339,636</b>	

Holdings in the CCLA Local Authority Property Fund are classified as Fair Value through Profit and Loss. Gains and losses on the fund would ordinarily be charged to the Comprehensive Income and Expenditure Statement; however government has extended a time-limited statutory override requiring local authorities to reverse out fair value movements on pooled investment funds through the Movement in Reserves Statement to the Pooled Investment Funds Adjustment Account. This override will remain in place for existing pooled fund investments held as of 1 April 2024 and continue to apply to these investments until 1 April 2029.

The fair value of investment financial assets held at amortised cost is considered approximate to the carrying amount as they all mature in less than a year.

### a) Nature and Extent of Risks Arising from Financial Instruments

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;
- Market Risk – the possibility that financial loss might arise for the Council because 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 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

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. Recognising that credit ratings are imperfect predictors of default; the Council has regard to other measures of credit risk including credit default swaps (a traded market of insurance against defaults) and equity prices when selecting counterparties to invest with.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating:

Credit Risk Rating	Long Term Assets		Short Term Assets	
	2024/25	2025/26	2024/25	2025/26
	£'000	£'000	£'000	£'000
<b>12-Month expected credit losses:</b>				
AAA	0	0	37,009	34,441
AA+	0	0	0	0
AA	0	0	12,566	10,274
AA-	0	0	90,270	56,870
A+	0	0	89,358	28,449
A	0	0	0	0
A-	0	0	2,558	0
UK Government	0	0	0	0
Unrated Local Authorities	0	0	50,823	147,346
Unrated Building Societies	0	0	0	0
Unrated Companies	0	0	0	0
Unrated Pooled Fund*	13,986	13,985	175	161
<b>Total Investments</b>	<b>13,986</b>	<b>13,985</b>	<b>282,759</b>	<b>277,541</b>

\* Credit risk is not applicable to shareholdings and unrated pooled funds where the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments are calculated by reference to historic default data published by credit rating agencies, adjusted for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when downgraded to a "D" credit rating or equivalent.

On 31 March 2026 the Council assessed its credit loss exposure as £0.047m (compared to £0.127m in 2024/25). No loss provision has been charged to the revenue account as this amount is considered immaterial and, if the eventuality arose, the cost could be met from earmarked reserves. This position is kept under annual review.

## Exposure to Risk

Unimpaired Past Due Amount Analysed by Age:

2024/25		2025/26
£'000		£'000
2,239	Less than three months	703
44	Three to six months	0
1,519	Six months to one year	68
1,327	More than one year	751
<b>5,129</b>	<b>Total</b>	<b>1,522</b>

Impaired Past Due Amount Analysed by Age:

2024/25		2025/26
£'000		£'000
1,374	Less than three months	2,011
1,335	Three to six months	1,442
1,458	Six months to one year	1,910
3,932	More than one year	3,632
<b>8,099</b>	<b>Total</b>	<b>8,995</b>

## 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 the Council would be unable to raise finance to meet its commitments under financial instruments. Instead, the most prominent risk is that the Council might need to replenish its borrowings at a time of unfavourable interest rates. The annual Treasury Strategy, which is approved by Council in February/March each year, sets out strategies to manage and mitigate this risk.

The maturity analysis of the Council's borrowings is set out below:

2024/25		2025/26
£'000		£'000
15,238	Less than one year	14,261
13,097	Between one and two years	13,734
37,635	Between two and five years	33,080
62,697	Between five and ten years	75,558
96,236	Between ten and twenty years	84,197
60,000	Between twenty years and thirty years	50,000
85,360	Between thirty years and forty years	95,360
10,000	Over forty years	0
<b>380,263</b>	<b>Total</b>	<b>366,190</b>

Associated loan interest charges are budgeted for as part of the legal requirement of the Council to set an annual balanced revenue budget and so these sums do not require refinancing when they fall due.

These contractual interest commitments are shown below:

2024/25		2025/26
£'000		£'000
15,531	Less than one year	14,722
14,736	Between one and two years	13,766
39,380	Between two and five years	37,308
53,361	Between five and ten years	50,604
66,699	Between ten and twenty years	63,146
47,965	Between twenty years and thirty years	45,690
18,708	Between thirty years and forty years	15,603
251	Over forty years	0
<b>256,631</b>	<b>Total</b>	<b>240,839</b>

## Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments and has several strategies for managing interest rate risk. These are set out in the annual Treasury Strategy which is approved by Council in February each year.

Movements in interest rates can have a wide range of complex implications on the Council's finances. For instance, a rise in interest rates would have the following effects on borrowings and investments:

- borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise.
- borrowings at fixed rates – interest expense charged to the surplus or deficit on the provision of services remains unchanged, but the 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 interest income credited to the surplus or deficit on the provision of services remains unchanged, but the fair value of the assets will fall.

Borrowings are not carried on the Balance Sheet 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 would impact 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.

As stated above, the Council has several strategies set out in the annual Treasury Strategy for managing interest rate risk. The Treasury management team has an active strategy for assessing interest rate exposure that feeds into the annual budget and medium-term planning cycle.

The table below sets out the financial impact if interest rates had been 1% higher on 31 March 2026, with all other variables held constant:

2024/25		2025/26
£'000		£'000
0	Increase in interest payable on variable rate borrowings	0
(387)	Increase in interest receivable on variable rate investments	(356)
(1,489)	Increase in government grant receivable for financing costs	(1,430)
<b>(1,876)</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(1,786)</b>
(77)	Notional share of overall impact on HRA	(128)
<b>0</b>	<b>Increase/Decrease in fair value of investments held at Fair Value through Profit or Loss</b>	<b>0</b>
387	Increase/Decrease in fair value of financial assets	356
(26,928)	Increase/Decrease in fair value of financial liabilities	(24,396)
<b>(26,541)</b>	<b>Decrease in fair value of fixed rate borrowings liabilities</b>	<b>(24,040)</b>

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

## Price Risk

The Council's investment in the CCLA Local Authority Property Fund is subject to the risk of falling commercial property prices. This risk is managed as part of the Council's Treasury Management Strategy and limited to the value of the Council's £15m cash holdings in the fund.

## Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

## Note 34 – Leases

### Authority as Lessee

The authority's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial; however, material leases include:

- The lease of Harben House Hotel which is being leased for 5 years to support homelessness reduction, the value of the asset as at 31 March 2026 was £6.378m.

The future minimum lease payments due to be settled in future years are:

2024/25				2025/26		
Minimum Lease Payment	Finance Charges	Present Value		Minimum Lease Payment	Finance Charges	Present Value
£'000	£'000	£'000		£'000	£'000	£'000
3,781	884	2,897	Not later than one year *	3,811	744	3,067
11,443	2,290	9,153	Later than one year and not later than five years	8,766	1,931	6,835
15,541	7,417	8,124	Later than five years	14,648	7,137	7,511
<b>30,765</b>	<b>10,591</b>	<b>20,174</b>	<b>Total</b>	<b>27,225</b>	<b>9,812</b>	<b>17,413</b>

\* The current Liability Minimum Lease Payment (Not later than one year) is included in the Short-Term Creditors in the Balance Sheet.

The authority incurred the following expenses and cash flows in relation to leases:

2024/25		2025/26
£'000		£'000
<b>Comprehensive income and expenditure statement</b>		
865	Interest expense on lease liabilities	891
7	Expense relating to short-term leases	0
136	Expense relating to exempt leases of low-value items	167
<b>Cashflow Statement</b>		
2,809	Minimum lease payments	3,817
<b>3,817</b>	<b>Total</b>	<b>4,875</b>

## Authority as Lessor – Operating Leases

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

2024/25		2025/26
£'000		£'000
2,426	Not later than one year	2,169
6,299	Later than one year and not later than five years	6,822
14,587	Later than five years	18,788
<b>23,312</b>	<b>Total</b>	<b>27,779</b>

The authority made the following gains and losses as a lessor during the year:

2024/25		2025/26
£'000		£'000
3,301	Total lease income	3,044
178	Share of lease income relating to variable lease payments that do not depend on an index or a rate	191
<b>3,479</b>	<b>Total</b>	<b>3,235</b>

## Note 35 – Related Parties

The authority 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 Authority.

### a) Central Government

The UK Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework, within which the Council must operate, provides the majority of its funding in the forms of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax, housing benefits etc.). Grants received from

Government departments are set out in the Grant Income disclosure at note 21 to the Financial Statements.

## **b) Other Public Bodies (subject to common control by central government)**

The Council has three pooled budget arrangements with the Milton Keynes Integrated Care Board. Full details of the transactions for each of the pooled arrangements can be found at note 18.

## **c) Councillors**

Councillors have direct control over the Council's financial and operating policies. The total of Councillors' allowances paid during 2025/26 is shown in note 15. During 2025/26, works and services to the value of £2.302m were commissioned from organisations in which 21 Councillors had an interest.

In addition, the Council paid grants totalling £1.807m to voluntary and charitable organisations in which 20 Councillors had positions on the governing bodies. In all cases, grants were made with proper consideration of declarations of interest. The relevant Councillors did not take part in any discussion or decision relating to the grants.

Income received during 2025/26 totalled £0.043m (£0.050m in 2024/25) from 7 organisations in which 10 Councillors had an interest.

Related parties have been included in this note irrespective of whether there have been financial transactions with the Council.

Details of all Councillors' disclosures can be viewed online at [Your Councillors | Milton Keynes City Council \(moderngov.co.uk\)](https://www.moderngov.co.uk/your-councillors/milton-keynes-city-council)

## **d) Officers**

All staff employed by the Council are required to declare any interest or involvement with a third party which could give rise to a related party transaction. Eight Senior officers had positions on governing bodies as trustees, board members or chairs of the following organisations: Alina Orchestra, Destination Milton Keynes, LEAP (Milton Keynes and Bucks), MyMiltonKeynes, Society for Innovation, Technology and Modernisation (Socitm East), The Harpur Trust, Trading Standards South East and University College London.

During 2025/26, works and services to the value of £0.980m were commissioned from organisations in which 8 officers had an interest. The Council paid Grants totalling £0.073m to organisations in which 5 officers had an interest in 2025/26. Income Received during 2025/26 totalled £0.110m (£0.015m in 2024/25) from 2 organisations in which 3 officers had an interest.

## **e) Outstanding Balances**

The outstanding amounts owed by related parties at the end of 31 March 2026 totalled £0.002m (£0.000m at 31 March 2025).

The outstanding amounts owed to related parties at the end of 31 March 2026 totalled £0.007m (£0.015m at 31 March 2025).

Details of all transactions are included elsewhere in the 2025/26 accounts.

## **f) Shared Services - Lead Authority Model**

Milton Keynes City Council is in a shared back-office operation consisting of four partners – Milton Keynes City Council (MKCC), West Northants Council (WNC), North Northants Council (NNC) and Cambridgeshire County Council (CCC).

The Council is also the lead authority for a shared Revenues and Benefits service with Horsham District Council.

The Lead Authority model is governed by a Lead Authority Board with the financial transactions of each Council included in the respective Council's statutory accounts.

## **g) Council Owned Companies**

The Council owns the Milton Keynes Development Partnership (MKDP) LLP with DevelopMK Ltd which was formed in December 2021 as a part owner of Milton Keynes Development Partnership.

The Council also has an interest in the Flexible Home Improvement Loans Ltd – the company is a private company limited by guarantees with Milton Keynes City Council being one of 13 members.

The Council is a minority shareholder in Opus (East) People Solutions Limited. The company is controlled by Opus People Solutions Group Limited who are the main Shareholder.

Further details of these bodies can be found in the Group Accounts note.

## **h) Public Health service**

The shared Public Health service operates with three partners – Milton Keynes City Council (MKCC), Bedford Borough Council (BBC) and Central Bedfordshire Council (CBC). The shared service commenced in September 2017 and provides a joint collaborative service to deliver Public Health services between the three Unitary Authorities. Public Health professionals support people to live healthy lifestyles and make healthy choices by either directly commissioning services, informing commissioning decisions of partner or through directly providing services.

The Parties adhere to the twelve attributes of good governance for shared services as developed by CIPFA and the on-going supervision of operations is the responsibility of the SLA Management Group. Each SLA Management meeting is chaired by one of the Council's representatives and includes representatives from each Public Health Service specification. Key Performance Indicators and targets are applied to monitor the service delivery.

The total cost of services and staffing is split as agreed by the three authorities:

	<b>BBC</b>	<b>CBC</b>	<b>MKCC</b>
<b>BBC/CBC/MKCC Costs</b>	26.9%	37.9%	35.2%

## Note 36 – Defined Benefit Pension Scheme

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

The Buckinghamshire County Council (LGPS) is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Buckinghamshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. largescale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies H.

We recognise 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 we are 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 and Housing Revenue Account via the Movement in Reserves Statement. The transactions in the preceding table have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Discretionary Post-retirement Benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

### The amounts recognised in the Comprehensive Income and Expenditure Statement and Movement in Reserves

2024/25		General Fund Transactions	2025/26	
LGPS	Total		LGPS	Total
£'000	£'000		£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>				
		<b>Service cost comprising:</b>		
20,135	20,135	Current service cost	15,696	15,696
368	368	Past service cost	585	585
(1,084)	(1,084)	(Gain) / loss from settlements and / or transfers	(363)	(363)
846	846	Administration expenses	903	903
		<b>Other Operating Expenditure:</b>		
(2,179)	(2,179)	Net interest expense	(2,212)	(2,212)
<b>18,086</b>	<b>18,086</b>	<b>Total charged to Surplus and Deficit on Provision of Services</b>	<b>14,609</b>	<b>14,609</b>

2024/25		Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	2025/26	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
(14,554)	(14,554)	Return on plan assets (excluding the amount included in the net interest expense)	32,512	32,512
2,005	2,005	Actuarial gains and losses arising on changes in demographic assumptions	(13,112)	(13,112)
108,137	108,137	Actuarial gains and losses arising on changes in financial assumptions	35,715	35,715
0	0	Other actuarial gains/(losses) on assets	(90)	(90)
1,695	1,695	Experience gain/ (loss) on defined benefit obligation	(10,740)	(10,740)
(105,414)	(105,414)	Changes in effect of asset ceiling	(63,047)	(63,047)
<b>(8,131)</b>	<b>(8,131)</b>	<b>Total charged to Other Comprehensive Income and Expenditure Statement</b>	<b>(18,762)</b>	<b>(18,762)</b>
<b>26,217</b>	<b>26,217</b>	<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>33,371</b>	<b>33,371</b>

2024/25		Movement in Reserves Statement	2025/26	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
(18,086)	(18,086)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(14,609)	(14,609)
<b>26,935</b>	<b>26,935</b>	<b>Employers' contributions payable to scheme</b>	<b>26,896</b>	<b>26,896</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

2024/25			2025/26	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
(761,310)	(761,310)	Present value of the defined obligation	(773,862)	(773,862)
913,446	913,446	Fair value of plan assets	991,609	991,609
152,136	152,136	Value of Assets / (Liabilities)	217,747	217,747
(157,592)	(157,592)	Impact of asset ceiling	(229,678)	(229,678)
<b>(5,456)</b>	<b>(5,456)</b>	<b>Net (liability) / asset arising from the defined benefit obligation</b>	<b>(11,931)</b>	<b>(11,931)</b>

## Movement in the Value of Scheme Assets

2024/25			2025/26	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
<b>881,636</b>	<b>881,636</b>	<b>Opening fair value of scheme assets</b>	<b>913,446</b>	<b>913,446</b>
46,158	46,158	Interest income	52,264	52,264
(14,554)	(14,554)	The return on plan assets, excluding the amount included in the net interest expense	32,512	32,512
26,935	26,935	Contributions from employer	26,896	26,896
8,455	8,455	Contributions from employees into the scheme	8,490	8,490
0	0	Other actuarial gains/(losses)	(90)	(90)
(38,441)	(38,441)	Benefits / transfers paid	(42,023)	(42,023)
(846)	(846)	Administration expenses	(903)	(903)
4,103	4,103	Assets Extinguished on Settlement	1,017	1,017
<b>913,446</b>	<b>913,446</b>	<b>Closing value of scheme assets</b>	<b>991,609</b>	<b>991,609</b>

## Movements in the Fair Value of Scheme Liabilities

2024/25			2025/26	
LGPS	Total		LGPS	Total
£'000	£'000		£'000	£'000
<b>(838,214)</b>	<b>(838,214)</b>	<b>Opening balance at 1 April</b>	<b>(761,310)</b>	<b>(761,310)</b>
(20,135)	(20,135)	Current service cost	(15,696)	(15,696)
(41,397)	(41,397)	Interest cost	(41,013)	(41,013)
(8,455)	(8,455)	Contributions from scheme participants	(8,490)	(8,490)
2,005	2,005	- Actuarial gains / (losses) from changes in demographic assumptions	(13,112)	(13,112)
108,137	108,137	- Actuarial gains / (losses) from changes in financial assumptions	35,715	35,715
(368)	(368)	Past service cost	(585)	(585)
0	0	Liabilities assumed on entity combinations	0	0
1,695	1,695	Experience loss/(gain) on defined benefit obligation	(10,740)	(10,740)
38,441	38,441	Benefits / transfers paid	42,023	42,023
(3,019)	(3,019)	Liabilities extinguished on settlements	(654)	(654)
<b>(761,310)</b>	<b>(761,310)</b>	<b>Balance as at 31 March</b>	<b>(773,862)</b>	<b>(773,862)</b>

The asset ceiling represents the maximum economic benefit available to the authority from a pension scheme surplus, in accordance with the CIPFA Code of Practice. Where the actuarial valuation indicates a net pension asset, this is restricted to the present value of benefits that can be realised by the authority, such as refunds or reductions in future contributions. The reconciliation below shows movements in this restriction over the year, reflecting changes in the availability of those economic benefits

## Reconciliation of change in impact of asset ceiling

2024/25			2025/26	
LGPS	Total		LGPS	Total
£'000	£'000		£'000	£'000
<b>49,596</b>	<b>49,596</b>	<b>Opening impact of asset ceiling</b>	<b>157,592</b>	<b>157,592</b>
2,582	2,582	Interest on impact of asset ceiling	9,039	9,039
105,414	105,414	Actuarial losses / (gains)	63,047	63,047
<b>157,592</b>	<b>157,592</b>	<b>Closing impact of asset ceiling</b>	<b>229,678</b>	<b>229,678</b>

## The significant assumptions used by the actuary have been:

2024/25		LGPS	2025/26	
Long term expected rate of return on assets				
8%		Gilts		11%
50%		Equities		52%
12%		Other Bonds		11%
6%		Property		5%
1%		Cash		1%
9%		Alternative Assets		9%
0%		Hedge Funds		0%
0%		Absolute Return Portfolio		0%
10%		Multi assets		7%
4%		Private debt		4%
Mortality assumptions				
Longevity at retirement for current pensioners				
20.7		Men		22.0
24.4		Women		24.6
Longevity at retirement for future pensioners				
22.0		Men		23.5
25.8		Women		26.3
Other assumptions				
3.95%		Rate of increase in salaries		3.90%
2.95%		Rate of increase in pensions		2.90%
5.85%		Rate for discounting scheme liabilities		6.15%
3.20%		Rate for RPI Inflation		3.30%

## The Asset breakdown percentages are:

2024/25			2025/26	
Quoted	Unquoted		Quoted	Unquoted
8.2%	0.0%	Fixed Interest Government Securities - UK		
		Index Linked Government Securities - UK	11.0%	
		Corporate Bonds		
11.8%	0.0%	UK	11.0%	
0.0%	0.0%	Overseas		
		Equity		
0.0%	0.0%	UK		
45.0%	0.0%	Overseas	46.0%	
0.0%	5.7%	Property		5.0%
		Others		
0.0%	0.0%	Absolute return portfolio		
0.0%	0.0%	Hedge Fund		
10.0%	0.0%	Multi Asset / Diversified Income	6.0%	
0.0%	5.5%	Private Equity		6.0%
0.0%	9.2%	Infrastructure		9.0%
0.0%	0.0%	Commodities		
0.0%	3.8%	Private Debt		4.0%
0.0%	1.0%	Cash/Temporary Investments		1.0%
		Net Current Assets		
0.5%	0.0%	Debtors	1.0%	0.0%
<b>75.5%</b>	<b>25.2%</b>	<b>Total</b>	<b>75.0%</b>	<b>25.0%</b>

## Impact of assumptions on the obligation:

Increase in assumption	LGPS	Decrease in assumption
£'000	Assumption	£'000
25,776	Longevity (increase or decrease in 1 year)	(24,826)
366	Rate of increase in salaries (increase or decrease in 0.1%)	(363)
11,560	Rate of increase in pensions (increase or decrease in 0.1%)	(9,239)
(10,972)	Rate for discounting scheme liabilities (increase or decrease in 0.1%)	11,238

## Expected Contributions to the Plan

A valuation was carried out by Barnett Waddingham on the Buckinghamshire County Council Pension Fund (the Fund) on 31 March 2025.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The previous valuation was undertaken on 31 March 2022, and the latest valuation as at 31 March 2025 will set employer contribution rates for the period from 1 April 2026 to 31 March 2029.

There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

## Pension Schemes Associated Risks

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Buckinghamshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

## Pension Schemes Accounted for as Defined Contribution Schemes

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 authority pays towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority 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 purpose 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 £18.805m (£19.448m in 2024/25) to Teachers Pensions in respect of teachers' retirement benefits. There was no contribution remaining payable at the year end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

## **Other Pensions**

On 1 April 2013 the statutory responsibility for Public Health activities transferred to the Council from the NHS Primary Care Trusts. There were 14 members of staff who transferred along with their pensions in the NHS Pensions Scheme to the Council, of which 1 member remains. This scheme is not available to other current Milton Keynes City Council staff. The pension contributions are included within the Comprehensive Income and Expenditure Statement, but full disclosure is not considered to be material for inclusion in this note.

# Supplementary Financial Statements

## Collection Fund

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 tax payers and distribution to local authorities and the government for Council Tax and non-domestic rates.

Business Rates £'000	Council Tax £'000	Total £'000	Collection Fund	Business Rates £'000	Council Tax £'000	Total £'000
			<b>INCOME:</b>			
0	(213,026)	(213,026)	Council Tax Receivable		(229,456)	(229,456)
(210,072)	0	(210,072)	Business Rates Receivable	(219,045)		(219,045)
<b>(210,072)</b>	<b>(213,026)</b>	<b>(423,098)</b>	<b>Total amounts to be credited</b>	<b>(219,045)</b>	<b>(229,456)</b>	<b>(448,501)</b>
			<b>EXPENDITURE:</b>			
			<b>Apportionment of Previous Year Surplus/Deficit:</b>			
(2,022)	0	(2,022)	Central Government	(4,818)	0	(4,818)
(1,982)	2,647	665	Billing Authority	(4,722)	2,849	(1,873)
(40)	119	79	Fire Authority	(96)	126	30
	396	396	Police Authority	0	426	426
			<b>Precepts, demands and shares:</b>			
114,359	0	114,359	Central Government	115,247	0	115,247
112,072	175,118	287,190	Billing Authority	112,943	188,333	301,276
2,287	7,723	10,010	Fire Authority	2,305	8,415	10,720
	26,173	26,173	Police Authority	0	28,225	28,225
			<b>Charges to Collection Fund:</b>			
984	1,912	2,896	Write-offs of uncollectable amounts	522	1,803	2,325
(3)	538	535	Increase/(decrease) in allowance for impairment	907	849	1,756
(4,136)	0	(4,136)	Increase/(decrease) in allowance for appeals	5,827	0	5,827
426	0	426	Charge to General Fund for allowable collection costs for non-domestic rates	424	0	424
751	0	751	Disregarded amounts	(68)	0	(68)
<b>222,696</b>	<b>214,626</b>	<b>437,322</b>	<b>Total amounts to be debited</b>	<b>228,471</b>	<b>231,026</b>	<b>459,497</b>
<b>12,624</b>	<b>1,600</b>	<b>14,224</b>	<b>(Surplus)/Deficit arising during the year</b>	<b>9,426</b>	<b>1,570</b>	<b>10,996</b>
<b>(718)</b>	<b>(6,126)</b>	<b>(6,844)</b>	<b>(Surplus)/Deficit b/f at 1 April 2024</b>	<b>11,906</b>	<b>(4,526)</b>	<b>7,380</b>
<b>11,906</b>	<b>(4,526)</b>	<b>7,380</b>	<b>(Surplus)/Deficit c/f at 31 March 2025</b>	<b>21,332</b>	<b>(2,956)</b>	<b>18,376</b>

## Tax Base, Rateable Value and Write offs

The Council Tax base for 2025/26, i.e. the number of chargeable dwellings in each band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was calculated as follows:

Estimated No. of Taxable Properties after discounts/exemptions	Ratio to Band D	Band D Equivalent
A-	5/9	12.24
A	6/9	10,079.01
B	7/9	24,436.64
C	8/9	26,026.00
D	9/9	15,335.50
E	11/9	15,470.57
F	13/9	9,922.21
G	15/9	5,166.66
H	18/9	298.00
		106,746.83
Anticipated changes during the year		1,790.00
Provision for non-collection		(803.51)
		107,733.32
Impact of Council Tax Reductions		(8,098.57)
<b>Council Tax Base</b>		<b>99,634.75</b>

## Collection Fund Balance Apportionment

2024/25 Total		2025/26 Council Tax £'000	2025/26 NDR £'000	2025/26 Total £'000
2,043	Milton Keynes City Council	(2,474)	10,453	7,979
5,953	Central Government	0	10,666	10,666
(567)	Thames Valley Police Authority	(371)	0	(371)
(49)	Buckinghamshire and Milton Keynes Fire Authority	(111)	213	102
<b>7,380</b>	<b>Total</b>	<b>(2,956)</b>	<b>21,332</b>	<b>18,376</b>

## Precepts & Demands on Collection Fund

2024/25 Total		2025/26 Council Tax Precept / Demand £'000	2025/26 NDR Precept / Demand £'000	2025/26 Total Precept / Demand £'000	Council Tax Share of 2025/26 Surplus £'000	NDR Share of 2025/26 Deficit £'000	Total Share of 2025/26 (Surplus)/ Deficit £'000	2025/26 Total £'000
289,233	Milton Keynes City Council	188,333	112,943	301,276	(2,474)	10,453	7,979	309,255
120,312	Central Government	0	115,247	115,247	0	10,666	10,666	125,913
25,606	Police & Crime Commissioner for Thames Valley	28,225	0	28,225	(371)	0	(371)	27,854
9,961	Buckinghamshire and Milton Keynes Fire Authority	8,415	2,305	10,720	(111)	213	102	10,822
<b>445,112</b>	<b>Total</b>	<b>224,973</b>	<b>230,495</b>	<b>455,468</b>	<b>(2,956)</b>	<b>21,332</b>	<b>18,376</b>	<b>473,844</b>

# Housing Revenue Account Income and Expenditure Statement

This statement shows the economic cost in the year of providing housing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from rents and government grants. The Council charges rent 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 rent is raised, is shown in the Movement on the Housing Revenue Account Statement.

2024/25 £'000		2025/26 £'000
	<b>Expenditure</b>	
18,206	Repairs & Maintenance	18,124
16,336	Supervision & Management	16,433
2,818	Rents, Rates, Taxes and other charges	3,080
39,425	Depreciation, impairments and revaluation losses of non-current assets	101,257
231	Debt Management Costs	232
232	Movement in the allowance for bad debts	153
<b>77,248</b>	<b>Total Expenditure</b>	<b>139,279</b>
	<b>Income</b>	
(64,562)	Dwelling rents	(66,807)
(132)	Non-dwelling rents	(118)
(10,069)	Charges for services and facilities	(6,025)
0	Contributions towards Expenditure	0
<b>(74,763)</b>	<b>Total Income</b>	<b>(72,950)</b>
<b>2,485</b>	<b>Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>	<b>66,329</b>
720	HRA Services Share of Corporate & Democratic Core	742
<b>3,205</b>	<b>Net Expenditure of HRA Services</b>	<b>67,071</b>
1,471	(Gains)/loss on sale of HRA Fixed Assets	(4,439)
9,523	Interest Payable and Similar Charges	9,388
(1,930)	HRA Interest and Investment Income	(1,290)
(58)	Net interest on the defined benefit liability/asset	(59)
(19,225)	Capital Grants and Contributions *	2,934
<b>(7,014)</b>	<b>(Surplus) or Deficit for Year on HRA Services</b>	<b>73,605</b>

\* Capital Grants and Contributions have been split out of the Contributions towards Expenditure line in 2025/26 and 2024/25 comparators

## Movement on the HRA Statement

This statement illustrates how the Housing Revenue Account Income and Expenditure Statement surplus or deficit for the year reconciles to the movement on the Housing Revenue Account balance for the year. This note details the adjustments that are made the Housing Revenue Account in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the authority to meet capital and revenue expenditure.

2024/25 £'000	Movement on the HRA Statement	2025/26 £'000
(7,859)	Balance on the HRA at the end of the previous year	(8,016)
(7,014)	(Surplus) or Deficit on the HRA Income and Expenditure Statement	73,605
28,116	Adjustments between accounting basis and funding basis under statute	(76,922)
<b>21,102</b>	<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>(3,317)</b>
(21,259)	Transfer to/(from) reserves	3,157
(157)	(Increase) or decrease on the HRA for the year	(160)
<b>(8,016)</b>	<b>Balance on the HRA at the end of the current year</b>	<b>(8,176)</b>

2024/25 £'000	Adjustment between accounting basis	2025/26 £'000
0	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	0
(41,924)	Transfers to/(from) the Capital Adjustment Account	(103,187)
(1,471)	Gain or (loss) on sale of non-current assets	4,439
235	Contributions to or (from) the Pension Reserve	326
(7)	Transfers to/(from) the Accumulated Absences Account	(9)
14,777	Transfers to/(from) Major Repairs Reserve	14,911
37,281	Capital expenditure funded by the HRA	9,532
19,225	Transfers to/(from) Capital Grants Unapplied	(2,934)
<b>28,116</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year</b>	<b>(76,922)</b>

2024/25 £'000	Transfer to/from Reserves	2025/26 £'000
16,022	Transfers to earmarked reserves	12,921
(37,281)	Transfers from earmarked reserves	(9,764)
<b>(21,259)</b>	<b>Total Transfers</b>	<b>3,157</b>

The Reserves held at 31 March 2026 are included in Note 10 to the accounts.

## Notes to the HRA Account

### Housing Stock

On 1 April 2025, the Council's HRA housing stock was 11,902. During 2025/26 the following stock movements occurred; 99 properties were sold to tenants (includes part-sales of shared ownership dwellings), 1 property was demolished, 5 properties were sold on the open market. 14 dwellings were acquired from leaseholders, and 183 dwellings were newly built by the Council.

Therefore, on 31 March 2026 the Council HRA was responsible for managing a housing stock of 11,994 dwellings of which 925 is the Council's portion of shared ownership dwellings.

The analysis of the remaining 11,069 dwellings is as shown below:

Main Rented Stock	Houses	Flats	Total	Houses Built	No. of Houses
1 Bedroom	1,464	2,245	3,709	Pre 1919	37
2 Bedrooms	1,778	922	2,700	1919 - 1944	302
3 or more Bedrooms	4,489	171	4,660	1945 - 1964	1,410
				Post 1964	5,982
<b>Total</b>	<b>7,731</b>	<b>3,338</b>	<b>11,069</b>		<b>7,731</b>

## Capital Expenditure

2024/25		2025/26
£'000		£'000
	<b>Capital Spending:</b>	
81,464	Dwellings	74,136
353	Other HRA Assets	353
2,918	Revenue expenditure funded from capital under statute	2,505
<b>84,735</b>	<b>Total Capital Expenditure</b>	<b>76,994</b>
	<b>Funded By:</b>	
(13,453)	Usable Capital Receipts	(8,184)
0	Prudential Borrowing	(46,266)
(14,777)	Major Repairs Allowance	(14,911)
(19,118)	Government Grant	2,934
(106)	Third Party Contributions	(1,035)
(37,281)	Revenue Contributions	(9,532)
<b>(84,735)</b>	<b>Total Capital Financing</b>	<b>(76,994)</b>

## Capital Receipts

2024/25		2025/26
£'000		£'000
	<b>Sale of Dwellings*:</b>	
5,265	Council Houses	14,714
1,195	Shared Ownership	1,082
	Land	
7	Recovered Discount	0
2,320	Non Right to Buy Receipts	1,435
<b>8,787</b>	<b>HRA Receipts in Year</b>	<b>17,231</b>
0	Less: Statutory Pooling	0
<b>8,787</b>	<b>Total HRA Usable Receipts in year</b>	<b>17,231</b>

\* Sales of dwellings are shown net of administrative costs.

## Rent Arrears

The total rent income for the year, after allowance is made for empty properties is known as Gross Rent Income. The loss of income arising from empty properties & garages in the HRA increased by £0.166m from £1.550m in 2024/25 to £1.716m in 2025/26. On 31 March 2026, 3.95% of the housing stock was vacant (3.27% on 31 March 2025).

Rents are expressed on a 52-week basis and were increased in April 2025 by an average of 2.70% for tenants. Monthly shared ownership rents increased by 7.70%. The average weekly tenant rent by end of 2025/26 was £111.60 (£107.13 in 2024/25).

The Housing Revenue Account records rent income and other miscellaneous charges, such as service charges. Total arrears of all charges on 31 March 2026 amounted to £9.317m (£9.965m on 31 March 2025). During the year ending 31 March 2026, £0.239m of arrears were written off as irrecoverable, comprising of £0.212m of rent debts and £0.027m of sundry debts.

The Council has made a total provision of £1.426m against all housing-related debts. This includes a provision of £1.099m in respect of rent arrears.

## Depreciation and Impairment of Non-Current Assets

2024/25			2025/26	
Depreciation £'000	Impairment £'000		Depreciation £'000	Impairment £'000
(14,691)	(8,676)	Council Dwellings	(14,822)	(66,550)
(86)	0	Other Land and Buildings	(67)	0
0	0	Vehicles, Plant, Furniture and Equipment	(18)	0
<b>(14,777)</b>	<b>(8,676)</b>	<b>Total</b>	<b>(14,907)</b>	<b>(66,550)</b>

See Note 22 for details of the material impairments for HRA.

## Asset Values

The Balance Sheet values of the assets held within the Housing Revenue Account are as follows:

	31-Mar-25 £'000	01-Apr-25 £'000	31-Mar-26 £'000
<u>Operational Assets</u>			
Council Dwellings	799,189	784,370	823,033
Other Land & Buildings	4,350	4,283	1,758
Vehicles, Plant, Furniture and Equipment	353	335	900
<u>Non Operational Assets</u>			
Surplus Assets	0	0	319
Assets Under Construction	70,825	70,825	10,272
<b>Total</b>	<b>874,717</b>	<b>859,813</b>	<b>836,282</b>

On 31 March 2026, the vacant possession value of the operational Council's dwellings is estimated at £2,477.640m compared with the Balance Sheet value of £817.783m. This variance mainly reflects the economic cost to the Government of providing Council housing at less than open market rents and annual depreciation charged on brought forward balances.

The decrease of £23.531m between 1 April 2025 and 31 March 2026 is due to further revaluations in the year along with additions, disposals and reclassifications.

## Pension Reserve

The transfer to the Pensions Reserve in respect of the Housing Revenue Account is £0.326m. Details of the background to, and reasons for this adjustment, may be found in note h to the Statement of Accounting Policies, and note 36 to the Financial Statements.

# Group Accounts

## Introduction

The Council has an interest in the Milton Keynes Development Partnership LLP and DevelopMK Ltd.

MKCC set up DevelopMK Ltd; the directors of this new organisation are three senior MKCC staff members. DevelopMK is part owner of MKDP alongside MKCC owning a 0.1% share of MKDP. DevelopMK traded throughout 2025/26 and received a very small dividend from the MKDP.

## DevelopMK

DevelopMK Ltd was formed in March 2020 as a part owner of Milton Keynes Development Partnership.

DevelopMK received a small dividend from Milton Keynes Development Partnership (MKDP) in 2025/26 of £2k which has been offset by cost of running the company.

The Council has determined that we do not consider DevelopMK to be material to consolidate in the Group Accounts for 2025/26.

## Milton Keynes Development Partnership

The Milton Keynes Development Partnership LLP (MKDP) was incorporated on 7 December 2012 and is a Limited Liability Partnership, wholly owned by Milton Keynes City Council.

MKDP was set up by the Council to facilitate Milton Keynes' continued growth and economic success by promoting the development of land assets transferred to the Council from the Homes and Communities Agency, in line with the Council's Corporate Plan and Economic Development Strategy.

The financial position of the Milton Keynes Development Partnership for the period ended 31 March 2026 was a profit of 13.445m. This includes revaluation gains of £6.022m; Gain on disposal £3.026m to be used for future capital development and a trading profit from operations of £4.398m.

Due to the materiality of MKDP, the Council has taken the view that its activity warrants full group accounts disclosures.

## Flexible Home Improvement Loans Ltd

The Council also has an interest in the Flexible Home Improvement Loans Ltd – the company is a private company limited by guarantees with Milton Keynes City Council being one of 13 members. The company arranges the provision of loans on behalf of the members to individuals for home improvements to enable them to stay within their own homes.

This company is not considered material to the Councils' accounts and therefore are not consolidated into the Group Accounts.

## Opus People Solutions (East)

In September 2018 Milton Keynes City Council was admitted as a shareholder in Opus (East) LGSS People Solutions Ltd, a Joint Venture with Opus (East) (wholly owned by Suffolk CC), North Northants Council (NNC), West Northants Council (WNC) and Cambridgeshire County Council (CCC) to provide more cost effective interim and permanent employment services. Whilst the company is performing well the Council has received a small dividend to date and it is not viewed as material for Group Accounts.

## **Group Financial Statements**

The Group Accounts are presented in addition to the Council's single entity financial statements and comprise:

- The Group Movement in Reserves Statement; incorporating the movement in year on all the different reserves held by the Group;
- The Group Comprehensive Income and Expenditure Statement; which summarises resources which have been applied and generated in providing services and managing the group during the last year;
- The Group Balance Sheet which sets out the assets and liabilities recognised by the Group on 31 March 2026, and;
- Group Cash Flow Statement, which summarises the changes in cash and cash equivalents of the Council during the reporting period.

These statements, together with explanatory notes are set out in the pages that follow.

## **Notes to the Group Financial Statements**

The notes to support the group's financial statements have three main purposes:

- To present information about the basis of preparation of the financial statements and the specific accounting policies used;
- To disclose the information required by the International Financial Reporting Standards Code of Practice that is not presented elsewhere in the financial statements, and;
- To provide information that is not presented elsewhere in the financial statements, but is relevant to the understanding of them.

## **Material Item of Income and Expense**

The material income and expense included within the Group Comprehensive Income and Expenditure Statement are the same as the single entity accounts which can be found in note 8 of the Financial Statements.

## **Interest in Subsidiaries**

There are no interests in subsidiaries other than those reported in note 35 in the financial statements that would enable users of the authority's group accounts to evaluate the nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the Group.

There are no significant restrictions on its ability to access or use the assets and settle the liabilities of the Group, such as those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the Group.

Milton Keynes City Council is wholly liable for the assets and liabilities of both subsidiaries and would provide financial support to a consolidated entity, including events or circumstances that could expose the Authority to a loss. There are no other risks associated with these subsidiaries.

## Group Movement in Reserves Statement

2025/26	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2025</b>	(281,455)	(24,476)	(47,951)	0	(48,713)	<b>(402,595)</b>	<b>(1,439,583)</b>	<b>(1,842,178)</b>
<b>Movement in reserves during 2025/26</b>								
Surplus or deficit on the provision of services	(22,110)	73,605	0	0	0	51,495	0	51,495
Other Comprehensive Income / Expenditure	0	0	0	0	0	0	44,520	44,520
<b>Total Comprehensive Income and Expenditure</b>	<b>(22,110)</b>	<b>73,605</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51,495</b>	<b>44,520</b>	<b>96,015</b>
Adjustments between accounting basis and funding basis under regulations	9,937	(76,922)	(10,374)	0	(13,422)	<b>(90,781)</b>	90,781	0
<b>Increase or Decrease in 2025/26</b>	<b>(12,173)</b>	<b>(3,317)</b>	<b>(10,374)</b>	<b>0</b>	<b>(13,422)</b>	<b>(39,286)</b>	<b>135,301</b>	<b>96,015</b>
<b>Balance at 31 March 2026</b>	<b>(293,628)</b>	<b>(27,793)</b>	<b>(58,325)</b>	<b>0</b>	<b>(62,135)</b>	<b>(441,881)</b>	<b>(1,304,282)</b>	<b>(1,746,163)</b>

2024/25	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2024</b>	(262,185)	(45,578)	(53,404)	0	(47,916)	<b>(409,083)</b>	<b>(1,387,924)</b>	<b>(1,797,007)</b>
<b>Opening Balance Adjustment IFRS 16</b>	0	0	0	0	0	0	188	188
<b>Balance at 1 April 2025</b>	(262,185)	(45,578)	(53,404)	0	(47,916)	<b>(409,083)</b>	(1,387,736)	<b>(1,796,819)</b>
<b>Movement in reserves during 2024/25</b>								
Surplus or deficit on the provision of services	(25,277)	(7,014)	0	0	0	<b>(32,291)</b>	0	<b>(32,291)</b>
Other Comprehensive Income / Expenditure	0	0	0	0	0	0	(13,068)	<b>(13,068)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(25,277)</b>	<b>(7,014)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(32,291)</b>	<b>(13,068)</b>	<b>(45,359)</b>
Adjustments between accounting basis and funding basis under regulations	6,007	28,116	5,453	0	(797)	<b>38,779</b>	(38,779)	0
<b>Increase or Decrease in 2024/25</b>	<b>(19,270)</b>	<b>21,102</b>	<b>5,453</b>	<b>0</b>	<b>(797)</b>	<b>6,488</b>	<b>(51,847)</b>	<b>(45,359)</b>
<b>Balance at 31 March 2025</b>	<b>(281,455)</b>	<b>(24,476)</b>	<b>(47,951)</b>	<b>0</b>	<b>(48,713)</b>	<b>(402,595)</b>	<b>(1,439,583)</b>	<b>(1,842,178)</b>

# Group Comprehensive Income and Expenditure Statement

2024/25				2025/26		
Expenditure £'000	Income £'000	Net £'000		Expenditure £'000	Income £'000	Net £'000
185,349	(76,361)	108,988	Adult Social Care and Health	193,745	(79,940)	113,805
15,845	(15,835)	10	Public Health	15,489	(16,490)	(1,001)
317,015	(247,997)	69,018	Children and Families	340,871	(265,300)	75,571
13,883	(9,687)	4,196	Customer & Community	14,727	(6,865)	7,862
77,968	(74,760)	3,208	Housing Revenue Account	140,022	(72,949)	67,073
8,918	(10,213)	(1,295)	Planning & Placemaking	10,218	(9,205)	1,013
128,674	(29,355)	99,319	Environment & Property	102,063	(38,087)	63,976
70,049	(63,714)	6,335	Finance & Resources	58,529	(54,081)	4,448
4,578	(1,464)	3,114	Law & Governance	3,054	(487)	2,567
66	(684)	(618)	Corporate Items	149	16	165
<b>822,345</b>	<b>(530,070)</b>	<b>292,275</b>	<b>Cost of Services</b>	<b>878,867</b>	<b>(543,388)</b>	<b>335,479</b>
		27,738	Other Operating Expenditure			49,070
		(25,930)	Financing and Investment Income and Expenditure			(13,119)
		(326,374)	Taxation and Non Specific Grant Income			(319,935)
		<b>(32,291)</b>	<b>Surplus or Deficit on Provision of Services</b>			<b>51,495</b>
		(34,200)	Surplus or deficit on revaluation of Property, Plant and Equipment			1,673
		12,979	Impairment losses on non-current assets charged to the Revaluation Reserve			24,085
		0	Surplus or deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive income and expenditure			0
		8,153	Remeasurement of the net defined benefit liability / asset			18,762
		<b>(13,068)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>44,520</b>
		<b>(45,359)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>96,015</b>

## Group Balance Sheet

2024/25	Note		2025/26
£'000			£'000
1,657,911		Property, Plant and Equipment	1,575,685
271,253		Infrastructure Assets	280,154
821		Heritage Assets	884
193,542		Investment Property	187,420
855		Intangible Assets	761
13,986		Long Term Investments	20,976
361		Long Term Debtors	509
<b>2,138,729</b>		<b>Long Term Assets</b>	<b>2,066,389</b>
245,750		Short-term Investments	263,100
69,490		Assets Held for Sale	23,298
55		Inventories	151
85,666	G4	Short Term Debtors	83,287
43,218		Cash and Cash Equivalents	46,604
<b>444,179</b>		<b>Current Assets</b>	<b>416,440</b>
(15,238)		Short-Term Borrowing	(14,261)
(108,351)	G5	Short-Term Creditors	(96,971)
(5,716)		Provisions	(4,700)
(73,651)		Grants Receipts in Advance - Revenue	(66,154)
(8,356)		Grants Receipts in Advance - Capital	(16,277)
<b>(211,312)</b>		<b>Current Liabilities</b>	<b>(198,363)</b>
(4,524)	G6	Provisions	(7,182)
(365,025)		Long Term Borrowing	(351,929)
(12,373)		Other Long-Term Liabilities - Finance Lease	(9,789)
(5,456)		Other Long-Term Liabilities - Pensions Liability	(11,931)
(133,206)		Grants Receipts in Advance - Revenue	(148,634)
(8,834)		Grants Receipts in Advance - Capital	(8,838)
<b>(529,418)</b>		<b>Long Term Liabilities</b>	<b>(538,303)</b>
<b>1,842,178</b>		<b>Net Assets</b>	<b>1,746,163</b>
(402,595)	G7	Usable Reserves	(441,881)
(1,439,583)	G7	Unusable Reserves	(1,304,282)
<b>(1,842,178)</b>		<b>Total Reserves</b>	<b>(1,746,163)</b>

## Group Cash Flow Statement

Group			Group
2024/25			2025/26
£'000			£'000
(32,291)		Net (surplus) or deficit on the provision of services	51,495
(96,524)	G8.1	Adjustment to surplus or deficit on the provision of services for noncash movements	(240,382)
84,822	G8.1	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	109,877
<b>(43,993)</b>		<b>Net cash flows from operating activities</b>	<b>(79,010)</b>
54,478	G8.2	Net cash flows from investing activities	56,389
52,564	G8.3	Net cash flows from financing activities	19,235
<b>63,049</b>		<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(3,386)</b>
106,267		Cash and cash equivalents at the beginning of the reporting period	43,218
<b>43,218</b>		<b>Cash and cash equivalents at the end of the reporting period</b>	<b>46,604</b>

## G1 – Accounting Policies

In preparing the Group Accounts, the Council has:

- Aligned the accounting policies of the subsidiaries with those of the Council and made consolidation adjustments where necessary;
- Consolidated the financial statements of the subsidiaries with those of the Council on a line-by-line basis;
- Eliminated in full balances, transactions, income and expenses between the Council and the partnerships.

## G2 – Summary of Subsidiaries Transactions included in the Group Balance Sheet

The Group Balance Sheet contains transactions for both Milton Keynes City Council and Milton Keynes Development Partnership. Each organisation is shown prior to the elimination of intra-group transactions (the transactions that took place between the subsidiaries and the Council):

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2024/25		2025/26	2025/26	2025/26	2025/26
£'000		£'000	£'000	£'000	£'000
2,138,729	Long Term Assets	1,954,589	116,075	(4,275)	2,066,389
245,750	Short Term Investments	243,100	20,000	0	263,100
69,490	Assets held for sale	5,377	17,921	0	23,298
55	Inventories	151	0	0	151
85,666	Short Term Debtors	84,348	2,010	(3,071)	83,287
43,218	Cash and Cash Equivalents	34,589	12,015	0	46,604
(15,238)	Short Term Borrowing	(14,261)	0	0	(14,261)
(108,351)	Short Term Creditors	(96,542)	(1,143)	714	(96,971)
(5,716)	Short Term Provisions	(4,700)	0	0	(4,700)
(82,007)	Short Term Grants & Contributions Receipts in Advance	(82,431)	0	0	(82,431)
(4,524)	Long Term Provisions	(7,182)	0	0	(7,182)
(365,025)	Long Term Borrowing	(351,929)	0	0	(351,929)
(12,373)	Liability Related to Finance Lease	(13,602)	0	3,813	(9,789)
(5,456)	Other Long-Term Liabilities	(11,931)	0	0	(11,931)
(142,040)	Long Term Grants & Contributions Receipts in Advance	(157,472)	0	0	(157,472)
<b>1,842,178</b>	<b>Net Assets</b>	<b>1,582,104</b>	<b>166,878</b>	<b>(2,819)</b>	<b>1,746,163</b>

## G3 – Investment Properties

The movement in the fair value of investment properties during 2025/26 comprised of:

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2024/25		2025/26	2025/26	2025/26	2025/26
£'000		£'000	£'000	£'000	£'000
185,823	Balance at start of year	119,375	78,732	(4,565)	193,542
	Additions:				
1,094	- Purchases	0	75	0	75
9	- Construction	0	0	0	0
1,469	- Subsequent Expenditure	1,597	285	0	1,882
(3,650)	Disposals	(25,060)	0	0	(25,060)
16,882	Net Gain/(losses) from fair value adjustment	(1,600)	6,022	290	4,712
	Transfers (to)/from:				
0	- Property Plant and Equipment	0	(850)	0	(850)
(8,085)	- Assets Held For Sale	0	13,119	0	13,119
<b>193,542</b>	<b>Balance Outstanding year end</b>	<b>94,312</b>	<b>97,383</b>	<b>(4,275)</b>	<b>187,420</b>

See Note 23 Investment Properties for the Milton Keynes City Council details.

In 2025/26, the Milton Keynes Development Partnership transferred assets from Assets Held for Sale, the most significant being Campbell Park Northside £12.573m.

## G4 – Debtors

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2024/25		2025/26	2025/26	2025/26	2025/26
£'000		£'000	£'000	£'000	£'000
<b>21,329</b>	Trade Receivables	20,430	992	0	<b>21,422</b>
<b>84,986</b>	Other Receivable Amounts	86,144	1,165	(3,071)	<b>84,238</b>
<b>(20,649)</b>	Provision for Bad Debts	(22,226)	(147)	0	<b>(22,373)</b>
<b>85,666</b>	<b>Total Short Term Debtors</b>	<b>84,348</b>	<b>2,010</b>	<b>(3,071)</b>	<b>83,287</b>

## G5 – Creditors

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2024/25		2025/26	2025/26	2025/26	2025/26
£'000		£'000	£'000	£'000	£'000
<b>(11,499)</b>	Trade payables	(11,851)	(743)	0	<b>(12,594)</b>
<b>(96,852)</b>	Other payables	(84,691)	(400)	714	<b>(84,377)</b>
<b>(108,351)</b>	<b>Total Short Term Creditors</b>	<b>(96,542)</b>	<b>(1,143)</b>	<b>714</b>	<b>(96,971)</b>

## G6 – Provisions

There are no provisions to disclose within the Milton Keynes Development Partnership.

## G7 – Reserves

The reserves held by the Milton Keynes City Council and Milton Keynes Development Partnership on 31 March 2026 are detailed below:

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Group Total
2024/25		2025/26	2025/26	2025/26
£'000		£'000	£'000	£'000
(344,272)	Milton Keynes City Council's Usable Reserves	(378,698)	0	(378,698)
(58,323)	LLP Retained Earnings	0	(63,183)	(63,183)
<b>(402,595)</b>	<b>Total Usable Reserves</b>	<b>(378,698)</b>	<b>(63,183)</b>	<b>(441,881)</b>
(1,345,002)	Milton Keynes City Council's Unusable Reserves	(1,203,406)	0	(1,203,406)
(94,581)	LLP Non-Distributed Reserves	0	(100,876)	(100,876)
<b>(1,439,583)</b>	<b>Total Unusable Reserves</b>	<b>(1,203,406)</b>	<b>(100,876)</b>	<b>(1,304,282)</b>
<b>(1,842,178)</b>	<b>Total Reserves</b>	<b>(1,582,104)</b>	<b>(164,059)</b>	<b>(1,746,163)</b>

## G8.1 – Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2024/25			2025/26	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
(21,144)	(21,144)	Interest received	(15,718)	(15,718)
17,298	17,298	Interest paid	17,151	17,151
<b>(3,846)</b>	<b>(3,846)</b>	<b>Total</b>	<b>1,433</b>	<b>1,433</b>

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2024/25			2025/26	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
(69,144)	(67,580)	Depreciation	(137,587)	(128,457)
(487)	(487)	Amortisation	(243)	(243)
(637)	(615)	(Increase)/decrease in impairment for bad debts	(1,792)	(1,723)
(9,951)	(14,933)	(Increase)/decrease in creditors	(18,029)	(17,399)
7,388	10,248	Increase/(decrease) in debtors	(6,584)	(5,401)
(119)	(119)	Increase/(decrease) in inventories	96	96
8,849	8,850	Movement in pension liability	12,287	12,287
(27,974)	(32,875)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(61,459)	(99,541)
515	987	Other non-cash movements charged to the surplus or deficit on provision of services	(1)	(1)
<b>(91,560)</b>	<b>(96,524)</b>	<b>Total</b>	<b>(213,312)</b>	<b>(240,382)</b>

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

2024/25			2025/26		
Milton Keynes City Council	Group		Milton Keynes City Council	Group	
£'000	£'000		£'000	£'000	
13,381	18,282	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	26,191	64,273	
66,540	66,540	Any other items for which the cash effects are investing or financing cash flows	45,604	45,604	
<b>79,921</b>	<b>84,822</b>	<b>Total</b>	<b>71,795</b>	<b>109,877</b>	

## G8.2 – Cash Flow from Investing Activities

2024/25			2025/26		
Milton Keynes City Council	Group		Milton Keynes City Council	Group	
£'000	£'000		£'000	£'000	
151,190	152,615	Purchase of property, plant and equipment, investment property and intangible assets	133,290	135,570	
718,050	718,050	Purchase of short-term and long-term investments	386,150	413,141	
0	0	Other payments from investing activities	0	0	
(15,234)	(20,135)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(21,795)	(59,877)	
(721,301)	(721,301)	Proceeds from short-term and long-term investments	(388,650)	(388,650)	
(74,751)	(74,751)	Other receipts from investing activities	(43,795)	(43,795)	
<b>57,954</b>	<b>54,478</b>	<b>Net cash flows from investing activities</b>	<b>65,200</b>	<b>56,389</b>	

## G8.3 – Cash Flow from Financing Activities

2024/25			2025/26		
Milton Keynes City Council	Group		Milton Keynes City Council	Group	
£'000	£'000		£'000	£'000	
9,509	9,509	Other receipts from financing activities	5,839	5,839	
38,337	44,087	Repayments of short-term and long-term borrowing	13,965	13,965	
(650)	(1,032)	Other payments for financing activities	(569)	(569)	
<b>47,196</b>	<b>52,564</b>	<b>Net cash flows from financing activities</b>	<b>19,235</b>	<b>19,235</b>	

# Glossary

## AAA Fitch Rating

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

## AA Fitch Rating

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

## A Fitch Rating

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

## Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

## Accruals

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

## Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

## Asset

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

## Audit Of Accounts

An independent examination of the Authority's financial affairs.

## **Balance Sheet**

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

## **Borrowing**

Using cash provided by another party to pay for expenditure, based on an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

## **Budget**

The forecast of net revenue and capital expenditure over the accounting period.

## **Capital Expenditure**

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

## **Capital Financing**

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

## **Capital Programme**

The capital schemes the Authority intends to carry out over a specific period of time.

## **Capital Receipt**

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

## **Claw-Back**

Where average Council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the authority, i.e. it is "clawed-back" by the government.

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

## **Collection Fund**

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

## **Community Assets**

Assets that the Authority 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 historical buildings.

## **Comprehensive Income and Expenditure Statement**

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

## **Consistency**

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

## **Contingent Asset**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.

## **Contingent Liability**

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control;
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

## **Corporate and Democratic Core**

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

## **Creditor**

Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

## **Current Service Cost (Pensions)**

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

## **Debtor**

Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

## **Defined Benefit Pension Scheme**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

## **Depreciation**

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

## **Discretionary Benefits (Pensions)**

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

## **Equity**

The Authority's value of total assets less total liabilities.

## **Events After the Balance Sheet Date**

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

## **Expected Return On Pension Assets**

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

## **Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

## **Finance Lease**

A lease that transfers substantially all risks and rewards of ownership of a fixed asset to the lessee.

## **Going Concern**

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

## **Government Grants**

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

## **Housing Benefits**

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

## **Housing Revenue Account (HRA)**

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

## **Impairment**

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

## **Infrastructure Assets**

Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

## **Intangible Assets**

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

## **Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

## **Investments (Pension Fund)**

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

## **Liability**

A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

## **Liquid Resources**

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

## **Long-Term Contract**

A contract entered for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

## **Materiality**

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

## **Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

## **Net Book Value**

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

## **Net Debt**

The Authority's borrowings less cash and liquid resources.

## **Non-Distributed Costs**

These are overheads for which no user now benefits and as such are not apportioned to services.

## **Non-Domestic Rates (NDR)**

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

## **Non-Operational Assets**

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

## **Operating Lease**

A lease where the ownership of the fixed asset remains with the lessor.

## **Operational Assets**

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## **Past Service Cost (Pensions)**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

## **Pension Scheme Liabilities**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## **Precept**

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

## **Prior Year Adjustment**

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

## **Provision**

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

## **Public Works Loan Board (PWLB)**

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

## **Rateable Value**

The annual assumed rental of a hereditament, which is used for NNDR purposes.

## **Related Parties**

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

## **Related Party Transactions**

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

## **Remuneration**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

## **Reserves**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

## **Residual Value**

The net realisable value of an asset at the end of its useful life.

## **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

## **Revenue Expenditure**

The day-to-day expenses of providing services.

## **Revenue Expenditure Capitalised Under Statute (REFCUS)**

Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

## **Revenue Support Grant**

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

## **Stocks**

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

## **Temporary Borrowing**

Money borrowed for a period of less than one year.

## **Trust Funds**

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

## **Useful Economic Life (UEL)**

The period over which the Authority will derive benefits from the use of a fixed asset.

