- ***Evidence RR a.*** *A link to Companies House. https://find-and-update.company-information.service.gov.uk/company/02020381/officers (accessed 20/8/23) - Where currently 11 officers are listed, Mark David Turner (LBC Senior Management), Mohammed Yaqub Hanif (LBC Labour Councillor- Central), Javeria Hussain (LBC Labour Councillor - Farley), Charmaine Rosemary Isles (LBC Labour Councillor - South), Khijta Malik (LBC Labour councillor - Challney), Stuart John Miller (LBC Conservative Councillor - Bramingham), Amy Jane Alexandra Nicholls (LBC Labour Councillor - Northwell), Nicholas John Platt (LBC Senior Management), Nicholas Stephen Prowse, James John Taylor (LBC Labour Councillor - High Town).*

- ***Evidence** RR ac. https://lutonrising.org.uk/consultation/#section-Document-Vault-CdLnZ89PYQ (accessed 20/8/23). All the docs here show the changes and various docs that prove the changes.*

- ***Evidence** RR ac. https://lutonrising.org.uk/wp-content/uploads/2021/11/ltn_sift3_report.pdf (accessed 20/8/23) Shift Report 3.*

- ***Evidence** RR ad please see timelines as stated in Evidence RR ac for SIFT.*
    - ***Evidence** RR ae. Documents 000715, 000666, 000787.*

- ***Evidence** RR af. All the many applicant documents within the Planning Inspectorate library that have minor, moderate and major, significant scenarios.*

- ***Evidence** RR ag. https://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Local%20Plan/adoption/Luton-Local-Plan-2011-2031-November-2017.pdf (accessed 20/8/23)*
    - *Eaton Green Road, Ashcroft Road / Wigmore Lane, short cut through residential areas to Terminal two and Car Parks on Wigmore Valley park. Additional open / green space claims that appear to be in Luton, but are in North Hertfordshire = loss of space. Various other breaches of open / green space as documented in the Local plan.*

- ***Evidence** RR ah. Document 001108 paragraph 13.9.7 implies that the local neighbourhood is different from the Luton area. It's difficult to understand what both mean and why there is a difference.*
- *001114 Many paragraphs that mention 'local', 'neighbourhood', 'community'.*
- ***Evidence** RR aj. https://planning.luton.gov.uk/online-applications/search.do?action=advanced (accessed 20/8/2023) Enter 'airport', and associated road names into the Application Details, Description Keyword field and press 'search'. I can supply a spreadsheet if requested.*
- ***Evidence** RR ak. Multiple references and search on "Fields in Trust"*

- ***Evidence** RR am. Document 000849 The Bridle path that goes to the footpath in the farmers field is not shown on page 15, 000810 Provision of Open Space map.*
    - *000642 Page 13 / 22 Public Rights of Way Proposals Keyplan*
    - *Page 15 /22 Public Rights of Way Proposals Sheet 2 of 3.*

- ***Evidence** RR an. Document 000679, paragraph 1.2.3 and multiple other documents.*

- ***Evidence** RR j. 001122 4.4.22c, 4.4.32. 001064 paragraph 3.3.6*

- ***Evidence** RR k. 000612 Lots of 6.1. marking their own homework, who verified that this is accurate and responses are not generalised and missing particular points.*
- ***Evidence** RR m. 000849 - Section D4.1.6. I'm sure that most people will understand this, however it is not written in plain easily understandable English, I'm confused, beyond my educational attainment.*
- ***Evidence*** RR n. 000948 Paragraph 4.6.16. 000664, multiple references stated in the document and not available.
- ***Evidence** RR p. 000614 LE.1.14, LE.1.2.6 and glossary.*

- ***Evidence** RR q. 000763 Ref 1. Institute of Environmental Assessment (IEA, now Institute of Environmental Management (IEMA)); (1993); Guidance Notes No. 1, Guidelines for the Environmental Assessment of Road Traffic. 000774 Ref 4. BGS (1997) The physical properties of major aquifers in England and Wales*
    - *000616 page 373 4 Official Journal of the European Union (2010) Commission Decision of 10 June 2010 on guidelines for the calculation of land carbon stocks for the purpose of Annex V to Directive 2009/28/EC*
    - *000832 Ref 2.23 North Hertfordshire District Council. North Hertfordshire District Local Plan No. 2 with Alterations. 1996. And others.*

- ***Evidence** RR r. 000843 Ref 33 ONS Bedford, Luton and Milton Keynes CCG (https//www.blmkccg.nhs.uk/find-a-service/) (Accessed 20/8/2023).*
    - *000691 Ref 14 Ordnance Survey. Products. AddressBase Plus, 2021. (Online).*
    -
- ***Evidence** RR s. 01115 Section 8.3.34, 8.3.40, 8.3.41, 8.3.57.*

- ***Evidence** RR t. Doc References 000679 to 748 plus lots more. Does this mean Competent Experts did not write these?*
-
  000748 Section 8.3.5 Deerborn Escarpment. Demonstrates that a competent expert does not know this area. There is no Deerborn Escarpment.

- ***Evidence** RRv - Most of the Applicants documents. Needs to be a clear indication of what is evidence or not.*

***Evidence** RR x -
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005759/NPPF_July_2021.pdf (Accessed 20/8/23).*

001108 - Table 13.20: Health assessment summary, Starts with All assessment phases (2025-2041), column header = Magnitude.
000614 - Table A13.4 A13: IMPACT ON LOCAL COMMUNITIES, Row LC.1.35, and other documents.

Evidence RR ya *Footpath going to Wigmore Primary School which starts directly by the road (TL 11898 22543 East 511898 N 222543), where parents park their cars and reduce the single lane so that cars have to cross over the middle of the road to get by. No traffic references to this bottle neck twice a day Mornings and afternoons. On the bend by the Airport Emergency Gate by Wigmore Valley Park on Eaton Green road (TL 13030 22210, East 513030 North 222220), which is an accident hot spot with cars travelling too fast for the bend and road surface.*

From: Luton Airport
Sent: Monday, July 24, 2023 11:57 AM
To: Chris SLAE
Cc: Luton Airport
Subject: RE: TR020001 – Luton Airport - Unique Reference: 20039680

Dear Chris

It is not possible to amend your Relevant Representation now. The best way of dealing with this would be to clarify in your Written Representation. In the draft Examination Timetable these are to be submitted at Deadline 1, on Tuesday 22 August. The Examination Timetable will be confirmed after the Preliminary Meeting.

Kind regards

Sian

Siân Evans | Case Manager – National Infrastructure
The Planning Inspectorate
Direct Line: [redacted] **Mobile:** [redacted]

@PINSgov The Planning Inspectorate planninginspectorate.gov.uk

From: Chris SLAE <chrisslae@btinternet.com>
Sent: 20 July 2023 18:03
To: Luton Airport <Lutonairport@planninginspectorate.gov.uk>
Subject: Fw: TR020001 – Luton Airport - Unique Reference: 20039680

Hi,

Whilst working on further submissions to the PI in regards to the Luton Airport Expansion, I've noticed an amendment that you may consider should be made to my Relevant Representation.

5th paragraph, '*Of the current LR board, no Luton Councillor lives within the wards most closely impacted by the expansion. This asks the question as to whether if they are fit and proper to act as directors and as councillors and why are they making decisions that impact the Wigmore ward.'*

Although not listed in most publicly available documents that I have found, a newly elected Labour Councillor does live in a ward in the South Luton ward, which is a ward close to the airport but doesn't adjoin the airport. Her address is given as a business address, however when I looked at councillors register of interests in appears she lives in the South Luton ward. The flight path goes over the South Luton ward and so she does live in a ward closely impacted by the expansion.

I would suggest if an amendment is made then the revision should read, '*Of the current LR board, only one Luton Councillor*

Many thanks

Chris Haden

Committee Ref:
EX/09(A)/22

Luton

Notice of Meeting

Committee	:	Executive
Date	:	Tuesday, 20 September 2022
Time	:	18:00
Place	:	Council Chamber **Town Hall, Luton**

Councillors	:	Simmons (Chair)	Lovell
		Begum	K. Malik
		Goding	Roche
		J.I. Hussain	T. Saleem
		Khan	Shaw
Quorum	:	3 Members	

Contact Officer: Enter Name [redacted]

Email [redacted]

Livestream Meeting Link

Members of the public wishing to listen and watch the meeting may attend in person in the Council Chamber. Livestream is offered as a discretionary service and the user must accept that there may be unavoidable gaps in coverage due to unforeseen technical difficulties.

INFORMATION FOR THE PUBLIC

PURPOSE: The Executive is the Council's primary decision-making body dealing with a range of functions across the Council's activities and services.

This meeting is open to the public and you are welcome to attend.

For further information, or to see the papers, please contact us at the Town Hall:

- **IN PERSON,** 9 am to 5 pm, Monday to Friday, or
- **CALL** the Contact Officer (shown above).

An induction loop facility is available for meetings held in Committee Room 3.

Arrangements can be made for access to meetings for disabled people.

If you would like us to arrange this for you, please call the Contact Officer (shown above).

NOTE:
Members of the public are entitled to take photographs, film, audio-record and report on all public meetings in accordance with the Openness of Local Government Bodies Regulations 2014. People may not however act in anyway considered to be disruptive and may be asked to leave. Notice of these rights will be given verbally at the meeting, as appropriate.

AGENDA

Agenda Item	*Subject*	*Page No.*

Emergency Evacuation Procedure

Council Chamber:
Turn left, follow the green emergency exit signs to the main town hall entrance and proceed to the assembly point at St George's Square.

1. Apologies for Absence

2. Published record of the meeting

Section 106, Local Government Finance Act 1992

Those item(s) on the Agenda affected by Section 106 of the Local Government Finance Act 1992 will be identified at the meeting. Any Members so affected is reminded that (s)he should disclose the fact and refrain from voting on those item(s).

Disclosures of Interests

Members are reminded that they must disclose both the existence and nature of any disclosable pecuniary interest and any personal interest that they have in any matter to be considered at the meeting unless the interest is a sensitive interest in which event they need not disclose the nature of the interest.

A member with a disclosable pecuniary interest must not further participate in any discussion of, vote on, or take any executive steps in relation to the item of business.

A member with a personal interest, which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest, must similarly not participate in any discussion of, vote on, or take any executive steps in relation to the item of business.

Disclosable pecuniary interests and Personal Interests are defined in the Council's Code of Conduct for Members and Co-opted members.

3. Business not covered by current forward plan: General Exception

The Executive Leader to report on any business which it is proposed should be considered by the Executive following compliance with Regulation 10 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

4. Business not covered by current forward plan: Special Urgency

The Executive Leader to report on any business which it is proposed should be considered following compliance with Regulation 11 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

5. References from committees and other bodies

Executive Leader

6. Recommendations from Scrutiny Reviews

7. Petitions

Business items

14. **References from committees and other bodies**

1. Reference from Finance Review Group - The Stage Outline Business Case

- Paragraph (3) - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Inclusive Growth (Finance and Revenues & Benefits)

15. **Cyber Security Strategy**

- Paragraph (3) - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Inclusive Economy (Regeneration & Inclusive Growth)

16. **The Stage Outline Business Case**

- Paragraph (3) - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Note: Rescheduled Items

Note: Five days' notice is hereby given of items to be considered in private as required by Regulations (4) and (5) of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.

Details of any representations received by the Executive about why any of the above exempt decisions should be considered in public: none at the time of publication of the agenda. If representations are received they will be published separately, together with the statement given in response.

Luton

Item No:
2.1

Executive
15th August 2022

Present: Councillors: Simmons (Chair), Begum, Goding, J.I. Hussain, Khan, Lovell, K. Malik, Roche and Shaw

Apologies: Councillor T. Saleem

In Attendance: Cllr Franks

Decision Sheet

Exemptions from the call-in process:

(1) If the Council would be likely to suffer legal prejudice

(2) If the Council would be likely to suffer financial prejudice

(3) Where the calling-in of the decision would result in the decision not being capable of implementation at all

(4) Where the decision is to in incur or forego expenditure of £5,000 or less except where the decision has been taken otherwise that in accordance with the Council's Policy Framework or any policies, practices, or procedures adopted by the Executive

(5) Where the decision results from a reference or report or recommendation from the Overview and Scrutiny Board or from a Task and Finish Group.

(6) Where the decision will be the subject of a recommendation to the Full Council

Agenda item(s) ward affected	Subject	Dec. No.	Decision and reason for decision	Other options considered
2.1 All	Published decision sheets of the Executive meeting held on 25th July 2022	EX/88/22	That the published decisions of the Executive meeting held on 25th July 2022 be agreed as a correct record of the meeting and the Chair be authorised to sign them.	
3.1 All	Revenue and Capital Budget Monitoring Report Quarter 1 2022-23	EX/89/22	(i) That the significant forecast overspend of £10.066m indicated for General Fund Services at the first Quarter's monitoring, after the use of the general contingency budget and some specific reserves be noted. Within this: a) That the current £0.8m early forecast impact of price inflation reported at Q1 and the risk of costs increasing further be noted. b) That the current £1.8m early impact of coronavirus on the council's costs and income reported at Q1 be noted. c) That the £3.9m indicative increase in costs from offers made for this year's pay awards be noted. d) That the £1m currently at risk on the delivery of this year's budgeted savings programme be noted. e) That the £2.6m of specific cover for inflation and coronavirus impacts remains available in reserves	Executive can accept, reject or amend the recommendations in report

			pending assessment of the full impacts this year be noted. (ii) That the current forecast overspends for the Housing Revenue Account £1.332m, Public Health £0.140m and Schools budgets £0.086m at Q1 be noted. (iii) That the £1.5m reduction in spend forecast for the general fund capital programme be noted. (iv) That the recovery actions at paragraph 7, planned for reducing the current forecast overspend toward returning to a balanced position by the end of the year and for improving the prospects for the 2023/24 Budget be noted. Reason: To advise the latest financial performance to Budget for 2022/23 (Note: The above item was considered by the Executive in compliance with Regulation 15 (General Exception) of the Local Authorities (Executive Arrangement) Meetings and Access to Information) (England) Regulation 2012)	
8.	Regulation 4 of the Local Authorities (Executive Arrangements)(Meetings and Access to information)(England) Regulations 2012	EX/90/22	A resolution was passed under Regulation 4(2) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to exclude the public from the meeting during consideration of the item(s) listed below as	

			it is likely, that if members of the public were present during the transaction of the item(s), exempt information within the meaning of Paragraph(s) of Part 1 of Schedule 12A to the Local Government Act 1972 indicated the item would be disclosed to them.	
8.1	Private Decision Sheet of the Executive meeting held on 25th July 2022	EX/91/22	That the private decision sheet of the Executive meeting held on 25th July 2022 be taken as a correct record of the meeting and the Chair be authorised to sign them.	

Meeting ended: 6.19 pm

Date of Publication: 17 August 2022

Exempt Information

Summary of those matters which by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 may be discussed in private

Paragraph

No.

1. Information relating to any individual.

2. Information which is likely to reveal the identity of an individual.

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour related matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

6. Information which reveals that the authority proposes:

   (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or

   (b) to make an order or direction under any enactment.

7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Luton

Item No:
5.1

Report For:	**Executive**
Date of Meeting:	20 September 2022
Report Of:	**Service Director, Citizen Engagement and Legal Services**
Report Author:	**Debbie Janes**
Subject:	Reference from Overview & Scrutiny Board: The Protection of Luton’s Parks and Green Spaces – Calculating a social value score for Luton’s Parks and Green Spaces
Lead Executive Member(s):	Councillor Lovell
Wards Affected:	All
Consultations:	Councillors ☐ Scrutiny ☑ Stakeholders ☐ Others ☐

Recommendations:

1. That the Executive:

(i) note that the methodology of the social value toolkit to be applied to the classification of parks and open spaces is supported by the Overview & Scrutiny Board;

(ii) be requested to produce a provisional timescale for achieving the protection of all parks and open spaces using the social value methodology toolkit.

Background

2. The Overview and Scrutiny Board at its meeting held on 9th August 2022, received a report from the Service Director, Neighbourhood Services on the protection of Luton’s Parks and Green Spaces: Calculating a social value score for Luton’s Parks and Green Spaces.

3. The Board’s views were sought on a methodology proposed to be used to create a social value toolkit which could be used to prioritise the protection of parks and green spaces by means of a Deed of Dedication.

3. The report was an update of a previous report received by the Overview and Scrutiny Board at their meeting on 22 November 2021 which resulted in the following reference to the Executive on 10th January 2022:

“The Overview and Scrutiny recommends the Executive to seek the identification of those parks and green open spaces which are of the greatest social value and those which are most at risk and to start a process of gradually, over as many years as necessary, progressing deed of dedication arrangements with Fields in Trust with an ultimate aim of protecting all Luton parks and green open spaces from development.”

The Current Position

4. Following the 10 November Executive, officers had been asked to work with the Council's Business Intelligence Team to produce a social value tool which could be used to measure the social value of parks and green spaces across the Borough.

5. That toolkit had now been developed as submitted to Overview and scrutiny Board on 9 August 2022. Overview and Scrutiny Board were advised that it was now proposed that the prioritisation of parks and green spaces would be based upon the overall social value score assigned to each space and would not take account of their classification in terms of their designation in the Local Plan. This was because the social value score was determined using a wide range of social-economic and environmental factors.

6. Members of the Overview and Scrutiny Board, whilst acknowledging its complexity, were supportive of the methodology but were concerned about the length of time it would take for the designations to have effect to protect all parks and green spaces in the Borough.

7. Budgetary constraints were an issue as there were costs to the process and no identified budget, however the Overview and Scrutiny Board felt that a provisional timescale for protecting parks and open spaces prioritised using the Toolkit, would be helpful.

8. The finalised report on this matter is set out elsewhere on the agenda for this meeting and the Executive are requested to consider this reference alongside that report.

Resource Implications

9. The Overview and Scrutiny Board were reminded of the resource implications presented at their meeting on 22 November 2021.

Proposal

10. That the Executive be advised that the Overview and Scrutiny Board supports the methodology for and application of, the social value toolkit, but asks that the Executive produce a provisional timescale for achieving the protection of all parks and open spaces using the social value methodology toolkit.

Consultations

11. Overview and Scrutiny Board.

Alternative options considered and rejected (please specify)

12. To accept the recommendation of the Overview and Scrutiny Board.

13. To reject the recommendation of the Overview and Scrutiny Board and request further information.

List of Background Papers - Local Government Act 1972, Section 100D

Executive Report – 10th January 2022 and decision EX/03/22
Overview and Scrutiny Board report – 9 August 2022 and Minute 50/22

Implications - an appropriate officer must clear all statements

Required

Item	Details	Clearance Agreed By	Dated
Legal	A scheme to dedicate parks and green spaces has to be carefully considered. Consideration will have to be given to factors including: 1. Their existing status. For example, some major green spaces within the borough are common land and legally it would be very difficult or impossible for these to be dedicated. 2. Strategic commercial interests of the Council. Many greenspaces will have existing commercial property within their boundaries or the potential to develop redundant parts. The Council will need to consider how appropriate a dedication is for all or part of the greenspace. 3. Legal rights and interests that third parties may have over the whole or part of the greenspace. This may affect the extent of the dedication, or prevent the entire space being dedicated. There should be early consultation with the Council's property and legal teams. This should be done on a case by case basis before instructing external surveyors to prepare plans	Paul McArthur, Solicitor	23 August 2022
Finance	The financial implications of progressing deed of dedication arrangements with Fields in Trust are outlined in the report and total at least £727,000. There is currently no budget provision for this in the Council's Medium term Financial Plan. For this to be included in the Council's budget, a business case would be required to enable the proposal to be considered, and for the affordability and prioritisation against other service delivery requirements within the overall budget to be assessed.	Dev Gopal, Director, Finance, Revenues & benefits	31 August 2022
Equalities / Cohesion / Inclusion (Social Justice)	Safeguarding of parks and green spaces is positive for all people across all shared characteristics. The tool as designed takes in to account a range of factors to ensure that the park and green spaces are protected based upon the social value they bring to the residents in the area of the park. Prioritising the protection based upon those scores will bring the maximum benefit to those residents in the area of the park and green space	Maureen Drummond, Equality and Diversity Adviser	31 August 2022

Item	Details	Clearance Agreed By	Dated
Environment	The recommended process has potential to increase the legal level of protection of parks and green spaces and as such is considered to have positive environmental impacts.	Shaun Askins Service Manager Strategy & Sustainability	23/08/22
Health	Parks and green spaces have a positive impact on physical and mental health, so proposals to enhance the protection of these can only have benefits to health and wellbeing	Dr Susan Milner Interim Consultant	24/08/2022

Optional

Item	Details	Clearance Agreed By	Dated
Community Safety			
Staffing			
Other			

Luton

5.2

Report For:	**Executive**
Date of Meeting:	20 September 2022
Report Of:	**Service Director of Citizen Engagement and Legal Services**
Report by:	**Nuzhat Uddin – Democracy & Scrutiny Officer**
Contact Officer:	**Nuzhat Uddin – Democracy & Scrutiny Officer**
Subject:	**Reference from Scrutiny Finance Review Group – Revenue & Capital Budget Monitoring – Quarter 1 2022/23**
Lead Executive Member(s):	Cllr Roche
Wards Affected:	All
Consultations:	Councillors ☐ Scrutiny ☑ Stakeholders ☐ Others ☐

Recommendations

1. That the Executive be advised that it is the view of the Finance Review Group that budgets should not only be balanced, but should be realistic and achievable.

Background

2. At the meeting of the Finance Review Group (FRG) held on 17th August 2022 the Service Director of Finance, Revenues and Benefits submitted a report in regards to the Revenue & Capital Budget Monitoring – Quarter 1 2022/23.

The Current Position

3. Following detailed discussions, Councillor Franks moved the following resolution to the Executive, which was seconded by Councillor Skepelhorn:

"(i) That the Officers be thanked for a thorough and informative report, and:

(ii) That the Executive be advised that it is the view of the Finance Review Group that budgets should not only be balanced, but should be realistic and achievable".

4. The above resolutions being put to the vote and was carried by majority (three in favour, two against and one abstained).

Goals and Objectives

5. To consider the recommendations from the Scrutiny Finance Review Group meeting held on 17th August 2022 in respect of the Revenue & Capital Budget Monitoring – Quarter 1 2022/23.

Proposal

6. That the Executive is requested to consider the recommendation from the Scrutiny Finance Review Group meeting held on 17th August 2022.

Key Risks

7. The key risks associated with the revenue budget are as follows:

- Delivering a balanced budget for 2022/23 and 2023/24.
- Delivering the full savings programme.
- Managing in-year cost pressures, including those reported in volatile and demand led statutory service budgets and demonstrating value for money on service delivery.
- Managing the acute increase in price inflation and linked pressures on pay costs.
- Managing the continued developments and impacts from the coronavirus, particularly on reduced income levels.
- The continued development of procurement, commissioning and transformation activity to support the plans to deliver the savings required for future Budgets.

Consultations

8. The Finance Review Group considered the Revenue & Capital Budget Monitoring – Quarter 1 2022/23 report at its meeting held on 17th August 2022.

Alternative options considered and rejected (please specify)

9. To agree to the recommendation of the Scrutiny Finance Review Group.

10. Not to agree the recommendation and consider an alternative as the responsible decision making body.

List of Background Papers - Local Government Act 1972, Section 100D

Executive Report - 15 August and decision EX/89/22
Scrutiny: Finance Review Group Report – 17 August 2022 and Minute 49/22

Implications - an appropriate officer must clear all statements
For CLMT only Legal and Finance are required

Required

Item	Details	Clearance Agreed By	Dated
Legal	The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's Service Director for Finance, Revenues & Benefits is required to establish financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Executive to receive information about the revenue and capital budgets as set out in this report. Section 3 of the Local Government Act 1999 requires the Council as a best value authority to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Monitoring of performance information is an important way in which that obligation can be fulfilled.	Vicky Sowah Principal Solicitor	22 August 2022
Finance	The current forecast identifies a significant risk of overspending this year's budget, with combined pressures from high levels of service activity and major new pressures from pay and price inflation, in common with all Local Authorities. Early measures are being taken to improve the current position, toward achieving a final position within budget by the end of this financial year. Progress will be reviewed at Q2 and a view taken on any further recommended measures needed to ensure a balanced outturn position this year. The cumulative effects of pay and price inflation are also a serious threat to a sustainable ongoing budget position. The recovery measures being undertaken will also need to contribute to the ongoing balancing of next year's budget. It is worth noting that when the budget was prepared, it was based on assumptions regarding pay and price inflation based on the best information available at that time and also forecast produced by Office of Budget Responsibility – part of HM Treasury.	Dev Gopal Service Director Finance Revenues & Benefits	23 August 2022

Item	Details	Clearance Agreed By	Dated
	These assumptions are no longer appropriate given inflation is currently running above 10% and the Quarter 1 forecast are based on latest inflation forecast and information.		
Equalities / Cohesion / Inclusion (Social Justice)	There are no direct equalities implications to this report.	Maureen Drummond, Equality and Diversity Adviser	18 August 2022
Environment	There are no direct environmental implications to this report.	Shaun Askins, Service Manager Strategy & Sustainability	18 August 2022
Health	This report does not have any direct health implications. A plan of action continues to be necessary to ensure that measures are in place to reduce transmission of coronavirus.	Sally Cartwright Director of Public Health	22 August 2022

Optional

Item	Details	Clearance Agreed By	Dated
Community Safety			
Staffing			
Other			

Luton

Item No:
8

Report For:	**Executive**
Date of Meeting:	20 September 2022
Report Of:	Corporate Director – Children, Families and Education
Report Author:	Debbie Craig, Senior Education Officer
Subject:	2023/24 Academic Calendar for Community Schools and Maintained Nursery Schools
Lead Executive Member(s):	Cllr Khan
Wards Affected:	Click here to enter text.
Consultations:	Councillors ☐ Scrutiny ☐ Stakeholders ☐ Others ☑

Recommendations

1. Executive is recommended to approve the 2023/24 Academic Calendar, set out at Appendix A, for Luton's Community Schools and Maintained Nursery Schools.

Background

2. In 2004 the Local Government Association (LGA) established the following principles in relation to the school year:

- ❖ Start the school year on a September date as near as possible to 1 September.
- ❖ Equalise teaching and learning blocks (roughly 2x7 and 4x6 weeks).
- ❖ Establish a two-week spring break in early April irrespective of the incidence of the Easter bank holiday. (Where the break does not coincide with the bank holiday the date should be, as far as practicable, nationally agreed and as consistent as possible across all local authorities.)
- ❖ Allow for the possibility of a summer holiday of at least six weeks for those schools which want this length of break.
- ❖ Identify and agree annually designated periods of holiday, including the summer holiday, where head teachers are recommended not to arrange teacher days.

3. The LGA principles are based on:

- ❖ Avoiding terms of uneven length which disrupt curriculum planning and delivery.
- ❖ Concern that parents increasingly take their children out of school on holiday in term time because of varied holiday patterns.
- ❖ Ensuring that teachers and parents with children at school in neighbouring authorities are not inconvenienced by differing term and holiday dates.

4. The LGA have not provided model calendars to local authorities for some time, however, many still base their term dates on the principles set out above.

The Current Position

5. Local Authority Officers met to consider term dates for academic year 2023/24. Representatives from Cambridgeshire, Norfolk, Northamptonshire, Hertfordshire, Bedford Borough, Milton Keynes, Harrow, Southend, Surrey, Suffolk, Essex, Buckinghamshire, and Luton attended this meeting. The proposed calendar, at Appendix A, is based on the agreed dates.

6. The proposed term dates, at Appendix A, broadly align with those determined by Bedford Borough Council and Hertfordshire County Council (there are some very minor variations such as a one or two day difference at the start and end of term). Central Bedfordshire Council is also expected to broadly align with these dates.

7. The proposed term dates for 2023/24, set out at Appendix A, are summarised below:

Autumn Term (1)	1 Sept 2023 – 20 Oct 2023	36	October Half Term Break	23 - 27 Oct 2023
Autumn Term (2)	30 Oct – 19 Dec 2023	37	Christmas Break	20 Dec 2023 – 2 Jan 2024
Spring Term (1)	3 Jan – 16 Feb 2024	33	February Half Term Break	19 – 23 Feb 2024
Spring Term (2)	26 Feb – 28 March 2024	24	Easter Break	29 March - 11 April 2024
Summer Term (1)	**Training Day – 12 April 2024** 15 April – 24 May 2024	30	Whitsun Half Term Break	27-31 May – 2024
Summer Term (2)	3 June – 19 July 2024	35		
Total		**195**		

8. The above dates provide for:

- 190 school days
- 1 training day on 12 April 2024
  4 training days (to be set by individual governing bodies).

Consultation with head teachers

9. Although the Council only sets the term dates for community schools and maintained nursery schools, consultation took place with all Luton schools and academies to try to ensure consistency of approach across the Borough. This is particularly important to parents with children attending different schools.

10. Fifteen responses, to the consultation, were received from school representatives; their comments are set out at Appendix B. Eighty per cent of those who responded supported the proposed term dates. Three school representatives suggested alternative approaches and responses to these comments are also set out in Appendix B.

Children, Families and Education Joint Negotiation Consultation Committee

11. The proposed term dates were discussed at the Children, Families and Education Joint Negotiation Consultation Committee on 13 July 2022. The Committee supported the proposed term dates.

Goals and Objectives

12. To devise academic calendars that:

- ensure that children receive their minimum educational entitlement of at least 190 school days per academic year (380 sessions).
- support curriculum planning and delivery.
- ensure that, as far as possible, all foundation and voluntary aided schools and academies in Luton align with the term dates set for community schools so there is a consistent approach to term dates within Luton.
- the academic calendar aligns, as far as possible, with neighbouring local authorities to ensure that school staff and parents with children at schools in neighbouring authorities are not inconvenienced by differing term and holiday dates.

Proposal

13. Executive is recommended to adopt the Academic Calendar for 2023/24, set out at Appendix A, for Luton's Community Schools and Maintained Nursery Schools.

Key Risks

14. That Luton's foundation schools, voluntary aided schools or academies operate different term dates to those determined for community schools. All head teachers were consulted to try to ensure consistency across the Borough.

15. Local variations in academic calendars may cause Luton school staff problems with childcare arrangements, if they are resident in another local authority area. It will also be problematic for parents if they have children attending schools in Luton and neighbouring local authority areas.

Luton 2040 Contribution

16. In setting the academic calendar the Council is ensuring that community schools provide the required number of school days for Luton's children. This contributes to making Luton a child-friendly town where children can receive excellent educational outcomes.

Consultations

17. As detailed above, head teachers and the Children, Families and Education JNCC have been consulted on the proposed term dates.

Alternative options considered and rejected (please specify)

18. There was considerable discussion around the timing of the February half term and Easter with regional colleagues, many of whom needed to align with London boroughs. Ultimately the proposed calendar represents a difficult to reach consensus across the region in terms of the timings of half terms and the Easter holiday.

Appendices Attached

19. The following appendices are attached to this report:

- ❖ Appendix A – Proposed Academic Calendar for 2023/24
- ❖ Appendix B – Summary of responses from head teachers on the proposed calendar

List of Background Papers - Local Government Act 1972, Section 100D

20. None.

<u>Implications - an appropriate officer must clear all statements</u>

Required

Item	Details	Clearance Agreed By	Dated
Legal	Under Section 32 of the Education Act 2002, the Council has a legal duty to set School Term and Holidays Dates for its Community Schools and Maintained Nursery Schools in its area. The Education (School Day and School Year) (England) Regulations 1999 require all Maintained School's to be open to educate their pupils for at least 380 sessions (190 days) in each school year. A Maintained School's year must begin after the end of July. These regulations do not apply to Academies and Free Schools – as with the length of the school day the academy trust is responsible for deciding the length of the school year. Under the terms of the School Teachers' Pay and Conditions document, in addition to the 190 teaching days, teachers are also required to be available for work under the direction of	Samantha McKeeman, Principal Solicitor	5/8/22

Item	Details	Clearance Agreed By	Dated
	the Head teacher for five in-service (Inset) training days (10 sessions) per School year.		
Finance	Council maintained Schools are funded directly by a separate Dedicated Schools Grant (DSG) and hence there are no financial implications to this report.	Atif Iqbal (Finance Business Partner)	22/08/2022
Equalities / Cohesion / Inclusion (Social Justice)	There are no equality issues relating to this report.	Maureen Drummond, Equality and Diversity Adviser	9 August 2022
Environment	There are no direct or indirect environment implications to this report	Shaun Askins – Service Manager Strategy & Sustainability	8/8/22
Health	There are no health issues relating to this report.	Sue Milner (Consultant in Public Health)	9/8/2022

Optional

Item	Details	Clearance Agreed By	Dated
Community Safety			
Staffing			
Other			

Appendix A - Draft Academic Calendar for Community Schools (based on the Eastern Region Model Calendar) 2023/24

SEPTEMBER 2023					
Monday		4	11	18	25
Tuesday		5	12	19	26
Wednesday		6	13	20	27
Thursday		7	14	21	28
Friday	1	8	15	22	29
Saturday	2	9	16	23	30
Sunday	3	10	17	24	

OCTOBER 2023					
Monday	30	2	9	16	23
Tuesday	31	3	10	17	24
Wednesday		4	11	18	25
Thursday		5	12	19	26
Friday		6	13	20	27
Saturday		7	14	21	28
Sunday	1	8	15	22	29

NOVEMBER 2023					
Monday		6	13	20	27
Tuesday		7	14	21	28
Wednesday	1	8	15	22	29
Thursday	2	9	16	23	30
Friday	3	10	17	24	
Saturday	4	11	18	25	
Sunday	5	12	19	26	

DECEMBER 2023					
Monday		4	11	18	25
Tuesday		5	12	19	26
Wednesday		6	13	20	27
Thursday		7	14	21	28
Friday	1	8	15	22	29
Saturday	2	9	16	23	30
Sunday	3	10	17	24	31

JANUARY 2024					
Monday	1	8	15	22	29
Tuesday	2	9	16	23	30
Wednesday	3	10	17	24	31
Thursday	4	11	18	25	
Friday	5	12	19	26	
Saturday	6	13	20	27	
Sunday	7	14	21	28	

FEBRUARY 2024					
Monday		5	12	19	26
Tuesday		6	13	20	27
Wednesday		7	14	21	28
Thursday	1	8	15	22	29
Friday	2	9	16	23	
Saturday	3	10	17	24	
Sunday	4	11	18	25	

MARCH 2024					
Monday		4	11	18	25
Tuesday		5	12	19	26
Wednesday		6	13	20	27
Thursday		7	14	21	28
Friday	1	8	15	22	29
Saturday	2	9	16	23	30
Sunday	3	10	17	24	31

APRIL 2024					
Monday	1	8	15	22	29
Tuesday	2	9	16	23	30
Wednesday	3	10	17	24	
Thursday	4	11	18	25	
Friday	5	12	19	26	
Saturday	6	13	20	27	
Sunday	7	14	21	28	

MAY 2024					
Monday		6	13	20	27
Tuesday		7	14	21	28
Wednesday	1	8	15	22	29
Thursday	2	9	16	23	30
Friday	3	10	17	24	31
Saturday	4	11	18	25	
Sunday	5	12	19	26	

JUNE 2024					
Monday		3	10	17	24
Tuesday		4	11	18	25
Wednesday		5	12	19	26
Thursday		6	13	20	27
Friday		7	14	21	28
Saturday	1	8	15	22	29
Sunday	2	9	16	23	30

JULY 2024					
Monday	1	8	15	22	29
Tuesday	2	9	16	23	30
Wednesday	3	10	17	24	31
Thursday	4	11	18	25	
Friday	5	12	19	26	
Saturday	6	13	20	27	
Sunday	7	14	21	28	

AUGUST 2024					
Monday		5	12	19	26
Tuesday		6	13	20	27
Wednesday		7	14	21	28
Thursday	1	8	15	22	29
Friday	2	9	16	23	30
Saturday	3	10	17	24	31
Sunday	4	11	18	25	

School Holidays
Training Day
Bank Holiday

Children, Families and Education Directorate

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Luton

Appendix B - Responses from School Representatives to the consultation on term dates for 2023/24

1. Do you agree with the proposed academic calendar for 2023/24?	Other comments	What is the name of your school?	Headteacher's Signature	LA response to comments
Yes		Pirton Hill Primary School	Glenn Booth	
No	I would propose that we finish school on Friday 22nd December 2023 and return on Monday 8th Jan. Thank you.	Dallow Primary	Katharine Lovell	Schools usually break up around the 18 December and 22 December would be a very late date to end the term.
Yes	This has not yet been discussed with the Middlesex Learning Trust but it makes sense to align with Luton Secondary Schools	Stopsley High School	Karen Hand	
Yes		Lady Zia Wernher	Hilary Davies	
Yes	We are a part of Creating Tomorrow Trust, which is a Northamptonshire Trust. All schools in the Trust are required to close for two weeks for October Half Term break (from 23 Oct to 3 Nov 2023). We manage this by commuting two training days (during that time in October) into twilight sessions and extending the academic year to 24th July 2024. This has happened this academic year. Our Governing Body and Trust have approved the dates for the 2022-23 academic year as well.	Windmill Hill School	Supriya Menon	
No	Change the February half-term so that it runs 12 - 16 February, meaning roughly 5 weeks each half term, as opposed to a 6 week/4 week split under current proposals (this makes the second half of the Spring term incredibly short).	Putteridge Primary	Colin Pickard	Taking this approach would mean Luton would be out of sync with neighbouring LAs which will cause childcare difficulties for teachers and support staff, working in Luton schools, who live outside of Luton. There was considerable discussion around the timing of the February half term and Easter with regional colleagues, many of whom needed to align with London boroughs. Ultimately the proposed calendar represents a difficult to reach consensus across the region in terms of the timings of half terms and the Easter holiday.
Yes		Someries Infant School and Early Childhood Education Centre	Michael Scott	
Yes		Someries Junior School	Jason Hunt	
Yes		William Austin Junior	Jo Adams	
Yes		Warden Hill Infant School	Lisa Maxted	
Yes		Warden Hill Junior School	Mark Welch	
Yes		Putteridge High School	Mr David Graham	
Yes	Both Heads of Hillborough Schools have met (23rd May) and have agreed to the proposed term dates	Hillborough Infant & Nursery School	Ms Josie Walter	
Yes	Ramridge's additional training dates are Friday 1st September 2023, Wednesday 3rd January 2024, Thursday 26th March 2024 and Monday 3rd June 2024 (subject to Governing Body approval)	Ramridge Primary School	Angela Hussey - School Business Manager on behalf of Headteacher Carolyn Doherty	
No	Agree with training day on 12th April and the majority of calendar. Preference would be to break up 20/12/23 and then return 4/1/24- easier to settle our aged children after a holiday for two days then a weekend. Also so busy before Christmas to only have two days in last week in Autumn Term doesn't work.	The Ferrars Academy	Sarah Green	This approach would further elongate Autumn Term (2) which is currently 37 school days and shorten Spring Term (1) which is currently 33 days.

Luton

		Item No: **9**
Report For:	**Executive**	
Date of Meeting:	20 September 2022	
Report Of:	**Youth Justice**	
Report Author:	**David Collins**	
Subject:	Youth Justice Plan 2022/23	
Lead Executive Member(s):	Cllr Tahmina Saleem	
Wards Affected:	All Wards	
Consultations:	Councillors ☐ Scrutiny ☑ Stakeholders ☑ Others ☑	

Recommendations

1. **That the Executive is recommended to approve the content of the Luton Youth Justice Plan for 2022/23.**

Background

2. The Youth Offending Service (YOS) is a statutory multi agency service which has a responsibility to prevent offending and reoffending by those aged under 18 years who are resident in Luton. Luton YOS is well respected nationally as a high performing service achieving good outcomes for children and young people. There is a statutory requirement to produce and submit to the Youth Justice Board a Youth Justice Plan as set out in the Crime and Disorder Act 1998 section 40. The plan should set out how youth justice services are to be provided and funded, how the Service will be composed and funded, how it will operate and what functions it will carry out. The Plan must be submitted for approval to the Youth Justice Board (YJB) and published in accordance with the directions of the Secretary of State. The submission of the plan is also a condition for receipt by the service of the second instalment of the Youth Justice Board Good Practice Grant.

3. The YOS is not a new service and must produce a plan however, whilst statute requires the production of an annual plan, the Youth Justice Board has previously welcomed plans that cover more than one year. Given the national priorities around youth justice had not changed in some time, Luton YOS completed a 3 year plan for 2019 until 2022. However the Youth Justice Board has now changed and dictated the format in which the plan needs to be written in 2022/23 and there is a current on-going consultation around the statutory performance indicators which means it would be unwise to create a three year plan at this stage.

The Current Position

4. The YOS is a multi-agency service hosted by Luton Council within the Children, Families and Education Directorate. The governance of the Service is through the YOS Strategic Management Board made up of the required statutory representatives (including Police; National Probation Service; Local Authority; Health (BLMK).

5. The areas of work for the YOS are laid out in legislation, government policy and national guidance. The detail of local operational priorities and delivery are developed

in agreement and with reference to key local strategic boards including Community Safety Executive; Children Trust Board; Local Safeguarding Children's Board and Bedfordshire Criminal Justice Board.

6. The format has changed considerably from previous plans, in previous years we have been able to be a little more creative in presentation and headings. However this plan has now been written following the exact template and headings directed by the Youth Justice Board. As such, it is fairly lengthy, less a plan and more of an in-depth deep dive of the Service as a whole.

7. The plan contains the same high level analysis of performance in the previous year, the current work going on within the Service and planned strategic priorities for the Service going forward.

Goals and Objectives

8. The central Government strategic targets for the YOS remain unchanged and remain as reducing first time entrants to the Criminal Justice System, reducing re-offending and reducing the use of custody for children and young people. The priorities contained with this plan are only outlines and do not reflect the various specific local delivery plans and performance targets in place with partners to achieve central and local targets.

9. Our priorities going forward continue to be to ensure Luton is a safe place to grow up, live and work in and to enable children and young people to make a positive contribution to their communities and achieve positive outcomes for themselves. Working in partnership with Children's Services in Luton, these priorities are drawn from national research and national performance indicators, alongside local data and priorities identified across the partnership.

10. All financial implications are contained within the attached Youth Justice Plan for Luton 2022/23. In summary, all the costs will be matched by the available partnership funding and any other new grants/funding which become available without incurring any additional cost pressures to the Council general fund.

Proposal

11. Approval of the Luton Youth Justice Plan for 2022/23.

Key Risks

12. All key risk are contained with the **Challenges, risks and issues** under section 10 of the plan.

Consultations

13. The Plan draws on self-assessment and consultation within the multi-agency Youth Offending Service and partner agencies particularly those represented on the YOS Strategic Management Board.

Alternative options considered and rejected (please specify)

To accept, reject or amend the report Appendices Attached

Appendices Attached

Appendix A - Youth Justice Plan for Luton 2022/23
Appendix B - YJ Plan guidance 2022-23

List of Background Papers - Local Government Act 1972, Section 100D

There are no background papers to the report.

Implications - an appropriate officer must clear all statements

For CLMT only Legal and Finance are required

Required

Item	Details	Clearance Agreed By	Dated
Legal	Local authorities have a statutory duty to submit an annual youth justice plan relating to their provision of youth justice services. Section 40 of the Crime and Disorder Act 1998 sets out the youth offending partnership's responsibilities in producing a plan. It states that it is the duty of each local authority, after consultation with the partner agencies, to formulate and implement an annual youth justice plan, setting out: • How youth justice services in their area are to be provided and funded; and • How the youth offending team (YOT) or equivalent service will be funded, how it will operate, and what functions it will carry out. Provided that the plan complies with the statutory requirements there are no further legal implications in this report.	Lyndsey Parsons Solicitor - Property and Planning	15.08.22
Finance	All financial implications are included in the plan. Although there are no direct implications to the Council Contributions currently, due to of on-going difficult Council financial position, all the Council spend is being scrutinised.	Atif Iqbal Finance Business Partner	22.08.22
Equalities / Cohesion / Inclusion (Social Justice)	The work we do as a Service only seeks to improve the lives of our children and young people and that is themed throughout this plan. The plan does not have a negative impact on people sharing a protected characteristic and as such an IIA is not needed. However, any future individual projects relating to the youth justice plan will have an IIA produced (where required).	Maureen Drummond, Equality and Diversity Adviser	11.08.22
Environment	There are no direct environmental implications of this report. However indirectly there could be	Keith Dove, Strategic	23.08.22

Item	Details	Clearance Agreed By	Dated
	environmental benefits as some actions in the Youth Justice Plan in particular those associated with Strategic Priorities 3 & 4 (to Safeguard children/young people and the public from harm) could reduce personal safety fears that some age groups within the local community often state as a barrier discouraging them from walking or cycling, which in turn could reduce CO2 and other emissions.	Policy Adviser	
Health	The plan shows specific focus on health and wider public health considerations recognising the significant association between drug and alcohol misuse, offending and antisocial behaviour and adverse childhood experiences that contribute to lifelong health. As such the work of the staff including health workers based at the YOS is crucial not only to the strategic aims of preventing and reducing offending but also meeting the health and wellbeing needs of the young people in the youth justice system who are at high risk of multiple health inequalities and poor life chances. There is a clear focus on tackling inequalities through the plan, which is welcomed.	Sally Cartwright – Director of Public Health	22.08.22

Optional

Item	Details	Clearance Agreed By	Dated
Community Safety			
Staffing			
Other			

Luton Youth Justice plan 2022/23

Service	Luton
Head of Service	David Collins
Chair of Strategic Management Board	Chief Superintendent John Murphy

Contents

1. Introduction, vision and strategy

In Luton we have always been extremely proactive in the use of data relating to the risks and needs of our cohorts in order to develop initiatives to improve outcomes for our children and their families. This data picture has been key to how we have developed as a Service, particularly during lockdown, providing context to the issues and complexities faced by our children in Luton. This continued throughout the pandemic and the Service saw developments to address the exploitation of our children during covid and lockdown conditions. Exploitation did not stop in Luton, it simply adapted to the environment and we needed new thinking to develop ways of tackling this directly in the community. This saw innovative projects such as Tree (Tackling, Reducing and Ending Exploitation) and the co-produced Tapp Out interactive app developed, both detailed later within the plan.

In an attempt to fully understand the impact of covid and lockdown on our already vulnerable children, the Strategic Management Board commissioned a number of analytical assessments of our cohorts. Through this work, we began to identify the challenges for children in Luton post lockdown. Early studies identified a 28% rise in offence categories that could be mapped to criminal exploitation using the 2019 Children's Society report 'Counting Lives.' At the time, this correlated to a third of all cases with identified exploitation markers open within our early intervention and prevention initiatives. That was a worrying increase in a short space of time.

Building on these initial findings the Board tasked the key strategic partners, within the Local Accountability Meeting, to explore and understand the unprecedented implications for children and families in Luton as a result of covid. As we enter the post covid world, we suspect that we may have to contend with the long-term physical health effects on children as well as the damage to mental health that has been done by the stress of the pandemic and the multiple lockdowns. Using accurate risk and needs data across all of our cohorts and utilising national research literature such as 'The Youth Justice System's Response to the COVID-19 Pandemic' (Harris, M. Goodfellow, P. 2021) and tools from the contextual safeguarding network, the youth justice partnership have undertaken extensive analytical assessments. The principal aim has been to gain an accurate as possible picture of the impact of covid on our local population of children, not just to meet the immediately needs of children in our system but also to anticipate the challenges ahead for those children in our communities who may be drawn into exploitation as a result.

It is important to understand that as a Service we do not just deliver youth justice services, we have a large early intervention footprint, targeted youth cohorts and edge of care services. In addition, we co-ordinate the serious violence response through prevention and intervention, co-ordinate community organisations, schools delivery and partner with the police and the Violence and Exploitation Education Unit on a pan Bedfordshire level. Given the scope of our service delivery, the data we have available across these cohorts provides a fairly accurate analytical assessment and local profile. This extensive partnership work has provided the Strategic Management Board with key strategic priority areas of focus including, earlier intervention, health and education.

Our current risk management panels and procedures across the Service have been successful in providing earlier identification of exploitation and fast track access for many children and young people into specialist intervention. However based on our analysis, the reality is that many of these children have already been exploited or involved in gang associated behaviour and previous safeguarding approaches have meant that various opportunities to intervene at an earlier stage may have been missed. Whilst acknowledging there are exceptions, the majority of children involved in forms of exploitation or serious violence in Luton have similar factors associated with their life journey. The critical issue that we need to understand is how children in Luton are drawn into criminal exploitation with many through factors largely out of their control such as social economic issues or underlying health and education needs.

We also know that children and young people who present with behaviour difficulties and underlying social, emotional, mental health (SEMH) or additional learning needs are at increased risk of exclusion from school. We know that education is a major protective factor in reducing exploitation and the youth justice partnership has worked effectively with education colleagues to contribute to the Luton Behaviour, Inclusion and Wellbeing Strategy, developed to reduce exclusion and support children to remain in school. This aligns with the Education Strategy 2020, the Luton SEND Strategy 2020, the Children and Young People in Luton Guidance 2021 vision and practice framework and the town wide vision for Luton 2020-2040.

As a consequence, statutory services usually become involved with children at the point of crisis where the exploitative behaviours are far more entrenched and difficult to manage and remedy. Our statistics tell us that children who are exploited in to gang associated behaviours come into care at a later stage when they're 15, 16 or 17 years old. This is usually when the risk to the younger siblings is such that the parent(s) cannot manage the presenting behaviour. Typically the child's life journey at this later stage involves intensive interventions and costly care placements or custody to manage behaviour and risk. However it is clear from the analysis of the youth justice partnership that there are opportunities for a number of agencies, the community and individuals to intervene, provide support and build resilience to avoid the inevitable crisis points and utilise teachable moments in the child's life.

Youth Partnership Service

The work of the youth justice partnership has reduced the statutory footprint but as a consequence, increased the early intervention cohort through developed initiatives such as Multi-Agency Gangs Panel, Amber and programmes in schools and in the community. Equally whilst the Edge of Care part of the Service has shown great promise in the last 18 months with large cost avoidance targets being met, the current cohort is in the older age range.

The natural evolution of our Service development in Luton needs to see early intervention and prevention services targeting children at the start of their journey rather that the end. The Youth Offending Service, Targeted Youth Service and Edge of Care as 'parts of a whole' have developed over the last 5 years to meet the increasing needs of those children involved in all forms of exploitation. However the vision is to create one identify and we are in the process of creating an aspirational Youth Partnership Service that aims to meet the contextual safeguarding needs of children in Luton. This will see intensive specialist support put in place around the child and family to manage risk and need.

The vision is to build on the developments and analytical work of this partnership to create an innovative Service that can work both on the 'cliff edge' with children in crisis whether that be at risk of serious risk of harm, custody or care but also with younger children as they start to disengage from education or services before behaviour become entrenched. Significantly a thematic review commissioned by the Community Safety Partnership Executive following a tragic incident involving the death of a 16 year old boy in Luton, highlights some good practice around some of the early intervention pathways in Luton but also made recommendations to improve the flow of information and the targeted support available to children earlier. NB: This report is current in draft and not publically available as yet.

Adding to the recommendations within the thematic report, we have incorporated feedback from Ofsted focused visits to Luton in 2020 and 2021 and some extremely helpful peer review work through the Partners in Practice programme. As we develop the Youth Partnership Service and start to work further upstream with intensive early intervention and prevention, we aim to see reductions in children involved in forms of exploitation and a reduction in the entrenched issues currently presented by our early intervention cohorts.

2. Local context

Luton is a large town located approximately 30 miles north of central London and is a unitary authority area of Bedfordshire. Following several years of a fall in population, ONS mid-year data (2020 mid-year population estimate, ONS) shows Luton's population increased by 400 between 2019 and 2020 to 213,500. The population estimate translates into a population density of 49 persons per hectare; this figure is greater than some London Boroughs. Approximately 50 per cent of the current residents were not born or living in Luton at the time of the 2011 census. Luton's continuous population change puts pressure on an already densely populated area, which has limited room for growth within its boundaries, and provides significant challenges for service providers in achieving good outcomes in some areas of children's lives.

The 2020 mid-year population estimate for 0-17 year olds is 57,500 which is a small increase on the previous year. Luton has a younger population than the national average. The proportion of 0-17 year olds accounts for more than a quarter of the population in Luton at 27 per cent compared to 21.1 per cent nationally. Luton is one of the most vibrant and diverse environments in the country, with a long history of welcoming arrivals to the town from overseas. There are more than 160 languages and dialects spoken within our 'World Town'.

The population of children and young people is increasing (although the birth rate has recently fallen) and is becoming more diverse: over 80 per cent of school pupils are from black, Asian or ethnic minority (BAME) backgrounds. At the time of the 2011 census, the largest minority ethnic population was Asian/Asian British (40 per cent), however more recent patterns of migration from Europe means that the top two countries that people migrated to Luton from are Poland and Romania. There is variability across wards, ranging from one with 74% under 18 year olds being white British to one with 95% being from black and minority ethnic backgrounds.

Luton is ranked as the 70th (out of 317) most deprived local authority. In 2015 Luton was ranked as the 59th (out of 326) most deprived local authority, in 2010 as the 69th (out of 326) and in 2007 as the 87th (out of 354 authorities) most deprived local authority. Luton became relatively less deprived in comparison to the other local authorities of England between 2015 and 2019, reversing a previous trend of increasing deprivation. Four areas in Luton fall within the top 10 per cent of most deprived areas in England. Two of these are in Farley, with one each in South and Northwell wards.

In March 2020 39.4% of children in Luton living in relative poverty after housing costs taken into account (19th highest LA rate), this is down from 45.7% in 2017 (which was at the time 7th highest LA rate in the country). Although we have yet to receive the latest figures, we expect with the impact of the pandemic on Luton's economy that this will unfortunately have increased in the last 2 years.

A number of factors contribute to high poverty levels in Luton. Luton has a higher than average rate of unemployment and this, combined with benefit changes, has increased poverty and the demand for crisis services such as food banks. Although employment had been increasing prior to the Covid-19 pandemic, the growing casualisation of the labour market and unstable poorly paid jobs have led to some of this benefit not being universally felt. Many of the people accessing crisis services are in work, and unstable poorly paid work is making financial planning difficult for a growing section of the population of Luton. Rapidly increasing property costs and wages not increasing in line with the costs of living are putting extra pressures on household budgets.

The Covid-19 pandemic has disproportionally hit Luton's economy with unemployment rising at a faster rate and furlough figures being higher than the national figure. As well as higher unemployment, people on average are working fewer hours impacting incomes. There are people who were previously financially stable who are now falling into poverty.

3. Child First

Luton has one of the youngest populations in the country which provides enormous potential to the future to Luton. However having a young population also brings its challenges as Luton is currently experiencing one of the highest rates of child poverty outside of London. With the focus on children and young people aged 0 to 24 years old, it is vital we have a clear focus on giving our young people the best start in life to enable them to reach their full potential as adults.

The ambition within the Luton 2020-2040 strategy is for Luton to be a child-friendly town, one of three long-term commitments at the heart of our shared vision.

Making Luton a child-friendly town where our children and young people grow up feeling happy, healthy and secure, with a voice that matters and the opportunities they need to thrive.

- ensuring all children and young people can access their basic needs and essential services
- making sure children and young people grown up feeling safe and secure
- reducing educational and health inequalities for children and young people in Luton

- ensuring that children and young people with SEND have the same access to opportunities, activities and quality of life as other young people
- enabling our young people to have a voice that is heard and that matters

To measure progress on this priority we will be regularly monitoring the following target outcomes:

- all of our children and young people will be able to access services that keep them safe and secure
- reduced educational inequalities for our children and young people
- children and young people with SEND will have the same opportunities and activities as non-disabled children and young people
- excellent educational outcomes and increased aspiration and achievement for our children and young people
- our young people will have a voice that is heard and that matters

The national Youth Justice Board (YJB) promotes a vision of a Child First youth justice system, defined as a system where all services:

- Prioritise the best interests of children and recognising their particular needs, capacities, rights and potential. All work is child-focused, developmentally informed, acknowledges structural barriers and meets responsibilities towards children.
- Promote children's individual strengths and capacities to develop their pro-social identity for sustainable desistance, leading to safer communities and fewer victims. All work is constructive and future-focused, built on supportive relationships that empower children to fulfil their potential and make positive contributions to society.
- Encourage children's active participation, engagement and wider social inclusion. All work is a meaningful collaboration with children and their carers.
- Promote a childhood removed from the justice system, using pre-emptive prevention, diversion and minimal intervention. All work minimises criminogenic stigma from contact with the system.

As a Service working with the most vulnerable cohorts of children and young people in Luton, we are comprehensively involved and invested in promoting the vision of a Child First youth justice service and delivering the strategic priority to make Luton child-friendly town. The creation of our contextual safeguarding response through the Youth Partnership Service puts children first and aligns with measurable outcomes of the strategy. Significantly, the key priority areas of the Strategic Management Board (early intervention, health and education) place children and their needs at the centre of the specialist interventions we deliver.

4. Voice of the child

As a Service we prioritise gathering the thoughts, feelings and views of children entering the Service at the earliest opportunity. Whether this is at the point of sentence when we are assessing their initial concerns or at the point of allocation when we are considering whether a particular worker or Case Manager would be a good fit for supervising the children throughout the intervention.

Staff take an active role in producing assessments and intervention plans with the thoughts, feelings and views of the children taken into account. Therefore in terms of the ‘child first’ vision, it is essential that we do not create a hierarchical, overly consequential blame culture within the Service. We aim to create an environment of working together with children and their families with assessments and intervention plans based firmly around the factors for and against desistence. This ensures children feel empowered to achieve the aims that are being set for them. When children are actively involved in the creation of their plans, motivation and compliance with intervention are more likely to be successful.

Co-production means working together to develop services with children involved in the Service. Our children are actively encouraged to be part of focus groups and the various consultation processes, whether linked to pan Bedfordshire strategies such Bedfordshire Against Exploitation (BAVEX) or local corporate policy such as the creation of the Equality Diversity Inclusion agenda. Our children have been involved in the co-production of a Stop and Search panel following focus groups with police partners and our children were part of the consultation, development and creation of the Tapp Out interactive app, even starring in the filmed scenarios. This is outlined in detail later in ‘effective practice and innovation.’

As a Service we have developed questions for the SHEU survey to assess the impact of teaching and learning and modify future lessons accordingly. This also seeks to ascertain what impact exploitation related interventions and awareness deployed in schools have had the greatest impact on how safe children feel in the community. The SHEU survey over a number of years has allowed us to track the progress and impact of interventions on children’s’ views. As part of the Children, Families and Education Directorate Participation and Engagement Strategy 2021-2023, we co-ordinate the Luton Youth Council and will assist with the creation of the aspirational junior safeguarding board in Luton as well as a junior Parliament. The aim of all of these innovations is to give children and young people a voice within the local government political arena or empowering them to become involved in safeguarding business and activities. Considering that the children accessing our services are the hardest to reach, we see this work as a critical part of our delivery.

Whether it is simple non-verbal tools deployed in the Service such as the smiley face arrow pointer near the interview rooms to indicate how children are feeling on any given day or empowering children and young people to contribute to the processes and methods to keep them safe or issues that affect them in local government, we are committed to listening to the voice of children when making decisions that directly affect them.

5. Governance, leadership and partnership arrangements

We have developed an overall framework of governance that recognises the contribution of the agencies that make up the youth justice partnership at both a strategic and operational level. The Governance, Leadership and Management Delivery Procedures set out how each group and sub-group provides an overall governance and leadership structure that creates a clear link between the Strategic Management Board (SMB), the Local Accountability Meeting (LAM), the Leadership and Management Team (LMT) and staff on the front line of operational service delivery. See Appendix 1 for all terms of reference.

The SMB in Luton provides the key role in the leadership, strategic direction and governance of the Service. The quality of this directly impacts on the outcomes for young people in the youth justice system and the services they receive and the SMB examines key local threats and strategically devises multi-agency coordinated plans and actions to improve the practice and outcomes of the Service.

All new Board members receive an induction into the role and each are encouraged through the overall framework to scrutinise and challenge the information presented at all groups and sub-groups to ensure the Youth Justice partnership delivers an effective service to children and young people in Luton. Central to these developments is identifying and establishing clear links between the SMB and the day to day operations of the Service by ensuring the Board was cited on positive aspects of service delivery as well as the deficits in performance and the necessary analysis to support improvement. Equally important is the relationship between the staff and the SMB and part of the development has seen staff actively become part of the governance process and present to the Board directly.

Each quarterly performance review to the Board has a particular quantitative and qualitative aspect to the report which may highlight positive aspects of delivery or identify area where improvements need to be made. These reports drive the key areas of improvement that create the SMB's priorities in terms of youth justice service delivery in Luton as well as driving the service improvement agenda. Central to providing analysis and co-production across the partnership is the LAM.

The LAM gives opportunities to work closely with partners, jointly setting key performance indicators and priorities that impact on all services seconded to or commissioned into the Service. This operational part of the overall governance structure uses key local and Service data to consider the issues faced by children and young people in Luton and allows key partners to deal with the issues from a local, regionally and national perspective as well as how the youth justice cohorts fit with their own strategic delivery plans. The process of co-analysis and co-production has led to a greater understanding of the risks and needs of our cohorts, particularly post covid. The LAM also provides the forum for open debate of key decisions and challenges facing the Service but also for sharing wider perspectives and proposing new ideas and concepts.

The LAM has representation for each statutory partner, however membership is not limited and there is benefit from including a wider membership. It is important to emphasise that the partnership reflects the most appropriate local arrangement for maximum effectiveness and the composition of the LAM may change over time. Further representation has been co-opted from time to time to address matters arising from the practice or performance of the Service.

All members or the LAM are in a position to make or influence decisions within their organisation and commit resources, where appropriate. All members of the LAM are responsible for reporting to their own organisations, through their respective governance arrangements.

Partnership Arrangements

The Service continually strives to ensure our goals are consistently being met in an effective and efficient manner. We aim to align our resources, systems and staff to meet our strategic objectives and priorities and youth justice is a thread running through the statutory plans of a multitude of agencies within Luton. Working in partnership with Children's Social Care, the Service is proud of its achievements to enable strong outcomes for children, young people, families and victims of crime alongside a history of a consistently improving performance picture. However, with reducing budgets and resources it is paramount to ensure that we are well placed to maintain our priorities through an enhanced understanding of the evolving national context as well as the local challenges. Strategically and operationally, the Service has strong links with a large number of partners to address risk and promote protective factors.

- BLMK Clinical Commissioning Group and Public Health: maintenance of health, mental health, speech and language and substance misuse interventions.
- Police: through early intervention strategies to reduce first time entrants, manage high risk young people on statutory orders, shared working of the MAGPan through Boson (guns and gangs unit) and the Amber Unit through Community Policing. This includes the significant role of the seconded Police Officer to the Service.
- Luton Children's Social Care, Children, Families and Education Directorate (where the Service is hosted): shared working e.g. in relation to advancing positive outcomes for Children in Need and Looked after Children.
- Education Strategy 2020, the Luton SEND Strategy 2020, the Children and Young People in Luton Guidance 2021 vision and practice framework and the town wide vision for Luton 2020-2040.
- Community Safety Partnership
- The Probation Service as statutory partner to the Service.
- Office of the Police and Crime Commissioner.
- Bedfordshire Violence and Exploitation Reduction Unit (VERU)
- Participation in the Local Safeguarding Board, and Bedfordshire wide MAPPA arrangements.

6. Resources and services

The funding contributions to the Service are listed below, inclusive of grant contributions from other partners. Please note that the Local Authority staffing contributions include the Targeted Youth Service and Edge of Care budgets. All local authority staff are employed by Luton Council, other staff are seconded from Bedfordshire Police, the Probation Service (Bedfordshire) and health staff (currently) provided by Cambridge Community Services, East London Foundation Trust and Change, Grow Live through the BLMK (Beds, Luton, Milton Keynes) Clinical Commissioning Group and Public Health.

Like all public services, the youth justice partnership operates in a context of reducing resources so ensuring value for money and making best use of resources against improving performance is a high priority for the Service. The Youth Justice Board Good Practice Grant is yet to be officially confirmed and as a Service we have been informed to work on the principle that we will have a similar amount to 2021/22. However in May 2022, the Justice Minister, Victoria Atkins, announced there will be a significant funding increase of £100 million for youth justice services in 2022/23. As a consequence Luton will see its Good Practice Grant increase but given we are not aware of the funding formula as yet, we cannot say by what amount.

Financial and Staffing Contribution

Agency	Staffing Costs	Payments in kind	Other delegated funds	Total
Youth Justice Board			363,461	363,461
Local Authority	1,391,000	63,000		1,454,000
Police	13,500	58,200		71,700
Police and Crime Commissioner	0	60,000		60,000.00
Probation	30,000	5,000		35,000
Health	124,000			124,000
Welsh Government				-
Other			45,000	45,000
Total:	1,558,500	186,200	408,461	2,153,161

The Youth Justice Board Good Practice Grant is paid subject to terms and conditions relating to its use. The Grant may only be used towards the achievement of the following outcomes:

1) Reduce the number of children in the youth justice system
2) Reduce reoffending by children in the youth justice system
3) Improve the safety and wellbeing of children in the youth justice system; and
4) Improve outcomes for children in the youth justice system.

The conditions of the Grant also refer to the services that must be provided and the duty to comply with data reporting requirements. In Luton resources are also used to provide restorative justice and reparative activities, to promote pro-social activities for children to build resilience, improving the education, training and employment opportunities of young people and providing critical triage services within police custody suites to engage with children at the earliest possibly opportunity.

7. Progress on previous plan

We know that the burden of the pandemic fell unequally across society, essentially exacerbating the inequalities that existed prior to the pandemic, including the types of social and economic issues that draw children into criminal exploitation. Equally Luton has been identified as a hub for the illegal drugs trade via the airport and the proximity to London, putting many children and young people at risk of exploitation and abuse by organised crime gangs.

It is against that backdrop that the Service has continued to maintain a consistently improving picture of performance. This progress is significant when making direct comparisons against our statistical family group, who are deemed to be similar to Luton in terms of the socio-demographics characteristics of the area. This comparison demonstrates not only the progress the Service has made in terms of performance but also how this has been achieved against a backdrop of the consequences of covid, such as massive budget savings which have seen other support services cut. We know that some of our statistical family Services do not work in the early intervention space in the same way as Luton and this may go some way to demonstrating that our approach to risk and exploitation has ultimately been successful in providing earlier identification and fast track access for young people into intervention.

However as highlighted within the Introduction, vision and strategy section, many of the children and young people receiving early intervention disposals have already been exploited or involved in gang associated behaviour which is a serious challenge. As seen with some of the serious violence incidents in Luton, such as the tragic fatality of a 16 year old boy in June 2021, any number of the early intervention cohort could be subject to a custodial disposal as a first time entrant to the youth justice system. As such we have to continue to develop our Service to meet the challenges and ensure we are identifying our children before the exploitative behaviour becomes too entrenched.

The final outcome of the reporting year will draw to a close as Luton's lowest annual reporting period fin relation to custodial outcomes. Although the national data has not been updated since June 21, it is expected Luton will outperform the national and statistical neighbours. Luton's reduction of custodial orders has been achieved through early identification strategies that have reduced first time entrants, disrupting the escalation of offending behaviour. However recent episodes in current year have led to two fatalities and a further recent incident, which has led to a rise in secure remands. The gravity of those offences have a high likelihood of custodial outcomes but these are likely to be staggered over the course of the next 6 to 12 months so there will be an impact in terms of Service performance in this area in the future.

Secure remand outcomes reflecting high gravity violence against the person offence episodes illustrates clear links of the impact of exploitation types of offending behaviour. Our data analysis highlights offence types leading to custody, violence against the person offences (40%) which includes possession of weapons/knives through to murder followed by robbery and drugs supply offences. 'Still not Safe' (2020) paper by Children's Commissioner highlighted the referenced offence types as markers of associated exploitative behaviour. These offence types provide an insight into the levels of criminal exploitation linked to offending behaviour of children and young people in Luton.

The statutory key performance areas of the Service, specifically in relation to first time entrants and custody, are key drivers for successful outcomes with children and young people. Other authorities that have high serious violence incidents see larger numbers of children in custody. Since developing our approach to serious violence in Luton and working more effectively with children and young people earlier, we have seen a year on year reduction in custodial sentencing and first time entrants to the youth justice system. However adding to the rise in secure remands, an analysis of our current court population and MAGPan and Amber cohorts identify a new group of young people considered to be at risk of custody. Over half of those open on prevention intervention are linked to gang associations and therefore highly vulnerable to the types of criminal exploitation that lead to custody. These are all clear risks to the future performance of the Service.

8. Performance and priorities

The following is the verified performance data of the youth justice partnership in Luton as at May 2022 versus the national indicators and our family group for the period of 2021/22. Benchmarking success against the national indicators can be difficult for smaller Services such as Luton, particularly around reoffending and use of custody, given smaller number of cases can make performance appear worse than the reality. Measuring success against the statistical family group gives a better indication of how the Service is performing.

The statistical family group enables us to benchmark our performance with other Services deemed to be similar to themselves in terms of the socio-demographics characteristics of their area. The methodology of the groupings is based on DFE's Children's Services Statistical Neighbour Benchmarking Model:

https://www.nfer.ac.uk/publications/SNB01/SNB01.pdf

Luton family group - Birmingham, Bradford, Derby, Enfield, Hillingdon, Oldham, Sandwell, Slough, Walsall, Wolverhampton

In the absence of any prescribed targets, the RAG rating continues to provide a measure for comparison with the national average.

Green	Performance is good (above national)
Amber	Performance is satisfactory but could be improved in line/just below with national)
Red	Performance needs to improve (Performance significantly below)

Reducing First Time Entrants to the Youth Justice System

Methodology for First Time Entrants:

The number of first-time entrants to the youth justice system, defined as young people (aged 10-17), who receive their first substantive outcome, measured as a rate per 100,000 population.

Indicator	Indicator Outcome	National	Statistical Family	Luton
First Time Entrants	Rate per 100,000 population	156	206	126

- Luton has improved on previous best ever performance of 2020/21 with a further reduction versus new entrants and continues to **outperform statistical family, national and critically regional comparators**. Given Luton's context and the complexities emerging from the exceptional pandemic/ lockdown period, this remains outstanding performance.
- In comparison to recent benchmarks Luton achieved **further 6% annual reduction** for young people receiving first conviction or Youth caution, recording just 29 new entrants.
- This is 4th consecutive reduction since 2017/18, a 67% variance reduction on Luton's peak during this period of 87 new entrants in 2018 and notably a 12% reduction versus the last 'normal year' 12 month period of 2019/20.
- These sustained reductions are based on early intervention arrangements for Luton where **early identification and engagement** of approximate 210 at-risk young people identified in 2022 that present with offending and anti-social behaviour.
- The local triage and diversion scheme works in tandem with the local MAGPan which includes the Amber Unit and Tree a joint programme with Targeted Youth Workers working in partnership with statutory, non-statutory and community agencies.
- The Service continues to offer prevention programmes to those young people presenting with complex issues and multiple referrals this was introduced during the pandemic and lockdown period where we recognised the emergence of number of young people whom

were nevertheless being arrested for behaviour linked to exploitation i.e. Drugs offences and violence against the person.

- A local review of triage and diversion activities is considering our practice procedures and concerns presenting at the front door to the Service. This is to consider what suitable outcomes and options are available versus current procedure may be reactive drawing young people into the Youth Justice system via early intervention which could lead to reaffirming pattern of disproportionality.
- Nevertheless 'reduction versus first time entrants' are consolidated by the low offending outcomes of diversionary and prevention cohorts, tracking of 2019/20 and now 2020/21 cohorts return conviction rates of 23% and 19% respectively.
- Early intervention continues to positively impact custodial rates in 2018 a peak year for custody half of all custodial convictions derived from first time entrant population. Since April 2019 just 2 first time entrants went straight to custody.
- As a caution to future performance we have extended this metric to consider custodial remands, Luton has identified that 5 of 9 cases have no diversionary footprint and therefore is a focus for performance review in 2022/23.
- **Disproportionality monitor;** Luton's South Asian (48%) has the most disproportionate representation vs their share of the 0-17 Luton population; a 22% uplift in the diversity breakdown, this is largely composed of young people with Pakistani heritage and reflects a significant change in the make-up of young people entering the youth justice system.
- This group is followed by 34% White grouping, whilst the Black British grouping has declined from 29% to 7% in 2021/22 versus first time entrant populations. As with last year Just 2 new entrants were identified as Looked after Children, which sustains reduced visibility amongst those young people entering the justice system.
- **Offence Analysis;** identifies that the behaviour of those entering the justice system mirrors that of the statutory population; however 41% of young people entering with main offence category of **Violence against the person offences**. This represent a benchmark for which to now characterise the offending behaviour of those entering the system the post the 2020/21 covid restriction period.

Reducing re-offending by children and young people already in the Youth Justice System

Methodology for Reoffending:

The proportion of young people re-offending within 12 months, following receipt of a youth justice disposal.

Indicator	Indicator Outcome	National	Statistical Family	Luton
Reoffending (Binary)	Percentage of Cohort	34%	32%	28%

- Latest published YJB data period highlighted compared to Luton's local data shows we outperforms the National and Regional performance versus the main measure of Reoffending of further offending.

- However Luton is now in line with Family versus the former measure and latest annual period indicates a rise in reoffending in terms of young people receiving a further conviction within 12 months of original outcome compared to 2019/20 datasets.
- Luton prioritises reoffending outcomes as a key component of the Service Outcome Performance Framework; we have completed monitoring of the latest cohort a year ahead of the YJB and completed our customary local contextual cohort study of all cases identified between April 2019 and March 21, which provides a guide to outcomes ahead of national reporting schedule.
- This provides a comprehensive analysis of Early Intervention and Statutory cohorts using the national indicator tracking and data collection timeframes used within the national methodology.

Key outcomes from this 2019-2021 cohort study:

- Overall complexion of results is this is a positive set of results for Luton, 80% of cases across the Service domains desist their offending behaviour, and outcome of cohort analysis found just 1 in 5 will receive new conviction (20% vs full service domains).
- In terms of statutory cases less than a 28% of young people receive a further youth Justice Outcome vs the latest national indicator cohort, this exceeds outcomes versus national and statistical family.
- Offending outcomes versus Early Intervention cohorts versus a 2 year cohort from 2019-21 identifies a 21% offending rate for early intervention cases this a decline in performance but reflects that we are working with greater number of cases presenting at the point of crisis.
- Seriousness Monitor: Just 23% of young people go onto reoffend at a higher gravity vs. statutory cases that went onto reoffend compared to the original offence they received a disposal for. When you consider the full cohort this amounts to just 6 young people escalating their offending behaviour in the 12 month tracking period.

Engagement of intervention acts as a good guide to further offending convictions within 12 months:

- Just 1 in 5 young people (20%) of young people who fully complete their Intervention go onto Re-offend, this account for around 66% of 331 episodes. Spotlighting those ‘Not Completing’ their statutory programmes have a 55% recidivism rate, which rises to 67% when looking at just 2020/21 cohort. 1/3rd of cases referred elsewhere i.e. probation transition or placed elsewhere go onto receive further convictions.
- The Service must understand the barriers to engagement and why those young people are not completing their programmes, to identify whether interventions are fit for purpose.
- Analysis of all Service programmes including out of court disposals overall identify that 26% of young people in receipt of a programme go onto to commit further offences compared to 19% on standalone disposal, a concern however when isolating a 2020/21 cohort it stands at 30% which possibly reflects that core cohort with a higher level of vulnerability received disposals during this period.

Disproportionality and Diversity Monitoring

- When looking at results versus a 2 year period **White young people remain most likely** to re-offend vs. all groups and exceed local average; they are now followed by South Asian with the highest level of disproportionality remains with **Dual heritage** and Black British young people amongst minority groupings across all tiers.

- However when focusing just on 2020/21 cohort the visible patterns across all national indicators identifies the **South Asian group** reoffending 5% above the local average.
- When analysing the early Intervention cohort; **Black young** people continue to outperform other groups recording sub 10% further offending between an expanded 2019-2021 cohorts, however this group performs less well when looking at just Statutory cases, 30% further offending reflect the typical path of disproportionality.
- South Asian group remains on the surface under-represented but this changes when you focus on the Pakistani group and remove the other groups the issues signposted in last year's study have become established in terms of visibility amongst the entrenched Service populations.
- Data suggests that alternative engagement opportunities to engage those ethnic minority ethnic groups is required to prevent the vulnerable members within these groups entering the Youth Justice system, these are being explored as part of the Triage and Diversion review of practice

Other notable Risks to Performance include:

- **Age analysis I**dentifies young person's aged 16/17 with highest levels of reoffending vs. each service domain, these young persons have now transitioned to adulthood, which follows a traditional pattern of offending behaviour for the youth justice cohort. An in-depth analysis of the 2020/21 sub-cohort identifies a cohort of 14/15 year olds that could impact the Service in terms of custody and risk of further offending as they now move to the 16/17 age group.
- Reoffending of community programmes that are alternatives to custodial orders; 41% of Youth Rehabilitation orders re-offending rate; compared to 20% of Referral Orders.
- **Offence Gateway:** Drugs offences and Robbery are identified as main offence categories from which the identified young persons are most likely to go onto receive further convictions, this in contrast with previous study that included Theft and Handling and Vehicle Theft amongst gateway offences but points to impact how offending behaviour may have been impacted during the pandemic/ lockdown period.
- **Time till Further Offending:** 75% Re-offend within the first 6 months; and in the case of those subject to statutory disposals 50% of those did so in the first 3 months following original conviction, this is a continuation of pattern identified in 2017-2019 study and reflects need to ensure intervention planning and delivery commences immediately.
- Prior to last year's analysis the majority of further offending typically took place between 6-12 months period following commencement of the programme. This pattern reflects for young people the issue of a disposal or conviction does not prove to be a calming impediment or initial factor in any desistance.
- **Vulnerabilities and Needs** gathered from Asset+ scrutiny initially indicates the three factors of Education Training and Employment, (62%) Significant Relationships (61%), and Substance Misuse (60%) are the most prevalent factors amongst those young person that go onto Re-offend. This reflects previous patterns of vulnerability(Numbers in brackets highlight the % of concern amongst the cohort)
- However and probably demonstrating the impact of COVID-19 period, **Emotional and Mental Health (55%) features more prominently as does** such as Accommodation (51%) and Neighbourhood tensions (54%) all of which would have been magnified during the 2020 period. Parental Ability (48%) was slightly down on last year and may reflect the context for which case managers may have been empathetic of during this period.

- Speech and Language concerns has risen sharply (55%) this reflects stability and support and advice to practitioners during this period, and also taking into account the full range of information available from Asset+ including SEND, prior trauma etc.
- When examining the differences in vulnerability profile between those that re-offended vs. those desisting offending behaviour; factors concerning **Neighbourhood environment** continues to feature as prominently as study from last year, whilst **Speech and Language concerns** appears amongst the prominent differences between the two Service groupings along with those already listed above.

Custodial Sentencing

Methodology for Custodial Sentencing:

Rate per 1000 population of young people entering the secure estate.

Indicator	Indicator Outcome	National	Statistical Family	Luton
Custodial Sentencing	Rate per 1000 population	0.11	0.15	0.09

- Luton is typically characterised as an area of high custody amongst its 10-17 youth population, between 2017-2019 Luton averaged 1.5 custodial orders per month, with a custodial rate that nearly trebled the national average
- In 2021/22 Luton recorded just 2 custodial orders, producing a rate per thousand population of 0.09. Progress is best underlined by comparison to the prior 3 year period; since April 2019 Luton has averaged 4 custodial orders per 12 month annual period in comparison to peak period where Luton averaged 14 per annual period.
- Luton's sustained low levels of custody compares favourably to national, statistical family and is even in line with the Eastern region versus rates of custody made versus young people aged 10-17.
- Luton attributes its performance gains to focus and implementation of This has been achieved and sustained by combination of interlinked factors:
  - Sustained low numbers of secure remands from 2019 onwards
  - The management of young people managed by service on community programmes has cut off the route to custody via breach of community order for high risk or non-compliant cases aided by breach avoidance and weekly Risk Management panels which draws on multi agency partnership approach.
  - Implementation of Early intervention strategies via MAGPan, Amber, Tree, Out of court scrutiny panel and Likelihood of Custody screening for all new cases; this has been successful limiting the number of young people to appear and immediately at custodial level in 2018 a peak year for custody half of all custodial convictions were first time entrants, we have recorded just 2 new cases in the following 3 years.
- During the past 5 year period the prevalence of serious violence and associated activities have led to custody; the local offending behaviour has continued to revolved around categories of Violence Against the person and Robbery. Secure Remand data highlights a prevalence of high gravity violent offending and accounts for nearly 70% during past 3 years which is good a precursor to local offending context.

- The outlook for 2022/23 is one of caution the significant rise in secure remand episodes in first post covid restriction period discussed in next section may spike custodial orders made at the conclusion of court cases during this new reporting year.
- In preparing for this we are preparing in depth case studies that provide the basis of reflective practice discussions of those highly vulnerable young people now experiencing custodial sentence or Secure Remand to better examine the young person's story and to then learn lessons for future assessment and risk management practices.
- This reaffirms Luton's commitment to forward looking approach and will also inform the reviews made of early intervention strategies as young people enter the front door in terms of referrals to service.
- Work completed so far spotlight unmet Health needs and issues around education engagement; they also emphasise the period of unknown from initial concerns to the point when referred to the Service.

Remands into the secure estate

Methodology for Custodial Remands:

Reduce Bed nights and custodial remands population.

Indicator	Indicator Outcome	National	Statistical Family	Luton
Secure Remands	Bed Nights Measure (Reduction)			528

- Luton performance judgement is based on the 'bed night's' measure and episodes throughput. Typically Luton is considered an area with high use of custody in both custodial orders and remands in contrast to the rest of the Eastern region.
- This perception of Luton was reinforced at start of current 5 year period when Luton recorded in 19 Secure Remands. In the following 4 years Luton has been able to affect positive change and has only just exceeded that total in March 2022, its 20th secure remand since that challenging period.

Performance improvement strategy has been based on:

- Avoidance of a damaging multi hander remand episode that draws in several young people.
- The implementation of Likelihood of Custody screening versus new referrals to consider their risk of critical escalation.
- The management of cases referred on either court orders or intensive bail programmes to de-escalate or disrupt there vulnerabilities.
- Supported by an Early Intervention strategy that offers triage assessment to all young people notified by Bedfordshire Police, the offer of a diversionary intervention and the work of MAGPan, Amber and Tree partnership initiatives.
- Luton also implemented an 'Out of Court Scrutiny panel' to investigate patterns of young people and risk behaviour at very early stages once a young person was identified.
- Peak performance for Luton came in 2020/21 when just 1 custodial remand was made on a young person from Luton; however 2021/22 year brought several significant

violent episodes within the community which given the gravity meant that Secure remand could not be avoided.

- In 2021/22; 9 young people were remanded to custodial institutions during the last year compared to 3 during the prior 2 years. Bed nights doubled compared to the previous annual outturn.
- To put this performance into context Luton Secure remands activity mirrors the 5 year trend, which would include the peak 2017/18 reporting year and reflects decline in performance this year.
- Bed nights recorded in 2021/22 have trebled compared to the 175 bed nights comparison of 2020/21; it should be cited that we considered the previous 12 month period to be an outlier given the directives to avoid custodial remands but nevertheless that rise must come from local authority budgets accustomed to period where bed nights have reduced year on year.
- During the past 3 years 72% of Secure Remands originated from serious violence against the person episodes, 3 cases this year have been linked to 2 Murder episode, the other VAP episodes also involved significant life altering injuries.
- The 5 year trend data allows us to consider that we now have 5 Secure Remands as a result of Murder/Attempt Murder averaging 1 a year from 2017-22 which informs us of the local offending behaviour and challenge when considering the Secure Remands indicator.
- The make-up of the cohort itself identifies some changed characteristics of the highly vulnerable population.
- Demography analysis in previous years indicates the impact of inward migration of young people moving in from London boroughs. In 2021/22 the cohort is composed of young people that are long term local to the area and notably from our South Asian community. Recent strategic reports had highlighted a greater visibility of this community amongst our core caseload, 21/22 throughput identifies 2/3rds of remands are attributable from young people with Pakistani heritage. This along with other youth justice cohorts reflects an evolution of whom the Service will need to engage young people from a different community context to previous established cohorts.
- The cohort make up from 21/22 also indicates just how quickly young people now escalate through Youth Justice services, just 1 case was a long term known highly vulnerable case to the Service, Social Care and SENAT case 90% of the cases.
- 1/3rd of the cases remain at risk of entering the Youth Justice system, having had no previous Youth Justice conviction, whilst a third entered in the year prior to 1st April 2021. There has been a 30% reduction in the cases known to Youth Justice Early intervention programmes down from 85% to 55%, this translates to 5 of 9 cases.

The partnership work of the Local Accountability Meeting

In the context of operating within the Strategic Management Board key areas of focus, early intervention, health and education, the partnership within the Local Accountability Meeting were tasked to explore and understand the unprecedented implications for children and families in Luton as a result of covid and lockdown.

Education, Training and Employment

Underpinned by the work of the LAM partnership, practice and delivery in 2021/22 for ETE has focused on dealing with complex issues and recognising the external factors affecting children once referred into the Service. In the wider local context there has been a rise in exclusion and further tightening of local resources affecting suitable alternative placement provision and sustaining programmes gained from introduction of Platform 1 initiative for post statutory aged young people.

Key priorities in a post covid world are to resume the issue of NEET status vs post statutory aged cohort with the Service resourcing the monthly Year 11 transitions panel meetings. This ensures the Service has critical input into discussions taking place affecting the future opportunities of our cohorts. This combined with the securing of local partnerships via the Platform 1 initiative continue to secure provision. Nevertheless 38% of post statutory aged children and young people closed their programmes with the Service as NEET. Examination of these cases highlights the challenge in terms of motivating this group to attend, sustain and complete placements.

We need to overcome the obstacles that are first identified during their schooling but become acute at point of leaving formal education. This 'iceberg moment' reflects the accumulation of poor outcomes associated with young people as they're progression is stunted through school. Analysis of our caseload consistently identifies that 6 in every 10 young people have significant concerns with ETE, half of whom have not sustained 'good' attendance. Underlying concerns regard the impact of unidentified SEND, concerns around EHCP status and Learning Needs along with Speech and Language communication issues. The LAM has been successful in embedding this agenda into the routine practice between the agencies brokered by our Advisory teacher and Education Officer for post school aged young people.

Our school aged children continue to have provision and structure in place whilst in school, so it is significant that we have previously identified 40% of young people experiencing alternative provision that, ideally, need to return to mainstream schooling. This is further supported by a local part-time timetable strategy that identifies and monitors children on reduced timetables. That scenario has impacted on many of our children and young people that may not be registered under the facade of it being suitable. Concerns remain that this combination of personal and systemic responses incubate a young person until they reach 16 and a half and result in NEET status. The LAM process has been successful in embedding partnership officers on key panels and forums so strategy reflects those marginalised young people from where we draw our cohort.

Health and Inequality

The LAM dedicated to health considered the existing issues affecting children and young people and how this had been impacted during the pandemic and lockdown period. Recognising that immediate service delivery impacted by the carrying of vacancies across key health disciplines over 2021/22, the exception being Speech and Language which serves as a model in terms of work around identification.
The Service works with the most marginalised children and young people in local community. They are the group most likely to record poor health an education outcomes with sometime unseen vulnerabilities. These issues were further heightened during impacted during the pandemic with poor access to face to face health practitioners to deliver effective assessments. Covid forced the partnership to reset its understanding of health inequalities regarding its commitments around access to services for children and young people and the poor health outcomes and impact on factors for/against desistance on offending behaviour.

Disruption to service delivery between 2020 and 2022 was significantly impacted by vacancies across disciplines. This was further compounded by our understanding that referrals for health assessment did not, and does not, meet the needs of our young people. With a recognition that any delay in identification will likely result in poor continued health outcomes or worse still, unidentified health issues, many of the hardest to reach cases may become visible to services but may not reach referral thresholds because of limited understanding.

Health inequalities data relies on Asset+ data and key concern is that case practitioners have not had the health practitioner training to identify or understand how to progress health concerns, particularly at a point where crisis stems from immediate offending behaviour. Delays and obstacles within referral system, made more acute during periods of vacancies, where there is no multi-agency discussion available for consultation, deficit is reflected in a lack of identified health vulnerabilities within our cohorts.

As part of the SMB priorities, LAM needs to take forward how we can integrate a public health approach to reducing vulnerabilities and achieving health outcomes, closing the gap regarding full assessment and access to services. This journey has to start with the reintroduction of a Health Panel to consider children and young people at the front door of the Service which invariably is the point of arrest/police referral.

Early Intervention

The LAM considered achievements in sustained reductions regarding first time entrants but reflected on the identification of key contextual challenges:

- Identified changes in the 10-17 cohort now at risk or entering the YJS in terms of heightened vulnerability and behaviour leading to criminal exploitation.

- Organised criminal behaviour significantly County Lines activity, where OCGs have specifically targeted vulnerable adolescents. The local use of NRM (National Referral Mechanism) and what that means to each partner agency.

- Information presented to the LAM reflected on identification of around 55% of caseload with exploitation characteristics and the differing responses and perceptions of this levels.

- The use of release under investigation that delays young peoples' access to services from the Service and other unmet needs not consistently identified at crisis point. Then as a consequence routed to what maybe a uniform programme and not targeting the underlying needs regarding ETE or Health Assessment.

Serious Violence and Luton Youth Offending Service Multi Agency Gangs Panel (MAGPan)

Whilst we have continued to see an incredible level of development and innovation within the Service as we have risen to meet the challenges, criminal exploitation that leads to serious violence remains the number one priority. Knife crime is a consequence of children and young people becoming involved in criminal exploitation that leads them into gang associated type behaviours, putting themselves at risk of serious violence every single day. Our risk management panels have been successful in providing earlier identification of exploitation and fast track access for young people into intervention.

However we need to deal with the wider societal issues because there is no quick fix to the systemic issues with young people who effectively disengage from the community in Luton once they are criminally exploited.

The MAGPan exists to co-ordinate appropriate, intelligence-led and evidence based multi-agency partnership interventions with individuals who are involved in, at risk of involvement in or directly affected by serious violence and gang related activity across Luton. However, the key challenge is to formulate an overall strategy that means the incidences of violence do not happen in the first place so we are able to focus on proactively building on successes rather than having to constantly manage and reflect retrospectively. This involves working in partnership to deliver a coherent strategy for prevention including teaching, supporting and inspiring children and young people within structured programmes of awareness and prevention.

MAGPan was originally developed as a response to the number of young people in 2015/16 coming into the justice system for the first time with serious offending, many of who received a custodial sentence for those first offences. Whilst that situation on an individual basis was not unprecedented, it was the sheer numbers of young people involved at the time that gave the greatest concern.

The original idea of MAGPan was developed to provide the forum for earlier intervention, working to the principles of Contextual Safeguarding outside of existing safeguarding thresholds. However throughout 2016 the MAGPan was inundated with referrals and it was very clear that over three quarters of the MAGPan cohort did not have a significant footprint with statutory agencies yet were already linked to criminal exploitation and involved in gang associated behaviour. A subsequent in-depth analysis of the initial cohorts demonstrated conclusively that the impact of austerity had had a devastating effect on the support available for children and young people in Luton.

As stated earlier in this plan, the continued analysis of our cohorts demonstrate that the majority of children involved in serious violence in Luton have the similar factors associated with their life journey. The critical issue with young people who carry knives is how they are drawn into criminal exploitation through social economic factors linked to lack of opportunities, a lack of resilience within the home or in parenting or other unmet health needs. We then see disengagement within primary schools, challenging authority, low academic achievements and a transition to secondary school where they continue to fail with a final exclusion within a short space of that transition. It is then left to alternative learning provisions and pupil referral units to educate and influence these young people who have almost totally disengaged with society's norms by this point. Equally, disproportionality remains an issue.

The development of our contextual safeguarding offer through the Youth Partnership Service will look to proactively target resources at the right age group at the right time. The work needs to start with both children and their parents at an earlier stage before these key transitions are made. Linked to the idea of inclusion, as a Service we are driving the agenda to develop a model of delivery that sees children who struggle in education supported at an earlier stage and also supported in the various transitions through education and life. This way they can build the resilience to avoid all forms of exploitation.

We know that children and young people who present with behaviour difficulties and underlying social, emotional, mental health (SEMH) or additional learning needs are at increased risk of exclusion from school and Luton's Behaviour, Inclusion and Wellbeing

Strategy has been produced as a recommendation from the 0–19 Behaviour Review (2016). It aligns with the Education Strategy 2020, the Luton SEND Strategy 2020, the Children and Young People in Luton Guidance 2021 vision and practice framework and the town wide vision for Luton 2020-2040. It also echoes contextual safeguarding approaches to understanding and responding to young people's experiences and vulnerabilities.

Since 2020, a Violence and Exploitation reduction until has been funded by the Home Office in Bedfordshire. The Service has built a robust relationship with the VERU and their service delivery has been integrated at the various levels across our safeguarding and risk panels. The partnership receives funding from the VERU to deliver innovative pieces of intervention across cohorts of young people vulnerable to exploitation and serious violence.

The Amber Unit

The Amber Unit is an innovative team working in collaboration with statutory and non-statutory partners as part of the serious violence strategy. Consisting of dedicated Targeted Youth Workers with community colleagues, the team works to engage young people who may be showing the early signs of criminal exploitation or becoming involved in anti-social behaviour. Being co-located within the same building within a multi-agency environment means that earlier assessment of the needs of a young person at risk can be met immediately by a team of specialists to deliver intervention. Turning strategic goals into operational goals Amber maintains regular contact with schools in the area, responding to concerns from the school concerning possible tensions and in some cases providing restorative justice in schools to 'nip' incidents in the bud. Amber maintains regular engagement with the community and the local community leaders to improve the confidence within communities and build resilience.

Since the original lockdown during the pandemic, along with the other members of the Targeted Youth Service, the Amber Unit has undertaken delivery of group work to targeted individuals identified to be at risk of exploitation and criminality in the community. Their early work with community policing undertaken joint detached patrols of areas where exploitation had adapted led to the development of the Tree Project and the evolution of that project since.

Tree Project (Tackling, Reducing and Ending Exploitation)

During the lockdown, our multi-agency contextual safeguarding processes identified a number of children were being reported as regularly missing from home or their placements. Many have vulnerabilities that make them targets for exploitation and some were already being criminal exploited to sell drugs, some are abusing drugs and alcohol and some are already victims of, or at risk, of sexual exploitation. All of them were at risk when they are on the streets exposed to older more sophisticated offenders.

The Tree project that operated in Luton over a 5 month period from February to June 2021 involved 20 specific nights of action funded through an emergency covid budget. Ultimately devised to safeguard vulnerable children and young people at risk of exploitation that leads to violence in target areas such as Town Centres and areas known for anti-social behaviour, the project had its roots in the ethos of the Operation Staysafe scheme introduced in England in 2008.

Acting on intelligence and CCTV, Police Officers, Specialist Workers and Youth Workers in pairs visibly patrolled the areas identified looking to engage young people in conversation. Choosing which nights to take action was dependent on suggested intelligence. Whilst it may have been obvious to choose Friday and Saturday nights, the night time economy had changed and it was other nights, or a rotation of nights, that was more appropriate. Staff were looking for any young people involved in anti-social behaviour or crime and looking to engage with young people who were in the company of known offending adults. They would also be on the lookout for young people in possession of, or under the influence of, alcohol or drugs who were vulnerable and at potential risk of significant harm Equally anyone who did not look old enough to be out on the streets at night would be engaged.

Built on a partnership between the Police and the Local Authority, any young person picked up was taken to a designated place of safety where a Children's Services or a youth justice or youth worker carried out a risk and needs assessment there and then. Any further intervention and onward referral was discussed and decided and children had fast track access to any and all services commissioned by statutory agencies, VERU or community organisations.

This project involving multiple statutory and community partnerships and it created the opportunity for other specialist community organisations and support services around Luton to be involved in the nights of action alongside statutory agencies. This direct access to earlier identification, assessment and fast track intervention had seen young people receiving longer term support to build the resilience needed to resist exploitation and violence. Health professionals including a nurse and drugs and alcohol workers were part of the team to offer advice with other specialist community organisations on hand to offer specific guidance on sexual or criminal exploitation and gang associated behaviour. Community organisations were involved that offered cultural perspectives to engage young people from different ethnic backgrounds and for those who did not have English as a first language.

The other part of this project was the regular engagement of these young people in specific areas such as parks. A feature of the Tree Project in Luton was delivery of a fixed night of positive activities in a park in a high offending Ward. This proved to be hugely successful with regular attendances of between 40 and 50 children along with some parents. This has led to further community and reparation projects and also taken the fixed night of engagement to other areas where serious violence had recently occurred. This part of the project allowed for a proactive deployment of services in areas where public tension was high and children need positive activities with which to engage.

The Tree Project in Luton has been highly successful and the numbers of children and young people engaged in positive activities has been incredible. The visibility of the workers on the project saw a reduction in the usual community tension seen following an incident of violence and the community organisations who offered ongoing support and mentoring have continued to provide input.

Whilst the original funding was for 20 nights of action over the 5 month period, the Targeted Youth Service and Amber Unit had been further funded through core budgets to deliver the park projects throughout the spring and summer months in 2021. Further funding was secured through the Contain Outbreak Management Fund (COMF) to deliver Tree from autumn 2021 to spring 2022 and the VERU and core youth service budgets will fund throughout summer to autumn 2022.

Considering that Tree was originally conceived as a consequence of covid lockdown, its success and continued funding and development is hugely positive. Given the specific concerns in hotspots areas of Luton, Tree developed to work with key strategic community partners in each area. This was highly successful given community organisations already had the confidence and 'buy in' of the community and Tree was able to financially support some smaller projects under the larger umbrella that perhaps would not have been funded otherwise. Projects have included accreditation that has led to further education placements for children and young people participating. Equally the concept and name of the Tree Project has been adopted by our neighbouring youth justice service.

Luton Youth Fund

London Luton Airport Ltd (LLAL) and Luton Borough Council (LBC) work in partnership to improve the quality of life of the people of Luton and ensuring that the focus of the Luton 2020-2040 vision to reduce poverty, raise aspirations and drive improvements to health and well-being creates opportunities for the hardest to reach children and young people.

The Luton Youth Fund is targeted around a number of key priority areas to meet the challenges presented by the exploitation of our children and young people. It is focused to ensure that it is achieving the right outcomes for the hardest to reach children and young people in Luton who are vulnerable to forms of exploitation which could lead to them into risky behaviours, becoming involved in criminal exploitation or coming into the care system. The fund has been successful in funding programmes to tackle any form of exploitation of children and young people such as gang associated behaviour, serious youth violence or sexual exploitation, which encompass a multi-agency approach. This has also included outcome-focused interventions around learning, life skills, employment and also prevention including teaching, supporting, mentoring and inspiring children and young people or parents within structured programmes of awareness to avoid any form of exploitation.

In partnership with this Service as the relationship manager of this fund, we have benefitted from number of interventions from community organisations and specialist providers delivering in the community, in the homes of children and their families and within schools. The fund has seen smaller providers in Luton excel in the outcomes they achieve for young people and it has allowed for specific innovative pieces of intervention directly targeted to group of young people some of which will be outlined later when exploring the key risks and challenges going forward.

Education delivery

Since March 2020, in partnership with the St Giles Trust, we have been operating an innovative project in a High School which is situated in area with high organised crime activity. Studies of the risk and protective factors associated with gang involvement commonly identify education as one of five key areas of influence alongside individual attributes, family factors, peer groups and community characteristics. Conversely, strong school performance has been found to be a significant protective factor, lowering the risk of exploitation. However risk factors which relate to the wider social environment of the school have tended to receive less attention than those which relate to an individual or their family background. This is possibly because to address them, whole school structures have to be considered, rather than individuals.

Beyond The Gate is a school based model to raise awareness of youth violence and other dangers to young people such county lines, grooming, CSE and CCE. It seeks to create a school culture where:

- All those working in schools are able to identify those at risk through an understanding of the risk factors and indicators associated with youth violence
- All young people attending schools are empowered with relevant knowledge and understanding to make informed choices that keep themselves and others safe

Currently most gang prevention and intervention work in schools is focused on short term group work programmes, with less attention paid to the wider school environment. However, research suggests that creating a positive ‘school climate’ and nurturing young people’s sense of attachment and commitment to school can also have a powerful effect in protecting against exploitation and gang involvement. Commissioned through the St Giles Trust, we have created a full time co-ordinator post based within this High School acting as a conduit between the school and attendance at MAGPan, which provides access to earlier assessment, services and intervention. Within the school, the co-ordinator works both with all pupils, small at risk groups and targeted pupils to inspire, motivate and encourage young people to fulfil their potential through:

- Ensuring best the and most relevant information to keep young people safe, informed and able make positive choices
- Building resilience to withstand pressures of wanting to feel accepted
- Developing the counter narrative to todays glamorised & desensitised culture
- Providing positive career exposure to incentivise, motivate and inspire

In addition they provide the link between staff and children and develop the referral pathways to identify children but then link to the multi-agency offer as part of the project. They have fast track access to all targeted Interventions and community services funded via the youth justice partnership and other external funding sources. They are also responsible for supporting all those working in schools in developing a broad understanding of the risk factors and indicators that support the early identification and safeguarding of those most at risk as well as supporting the families of those identified.

At the start of 2022, we have funded a pilot project in a primary school in a deprived area of Luton to support those children at key stage two that are likely to struggle to make the transition to key stage three. Working in partnership with the Access to Education team and Family Support Workers, this project is setting a precedent of support that could be further developed as part of the service delivery model for the Youth Partnership Service. Using MAGPan and Amber as examples of the good practice of statutory and community organisations working in partnership, this pilot could see the development of key community partnerships at key stage two.

9. National standards

Youth justice services are required to comply with minimum national standards. The latest edition of national standards, ‘Standards for Children in Youth Justice Services’, was published in 2019. The YJB mandates youth justice services to undertake periodic self-assessments of their compliance with national standards and Luton has a Service Improvement and Quality Assurance overview procedure in place.

Service Improvement and Quality Assurance overview procedure

On a 6 monthly basis, Luton undertakes an audit against each of the 5 standards at operational level to ensure assess the quality of the assessments, plans and intervention delivered to young people and presents the findings to the Strategic Management Board.

Using a percentage of the current open case cohorts, a Practice Manager is responsible for taking the lead on a specific standard area. Each manager is allocated a group of practitioners who each completed an individual audit for every case in the sample that had been identified for each standard. Using the developed audit tool, each case for the standard was audited by every practitioner giving numerous judgements for each case.

Moderation

Once all of the audits had been completed, the Deputy Head of Service for Youth Justice moderates the results of the multiple audits completed by their group of practitioners, provided with further scrutiny by choosing a sample from the cases assessed to audit themselves. The sample chosen for further scrutiny is a decision for the Deputy Head, they chose to audit cases where there was a disparity between judgements. To moderate the audits they use the same audit template for their standard.

The use of performance data

The Service quality assures its data through the following operational strands that cover the improvement process, statutory, local and departmental submission require:

1) **Outcome Performance Framework meetings;** Each theme re-uses case level data to monitor to determine current performance and presented in formats that query and validate our performance; for example the case trackers used by managers and case managers to determine the risk and vulnerabilities of each case. Includes information re: Referral, Assessment and Risk Management, management oversight and includes tools that measure re-offending.

2) **Data deficit reports** that identifies recording and evidence gaps applied using the YJB Data Recording guidance YJB standards. These comprise monthly and quarterly evidencing objectives and Information management led process. A Quality Assurance dashboard is being developed to support this practice that will be available to all staff to support understanding and how this contributes to performance.

The reports are directed at case level then aggregated to Practice Managers before final Luton submission discussed and verified by Performance Manager and Head of Service.

3) **Practice standards audits;** periodic Practice Manager and peer led case reviews applied across key areas of case management that are aggregated and fed back to service.

4) **Monthly File reads & Case Audits** that feed into supervision judgements and management oversight recorded on each case within the service database.

5) **Weekly Leadership Management Team meeting;** Performance section is used by managers to discuss some rolling topics such as MAPPA, NRM and other emerging issues as they arise these will contribute to the Agenda for the OPF meeting. At points

of YJB/Departmental or Area meetings the LMT is to discuss emerging issues and quarterly/annual performance levels.

10. Challenges, risks and issues

Not dissimilar to a number of other youth justice partnerships or other statutory organisations working with vulnerable children, Luton operates in a context of system challenges and resource pressures. Children's Services face a number of challenges, nationally and locally, with the shortage of social workers and suitable placements for children in care. Appropriate placements are particularly relevant to those children that are victims of county lines or subject to the National Referral Mechanism, who may to be placed out of Luton for their own safety. Without suitable placements it is difficult to establish the building blocks to help children build positive futures.

Nationally the narrative around knife crime or any gang associated behaviours has a tendency to focus on the policing response or community reactions and perceptions of children. The term 'knife crime' itself overlooks the fact that children and young people are being exploited and drawn into these behaviours through a multitude of vulnerabilities, many out of their control such as social deprivation and lack of local services or adequate educational provisions if permanently excluded from school. Children and young people susceptible to exploitation can have limited critical thinking skills, additional educational and mental health needs, food poverty, a lack of capable guardians and negative perceptions of gaining legitimate employment opportunities. The youth justice partnership along with key partners have maintained the view that young people with vulnerabilities that make them susceptible to exploitation are first and foremost victims. However despite promoting that narrative in Luton (and nationally), children are still being charged and convicted of drug offences by a criminal justice system that struggles to recognise them as victims of the exploitative behaviour of organised crime.

Delays in the youth justice system, linked to pressures in the wider criminal justice system and exacerbated by the pandemic, made it harder to engage victims in Restorative Justice and to work effectively with young people to prevent future offending. Release under Investigation (RUI) and bail cases continue to present an issue. Luton has a number of young people on bail or RUI awaiting further action, these young people could be committed to court or given a youth caution at any point which could immediately make them first time entrants and thus raise throughput levels. More significantly, this situation combined with the use of RUI allows vulnerability to go unnoticed during this period of flux, risking entrenchment triggering costly statutory interventions. That also includes children coming into care through exploitation linked to extra familiar contextual safeguarding issues. Disproportionately remains a key issue and we need to continue to explore alternative engagement opportunities to intervene earlier with those prevalent minority ethnic groups and further explore the role of the community partnerships with statutory organisations to create positive targeted programmes.

Education, Training and Employment continues to be a significant issue for young people referred to our services at early intervention, prevention or at statutory thresholds. Amongst the highest concern is the post 16 year old cohort who are as likely to be NEET as they are to be receiving full time provision. Tracking around these cases indicates that the process begins at school where they are more likely to be in an alternative provision at the point of accessing our services. This was 45% at the point of our 2019 HMIP inspection and is increasing, which is concerning given the lack of appropriate school provision during the lockdown. Equally 25% of young people with these education characteristics currently are more like to disengage with intervention.

Whilst we have undertaken analysis as part of our service improvement priorities, the eventual consequences of the pandemic on the physical and mental health of our children is still yet to fully manifest. We know that currently over 50% of children subject to statutory orders have emotional and mental health needs and over a quarter of children and young people in the youth justice system have a learning disability. Significantly 60% of boys in the system have specific difficulties in relation to speech, language or communication and a high percentage have either used drugs and/or alcohol. Whilst we have a solid statutory partnership with the BLMK CCG who provide specialist health practitioners, the seconded physical nurse vacancy from public health has had a significant impact on the identification of health issues within our cohorts. Moving forward, the Youth Partnership Service will see further specialist health practitioners working across our entire caseload and positively we will see a highly specialised clinical psychologist as well as an educational psychologist join the health offer of the Service.

11. Service improvement plan

The current Key Performance Indicators (First Time Entrants, reoffending rates and the number of children in custody) provide a helpful overview of how the youth justice system as a whole is working. Whilst we are aware of a recent proposal by the Youth Justice Board for revising the KPIs of the partnership (to include mental health, ETE and suitable accommodation) the legal requirements placed on the Local Authority and other named statutory partners which form the youth justice partnership currently remain unaltered.

In an environment where funding has decreased across the statutory partnerships, we all continue to face the challenges presented by the exploitation of our vulnerable children and young people. These challenges are made more complex with the unknown longer term consequences on the education and health needs of our cohorts as a result of the pandemic and lockdown.

Our priorities going forward continue to be to ensure Luton is a safe place to grow up, live and work in and to enable children and young people to make a positive contribution to their communities and achieve positive outcomes for themselves. Working in partnership with colleagues in the Children, Families and Education Directorate, our priorities are drawn from national research and national performance indicators, alongside local data and priorities identified across the partnership. The priorities take account of local partnership and inspection actions plans but also have to be understood in the context of operating within the Strategic Management Board key areas of focus; early intervention, health and education.

Strategic Priority 1 - Preventing children and young people from entering the criminal justice system

What we aim to achieve

- To identify and intervene earlier with those young people whose vulnerability and safeguarding factors are likely to contribute to an increased risk of offending, in order to prevent and divert. For example, where young people are at risk of, or experiencing, child sexual exploitation or domestic abuse.

- To optimise the use and benefits of restorative approaches in the youth justice, in education, care and supported accommodation settings, and in families to prevent offending behaviour, develop empathy amongst young people, to repair harm to victims, and avoid unnecessarily criminalisation.
- To understand and respond to the potentially changing nature of youth crime e.g. cyber and on-line crime, crime committed within the context of being exploited by others e.g. extremism and radicalisation and child-sexual exploitation and gang associated drug dealing expanding along 'county lines' outside of London.

What we will do

- Ensure our triage services to the local police station in Luton when children and young people are arrested are robust and diversion and prevention services are suitably targeted.
- Continue to strive to improve practice through effective and appropriate staff training.
- In line with the values underpinning Children's Services in Luton, we will ensure that all assessments are of a consistently good standard, take full account of the needs, wishes and feelings of children and include a robust analysis of needs, risks and protective factors and provide clear recommendations for intervention.
- Improve the quality of our risk and vulnerability assessments and their transformation into effective programmes of intervention.
- Review and improve our management oversight of case work and quality assurance processes especially around risk and safeguarding issues.
- Increase our analysis work regarding understanding crime trends, reoffending, feedback from service users, effective interventions and use this data to inform future service delivery by ourselves and by our partners.

What success will mean

- The rate of first time entrants to the criminal justice system continues to decline and there are fewer young people entering adulthood with a criminal record.
- Effective early help services mean that fewer adolescents are requiring acute responses from the statutory youth justice system, care and child protection systems or other specialist services.
- Schools reporting less fixed term exclusions and improved behaviour of those students identified as at greatest likelihood of offending.
- Fewer looked after children and care leavers will become involved in the criminal justice system.

Strategic Priority 2 – Reduce re-offending of children and young people subject to statutory interventions.

What we aim to achieve

- To reduce re-offending by young people with a particular focus on the relatively small proportion of young people who commit a disproportionate amount of crime in Luton.
- Working with Children Social Care services, we will continue to develop responses to re-offending that recognise those who persistently offend have overwhelming

experienced the most damaging upbringings, viewing repeat offending as an indicator of safeguarding need.

- To ensure that those committing offences are seen as children and young people first rather than 'offenders' and ensure they have access to mainstream opportunities (e.g. education, employment, positive activities) and are supported to be full participants in their communities.
- To ensure the benefits of restorative practice are fully embedded throughout the youth justice system.
- To develop high quality, evidence based community interventions that contribute to reducing re-offending and maintain the confidence of partner agencies, the Courts and the general public.
- Ensure the highest quality thoughcare and resettlement planning is available, utilising the full partnership resources for the small number of young people who enter the secure estate.

What we will do

- Continue to strive to improve practice through effective and appropriate staff training.
- In line with HMIP recommendations continue to improve the quality of our risk and vulnerability assessments and their transformation into effective programmes of intervention.
- Review and improve our management oversight of case work and quality assurance processes especially around risk and safeguarding issues.
- Increase our analysis work regarding understanding crime trends, reoffending, feedback from service users, effective interventions and use this data to inform future service delivery by ourselves and by our partners.
- Continue to develop and promote a 'whole family' approach by practitioners and make a significant contribution to meeting the contextual safeguarding needs of children and young people in Luton.
- Given the evidence of the impact of restorative justice in reducing offending behaviour, continue to work with youth justice partners to take forward the development of restorative principles in Luton and Bedfordshire.
- The Service and other relevant agencies will continue to support young people at risk of re-offending following completion of a court order or ensure that appropriate 'step down' support and robust exit strategies are in place.
- The Service will review the effectiveness of current 1-1 and groupwork approaches and interventions to reducing re-offending, particularly those aimed at the most prolifically offending young people, and will develop and re-design accordingly, with a greater focus on how safeguarding and diversity needs (e.g. communication and learning styles) are being met. This should involve co-production with young people.
- The Service will continue to work with the Community Safety Partnerships (CSP's) to reduce offending, ensuring that all local delivery plans are integrated and reflect the needs assessment of Luton.
- Along with the Probation Service, we will create an innovative service delivery model to ensure effective transition between youth and adult criminal justice agencies. (see innovation)

What success will mean

- Re-offending, particularly amongst those who are disproportionately committing the most youth crime is reducing.
- The above is supported by a revised offer of interventions that address reducing re-offending with sufficient focus upon the safeguarding and vulnerability of young people who offend as well as their offending behaviour.
- The re-offending of the group of young people transitioning between youth and adult probation services reducing. (Aspirational – a reduction in the cost of late intervention to key partners in Luton)
- Successful inspection outcomes.

Strategic Priority 3 - Safeguard children and young people from harm

What we aim to achieve

- Ensuring that all young people who are at risk of, or involved in criminal exploitation, which makes them more vulnerable to harm from their own behaviour or that of others are supported in reducing their vulnerability and increasing safety.
- Ensure that we make best use of existing information and data about children who are missing from home, school or care and those who are at risk of exploitation, including child sexual exploitation.
- Recognise that risk taking is a normal part of adolescent development and to encourage and provide opportunities for this to be done safely.
- Ensuring that where vulnerability and risk to the public overlap, safeguarding needs are given sufficient attention in agency plans to address offending behaviour. For example, where young people's offending behaviour is being influenced by their own experiences of exploitative and abusive relationships.
- Continue to reduce the use of prison/secure custody for Luton young people, given the adverse impact on safeguarding risks and to also ensure that time spent in police custody is minimised and the environment is more young person friendly.
- Continue to improve standards of reports for court through relevant quality frameworks and policies.
- Promote improved engagement between young people and the police to enable young people to recognise that the police are there to protect them.
- Ensure that where a child or young person is a victim of crime they have the support they need to cope and recover and are appropriately safeguarded if they are required to be involved in criminal justice proceedings. Similar protection should be afforded to young witnesses.
- Seek to safeguard those whose offending is most likely to be influenced by their vulnerability such as looked after children, young carers, mentally unwell young people, sexually exploited adolescents and those in abusive partner relationships or witnessing domestic abuse within a family context.

What we will do

- We will seek to improve the early identification of and response to safeguarding issues associated with young people who have offended or come to the notice of the police and children's services.

- Continue to lead on agenda for serious violence and exploitation with the VERU and the Community Safety Partnership and remain lead agency for the Prevent strand.
- Continue to support and develop the local Multi Agency Gangs Panel (MAGPan)
- Working with Children Social Care services, we will coordinate intervention and support activity in relation to identified individuals and, where appropriate, their families.
- Interface with Children Social Care services through critical panels such as Contextual Safeguarding panel.
- Review joint working practices between Service and Children's Services or Health Services where they working with the same young person due to offending behaviour and well-being/safeguarding needs e.g. child protection, looked after children, young carers, emotionally unwell young people, to ensure that planning is always integrated and joined up in practice.
- Maintain low numbers of young people entering the youth justice system for the first time, in recognition that the unnecessary criminalisation of young people can be a safeguarding risk in itself.
- Working with Children Social Care services, we will use the early help network to 'step down' all youth justice cases that do not meet children's services thresholds but are still identified with safeguarding needs at the point of Ser case closure.
- Ensure that all professionals complete safeguarding training relating to child sexual exploitation awareness, early identification and appropriate responses.
- Continue to be represented on the LSCB Groups and review and implement learning from any relevant critical learning or serious case reviews of youth justice cases where safeguarding was a feature and will escalate key learning.
- We will further reduce the use of custody (both sentence and remand) by adopted the 'Likelihood of Custody' predicative toolkit being developed within the Service. Where young people are sentenced to custody or remanded the YSS will ensure that co-ordinated resettlement planning with the secure estate and other partners begins immediately, in order to reduce vulnerability upon release.
- Working with the Criminal Justice Partnership and Office for the Police and Crime Commissioner (OPCC) we will ensure young victims and witnesses are provided with appropriate support and protection within criminal justice proceedings and have access to services that will support their recovery.

What success will mean

- Fewer young people are entering the formal criminal justice system.
- Reducing the risk of young people referred to MAGPan.
- The relevant professional network is demonstrating a better understanding of adolescent development and indicators of vulnerability related to offending and is responding accordingly as indicated through quality assurance and inspection processes.
- Through continued triage in custody, the administration and process of justice, including decision making about charge is quicker and less uncertain for young people.
- Effective interventions are available and utilised by young people involved in offending who may also be experiencing emotional ill health, abuse in teen relationships, domestic abuse in the family, caring responsibilities, child sexual exploitation or sexually harmful behaviour.

- The prevalence of young people in Luton identified as at risk of child sexual exploitation or domestic abuse is reducing.
- Fewer young people are being detained in police custody and transfer arrangements to Local Authority care are being utilised
- Fewer young people are receiving custodial sentences and fewer are remanded in custody.

Strategic Priority 4 – Protect the public from harm

What we aim to achieve

- To ensure that children and young people who pose a risk of harm to others are appropriately assessed and effectively supervised to promote a reduction in that risk.
- Recognise that serious harmful behaviour to others is often a symptom of significant distress and vulnerability, which needs to be addressed through a safeguarding approach for that risk to reduce.
- Minimise the potential for a ‘transition gap’ between youth and adult services where risk of harm to others is relevant.
- Ensure that the Service co-operates within the Multi- Agency Public Protection Arrangements (MAPPA)

What we will do

- Through the quality assurance framework we will ensure that practice in relation to risk of harm to others is robust and meets the expected standards of HMIP.
- Ensure that management oversight and supervision is robust and effective through the management supervision and oversight policy.
- Continue to implement the MAPPA protocol for managing those young people transitioning to adulthood who continue to present a high risk of harm but are not subject to a statutory order and thus the responsibility of any one agency.
- Relevant cases will be continue to be referred to MAPPA and the relevant case supervisor and line manager will attend all meetings where a young person is on the agenda, or where an adult is due to be discussed who presents a risk to a young person known to the Service.
- Increase access to restorative justice will be available to young people and victims where offending causing significant harm to others has occurred.

What success will mean

- Incidents of significant harm to the public are reducing, including a reduction in notifications to the Youth Justice Board (YJB) for further serious incidents committed by young people under statutory youth justice supervision.
- Reduction in cases needing to be notified to and managed through MAPPA.
- Victims of serious youth offending are accessing appropriate support and restorative justice is always made available to them.
- There is evidence that restorative justice processes are helping to develop increased empathy towards others and thus enabling young people to present a reduced risk of harm to others.
- Quality assurance processes reflect increased quality of assessment and risk management.

Workforce development

The Service has a long history of developing staff which has assisted with the retention of key members where other service areas sometimes struggle. We have a Youth Justice Officer progression scheme in place which has three levels of seniority underpinned by evidence against competencies which are gathered and recorded within supervision. Linked to the personal appraisal scheme, once the evidence of consistent application for each competency is achieved the Officer can move up in seniority within the paygrades.

Assessing the current issues with recruitment general in youth justice, we have been working closely with the criminology department at the University of Bedfordshire with the development of a higher technical qualification in youth justice (HTQ)**.** Once this receives the appropriate academic clearance, it should be approved by employers as a standalone qualification for future youth justice staff. There are many different types of HTQ and are usually taught in the classroom at colleges, universities or independent training providers. Although in its infancy, the aspirations for this partnership is to create a work experience based process within our Service to support the academic modules through a part virtual/ part team based placement arrangement for students. The Service feels this is critical to ensure we have a skilled workforce drawn from Luton residents going forward.

Again in partnership with the University of Bedfordshire, Luton Council's Children's Services department have developed a Social Work Academy to help recruit and develop the next generation of social workers in Luton and the wider region. As a Service we take social work students on placement.

12. Evidence-based practice and innovation

Supported by both its statutory and non-statutory partnerships, the Service has always been on the forefront of evidence based practice and innovation. Using one example, driven by the data analysis that underpins much of our practice, those partnerships have seen a number of health practitioners and education colleagues as long standing members of the Service to support our cohorts. The Board's key areas of focus around early intervention, health and education post covid have been formulated following a 12 month journey of partnership working and joint analysis through the LAM. This demonstrates the strength of the youth justice partnership in Luton in its ability and willingness to adapt to the challenges faced by our children using crucial risk and needs data to inform our practice. Equally working in partnership through partners' strategic Boards the Service provides the evidence base for the vulnerable cohorts that access our services. That way, we are in the best position to advocate for our children.

Many of our innovations across exploitation and the serious violence agenda, such as the TREE, MAGPan or Amber, have already been covered in this plan in great detail. Most of the innovations created in Luton have been adopted by other Services operating in Bedfordshire which is positive and highlights the progress and ingenuity of this Service. We continue to innovate and develop and co-produce interventions with children and young people, a number of which were highlighted earlier. Tapp Out is a great example of the work of this Service in partners with other organisations and children.

Tapp Out

We have a long standing partnership with the Mary Seacole Housing Association, who provide supported accommodation to homeless people in Luton. We have previously collaborated on a co-produced knife awareness programme and a booklet based intervention around exploitation. It was this booklet that led us to create Tapp Out as an interactive application. The development has continued with the further creation of a pilot outreach programme linked to Tapp Out which gives Mary Seacole a community prevention footprint but also brings them into TREE, Amber and MAGPan projects.

The app was developed with children and young people at the centre of the creative process. It was they who realised that 'generic' exploitation resources did not speak to children growing up in Luton and any app had to resonate with them through its story and imagery. Much of story, dialogue and local imagery was devised by the children and young people who worked on the process, as well as starring in the app itself.

The app focuses on the early detection of exploitation through scenarios and aims to provide prompt intervention through awareness. Realising through co-production that children and young people do care about issues that concern them directly but often lack the platform to present their perspective, this provides an opportunity to really hear them and listen to their voice. Operating in a town where more than a quarter of the population are children, we believe that presenting a forum in a format that is familiar to this demographic will increase interest and engagement. Additionally the analytical data can be used to further commission resources in the communities that need them most. The app provides interactives platforms allowing young people to provide anonymous feedback and become part of the narrative with regards to solutions in real time, the chat function is monitored 24/7.

The outreach provision, developed as an extension of the app, is a partnership between the Service and Mary Seacole and integrates with the existing TREE, Amber and MAGPan initiatives. A qualified outreach worker provides community 'call outs' to individuals who ask for help via Tapp Out. In partnership with the Amber Unit, the outreach worker also delivers 'narrative forming' workshops in schools, youth facilities and community and faith settings. The outreach worker take a trauma informed approach and is committed to ensuring that children who may normally be marginalised for criminal behaviour also receive support and opportunities to break the cycle of exploitation. Where appropriate, analytics gathered can be shared from the app where a child may be in danger, including the sharing of IP address and sensitive information where someone is at risk of imminent harm.

Please use the QR code below to download the app.

13. Looking forward

The multi-agency approaches that the youth justice partnership has built with statutory, non-statutory and community partners has been fundamental in reducing the number of children and young people coming into the justice system and those involved in serious violence in Luton. However whilst the statutory youth justice cohort has reduced significantly as a result, the analysis of the early intervention and first time entrant cohorts has shown an increase in presenting risks and complex needs. Developing a Service that is able to identify the types of issues that lead to exploitation earlier is key to reducing the numbers of children who get drawn into criminal exploitation and gang associated behaviours.

Amongst other factors, the pandemic and lockdown conditions has underpinned our extensive in-depth analysis into early intervention, education and health as key priorities of the Strategic Management Board and the Community Safety Partnership Executive. This in turn has driven the change agenda within the Service. In addition to the creation of the Youth Partnership Service, a significant part of the development will also see a joined up effective framework to promote a multi-agency approach to extra familiar risk. Responding to the challenge of children vulnerable to exploitation, the framework will ensure that we are working together effectively to provide earlier identification and intervention. This framework will have an effective interface with other localised risk panels such as MAGPan whilst utilising existing governance groups such as the Community Safety Partnership Executive and those at a pan-Bedfordshire level.

Our analysis demonstrates high levels of needs and risk, which in some cases is unmet, with children accessing our services for the first time. As such, the aims and aspirations of the developing Youth Partnership Service will be to work in the contextual safeguarding space to reduce the numbers of children and young people referred to initiatives such as MAGPan in the first place. Building on the successful existing multi-agency partnership within Edge of Care, Youth Justice and Targeted Youth Services with co-located workers from specialist agencies working alongside commissioned community interventions, the Youth Partnership Service will see intensive specialist support put in place around the child and family at points of crisis but also earlier in the life journey of that child. As we work further upstream with this intensive early intervention and prevention, we should see reductions in children subject to statutory youth justice disposals and care proceedings. New services provided to Family Safeguarding and Corporate Parenting Teams will see bespoke ambitious early years services (SEND), Edge of Care services and targeted risk management services to those children at risk of, or involved in, exploitation who and those who regularly go missing.

We have a close relationship with our Probation colleagues in Bedfordshire both as statutory members of the Strategic Management Board but also through sub groups of the Criminal Justice Board, such as the Reducing Reoffending Board. Acknowledging the difficulties that the Probation Service have had to deal with in terms of staffing and reunification, we have worked well with developing transitions of young people to the adult system. Despite this, young people still face a ‘cliff edge’ when leaving youth justice and our initial analysis demonstrates that there are disproportionate numbers of 18 to 21 year olds in prison who have previously completed youth justice interventions. Equally the disproportionality amongst this group, both in terms of ethnicity and care history, is stark. Although in its infancy, we are undertaking an in-depth analytical assessment of this cohort with a set of criteria to identify whether different interventions or model of transition could have had a positive impact on the lives of those young adults. Once we establish a local analytical profile, underpinned by research into adolescent develop, we will look to develop a model of service delivery that promotes positive transition for young people.

The upcoming year will be challenging as we look to make these significant changes not just to the structure of the Service but also the ethos and shared vision. We are on a fast track, progressive timeline with the development of the Youth Partnership Service but have been fortunate with the senior management and local political support to develop and provide integrated services that identifies, assesses and intervenes much earlier with vulnerable children and young people at risk of exploitation.

14. Sign off, submission and approval (Page 16 of the Guidance)

Chair of YJS Board - name	Chief Superintendent John Murphy
Signature	[redacted]
Date	29th June 2022

15. Appendix 1

Board membership and attendance 2021

LYOS Strategic Management Board T

LYOS Local Accountability Meetin

Governance, Leadership and Mana

16. Appendix 2

Please note that aspects of the Youth Partnership Service are still under development therefore this structure diagram details a few staff positions that are yet to be incorporated into the Service model.

YPS structure April 2022.pdf

Staffing of the Service by gender anc

Common youth justice terms, please add any locally used terminology

ACE	Adverse childhood experience. Events in the child's life that can have negative, long lasting impact on the child's health, and life choices
AIM 2 and 3	Assessment, intervention and moving on, an assessment tool and framework for children who have instigated harmful sexual behaviour
ASB	Antisocial behaviour
AssetPlus	Assessment tool to be used for children who have been involved in offending behaviour
CAMHS	Child and adolescent mental health services
CCE	Child Criminal exploitation, where a child is forced, through threats of violence, or manipulated to take part in criminal activity
Children	We define a child as anyone who has not yet reached their 18th birthday. This is in line with the United Nations Convention on the Rights of the Child and civil legislation in England and Wales. The fact that a child has reached 16 years of age, is living independently or is in further education, is a member of the armed forces, is in hospital or in custody in the secure estate, does not change their status or entitlements to services or protection.
Child First	A system wide approach to working with children in the youth justice system. There are four tenants to this approach, it should be: developmentally informed, strength based, promote participation, and encourage diversion
Child looked-after	Child looked-after, where a child is looked after by the local authority
CME	Child Missing Education
Constructive resettlement	The principle of encouraging and supporting a child's positive identity development from pro-offending to pro-social
Contextual safeguarding	An approach to safeguarding children which considers the wider community and peer influences on a child's safety
Community resolution	Community resolution, an informal disposal, administered by the police, for

	low level offending where there has been an admission of guilt
EHCP	Education and health care plan, a plan outlining the education, health and social care needs of a child with additional needs
ETE	Education, training or employment
EHE	Electively home educated, children who are formally recorded as being educated at home and do not attend school
EOTAS	Education other than at school, children who receive their education away from a mainstream school setting
FTE	First Time Entrant. A child who receives a statutory criminal justice outcome for the first time (youth caution, youth conditional caution, or court disposal
HMIP	Her Majesty Inspectorate of Probation. An independent arms-length body who inspect Youth Justice services and probation services
HSB	Harmful sexual behaviour, developmentally inappropriate sexual behaviour by children, which is harmful to another child or adult, or themselves
JAC	Junior Attendance Centre
LAM	Local Accountability Meeting
MAGPAN	Multi-Agency Gangs panel
MAPPA	Multi agency public protection arrangements
MFH	Missing from Home
NRM	National Referral Mechanism. The national framework for identifying and referring potential victims of modern slavery in order to gain help to support and protect them
OOCD	Out-of-court disposal. All recorded disposals where a crime is recorded, an outcome delivered but the matter is not sent to court
Outcome 22/21	An informal disposal, available where the child does not admit the offence, but they undertake intervention to build strengths to minimise the possibility of further offending
Over-represented children	Appearing in higher numbers than the local or national average
RHI	Return home Interviews. These are interviews completed after a child has been reported missing

SLCN	Speech, Language and communication needs
SMB	Strategic Management Board
STC	Secure training centre
SCH	Secure children’s home
TREE	Tackling, Reducing and Ending Exploitation
Young adult	We define a young adult as someone who is 18 or over. For example, when a young adult is transferring to the adult probation service.
YJS	Youth justice service. This is now the preferred title for services working with children in the youth justice system. This reflects the move to a Child First approach
YOI	Young offender institution

Appendix B

Youth Justice Plans: YJB Practice Guidance

March 2022

Contents

Context and legal framework

Local authorities have a statutory duty to submit an annual youth justice (YJ) plan relating to their provision of youth justice services[1]. Section 40 of the Crime and Disorder Act 1998 sets out the youth justice partnership's responsibilities in producing a plan. It states that it is the duty of each local authority, after consultation with the partner agencies, to formulate and implement an annual youth justice plan, setting out how youth justice services in their area are to be provided and funded, how it will operate, and what functions it will carry out.

The plan should equally address the functions assigned to a youth justice service, including how services will prevent offending behaviour and reduce reoffending[2].

Whilst these statutory requirements state the minimum information required within the YJ Plan, this guidance sets out further considerations for partnerships on both the content and structure of your YJ Plan; and asks for reflection on how the service takes a strength based approach towards delivering a child first justice system.

The YJB recognises the remarkable response of the sector to the effects of the pandemic on delivery and the support that has been provided to children; we do not underestimate that the impacts of this are yet to fully emerge. At this time the importance of partners working together to put plans in place to mitigate the impacts are more crucial than ever.

Annual youth justice plans are an opportunity to review performance and developments over a single year period and plan for the next year. This allows services to be able to respond to any changes that have taken place in the previous year, including new legislation, demographic changes, delivery of key performance indicators, and developments in service delivery. The planning and production of a Youth Justice Plan is beneficial to partnership working and service delivery to ensure the best outcomes for children.

The YJB recommend that partnerships engage their YJB regional leads in reviewing the content of plans and seek timely feedback before formal submission.

YJ Plans for 2022/23 are required to be submitted using the template provided at Annex A, in line with the structure outlined in this guidance. This is a change to previous requirements reflecting that the data and information contained within the plan is used by the YJB as an intelligence source that supports our oversight function. The standardised template supports consistency of content and structure, accessibility of the information and improves the identification and sharing of best practice.

We recognise that local areas will have their own governance arrangements in place; however we encourage the practice for plans to be developed in consultation with children and their families, staff and volunteers, partnership organisations and board members.

The final oversight for plans locally is with the chair of the board and plans must be signed off by the chair of the board before they are formally submitted.

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[1] The statutory definition of a local youth justice service is contained in the Crime and Disorder Act 1998. In statute these are known as youth offending teams. However, as services have evolved, they have become known by different names. We use the term youth justice services (YJSs) to acknowledge the evolution of services in all their guises and to move away from the stigmatising language of 'offending'.
[2] Crime and Disorder Act 1998, (Section 40 (3)(a)(b).

There is a requirement on services to publish their YJ plans[3]. Final YJ plans must be submitted to the YJB by **30 June 2022[4]**, by e-mailing YJB CBU CBU@yjb.gov.uk copying your YJB regional lead.

Your YJ plan can be submitted at any time. The 30 June 2022 is the date by which your plan must be submitted on the provided template to ensure timely payment of your Youth Justice Grant for 2022/23.

Annex B includes a summary outline of grant requirements against terms and conditions to support services understanding of minimum compliances.

[3] The requirement is set out in the Crime and Disorder Act 1998 (section 41)

[4] In exceptional circumstances it is possible to request an extension for the plan submission; this must be agreed in advance with your YJB regional lead.

Child First

You will be aware that the YJB's vision is of a Child First youth justice system, which we define as a system where all services:

- Prioritise the best interests of children and recognising their particular needs, capacities, rights and potential. All work is child-focused, developmentally informed, acknowledges structural barriers and meets responsibilities towards children.

- Promote children's individual strengths and capacities to develop their pro-social identity for sustainable desistance, leading to safer communities and fewer victims. All work is constructive and future-focused, built on supportive relationships that empower children to fulfil their potential and make positive contributions to society.

- Encourage children's active participation, engagement and wider social inclusion. All work is a meaningful collaboration with children and their carers.

- Promote a childhood removed from the justice system, using pre-emptive prevention, diversion and minimal intervention. All work minimises criminogenic stigma from contact with the system.

We are satisfied that the evidence supports this as the best approach to achieve better child outcomes. Much of this is explored in the research by Loughborough University alongside UKRI, Child First Justice – the research evidence base. You may access the summary report here

Whilst many of you will be employing a Child First approach to a greater or lesser extent, we want to build capacity within the sector further. We recognise that systemically this is a long-term vision which requires policy and legislative changes at the centre, which we are seeking to influence as set out in our strategic plan. We also recognise that this vision extends far beyond the youth justice system into mainstream services and beyond and again are working to re-frame youth justice across government. Equally, as some services develop their Child First approach and implement these principles, there may be variance and potential tension between that, and previous risk based approaches. The YJB is actively working with other organisations across the sector to develop a shared understanding of the benefits of the Child First approach.

However, there is much that can be done within the existing system within local arrangements and the content of plans should reflect your activity in working to achieve the above vision.

How to produce your plan

The Youth Justice Management Board should govern and own the process of producing the local YJ Plan; it is their opportunity to collectively shape the direction of the delivery of youth justice so that it best meets the needs of the locality, children, families and communities. Opportunities for wider participation, significantly where children and their families can themselves shape and influence the delivery of your service is also strongly encouraged.

YJ planning process – what might it include?

The Management Board (led by the Chair) should take the lead for planning, beginning with a planning session, with contributions from all partners. The planning process should include the following:

Reflect and plan

- Looking back to learn from the past and recognise achievements, consider plans based on what is known now and horizon scans to base plans in context
- Considering current performance, this may include performance data against local and national indicators, self-assessment against Standards for Children in the youth justice system, other existing improvement plans
- Identifying and understanding the needs of children in the justice system within the cohort, and the priorities to support good outcomes
- Considering key risks, issues and challenges, and key milestones

Consult and co-produce

- Involve input from children and families, enabling the voice of the child and user feedback and participation
- Consult with staff and volunteers, particularly regarding, improvements to service delivery and identifying learning and development needs of the workforce to support performance improvement and better outcomes

Engage wider strategic partnerships

- Consider the, regional and national context the partnership is operating in. What is the strategy and vision of key stakeholders within which the YJ Plan will 'sit'?
- Look for support from the sector and take the opportunity to plan across wider areas – PCC area, health footprint, regional, devolved political area
- Take on board relevant wider strategic plans, (including perhaps, Police and Crime Plan, Local authority plans (Children and Young People Plan for example), VRU/CSP/LCJB/Public Health Plans)
- Share with partners for feedback and amendments

Content of the YJ Plan

Statute requires the production of an annual plan, if a service is committed to a longer planning period, to align with other delivery plans, this is acceptable, but there must be an annual update on the youth justice plan submitted to the Youth Justice Board (YJB).

YJ services are asked to ensure the information contained is clear and succinct. If there is no information available, that should be acknowledged. Plans should be written in Word. If information is included that is not part of the structured template, this can be added as an appendix.

Plans will cover both strategic and operational elements. The wider strategic picture should be captured, whilst outlining also the key business activities that will be undertaken by services to achieve wider strategic aims.

The plan should seek to include all services that contribute to the prevention of offending behaviour of children in their local area, as well as describing how the YJ service itself operates and what functions it will carry out. This can be achieved through descriptions of operational partnership approaches across a local area, and the strategic links that underpin them.

The YJ Plan should set out the **direction and strategy of youth justice services**, describing how in particular, quality services will be provided to ensure positive outcomes for children and improvements in performance indicators, in particular:

- reducing first time entrants to the youth justice system
- reducing the use of custody
- reducing reoffending rates
- locally agreed performance indicators that evidence positive outcomes for children

The YJ Plan should describe how **leadership and governance** is set up to monitor the **quality and effectiveness** of youth justice services across your area.

Revised Standards for children in the youth justice system were implemented from 2019, and self-assessments against these standards were carried out by all local partnerships and submitted to the YJB in 2020. The planning process for your YJ Plan should align the gaps or areas for improvement your partnership has identified through the self-assessment process and provide an outline of progress against your action plan to address areas of improvement.

The local governance arrangements are likely to focus on the YJ Management Board or equivalent, but where appropriate descriptions of wider governance and leadership should be included.

Effective governance and leadership requires quality information being made available to all key partners. It is important to understand the needs and diversity of the local children's population, to devise and deliver appropriate individual and personalised services. The YJ Plan should contain information on the needs of children in the local area, including:

- a profile of offences by children, including a breakdown by gender, age, ethnicity, looked after status, types of offences
- how the needs of your cohort have been assessed to inform delivery decisions
- how the service demonstrates a Child First ethos and practice.
  In doing this you may wish to focus upon each of the four Child First tenets (outlined

above) individually and consider plans to implement work within each. For example, under the first tenet, how you might plan to move away from offending behaviour programmes towards a model of working which focus on a child's individual strengths and build positive behaviours and sense of identity.

Other key information to consider in your YJ Plan should reflect your local context. We include suggestions alongside areas where we also wish to drive improvements across the system below. Understanding approaches to these also enables us to capture emerging and existing good practice, to share more widely and in support of advising Ministers.

- what the staffing of the youth justice service looks like, what the **workforce learning and development** needs are, and how they will be met

- what is known about **child criminal exploitation** in your area, and any initiatives or plans the partnership has in place to work together to address and prevent the harm arising from exploitation of children (information on serious violence should be considered as part of this)

- what is known about any groups of **over-represented children** in the youth justice system in your area, and any initiatives or plans the partnership has in place to work together to address this

- what local partnerships are doing to ensure effective services are available for **constructive resettlement** for children leaving secure estate and settling back into the community, or transitioning across to adult secure estate or community services

- what the partnership and key stakeholders regard as **effective practice** in youth justice. What aspects of their service delivery and design have contributed to, and resulted in their key achievements

- how youth partnerships hold education to account over levels of **exclusion** from schools/colleges, referrals to **Elective Home Education** and the provision and delivery of **EHCP's** (Education, Health and Care Plans)**,** and how decisions are being monitored, challenged and addressed to ensure that the actions of all education establishments are appropriate and in the best interests of children

- what local partnerships are doing to prevent children who are at risk of offending from being progressed into the formal youth justice system, and what they are doing to divert children who have offended from being escalated further through the formal youth justice system

YJ Plan structure

To aid YJ partnerships in the production of the YJ plan, commentary against the structure has been provided below:

Introduction, vision and strategy

A forward or statement introducing the plan from the Chair, or a senior representative of the local authority, confirming that the plan has been developed and agreed across Youth Justice partners, offers evidence of governance of the plan.

Having an executive summary outlining the key points in the plan, including opportunities, risks and challenges, works well. This provides a focus on key priorities going forward and key achievements from the last year.

Outlining the vision and strategy of the local partnership at the beginning of the plan, sets the overall tone of the narrative to follow, and gives a wider perspective to the detail of the rest of the plan. This offers the opportunity to develop your own child first vision that all partners are committed to and shapes activity towards achieving it.

Local context

This is an opportunity to provide information about the local context of both the service and the local delivery environment. This can include information about the known demographics of the local population, any issues and concerns that impact on children maximising their potential

Child First

The YJB is committed to the principle of Child First.[5] This section can be used to demonstrate how the partnership has achieved implementing the four tenants of the Child First principles into practical service delivery. However, the principle of Child First is not limited to this section and the plan should also demonstrate how this ethos is woven throughout other elements of service delivery. If case examples are used, these should be included in an appendix.

Voice of the child[6]

The YJ Plan should include information on how the partnership works collaboratively with the child and how their voice is heard. This section should include:

- what has been done with that information or feedback.
- any tangible examples of how feedback from children has been used to make changes in service delivery.
- information about the process undertaken to gather the feedback, and how that is analysed for service development.

It is not necessary to include individual quotes from children and their parents/carers in this section but an additional appendix can be used to provide specific quotes if required.

[5] New report provides evidence-base for Child First approach in youth justice systems | School of Social Sciences and Humanities | Loughborough University (lboro.ac.uk)

[6] Participation in Practice and Co-creation Project - Peer Power Project (July 2021) - Youth Justice Resource Hub (yjresourcehub.uk)

Governance, leadership and partnership arrangements

This section should provide an overview of how the partnership is meeting statutory requirements for the oversight of youth justice services. [7]Full board membership, including attendance, job title of the board member and dates of board meetings should be included in Appendix 1.

An account of the local governance arrangements for youth justice services should be included, outlining how the youth justice management board links in with other partnership and local governance arrangements with relevant oversight responsibilities and shared aims.

A description of the partnership arrangements at both an operational and strategic level, that contribute to support for children in the justice system. As a multi-agency partnership, youth justice services must contain specialists, or access to specialist provision for children being supervised, this includes Police, health, education, social work and probation as a minimum. A description of operational partnerships should include confirmation that this is the case, in addition to describing the workforce available to deliver statutory youth justice work. This section should also include information on:

- where the service is located within the local authority, or otherwise, and the rationale
- the seniority of YJS Head of Service role, including any other lead responsibilities
- the full structure (appendix 2 to your plan). The structure chart should include details of the staff roles in the YJS and the reporting arrangements for the Head of Service. Information on the links to the data analyst should also be included. There should be a separate table in the appendix recording the ethnicity, sex and known disability of staff.

Resources and services

Your YJ plan will need to provide assurance that the YJB grant will be used appropriately (as described in the Terms and Condition of Grant).

In this section you are required to include details of:

- how the YJB Grant will be used
- partnership resources that contribute to the aims and expected outcomes of the plan

A description of effective and efficient use of resources should be linked to performance and outcome measures set out in the plan.

- e.g. '*we use our grant, partner contributions and available resources to deliver these services and we believe they produce the following benefits and outcomes. Our performance will be improved in 2022/23 by…….*'

Progress on previous plan

This section should include a commentary on performance on the key activities identified in the previous plan. Information should be provided on what activities and objectives were achieved in the preceding year. Progress should be reported on those actions that are still outstanding, or partially achieved. Any barriers to the successful completion of activities should be identified, and if still appropriate, what actions are planned to mitigate or overcome any barriers to achievement.

[7] Youth justice service governance and leadership - GOV.UK (www.gov.uk)

Performance and priorities

This section should contain a summary of key performance targets, as a minimum describing what current performance looks like and what the partnership is aiming for in the future. Performance against the nationally measured targets should be captured in the plan. Partnerships should demonstrate an understanding in their plan of how they are performing in reducing:

- use of custody, *(in both remand and sentencing)*
- first time entrants (FTEs) to the criminal justice system
- reoffending
- overrepresentation within their cohort

Local performance targets are encouraged, and local data to measure these targets are also welcomed as a useful way of overcoming the challenges to delays in national data. This can include any local targets that aim to improve the outcomes for children.

Information should be included on how the service has achieved good performance, or what actions are planned to address any poor performance on the key performance indicators.

Welsh YJS's should include their performance in relation to the Welsh blueprint in this section.

Capturing the key priorities for the period is an important aspect of the plan. In challenging times, focusing on key priorities and stating these in your YJ plan helps to inform key actions in the business plan or improvement plan section.

Within your priorities we would be keen to understand how your YJ Plan is addressing the following;

Education

How the partnership is working to ensure all children known to the service are having their education needs met. This should include information of the education staffing provision in the service, and how this links with other partnership arrangements, such as voluntary sector organisations, academy trusts and the local authority and links to education representation on the board.

Data should be provided on how many children are not receiving their education entitlement, how many are excluded, on part time timetables or electively home educated. This data should be analysed to identify any disproportionality and care status of the child. The number of children who have Education and Health Care plans (EHCP) who are open to the service should be provided.

Over-represented children

Children from a range of backgrounds are over-represented in the youth justice system[8] your YJ Plan should offer commentary on any data or intelligence you have about children who may be over-represented in the youth justice system in your area.

Nationally it is known that Black and Mixed ethnicity boys are over-represented and the recent HMIP thematic report made a number of recommendations for local authorities, YJS partnerships and YJS managers in relation to these children. Commentary on how the service has responded to these recommendations can be included here. Information should

[8] Understanding racial disparity - GOV.UK (www.gov.uk)

be included on how the management board partnership is fulfilling its duties in line with the Equality Duties Act (2010) and any other work that is being planned or undertaken to address over-representation of children.

However, it is not only Black and Mixed ethnicity children that are over-represented, and the youth justice service should know and respond to any local concerns about all children who are over-represented. This includes, but is not limited to children looked-after, children excluded from school and Gypsy, Roma and Traveller children.

There should be an analysis of any data that identifies all children who are over-represented, and an outline of what plans are in place to address this, and what has been delivered for these children. Tackling over-representation should be a concern across the partnership, therefore this should not be limited to the activities of the Youth Justice service and can include wider activities led by other partners.

If there is no data to indicate any children are over-represented this should be acknowledged.

Whilst girls tend to be under-represented in the youth justice system, they do have a specific set of needs, and services may need to be adapted to meet the needs of the girls supervised by the service. If there are specific services or programmes that have been developed for girls, this should be included in this section.

Prevention[9]

Many partnerships are delivering early and/or targeted prevention work with children (and their parents/carers) who may be displaying behaviours associated with offending, antisocial behaviour or vulnerability, to safeguard children and promote positive outcomes to stop them entering the formal youth justice system.

This section can be used to set out the strategy and processes in place for prevention across the partnership. It should include how children are identified for prevention, how the service is delivered, by whom and how success is evaluated.

If data is available on numbers of children who receive a prevention service, this should be included here, along with a description of how this data is recorded and used.

Diversion[10]

Many partnerships are delivering diversion work with children who have committed an offence(s) to support them to avoid a criminal record and escalation into the formal youth justice system.

This section can be used to set out the strategy and processes in place for diversion. It should include how children are identified for diversion, how the service is delivered, by whom, how success is evaluated and what scrutiny is in place.

[9] Definitions for Prevention and Diversion - YJB (2021) - Youth Justice Resource Hub (yjresourcehub.uk)

[10] Definitions for Prevention and Diversion - YJB (2021) - Youth Justice Resource Hub (yjresourcehub.uk)

If data is available on numbers of children who receive a diversion service, this should be included here, along with a description of how this data is recorded and used.

In both prevention and diversion it is recognised that some of this work may not be delivered outside the YJ service; this activity should be included in these sections.

Serious violence and exploitation

The YJB's definition of serious violence is violence against the person offences (which encompasses homicide and weapon offences), robbery and drugs offences which have a gravity score of 5 and above.

The YJB acknowledges the link between exploitation of children regarding county lines and gangs as a means to supply drugs and serious violence . Harm is caused, not only to the community and victims but also to the children who are often victims themselves, and as a result may become drawn into criminal activity.

In this section services are invited to include information about their activities to address serious violence and county lines. This should include any strategic links to wider partnership arrangements. In addition, any learnings from past serious incidents, use of the National Referral Mechanism (NRM), if applicable, should be included in this section.

Any work being completed across the partnership as a result of, or to prevent, radicalisation or extremist activity should be included in this section.

If data is available about the details of children involved in serious violence and offence type this should be included here.

Whilst not applicable to all children who are subject to Release Under Investigation (RUI) arrangements, a number of these investigations will relate to serious violence. This section should address what work is being completed across the partnership in relation to children subject to RUI.

Constructive resettlement and the use of custody (including remands)

The use of custody has decreased significantly over the past ten years and this is rightly a success in the youth justice system. When children do go to custody it can have a damaging effect on their lives, disrupting education and straining family relationships. Children in custody are likely to be amongst the most complex and vulnerable children in society. Therefore, even in services where custody rates are low, reference should be made to strategic planning, including work across the partnership for these children and any analysis completed on their needs.

This section can include what work the partnership has achieved in implementing the principles of constructive resettlement in practice, and how they plan to implement the constructive resettlement approach in the future. Case examples can be included as an appendix.

The proportion of children on remand rose during 2020/21 and reference to any children subject to remand should be referenced in this section, and if data is available, this should be included. This data should include the age, gender and ethnicity of the child. Information should be included on any strategic plans being delivered across the partnership to reduce the use of remands.

Children leaving custody often face particular challenges in relation to suitable accommodation and this section should include information about how the partnership meets the accommodation needs of children, both leaving custody and those who are in the community.

Restorative justice and victims

Restorative justice empowers victims and gives them a voice in the criminal justice process, helping them to move on with their lives. Youth Justice services provide services to victims to participate in restorative services and help the child to make amends. In this section information should be included on the strategic process for victim's participation in restorative services, including services where there is no direct victim. If data is available, the uptake of the offer to victims and satisfaction rates.

Victims should also be considered when planning for their safety and there should also be consideration of the child's past experience of being a victim and any potential future concern.

Standards for children in the justice system

Your YJ plan should include Information on:

- the findings from your most recent standards for children in justice self-assessments;
- actions completed to address gaps found in internal audits
- progress to date against your standards for children in justice action plan
- planned activity for the coming year.

Challenges, risks and issues

This section should include
- An outline of current challenges, risks and issues to local YJ services
- What actions are being taken to address existing issues and challenges
- What proposed action may be needed to address potential risks should they emerge

Service improvement plan

It is important during the preparation of your YJ Plan that you consider and capture detail around the following:

Service Improvement

What key improvements to youth justice services and outcomes for children are needed and how they will be delivered? Consider:
- What benefits will be delivered and what success will look like?
- What support is needed to improve?
- Will sector support be used to improve?
- How the YJB Strategic Plan 2021-24 will influence your local plan

As part of this consideration YJ Plans must present progress against key findings from any relevant local inspections, HMI Probation thematics, reviews or learning exercises that have taken place in the last 18 months including:

- Learning from any serious incident reviews reported locally
- Improvement actions from HMIP inspections, including thematics

- Improvement actions from other relevant inspections of statutory partners that may impact on YJ services

Workforce Development

What development of the workforce in 2022/23 and beyond looks like?
An analysis of the workforce development needs of the staff in the service and the plans to delivery and training and development in the next year. Information should be included on any training or developments that have been delivered in the past year and how this has impacted on service delivery

Board Development

The YJB expects local management boards to take responsibility for all aspects of YJ service governance; to lead strategically across relevant partners and to ensure a high-quality service is provided to all children. In 2021 the YJB provided updated guidance on YJ Service Governance and Leadership to support this. Your YJ Plan should set out what are the plans for partnership improvements? What action will be taken?

Evidence-based practice and innovation

The definition of evidence-based practice is *'integration of the best available and accessible evidence with professional expertise, in the context of working with children in contact with the youth justice system'*. Its purpose is to promote effective practices and achieve positive outcomes for children. This includes systems, ways of working or specific interventions which are based on the best available research, are child focused and developmentally informed. [11]

In this section examples of practice should be included that meet the definition of evidence-based practice. If there has been any evaluation, either in-house, or externally validated, this should also be included.

In addition, examples where there is *emerging practice or innovation* should be included in this section. This can include practice that has been developed in response to the specific needs of a group of children, for example young children, or children with refugee experience, or practice in response to a theme, need or behaviour. This could include responses to support prevention and diversion, build strengths, re-engaging children in services, or systems approaches to ensure good communication.

Examples of practice can include small changes, as well as larger projects.

Looking forward

This section should be used to lay out plans for your development over the next twelve months. It should be limited to your services key priority areas. The actions should be achievable to be delivered in the relevant timescales.

This section can also be used to identify any emerging concerns relating to the children known to youth justice, or the systems and structures that impact on their lives.

Sign off, submission and approval

YJ Plans must be agreed by your partnership and signed off by the Chair of the board **before** submission to the YJB.

YJ Plans can be submitted to the YJB at any point but we request that approved plans are submitted by the latest **30 June 2022.**

YJ Plans should be submitted by e-mailing YJB CBU. CBU@yjb.gov.uk. Copying your YJB regional lead

If there is wider sign off, scrutiny or governance required for your YJ plan taking place after the 30 June, your plan can be submitted as long as the management board Chair has approved the plan. The 'sign off' by the Chair is an indication that the wider management board have approved the submitted plan.

The YJB regional lead covering your region/Wales are available to review and consult on locally approved plans. Should feedback from them be sought, we advise consultation on a draft version take place as early as possible and before formal submission.

The YJB recommends that you consider the production of a summary version for the general public and a simplified and accessible version for children.

While the YJB provides grant to local areas, it is neither a signatory to the plan nor directly responsible for its contents. Consequently, neither the YJB nor the Ministry of Justice logo should appear on the document.

Annex A – YJ Plan Template

YJ%20Plan%20Template%202022-23.doc

Annex B - Summary outline of grant compliances

The below replicates Annex 3 within the YJ Core Grant Terms and Conditions. Grant payment is made to the Local Authority as one lump sum when all the compliances set out below have been met. Payment will be made on condition that the following information will be provided by the timescale indicated. A failure to provide this information could result in the YJB on behalf of the Secretary of State for Justice requiring that the grant payment be returned.

31 May 2022	Submission of the signed audit certificate for the previous year's 2021/22 Youth Justice Grant	Send to: YJBGrants@yjb.gov.uk
30 June 2022	Youth Justice Plan	Send to: CBU@yjb.gov.uk copied to your relevant YJB regional lead
30 June 2022	Submission of a signed agreement of Conditions of Grant (e-signatures are now acceptable) – an email submission to the YJB must be copied to other signatories and state explicitly that the other signatories have agreed to conditions.	Send to: YJBGrants@yjb.gov.uk
31 July 2022	Submission of the planned overall income and workforce data for the YJ service through YJ application framework	Contact: InformationandAnalysis@yjb.gov.uk
As per Data Recording Requirements (DRR)[5]	Submission of quarterly case management and AssetPlus data via Connectivity	Contact: InformationandAnalysis@yjb.gov.uk
31 May 2023	Submission of the signed audit certificate for this year's 2022/23 grant	Send to: YJBGrants@yjb.gov.uk

If YJ services are experiencing delay/difficulties with any of the above, contact with their relevant YJB regional lead is essential.

Luton

		Item No: **10**
Report For:	Executive	
Date of Meeting:	20 September 2022	
Report Of:	Sue Frost, Service Director Sustainable Development	
Report by:	Yvonne Sampoh, Principal Planning Officer (Policy)	
Contact Officer:	Sarah Barker, Team Manager Planning Policy	
Subject:	Article 4 Directions: Commercial, Business and Service uses to Residential Conversions: Luton Town Centre and Surrounds	
Lead Executive Member(s):	Cllr Roche	
Wards Affected:	Biscot, Dallow, High Town, South, Stopsley, Sundon Park, Wigmore	
Consultations:	Councillors ☑ Scrutiny ☑ Stakeholders ☑ Others ☑	

Recommendations

1. That the Executive:

i) Authorises the making of a non-immediate Article 4 direction that removes the ability to convert commercial, business and service uses (Use Class E) to residential uses (C3) pursuant to permitted development rights within the Areas shown edged red in Appendix A.

ii) Instructs the Service Director of Sustainable Development to consult on the matter in accordance with the legislation; and to report back to a future meeting of the Executive on the outcome of the consultation to determine whether to confirm the Article 4 direction and bring it into effect.

iii) Authorise the notice relating to the publicity requirements to specify an effective date of at least 12 months after the notice period has commenced.

Background

2. The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 updated the Use Classes Order 1987 by amalgamating many of the uses which were formally contained within A1-A3, B1(a-c) D1 and D2 into a new Use Class E.

3. Use Class E – Commercial, Business and Service uses consists of previous Use Class A1 (shops), A2 (financial and professional services), A3 (Restaurants and cafes), B1(a) Offices – other than in A2, B1(b) Research and development of products or processes, B1(c) industrial processes, D1 Doctors, clinics and health centres (except where linked to the residence of the practitioner) and crèche, day nurseries or day centres, and D2 gymnasiums and Indoor Sports and Recreation (except where motor sports or firearms are used).

4. Changes to another use, or mix of uses, within class E, therefore no longer require planning permission.

5. A further change was made on 01 August 2021 to the General Permitted Development Order which was amended to reflect the current use class listings and introduce the new Class MA which permits (subject to certain exclusions and conditions) the full or partial conversion of commercial premises (land use operating within Use Class E) into residential dwellings (C3).

6. The Town and Country Planning (General Permitted Development etc.) (England) (Amendment) (No. 2) Order 2021, Article 13, paragraph 5 (2) enacted on 01 August 2021 confirms that where there is an Article 4 direction in place up until the 31 July 2021 relating to the previous permitted development right, these directions continued to have effect until 31 July 2022.

7. Article 4 directions are used by local authorities to remove specific permitted development rights in defined areas. They do not restrict development altogether, but ensure that development requires planning permission. A planning application for a proposal where permitted development rights have been removed by an Article 4 direction would therefore need to be submitted and would then be determined in accordance with the development plan.

8. The National Planning Policy Framework (the Framework), was updated with a revised paragraph 53 addressing how local authorities should approach the making of Article 4 directions.

Paragraph 53 of the Framework states that Article 4 directions should*:*

> • *where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts (this could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre)*
>
> • *in other cases, be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities)*
>
> • *in all cases, be based on robust evidence, and apply to the smallest geographical area possible.*

9. This revision creates a 'higher threshold' for local authorities making Article 4 directions compared to previous national policy where the threshold was limited to situations which were simply noted as necessary *' to protect local amenity or the well-being of the area'*. The current threshold now requires that Article 4 directions are made in a more targeted way and should not be used to cover a whole town centre or

Local Authority area. Paragraph 53 is also clear that the making of the Article 4 direction needs to be underpinned by a strong evidence base.

10. Paragraph 037 of Planning Policy Guidance was also revised on 20 08 2021 to state that *'the potential harm that the article 4 direction is intended to address will need to be clearly identified, and there will need to be a particularly strong justification for the withdrawal of permitted development rights'* where prior approval powers are available to control permitted development.

The Current Position

11. On 04 June 2018, Executive authorised the making of a 'non-immediate' Article 4 direction removing permitted development rights for the conversion of office to residential. The Article 4 direction was proposed in response to changes to the General Permitted Development Order which enabled conversions from an office use to a residential use under Class O Schedule 2 (Part 3) 'Changes of Use' of The Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended). Luton Town Centre and Surrounds Article 4 direction was made without immediate effect on 28 February 2019 and following Executive on 16 September 2019 was confirmed under seal on 09 October 2019, and came into effect on 01 March 2020.

12. The reason that the previous Luton Town Centre and Surrounds Article 4 direction was non-immediate rather than immediate direction was due to the risk of compensation claims from bringing the Article 4 direction into effect immediately.

13. The previous Luton Town Centre and Surrounds Article 4 direction expired after 31 July 2022 and further information is available under background papers.

14. The proposed locations of Luton Town Centre and Surrounds Article 4 direction is provided in Appendix A and covers the following locations:

- Land at Kingsway (including Portland Road, Laporte Way and Kingsway Industrial Estate).
- Land to the north-west of Osborne Road.
- Land at the junction of Putteridge Road and Hitchin Road.
- Premier Business Park, Dencora Way.
- Luton town centre and surrounds (including areas of Bury Park, High Town, and New Town).
- Land at Percival Way, President Way and Prince Way (including side roads).
- Land to the north of the junction between Wigmore Lane and Eaton Green Road.

15. This report is supplemented by an evidence base, justifying the need to exercise tighter planning control over these locations through the use of an Article 4 direction in accordance with the paragraph 53 of the Framework. This is provided in Appendix B and C.

16. In summary at a strategic level, such conversions are contrary to the objectives of both the adopted Luton Local Plan, specifically:

- Compromising the spatial strategy within the plans that seek to consolidate development in specific locations and support balanced and sustainable development (including the regeneration of the town centre).
- Not necessarily providing residential accommodation that meets the objectively assessed needs of the town as set out in the Strategic Housing Market Assessment particularly in terms of the type of accommodation provided including dwelling mix.
- Unlikely to contribute to the affordable housing needs of Luton.
- Reducing employment opportunities in the town and hence losing the balance between housing and jobs set out in the local plan.
- Increase in population and, particularly, requirements for additional school places.
- Increase in domestic waste from previously commercial properties.
- Additional pressures on the health system.

17. At the local level, there are a number of issues with:

- Lack of facilities for recreation space especially for children.
- Lack of local school places for children.
- Increased domestic waste generation in potentially inappropriate/inaccessible locations for effective disposal.
- Increased costs associated with collecting & disposing domestic waste from previously commercial properties.
- The quality of the residential living space and environment/amenities provided.

18. There is also no ability to seek planning (section106) contributions to mitigate against these and other impacts.

19. The adopted local plan has a clear spatial strategy to focus sustainable development upon a hierarchical network of centres (town centre, district centres and neighbourhood centres) and the proposal is that this forms the basis for the spatial coverage of this Article 4 direction. All sites proposed contain Category A employment areas. In summary, the proposed coverage of the Article 4 direction is:

- Luton Town Centre and surrounding areas: To maintain the strategic role of town centre in accordance with LLP3 Luton Town Centre Strategy of the adopted local plan and supplement conservation areas. The site contains Luton's key retail uses as well as offices and other commercial uses.

- High Town: To maintain the strategic role and vision for the area in accordance with LLP10 High Town of the adopted local plan. This will also safeguard the quality of development in accordance with the High Town Masterplan, Luton Town Centre Masterplan. The area contains predominantly retail uses with housing.

- Airport Business Park: To maintain strategic allocation of London Luton Airport in accordance with LLP6 of the adopted local plan. The site at Percival Way and President Way contains key light industrial uses as well as offices.

- Wigmore Place: The site at Wigmore Lane and Eaton Road Green contains offices on the upper floors and retail uses on the ground floor.

- Dallow Employment Areas: The site at Kingsway contains predominantly light industrial uses and retail uses.

- Stopsley: The site at Putteridge Road And Hitchin Road is contained within the district centre and includes offices Jansel House on the upper floors and retail at ground level

- Sundon Park Employment Areas: Premier Business Park, contains good quality offices.

20. Using an Article 4 direction to remove the permitted development rights will allow the Council to require planning permission for development in order to mitigate adverse impacts on residents, businesses and the wider urban environment and make an informed decision on the appropriateness of such development in specific locations covered by an Article 4 direction.

Article 4 Directions Process

21. Schedule 3 of The Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended) details the process for making an article 4 direction.

22. An Article 4 direction can be made with immediate effect (withdrawing permitted development rights prior to consultation and confirming after consultation but before the end of six months of the making notice or withdrawing the proposed direction) or with non-immediate effect, where permitted development rights are withdrawn following consultation and confirmation of the article 4 direction.

23. The use of an immediate Article 4 direction should be limited to situations where this is necessary to protect local amenity or the wellbeing of the area or if the development would be prejudicial to the proper planning of their area.

24. Section 108 of the Town and Country Planning Act 1990 notes that if a local planning authority makes an Article 4 direction and brings it into effect immediately or within 12 months of the notice of withdrawing permitted development rights it can be liable to pay compensation to those whose permitted development rights have been withdrawn.

25. Claims for compensation could potentially amount to hundreds of thousands of pounds. There are separate compensation arrangements for statutory undertakers affected. Further details on the Article 4 direction process and the potential for compensation claims are provided in Appendix D.

26. It was previously recommended that the Luton Town Centre and Surrounds Article 4 direction was brought into effect after the 12 month period of the notice to withdraw permitted development rights is made. This report recommends following the same process due to the number of commercial, business and services spaces falling within the red line boundary, and the risk, due to the potential land value of these spaces being recommended for change of use. This is to ensure that permitted development rights continue to be removed from these sites to exercise tighter planning control over the loss of commercial space to residential conversions whilst also removing the risk of compensation claims.

Goals and Objectives

27. To impose tighter planning controls for commercial, business and service uses to residential conversions by removing permitted development rights to maintain the key employment sites within the Town Centre and Surrounds. All of these locations contain Category A employment sites as set out in the Local Plan. Article 4 directions in these locations will assist in preventing the unnecessary loss of commercial, business and services uses which play a key role in supporting employment opportunities and economic growth in accordance with the strategic objectives of the adopted plan and corporate priorities in the Luton 2020-2040 strategic vision. These spaces also provide important infrastructure services to support planned housing within the borough.

Proposal

28. It is proposed that the Council makes and then formally consults on the proposed Article 4 direction to remove permitted development rights allowing commercial, business and service uses to residential conversions within the Town Centre and Surrounds. Any representations received will be reported back to the Executive to take account of in determining whether the Direction should be confirmed and take effect.

Key Risks

29. Making non-immediate Article 4 directions that take effect 12 months after the notice to withdraw permitted development rights is made gives rise to the following risks to the Council:

i. Further loss of spaces providing services such as retail, office, financial and professional services, leisure and light industrial services, during the 12 month period before the Article 4 direction takes effect. These commercial business and services uses play an important role in the character within the Luton Town

Centre and Surrounds as well as the outside of the Town Centre and can provide essential infrastructure services for residents in Luton. The loss of Use Class E uses to residential uses will have a detrimental impact on growth of commercial, business and service uses, as such the operation of the permitted development right Class MA could result in large losses in these commercial spaces.

ii. The intention of central government is to liberalise and free up redundant commercial spaces to assist the housing crisis. An Article 4 direction may therefore face cancellation/modification by the Secretary of State if considered to be disproportionate. The Secretary of State does not need to approve an Article 4 direction, however the Secretary of State has to be notified when one has been made.

iii. The Article 4 direction will interfere with the rights of individuals to the free and peaceful enjoyment of their property pursuant to permitted development rights and therefore the Human Rights Act. However, the interference with these rights is considered proportionate for the reasons set out in this report.

Luton 2040 contribution

30. There are five Strategic Priorities outlined in Luton 2020-2040; these are;

- An inclusive economy
- Protecting the most disadvantaged
- Child-friendly town
- A carbon neutral town
- A strong and empowered community

31. The proposals for Article 4 directions in Luton Town Centre and Surrounds will support priorities for an inclusive economy through ensuring a thriving town centre with the right mix of office, retail, residential and leisure space and encouraging more money to be spent locally within Luton’s Town, District and Neighbourhood centres.

32. The proposals for Article 4 directions in Luton Town Centre and Surrounds will also contribute in protecting the most disadvantaged through ensuring that the right mix of dwellings are achieved in Luton that meet local need, especially for families. The Strategic Housing Market Assessment (SHMA), that underpins the Local Plan, found that the greatest need in Luton is three bedroom dwellings and above. Planning applications with supporting section106 contributions rather than permitted development applications for conversions to residential are the best way of ensuring a high standard of family dwellings within the borough. Ensuring high quality family dwellings also in turn helps to support a child-friendly town with reduced health inequalities for children and young people in ensuring the availability of suitable family dwellings.

Luton

Consultations

33. Consultation will be carried out in accordance with the legislation.

Alternative options considered and rejected

34. To bring Article 4 directions into effect immediately, to prevent the loss of commercial space to residential accommodation. Due to the number of units within the red line boundaries proposed this significantly raises the risks of compensation claims.

35. Making non immediate directions at the proposed locations but recommending they take effect within 12 months after the initial notice to remove permitted development rights is made as soon as possible, for example shortly after confirmation. This carries a lesser risk than making the Article 4 direction with immediate effect, shortening time compensation claims could be made however due to the volume of sites included within the red line boundary, and the varying quality amongst these number of units this still carries a high risk of compensation claims.

36. Deciding not to make Article 4 directions at Luton Town Centre and Surrounds. This would risk uncontrolled conversions at these employment sites which can provide essential infrastructure services for residents in Luton and play a key role in the character of the Town Centre.

Appendices Attached

Appendix A: Proposed Luton Town Centre and Surrounds Article 4 direction red line boundary maps.
Appendix B: Evidence base to support the justification of the proposed Luton Town Centre and Surrounds Article 4 direction.
Appendix C: Evidenced based maps of proposed Article 4 direction.
Appendix D: Article 4 Directions Process.
Appendix E: Integrated Impact Assessment.

List of Background Papers - Local Government Act 1972, Section 100D

Executive report, 04 June 2018, Article 4 Directions: Office to Residential Conversions (Capability Green, town centre and surrounding areas). Available at; https://democracy.luton.gov.uk/cmis5public/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/5371/Committee/1106/SelectedTab/Documents/Default.aspx

Implications - an appropriate officer must clear all statements

Required

Item	Details	Clearance Agreed By	Dated
Legal	The legal issues have been addressed in the main body of the report.	Steven Sparshott Senior Solicitor (Planning)	24/08/22

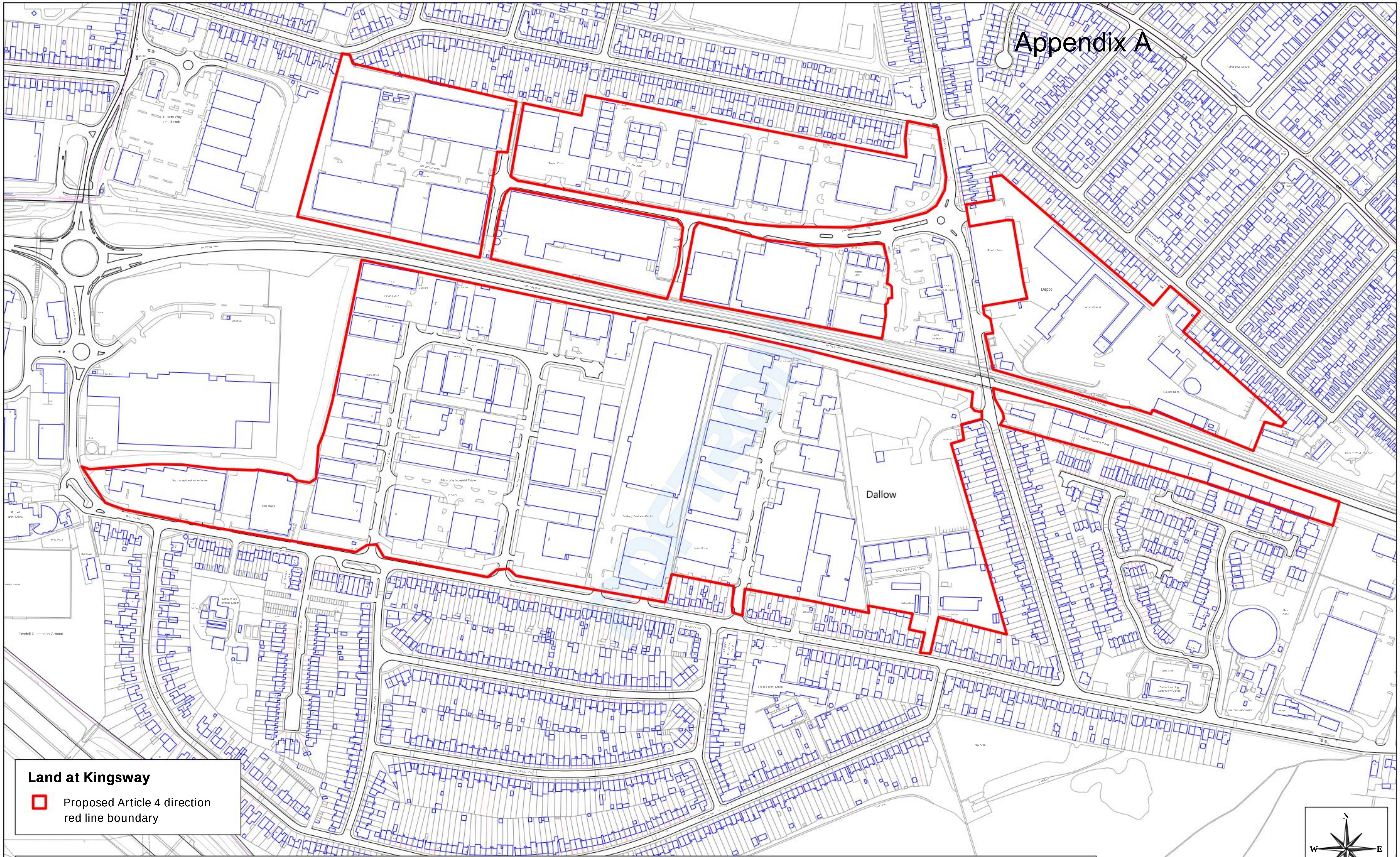
Item	Details	Clearance Agreed By	Dated
Finance	The financial implications are outlined in the body of the report. The proposal removes the risk of potential claims against the Council for significant compensation payments. This is balanced against the risk of uncontrolled conversions at key employment sites.	Darren Lambert, Finance Business Partner	16/08/22
Equalities / Cohesion / Inclusion (Social Justice)	There are no direct equality implications in this report. However, an IIA has been completed and has identified the following: The proposal will help preserve employment sites, particularly in regards to office, retail and light industrial uses. These sites play an important role in accommodating economic growth, increasing employment opportunities and providing important infrastructure for residents and visitors to Luton in meeting day to day needs and providing a range of opportunities to shop, eat out and socialise. Provision of quality employment opportunities and retail facilities to support day to day needs is crucial to the health and well-being of residents and will naturally aid in them developing new skills through these job opportunities. Regaining planning control on conversions will also help mitigate against the negative impacts associated with the conversion of Commercial Business and Services Uses (Use Class E) to Residential Accommodation (Use Class C3) by ensuring s106 payments are obtained when residential units are created to support the increase in residents at these sites in terms of additional school places, thus improving the overall quality of the urban environment for Luton residents and businesses	Maureen Drummond, Equality and Diversity Adviser	02/08/22
Environment	There are no direct environmental impacts arising from this report. Any related matters will be addressed as part of the normal planning process.	Shaun Askins – Service Manager Strategy & Sustainability	12/08/22

Item	Details	Clearance Agreed By	Dated
Health	Whilst housing is a scarce and needed requirement in Luton, it is important that jobs, green spaces and appropriate accommodation with access to amenities and health services are considered to support population health and wellbeing too. Issuing of Article 4 directions at these locations will allow the Council to take planning control and consider any proposed development in respect of its whole population. The issuing of Article 4 directions at these locations will also will help to maintain quality employment opportunities for local residents thereby contributing to the wider determinants of good health and attracting investment in Luton. Regaining planning control on conversions of Commercial Business and Services Uses (Use Class E) to Residential Accommodation (Use Class C3) will ensure a higher quality of residential accommodation and amenities for residents, which will benefit long term mental health and wellbeing. Permitted development rights could also reduce active frontages. Inactive frontages can lead to broader area degradation and fear of crime, resulting in poor mental health and stress-related illness.	Susan Milner interim consultant public health	19/08/22

Optional

Item	Details	Clearance Agreed By	Dated
Community Safety	Full and proper control over development should allow for the full consideration of community safety concerns.	Sarah Hall- Service Director- Neighbourhood Services	16/08/22
Staffing			
Other			

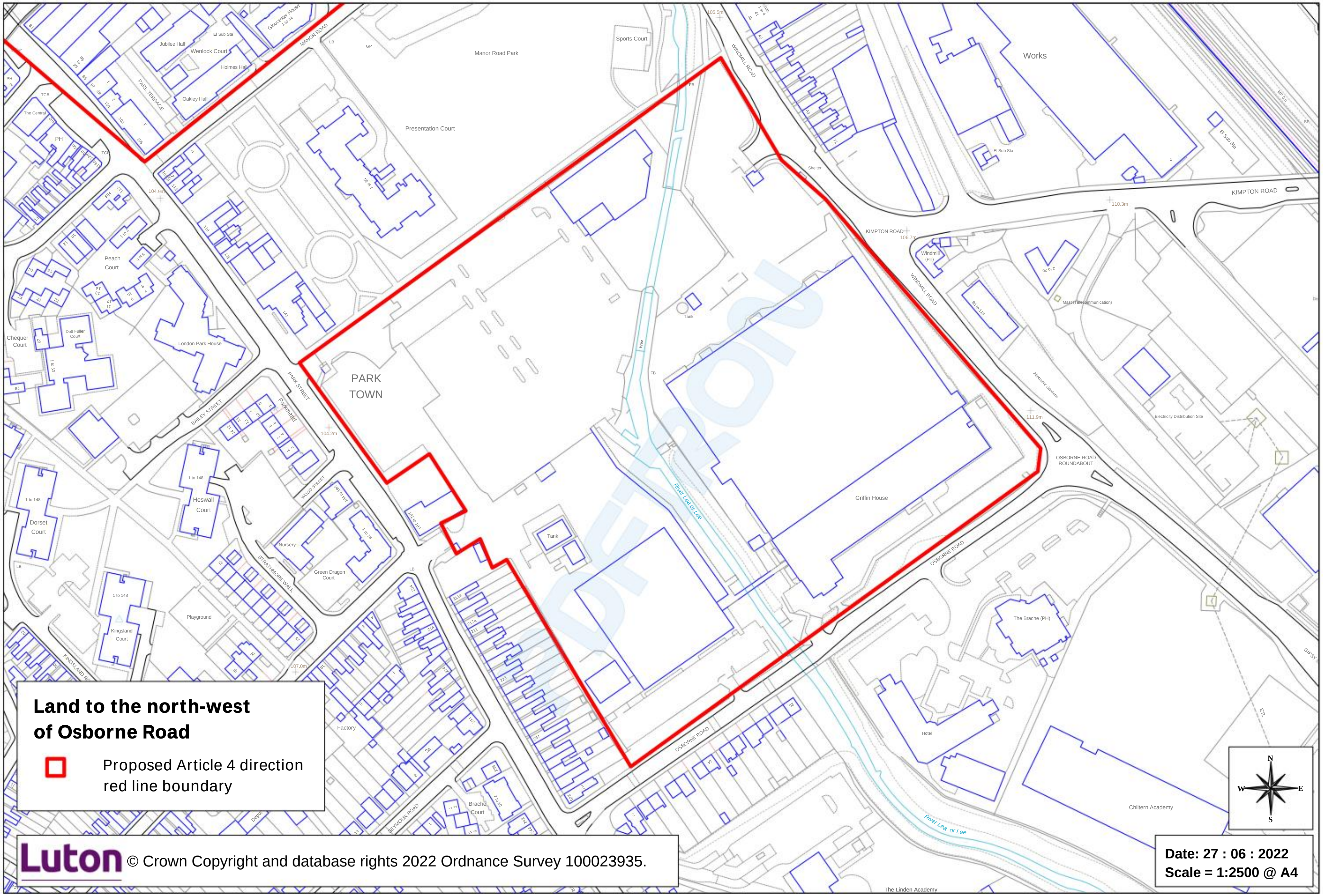
Appendix A



Land at Kingsway

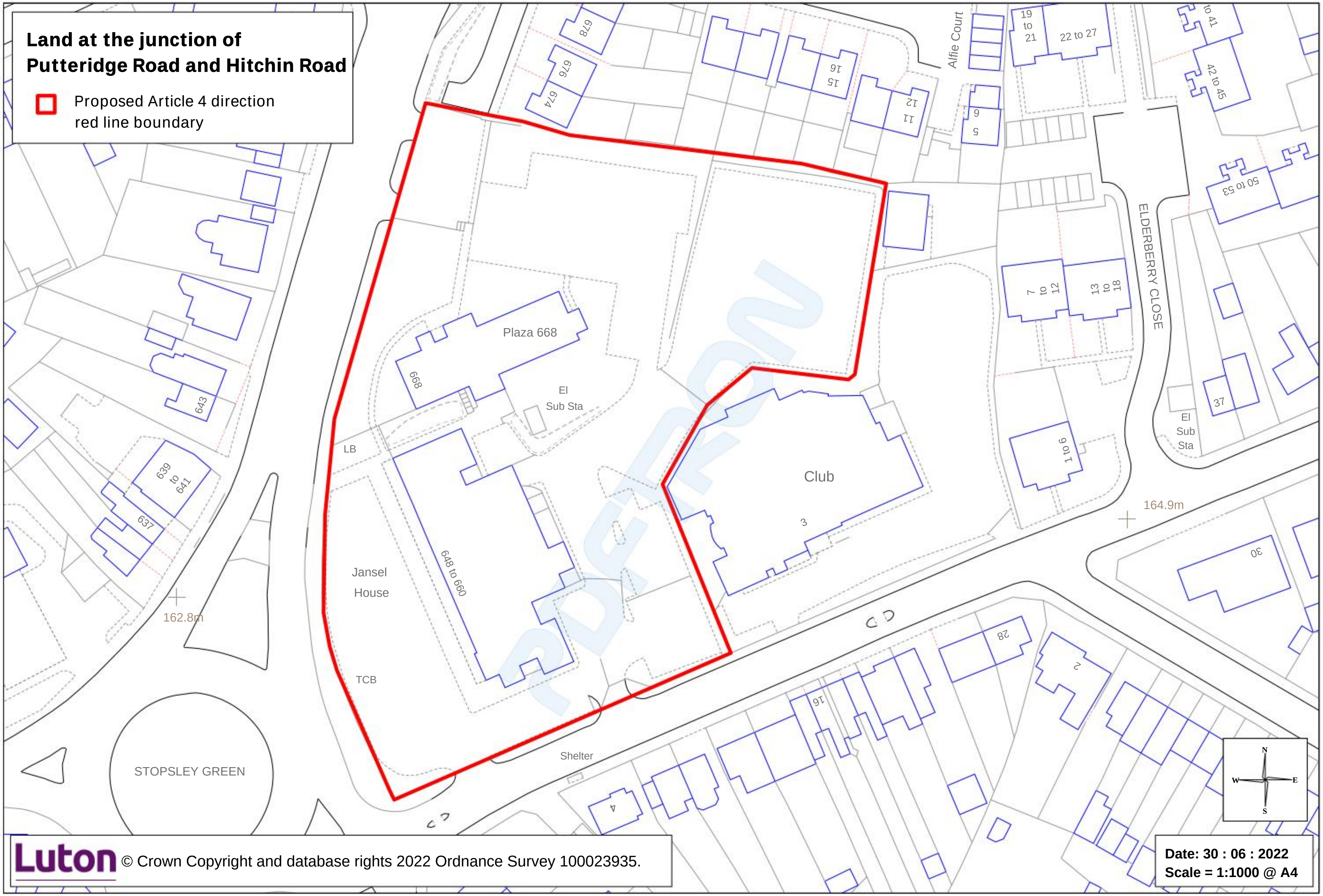
Proposed Article 4 direction red line boundary

Date: 28 : 06 : 2022
Scale = 1:3800 @ A3

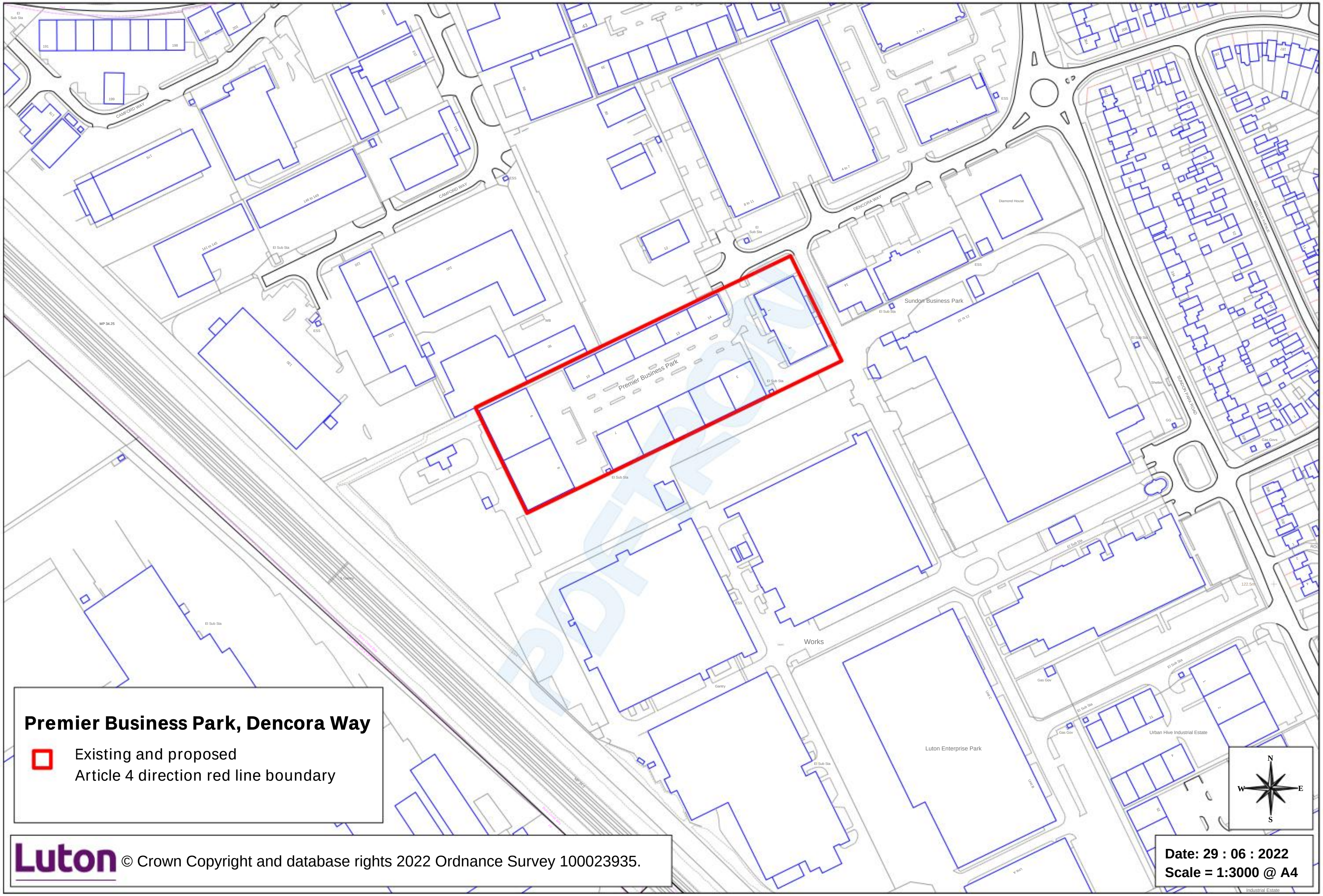

Land to the north-west of Osborne Road
Proposed Article 4 direction red line boundary
Luton
© Crown Copyright and database rights 2022 Ordnance Survey 100023935.
Date: 27 : 06 : 2022
Scale = 1:2500 @ A4
PARK TOWN
Manor Road Park
Presentation Court
Works
Griffin House
KIMPTON ROAD
WINDMILL ROAD
OSBORNE ROAD
OSBORNE ROAD ROUNDABOUT
PARK STREET
BAILEY STREET
STRATHMORE WALK
River Lea or Lee
The Brache (PH)
Chiltern Academy
The Linden Academy
London Park House
Heswall Court
Dorset Court
Kingsland Court
Green Dragon Court
Playground
Factory
Hotel
Tank
N
S
E
W

Land at the junction of Putteridge Road and Hitchin Road

Proposed Article 4 direction red line boundary



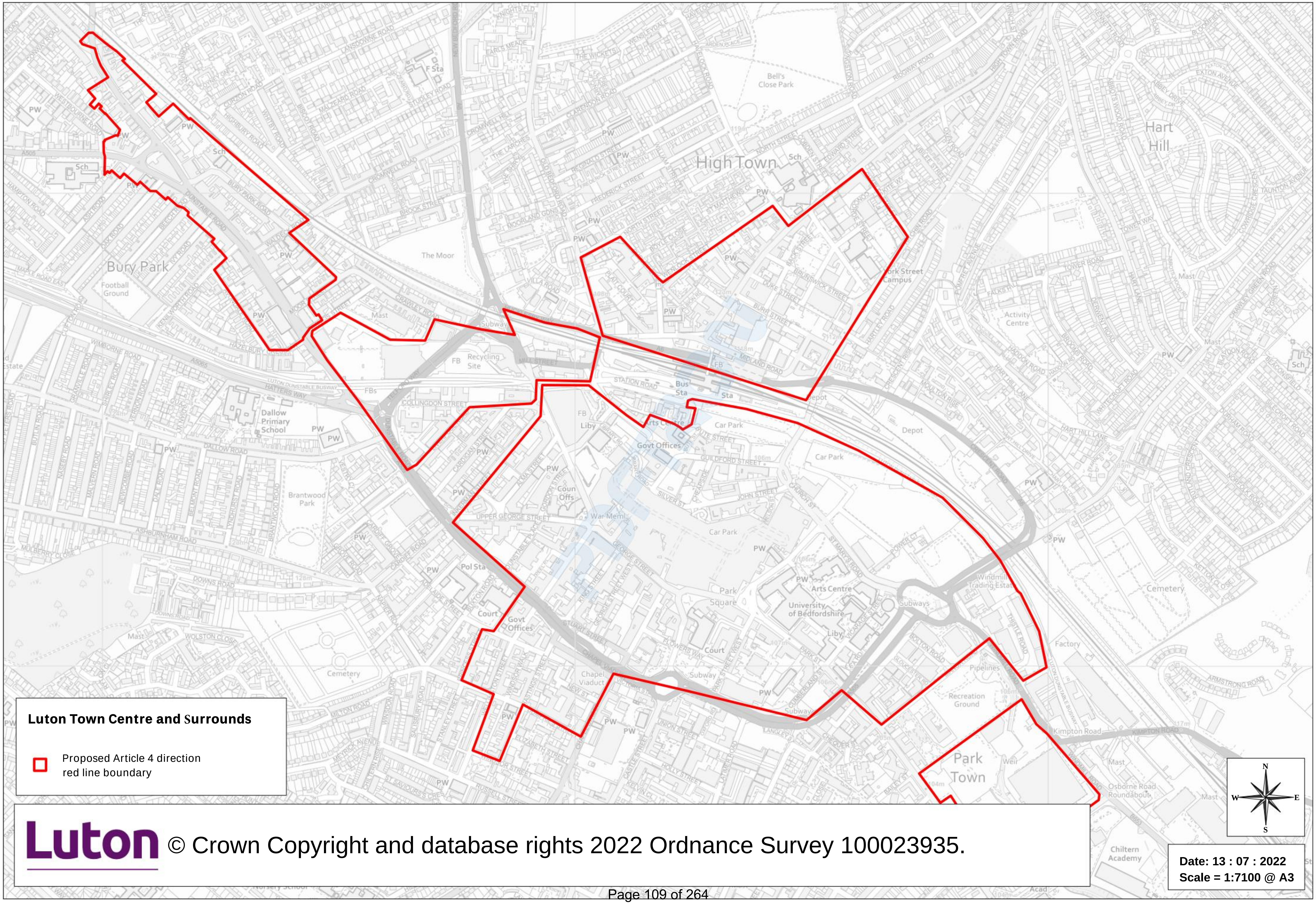
Date: 30 : 06 : 2022
Scale = 1:1000 @ A4

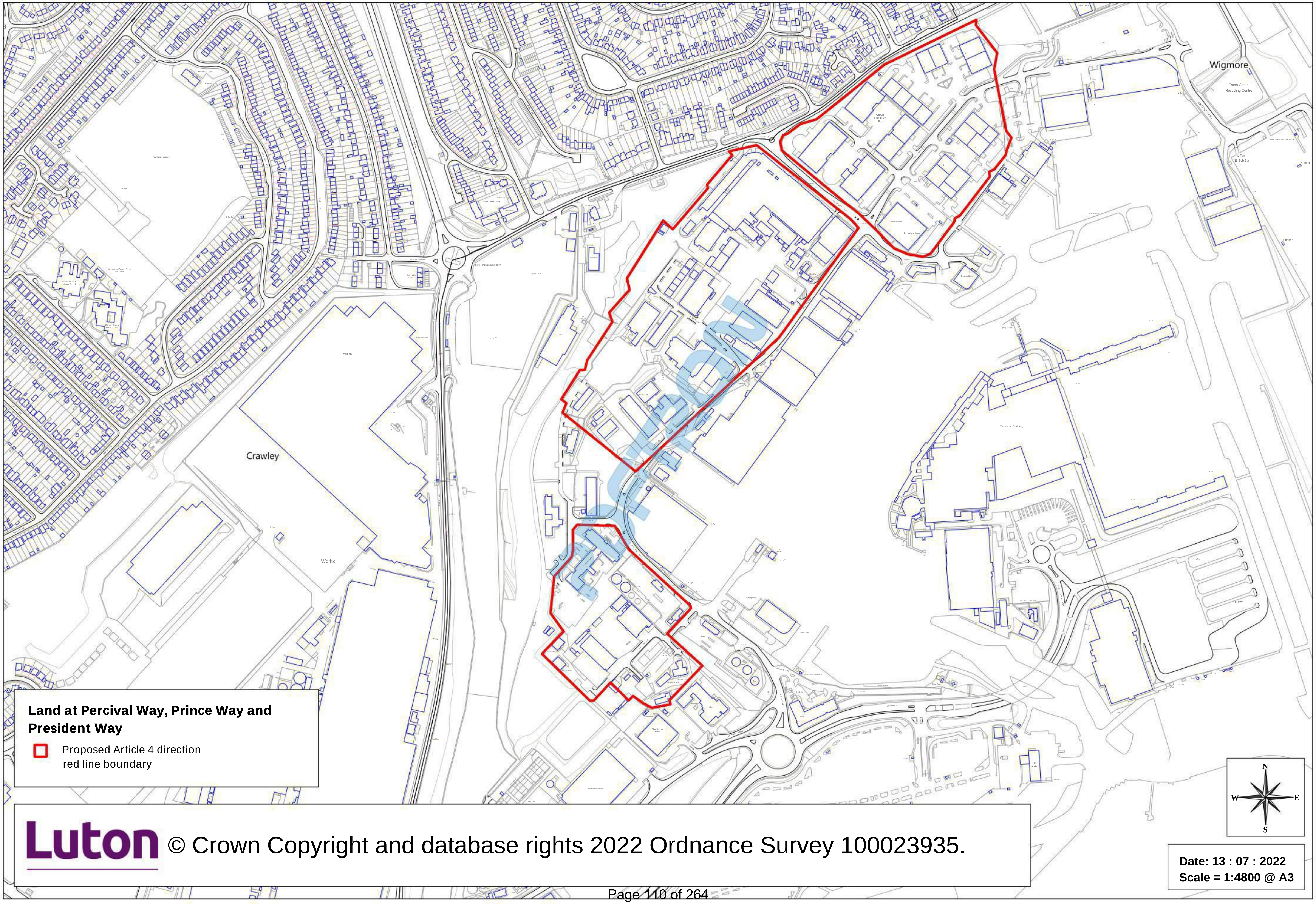


Premier Business Park, Dencora Way

Existing and proposed
Article 4 direction red line boundary

Date: 29 : 06 : 2022
Scale = 1:3000 @ A4

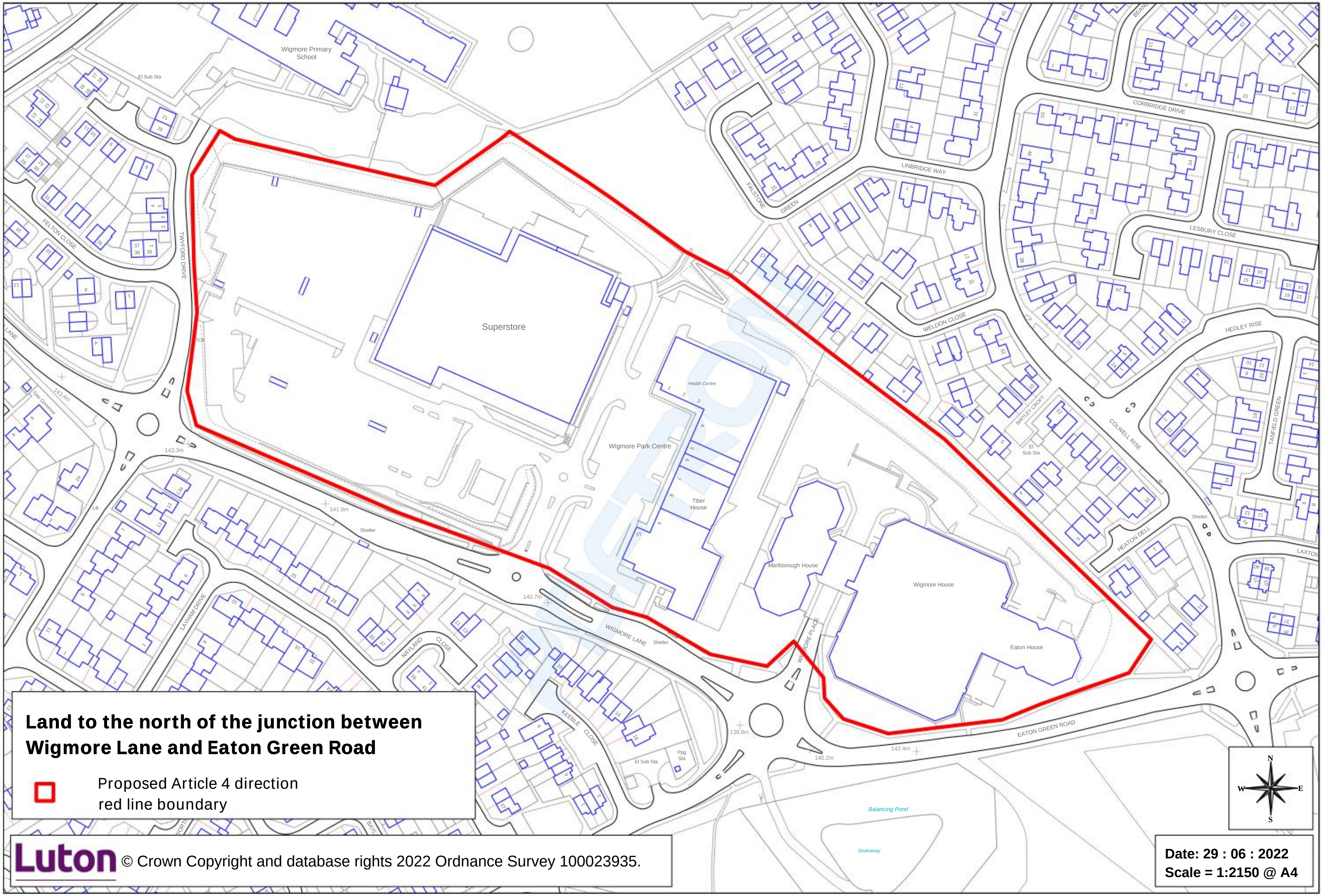

Luton Town Centre and Surrounds
Proposed Article 4 direction
red line boundary
Luton
© Crown Copyright and database rights 2022 Ordnance Survey 100023935.
Date: 13 : 07 : 2022
Scale = 1:7100 @ A3
N
E
S
W
High Town
Bury Park
Hart Hill
Park Town
The Moor
Bell's Close Park
Dallow Primary School
Brantwood Park
Cemetery
University of Bedfordshire
Arts Centre
Park Square
Windmill Trading Estate
Kimpton Road
Osborne Road Roundabout
Chiltern Academy
Activity Centre
Recreation Ground
Football Ground



Land at Percival Way, Prince Way and President Way

Proposed Article 4 direction red line boundary

Date: 13 : 07 : 2022
Scale = 1:4800 @ A3



Land to the north of the junction between Wigmore Lane and Eaton Green Road

Proposed Article 4 direction red line boundary

Luton

Date: 29 : 06 : 2022
Scale = 1:2150 @ A4

Evidence base to support the justification of the new Article 4 direction at Luton Town Centre and Surrounds

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Background

The new permitted development right for Class MA replaces Class O and part of Class M as they previously related to the change of use of office and retail premises to residential uses respectively.

Permitted development rights granted by the new Class MA must meet all of the following criteria;

- The building must have been vacant for a continuous period of at least three months immediately prior to the date of the application for prior approval.
- The building must have been in Use Class E use for a continuous period of at least two years prior to the date of the application for prior approval.
- The cumulative floorspace of the building to be converted cannot exceed 1,500 square metres (by cumulative, it means including all previous applications under Use Class MA).
- The building (or land on which it sits) cannot form part of a site of special scientific interest, a listed building or its curtilage, a scheduled monument or its curtilage, a safety hazard area, a military explosives area.
- The building cannot be within an area of outstanding natural beauty (AONB), an area specified by the Secretary of State for the purposes of section 41(3) of the Wildlife and Countryside Act 1981, the Broads, a National Park or a World Heritage Site.

Applications for prior approval for the new Class MA are also subject to the following conditions that are required to be assessed;

- The impact of that change of use on the character or sustainability of the conservation area;
- Transport impacts of the development, particularly to ensure safe site access;
- Contamination risks in relation to the building;
- Flooding risks in relation to the building;
- Impacts of noise from commercial premises on the intended occupiers of the development;
- Where the building is located in a conservation area; and the development involves a change of use of the whole or part of the ground floor, the impact on the local provision of the type of services lost;
- The provision of adequate natural light in all habitable rooms of the dwellinghouses;

- The impact on intended occupiers of the development of the introduction of residential use in an area the authority considers to be important for general or heavy industry, waste management, storage and distribution, or a mix of such uses; and

- Where the development involves the loss of services provided by; a registered nursery or health centre maintained under section two or three of the National Health Service Act 2006; the impact on the local provision of the type of services lost.

In addition, developers will need to submit a floor plan showing the total floor space in square metres of each proposed dwellinghouse. This will be subject to the national space standards requirements[1] (a condition) that the now expired Class O and M were not subject to). There is also a requirement to notify adjoining owners and occupiers of the intended change of use via consultation.

Problem Definition

Under the permitted development regime, the Council is not able to exercise full planning control on conversions from commercial, business and service uses (including offices) to residential units. Permitted development under Class MA can only give consideration to issues relating to; impacts relating to the character and sustainability of the conservation area, transport and highways issues, loss of residential amenity, contamination risks, flood risks, provision of natural light within the new dwelling) hence the consequences for the wider urban environment and for the Council are not considered (including causing additional costs).

These type of conversions cause a number of issues for Luton and the town's priorities as outlined in the adopted local plan, Council's constitution and supporting strategies.

Issues arising from conversions from retail to residential under Class M and offices to residential under class J (post May 2013) and class O (post 30 May 2016 and pre 01 August 2021) can be seen from prior approval applications that have been permitted in the past.

Examples of office to residential conversions that have been permitted following a request for prior approval include;

- 13/01643/COM; Wesley House, 19 Chapel Street, Luton, Bedfordshire, LU1 2SE *Request for Prior approval - Convert office accommodation 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th 9th and 10th floors from office to dwellings i.e. Class J - change of use from B1(a) (offices) to C3 (dwellings).*
- *15/00552/COM;* Unity House, 111 Stuart Street, Luton, Bedfordshire, LU1 5TD *Request for prior approval - Change of use from class B1(a) (offices) to C3 (dwellings). Class J.*

[1] Article 3, Para 9A and 9B of the General Permitted Development Order 2015 (as amended), enacted 06 April 2021

- 16/00677/COM; Chubb House, 400 Dallow Road Luton, Bedfordshire,LU1 1UL *Request for Prior Approval - change of use from office(s) (B1a) to (C3) residential. (Class O) 130 Dwellings.*

Examples of retail to residential conversions that have been permitted following a request for prior approval include;

- 20/01182/PARTR; 62 Fountains Road, Luton, LU3 1LY
  Request for Prior Approval under Part 3 Class M of the Town and Country Planning (General Permitted Development) Order 2015 - Change of use of ground floor from Class A1 (now Class E) to C3 (dwellings) - 2 flats (1x one bed & 1 x two bed).
- 21/00419/PARTR; 71 - 73 Wellington Street, Luton, LU1 5AA,
  Request for Prior Approval Class M of Part 3 of Schedule 2 of the Town and Country Planning (General Permitted Development) Order 2015 - Change of use of a building from retail (Class A1) to Dwellinghouses (Class C3). 3 one bed flats and for building operations reasonably necessary for the conversion.
- 21/00483/PARTR; 324 Dunstable Road, Luton, LU4 8JP,
  Request for Prior Approval Class M of Part 3 of Schedule 2 of the Town and Country Planning (General Permitted Development) Order 2015 - Change of use of a building from retail (Class A1) to Dwellinghouses (Class C3). 5X Studio flats.
- 21/00596/PARTR; 74 Wellington Street, Luton, LU1 5AA
  Request for Prior Approval under Part 3 Class M of the Town and Country Planning (General Permitted Development) Order 2015 - Change of use of ground floor from Class A1 (now Class E) to C3 (dwellings) 1 x dwellinghouse on ground floor and basement.

All the above retail to residential conversions with the exception of 62 Fountains Road, are all located within Luton's Town Centre Core. It should also be noted that there has not been an Article 4 direction in place removing permitted development rights to covert retail uses to residential uses.

The issues that will arise for Luton if the proposed Article 4 directions are not implemented are summarised below (in no order of significance):

- Loss of employment space, resulting in loss of potential jobs and inward investment
- Lack of facilities for recreation space (especially for children)[2].
- Increase in population and, particularly, requirements for additional local school places which are not necessarily accounted for in school roll projections (as these are unplanned developments) and hence adding to the shortage of school places across the Borough. Education data shows that the 130 units at Chubb House have resulted in an additional 57 children requiring school places in September 2017 (of which 22 are in Year R or Year 1).
- Increased domestic waste generation (in potentially inappropriate locations for effective disposal).

[2] Clifford, Canelas, Ferm, Livingstone, Lord, Dunning, (2020) ,Research into the quality standard of homes delivered through change of use permitted development rights

- Poor quality residential accommodation: Limited or no private amenity space likely loss of potential family homes that would have been required under the full planning process, and a proliferation of one bedroom flats, poorer outlook, access to natural daylight, sunlight compared to residential units granted under full planning permission[3]. Using Chubb House, Dallow Road as an example which included 15*2beds and 2*3beds with remaining 113 residential units as 1 bed and studio flats, resulted in 87% of the housing provision from the application as either 1bed or studio flats. This is the inverse of Luton's housing need for predominately three bedroom homes.
- Loss of s106 contributions: Education data shows that the prior approval application permitted at Chubb House should have made a £109,000 contribution towards education requirements.
- Negative impacts on the ability for Luton Council to plan for growth of office, light industrial jobs. The need to plan for these uses is outlined in section 5.2 of the Luton Local Plan 2011-2031.
- Negative impacts on the vitality and viability of the Luton Town Centre and other centre designations with the loss of commercial uses to unplanned housing. The need to establish and preserve an effective network and hierarchy of Town, District and Neighbourhood centres to serve the heart of the local community is outlined in Strategic Objective 4 Luton Local Plan 2011-2031.

In areas where residential values are significantly higher than those for Class E uses, there is likely to be heightened risk of conversion. [4]

Justification for the proposed Article 4 Direction at Luton Town Centre and Surrounds

Luton's monitoring report 2017/2018 published in May 2019 identifies that through prior approval/permitted development applications across the borough, a net gain of 257 dwellings were created in 2017/18. These include conversions from retail and employment uses to housing. 210 of these were 1-bed units, 44 were 2-bed units and 3 were 3-bed units.[5]

A further 314 dwellings were under construction, while extant permissions for a further 293 had yet to commence. 537 of these are for 1-bed units, 65 are 2-bed homes and 3 are 3-bed homes and 2 are 4-bed homes.[6]

The monitoring report also identified 11,023sq.m of office space was being lost through the permitted development to residential uses between 2017/18. [7]

[3] Ibid.
[4] Luton Article 4 direction-Employment Report April 2022- Avison Young
[5]https://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Local%20Plan/Infrastructure%20and%20delivery/del-009.pdf
[6] Ibid.
[7] Ibid.

A significant amount of these residential units being created via permitted development were noted as being 1-bed homes that do not meet identified needs.

A higher proportion of dwellings rather than flats are required, with a priority need for 3 bedroom dwellings and above as reflected in section 6 Housing of the adopted Luton Local Plan.

A Town Centre and Surrounds Article 4 direction will ensure planning permission us required, enabling good quality homes to be delivered in appropriate locations, fully assessed residential use, and planned and supported by appropriate social infrastructure for future occupiers. Luton Council therefore seeks to continue to retain tighter planning control within Luton Town Centre and Surrounds which contain sites which play an important role in accommodating economic growth, increasing employment opportunities and providing important infrastructure for residents and visitors to Luton in meeting day–to-day needs and providing a range of opportunities to shop, eat out and socialise.

<u>The Office and Industrial market</u>

The Employment Land Review 2013 (ELR) was commissioned to form part of Luton's evidence base for the adopted local plan (Luton 2011-2031). The ELR highlighted Luton's need to retain and increase commercial space to accommodate forecasted growth in employment.

The ELR noted that in Luton, there are two largely separate office markets; town centre office stock which generally tends to be older, poorer quality and accommodating smaller, lower value businesses; and out-of-centre provision, which tends to be more modern high-quality spaces

The 'Review of town centre office/business premises for alternative re-use' 2013 prepared by Peter Brett Associates LLP further noted that the Luton Town centre office market does not have an established office core or a significant single occupier which underpins the marker, as a result the office market within this location is fragmented and the type and quality wide ranging.[8]

<u>Job growth estimates</u>

The ELR 2013 analysed forecasts of job growth for Luton Borough up to 2031 produced by the East of England Forecasting Model (EEFM) in 2012.

The EEFM produced forecasts on the estimated job growth expected in Luton from 2011-2031 in uses covering Manufacturing (General Industry), Distribution and Offices and Research and Development (R&D). Offices are forecasted to have the largest job growth of these sectors amounting to a net gain of approximately 8,790 jobs. Based on EEFM forecasts this represents 49% of the overall job growth forecast in Luton which is predicted as 17,825 which is expected to be mainly within retail, health care, leisure and air transport. However it should be noted that now

[8] Peter Brett Associates (2013) Review of town centre office/business premises for alternative re-use.

some elements of manufacturing, retail, healthcare and leisure all fall within E Class uses.

Table 1 EFFM Baseline Forecast Employment Change in Luton 2011-2031[9]

	No. of Jobs		Change
	2011	2031	2021-2031
Manufacturing	13,375	10,155	-3220
Distribution	8,595	10,695	2,100
Offices	18,230	27,030	8,790
Total B-class Jobs	40,200	47,880	7,670
Jobs in All Sectors	96,350	114,175	17,825

*Source: EEFM/ Nathaniel Litchfield and Partners analysis 2012 – total jobs including self employed * numbers rounded. Nathaniel Litchfield and Partners (NLP) ELR 2013*

**References to B-Class predate changes to the Use Classes Order 1987 and the new Use Class E.*

<u>Demand vs Supply of office space</u>

The ELR 2013 confirmed that Luton had above average unemployment, modest levels of new firm formation and a predominantly lower skilled workforce. Representation in 'knowledge based sectors' (a sector which is increasingly based on knowledge-intensive activities, creating a greater reliance on intellectual capital rather than physical inputs) is generally low, although its level of business service jobs has been above average.[10]

Luton's employment space is predominantly (78%) industrial, which is considerably more than neighbouring boroughs, with more modest level of office provision.[11]

Between 2002-2008, where uses relating to commercial non-retail uses were being lost (mostly industrial), there had been sizeable gains in office provision to offset this.

In the town centre and edge of town centre, where some offices may have become old and not fit for purpose, and proposals to refurbish and modify these offices have not been coming forward, some loss of office space could potentially be released for office conversions into other uses, however it is the Council's approach that the

[9] Nathaniel Litchfield & Partners (2013) Luton Borough Council, Employment Land Review , Final Report, March 2013
[10] Ibid.
[11] Ibid.

release of commercial premises within the Town centre and Surrounds is delivered via planned approach which meets identified needs of housing types whilst safeguarding the vitality and viability of the Town Centre.

The ELR 2013, assessed future requirements for employment space under a range of economic scenarios and approaches, reflecting forecasts of employment growth from the East of England Forecasting Model (EEFM) and projecting forward past development trends in Luton.

Five scenarios were considered. These approaches are explained in detail below. All scenarios in concluding their estimates for floorspace requirements to accommodate future growth considered floor space needs depending on the nature of use, with consideration of average vacancy rates, and potential and unforeseen factors which could affect realisation of estimates, such as delays in completion of developments and forecasting errors.

Scenario 1 - EEFM Job Growth: This scenario looked at requirements for estimated job growth based on the EEFM.

Scenario 2 - ONS based Job Growth: This scenario looked at requirements for estimated job growth based on EEFM projections for employment but also considered Office for National Statistics estimates of population and migration change in the borough.

Scenario 3 - Baseline Past Development Rates: This scenario produces estimates on required floorspace to accommodate future growth based on past development trends between the years of 2001 and 2011 to forecast how much would be required for 2011-2031 if the development trend remained exactly the same.

Scenario 4 and 5 - Lower and Higher Development Rates: These scenarios were based on average completion rates between 2001-2011 but excluding years where development was particularly high (2007/2008) or unusually low (2010/11). Scenario 4 reflects a more pessimistic future outlook than scenario 3 where future growth rates never quite reach the higher past rates in a much slower period of national economic growth and scenario 5 reflect a more optimistic outlook in which the low rates of 2010/11 are not repeated and UK economic recovery is better than expected.[12]

Some reflect assumptions of higher future development rates in Luton than in the recent past, and some were lower.

[12] Ibid

Table 2 Gross Floor space Requirement by Scenario = 2011-2031 (m2)[13]

Scenario	Labour Demand		Past Development Rates		
	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take- Up	5 Higher Future Take-up
Offices	133,200	132,300	147,600	125,900	159,200
Light industrial General Industrial and Storage and Distribution	96,200	93,800	175,000	90,500	199,600
All B Uses	**229.400**	**226,200**	**322,600**	**216,400**	**358,800**

Source: Nathaniel Litchfield and Partners (NLP) ELR 2013

Whilst the ELR 2013 assessed demand versus supply in forecasting requirements for employment floor space between 2011 and 2031 for industrial and office uses based on five different growth scenarios, whereas industrial uses were found to be potentially in surplus in three of these scenarios, forecasts for office space requirements in comparison was noted as having a significant shortfall of office space supply in all five potential growth scenarios. This shortfall ranged from 5,300m2 to 38,600m2 .It should be noted that even those figures were dependent on developments on all identified land supply coming forward.

Table 3 Demand v Supply of Industrial Space in Luton by Scenario (m2) covering period 2011-2031[14]

	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take- Up	5 Higher Future Take-up
Requirement for industrial space (m2)	96,200	93,800	175,000	90,500	199,600
Available supply (m2)	154,770				
Surplus (+)/shortfall(-) (m2)	+58,570	+60,970	-20,230	+64,270	-44,830

Source: Nathaniel Litchfield and Partners (NLP) ELR 2013

[13] Ibid.
[14] Ibid.

Table 4 Demand v Supply of Office Space in Luton by Scenario (m2) covering period 2011-2031[15]

	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take- Up	5 Higher Future Take-up
Requirement for office space (m2)	133,200	132,300	147,600	125,900	159,200
Available supply (m2)	120,600				
Surplus (+)/shortfall(-) (m2)	-12,600	-11,700	-27,000	-5,300	-38,600

Source: Nathaniel Litchfield and Partners (NLP) ELR 2013

Since 2011/12 up until March 2018 already, 48,312sqm. of office floorspace has been lost, with only one year seeing a net gain.

In light of the forecasted shortfall in office space required to meet expected job growth in Luton, ELR 2013 is clear in that Luton needs to:

> *'retain its main existing sites, as far as a possible and to ensure employment space is delivered on them within the plan period.'*

It was also advised in the ELR 2013 that most of the older employment areas should be retained until replacement sites become available.[16]

In order to address the forecasted shortfall in office space needed to support growth in Luton, the ELR 2013 has suggested a number of solutions to increase office provision including, encouraging more office development on all employment sites as such the loss of any office space would be contrary to seeking to increase office floor space in Luton to attract economic growth and inward investment.

The more recent, Luton Article 4 direction employment report April 2022 prepared by Avison Young, noted that offices in terms of land use were the most at risk out of all of the Use Class E uses from conversion to residential uses because the typology of offices are the closest to residential as compared to other uses where the makeup of the building is not as straightforward and similar to existing residential typologies.[17]

As such it is deemed essential to put in place Article 4 directions to exercise tighter planning control over Use Class E conversions to residential use to preserve office floorspace which Luton currently is in short supply of in all growth scenarios listed above.

[15] Ibid.
[16] Ibid.
[17] Luton Article 4 direction-Employment Report April 2022- Avison Young

Luton has a notable history of significant permitted development conversion. Data from the Ministry of Housing, Communities and Local Government shows there were 875 office-to-residential conversions in Luton in the five years to 2019/20.[18] This accounts for 25% of the 3,490 new homes created in the area over the same period - while across England as a whole, the average was just 6%.[19]

The Luton Article 4 direction employment report April 2022 also compared the trends of office and light industrial rental growth and noted whilst national office rental value growth was modest at 1.1% over 2021 which is likely due to the pandemic and the working from home guidance from government (which has now been removed), demand for space where businesses need to be in situ has been more resilient than office space over the course of the pandemic such as light industrial space, general industrial space. This is evidenced by the national industrial market, which saw high levels of demand during 2020 take up reached 49 million sq. ft. which is far higher than the previous record of 34 million sq. ft. in 2016. [20]
Consumer demand for competitive prices and short delivery times has risen as a result of the pandemic with growing demand for urban logistics hubs. This has led to growth in demand for light industrial space, meaning potential opportunities for economic growth for this area.[21]

Rate of unemployment and claimant activity

The ELR 2013, provided evidence that the Borough's unemployment rate was higher at 10.8% than the regional average (6.6%) and national average (8.1%) rates.[22]

Claimant unemployment was also noted as rising significantly in Luton from 2.6% at the start of the recession in early 2008 to 4.8% in August 2012. This was noted as being higher than in the East of England (3,0%) and also above the national average (3.8%).[23]

Up to date figures, show that six months into the pandemic, Luton had the eighth highest claimant count out of 63 major towns and cities in the UK and the seventh highest rate of furloughed workers.[24]

Covid-19 has affected local economies differently. Luton is in the top ten cities and towns for:

- Claimant count as share of working-age population, August 2020 (at 8.76%)[25].

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[18] Ibid.
[19] Ibid.
[20] Ibid.
[21] Ibid.
[22] Nathaniel Litchfield & Partners (2013) Luton Borough Council, Employment Land Review , Final Report, March 2013
[23] Ibid.
[24] Luton Council Corporate Plan 2021-2023, Luton 2020-2040, A place to thrive, https://www.luton.gov.uk/Council_government_and_democracy/Lists/LutonDocuments/PDF/Policy%20and%20Performance/LBC-corporate-plan.PDF
[25] Luton Covid-19 Economic Recovery Plan Crisis, Rescue, Recover, Reform 2020 to 2022, Luton 2020-2040, A place to thrive

- Luton's economy is particularly vulnerable due to high numbers (33%) working in 'at risk' sectors.[26]

Luton is currently ranked the 70th most deprived out of 317 local authorities, which places it among the 50% most deprived areas.[27]

The Luton 2020-2040 vision, (the town wide, Council vision for Luton) has highlighted addressing poverty as the most important issue in Luton, recognising that Luton suffers from one of the highest poverty rates in the country.[28]

COVID-19 has been further exacerbated this; early indications suggest that Luton could be the second most affected town in the country in terms of job losses with around 16,000 jobs identified in sectors that are very vulnerable.[29]

Lack of knowledge based industries in Luton Borough Council

Knowledge-based industries are sectors of the economy where value added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology.

Knowledge based sectors typically include the following occupations:

- High-tech manufacturing (computer, electorinics, aerospace).
- Service sector industries, such as education healthcare and software design.
- Business services such as insurance, information and communications.

Firms within this sector tend to grow faster and have greater future potential than other sectors and so are considered an important indicator of an economy's competitiveness and future growth prospects. Only 18.9% of Luton's businesses were knowledge-based in 2010 – significantly lower than the East of England and national rate of 21.8% and the lowest rate in Bedfordshire. This suggests the Borough is under-represented in these types of businesses, businesses that are more likely to generate future growth.[30] The need to build economic growth and prosperity and enhance skills and education in Luton is listed as one of five strategic priorities in Luton Investment Framework (LIF) 2016-2020. These priorities were listed as key strategic priorities in order to raise the aspirations of Luton's residents and businesses and ensure the right mix of qualifications and skills for new jobs and to meet Luton employer's needs. The Council during this time has prioritised *'business engagement activities with business sectors that have the potential for significant employment growth in the town;'*

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[26] Luton Covid-19 Economic Recovery Plan Crisis, Rescue, Recover, Reform 2020 to 2022, Luton 2020-2040, A place to thrive

[27] 2019 Indices of Multiple Deprivation Summary (2019) https://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Planning/Observatory/2019-indices-of-multiple-deprivation-in-luton.pdf

[28] Luton 2020-2040, A place to thrive https://www.luton.gov.uk/Council_government_and_democracy/Lists/LutonDocuments/PDF/Luton2020-2040/Luton-2040-strategic-vision.pdf

[29] Ibid.

[30] Nathaniel Litchfield & Partners (2013) Luton Borough Council, Employment Land Review , Final Report, March 2013

This includes the knowledge based related industries of creative arts and media, Technology, Aerospace and aviation and advanced manufacturing, engineering and automotive.

The Luton 2020-2040 vision further builds on the priorities of the LIF to ensure that one of the key priorities between 2020 and 2025 in direct response to COVID-19 was to secure a ‘strong economic recovery’ which seeks to protect jobs, incomes and business. A key target outcome in achieving this is to upskill the local workforce and by diversifying into knowledge based sectors such as digital, creative and aviation industries. [31] These sectors are commonly supported by offices.

The rise of homeworking and the impact on the demand for office space

It is noted that agile working and the rise of home working has increased since the ELR 2013 and even more since the pandemic where during the lockdown in 2020-2021, workers were mandated to stay at home by the government. Research from the Chartered Institute of Personal and Development (CIPD) following a review of the increase of homeworking during the pandemic concluded that, although benefits were noted from the rise of homeworking which included a better work–life balance for employees, most notably the reduction in commuting time and cost for employees, having fewer distractions to complete tasks and better collaboration that has been facilitated by the technology, it was also noted that many employers acknowledge that some employees are keen to return to a central ‘workplace’, due in part to poor homeworking environments and limited social interaction. In addition, some employers highlighted other challenges with homeworking, such as reduced mental wellbeing, staff collaboration and line management – which they say would be overcome if workers were in the office at ‘least some of the time.’[32]

These findings are indicative of a potential sharp rise in partial homeworking (hybrid working) where workers are likely to attend a ‘workspace’ one to three times a week together with working from home rather than a complete shift to full-time homeworking in future.[33]

This evidence suggests that the rise of homeworking does not make the need for office space obsolete, as a central workspace is still valued for those that cannot work from home as well as to assist hybrid working (both working from home and within a workspace) which is expected to rise. The Avison Young Economic Property Market has suggested that demand for office space already appears to be recovering with the end of 2021 delivering strong take-up, up 42% on 2020 in the major cities outside of London.[34]

Mckinsey and Company also noted through research that some companies are planning to shift to flexible workspaces, a move that will reduce the overall quantum of space they need and bring fewer workers into offices each day. A survey of 278

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[31] https://www.luton.gov.uk/Business/Lists/LutonDocuments/PDF/LIF/lif-brochure.pdf
[32] CIPD, (2020) Embedding new ways of working, Implications for the post-pandemic workplace, https://www.cipd.co.uk/Images/embedding-new-ways-working-post-pandemic_tcm18-83907.pdf
[33] CIPD, (2020) Planning for hybrid working
[34] Luton Article 4 direction-Employment Report April 2022- Avison Young

executives by McKinsey in August 2020 found that on average, they planned to reduce office space by 30 percent.[35] Surveys undertaken by Pricewaterhouse and Coopers (PWC) in their 'Future of the Office Survey' also provided similar results which found that 77% of UK organisations plan to reconfigure their existing office to support the functioning of hybrid working with better facilities for collaboration, social distancing, or to other Class E uses such as cafes and canteens, doctors, dentists, gyms on site to improve employee experience and 50% think they will reduce the size of their office portfolio providing shorter more flexible leases or by working with flexible space providers.[36] This was also concluded in the Luton Article 4 direction – Employment Report 2022.[37] This further indicates that although there may be a shift in how office spaces are used in requiring them to be more flexible to support hybrid working, the need for office space is still required to support new ways of working following the pandemic.

Residential Market Overview

Luton Borough has experienced c16% growth in achieved house prices between April 2017 and April 2022, rising from an average price of £231,605 in April 2017 to £267,787 in April 2022.[38]

Flats achieved a less significant uplift in value over the same period with growth from an average achieved value of £144,726 in April 2017 to £151,357 in April 2022. This reflects a 4% uplift in value. [39]

[35] Mckinsey and Company (2020) https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19
[36] Pricewaterhouse and Coopers(PWC) (2021) Research, contrasting forces shaping office plans, make the case for hybrid working, https://www.pwc.co.uk/issues/transformation/case-studies-and-insights/the-importance-of-hybrid.html
[37] Luton Article 4 direction-Employment Report April 2022- Avison Young
[38] Ibid.
[39] Ibid.

Figure 1 Average Price paid, Luton Borough

Source: Land Registry[40]

Luton Borough have fluctuated rising from £263psf in April 2017 to a peak of £326psf in February 2020. Latest data in January 2022 indicates a steady decline, reflecting values of £273psf. This indicates growth of c. 3.8% over the whole period considered. [41]

Considering new build stock alone, values for flats grew from £295psf in April 2017 to a peak of £403psf in August 2018. Since then, values have dropped off, reaching £354psf in September 2020. [42]

The table below indicates value changes in Luton's postcode areas for new build flats. Averages have been calculated based on achieved sales values psf dating back to 2017. [43]

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[40] Ibid.
[41] Ibid.
[42] Ibid.
[43] Ibid.

Table 5 Average Residential Values by Postcode[44]

	Average Value 2017-2022	Number of Transactions 2017-2022
LU1	£339.28	70
LU2	£369.01	60
LU3	£364.77	28
LU4	£450.07	31
LU6	£292.55	1
LU7	£271.40	8

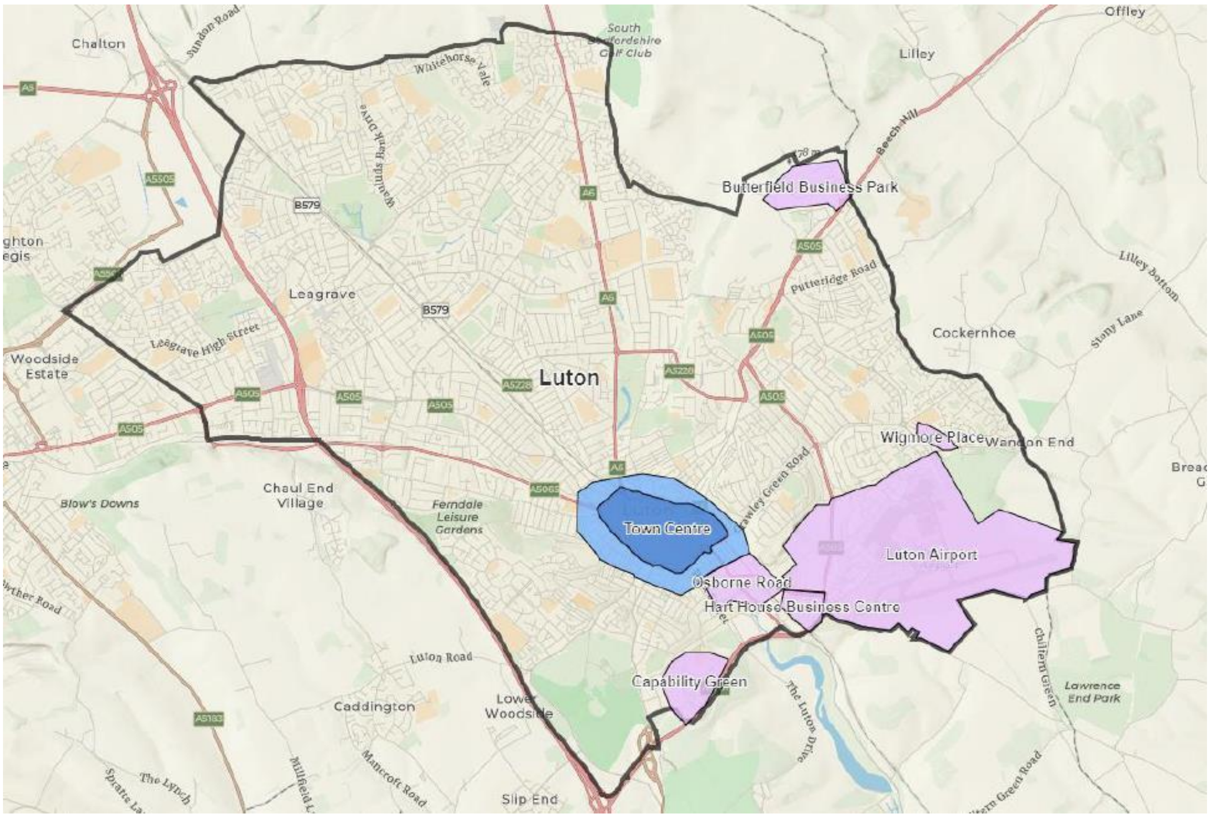
Source: Luton Article 4 direction - Employment Report April 2022, Avison Young

The table above indicates that the highest values on a £psf basis are seen in LU4 with most active postcode markets in LU1 and LU2 with a total of 130 sales transactions for new build flats in the last 5 years. [45]

[44] Ibid
[45] Ibid

Vacancy Rates and Quality of Office Stock

Figure 2 -Employment spaces in Luton, Luton Article 4 direction - Employment Report April 2022, Avison Young[46]



Employment Space	Key
Town Centre (within the ring road)	Dark Blue
Edge of Town Centre	Light Blue
Out of Town Business Parks	Pink
Suburban Businesses	Other Locations

Source: Avison Young, 2022

The Luton Article 4 direction- employment report 2022 undertook an assessment of vacancy rates in Luton and found that the offices spaces with the highest vacancy rates were the highest quality, more modern Out of Town Offices with nearly 12%, with other areas having a notably low vacancy rates at 1.5% or less. Although this could suggest the Out of Town Centre offices are the most at risk because of the highest vacancy rates, it was noted that going forward as hybrid working becomes more prevalent as we come out of covid and the need for smaller but better quality offices to suit this flexible working style becomes more in demand, secondary office stock which were older, lower in quality stock would be at the highest risk of conversion as the cost of refurbishment and ongoing letting potential is reduced.[47]

[46] Ibid
[47] Ibid

The oldest and lowest quality office stock are predominantly found in the Town Centre.

It was also noted that, another potential reason for the low vacancy rates for offices in the Town Centre, Edge of Town Centre, and Suburban areas was due to recent number of conversions of offices within the town centre to residential which has both reduced the available office space which also lowered the vacancy rates at the same time.[48]

Table 6 Office Market Overview[49]

	Buildings	Total Floorspace (sq. ft.)	Average Size (sq. ft.)	Average Stock Age	Average CoStar Rating	Vacancy Rate (%)
Town Centre	143	1,559,441	10,905	1945	2.48	0.98%
Edge of Town Centre	92	498,434	5,418	1961	2.32	0.15%
Out of Town	56	1,663,592	29,707	1997	2.93	11.89%
Suburban	73	405,153	5,550	1964	2.26	1.48%
Total	**364**	**4,126,620**	**11,337**	**1961**	**2.49**	**3.62%**

Source: CoStar, 2022, In Luton Article 4 direction - Employment Report April 2022, Avison Young[50]

Market rents across Luton shows an average value of £18.10 psf. This reflects an 18% uplift on the 10-year average, demonstrating strong value growth. This reflects a relatively strong office market particularly when combined with the low vacancy rate above [51]

However, from recent transactions, market capital values reflect £187 psf, with anticipated yields reflecting c.7.5%, which when combined with average market rent gives an estimated market value of £241 psf for a fully occupied office building. These are notably below the c. £350 psf achieved in new build residential development and even the average apartment value of £273 psf. This shows that residential market values are higher than office values, although consideration has to also be given to the cost of conversion with current BCIS estimates suggesting median residential conversion costs of £131 psf. [52]

[48] Ibid
[49] Ibid
[50] Ibid
[51] Ibid
[52] Ibid

Further consideration also must be given to the variation in office stock. Table 7, shows the variation in the market based on the CoStar quality rating (out of 5). This shows a clear correlation between quality of stock and estimated market rent with higher quality stock estimated to achieve a better rental level which can be attributable to the quality and attractiveness of the space. [53]

This means that there is potentially an even greater disparity between low quality office stock and residential values putting vacant low quality office stock at greater risk of conversion through Permitted Development Rights. [54]

Table 7 Quality of Office Premises Review[55]

CoStar Rating	Buildings	Total Floorspace (sq. ft.)	Average Size (sq. ft.)	Average Stock Age	Estimated Market Rent	Vacancy Rate (%)
4*	8	444,802	55,600	2005	£19.30	13.95%
3*	164	2,789,076	17,007	1967	£17.60	3.82%
2*	180	879,826	4,888	1953	£15.20	1.05%
1*	12	12,916	1,076	1957	£15.12	0.00%

Source: Luton Article 4 direction - Employment Report April 2022, Avison Young

Table 8, shows the variation in rental in the different study locations. It shows that sales and rental values are relatively high in both the Town Centre and Out of Town locations. On the other hand, Edge of Town Centre and Suburban values are lower with transaction values under £150 psf. This potentially puts these areas at greatest risk of PDR conversion.

[53] Ibid
[54] Ibid
[55] Ibid

Table 8 Area by Area Office Value Analysis[56]

	Transactional Data			Estimated Rental Data
	Average Sales Value	Max Rental Value	Average Rental Value	Estimated Rental Value
Town Centre	£192	£42	£14	£15.70
Edge of Town Centre	£149	£25	£13	£15.10
Out of Town	£233	£24	£16	£20.10
Suburban	£146	£21	£13	£16.30

Source: Luton Article 4 direction - Employment Report April 2022, Avison Young

Nonetheless consideration still needs to be given to secondary stock in other locations which could be masked within the above table where higher transactional values for better quality office stock hides the potential risk for some offices being converted through PDR. This is particularly high risk due to the shift towards better quality stock to create a better working environment when people do use office accommodation as part of hybrid working.

From the review of the office and industrial market with consideration of the targets for commercial floorspace to accommodate growth for future growth, it is clear that all office space needs to be retained as currently there is a shortfall in all five potential growth scenarios to plan for office jobs covering the adopted plan period of 2011-2031. High quality modern office spaces, such as Butterfield Green and Capability Green need to be protected with tighter planning control as these spaces serve a sub-regional role, attracting economic growth within and outside Luton. Offices in the Town Centre, Edge of Town Centre and Suburban Areas, which are notably older in stock and lower in quality may have lower vacancy levels than the more modern spaces, but are likely to be more at risk than the more modern, high quality office spaces because of their lower quality compared to the more modern spaces. Office spaces within Town Centre, Edge of Town Centre and Suburban Areas are also less adaptable to the more modern ways of working which are now starting to emerge with hybrid working, however the older office spaces in these locations are still functional and are attractive to small to medium businesses because of their affordability, this is evidenced by their notably lower vacancy levels.

Up to date evidence shows that residential values overall are significantly higher than those for Class E uses, so there is likely to be heightened risk of conversion

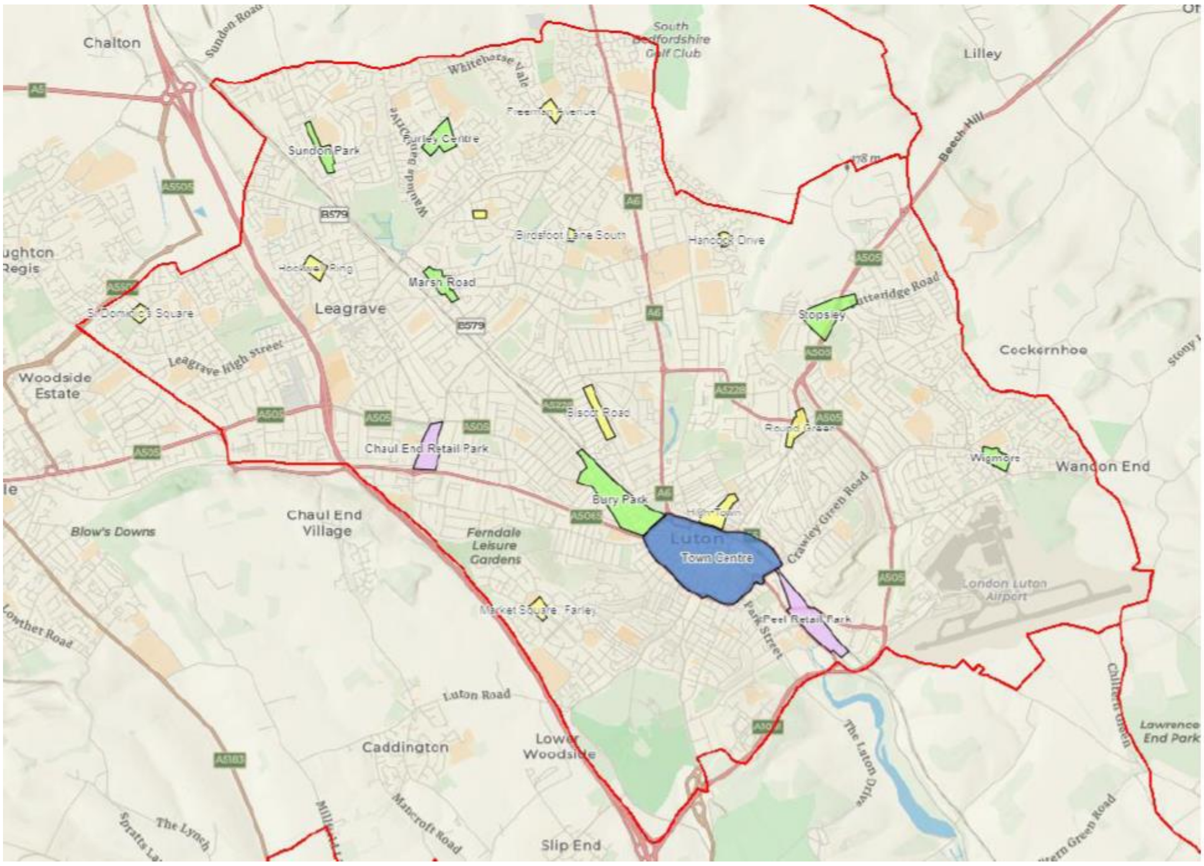
56 Ibid

overall particularly in regards to office to residential conversion due to the typology of office units.

In terms of light industrial uses, this has proved to be a very secure industry during the pandemic, where light industrial spaces have experienced low vacancy rates and modest growth over the last year with consumer demand for short delivery times and competitive prices, indicating that although this may be less at risk than offices, it is a key industry where light industrial floor space needs to be protected as it continues to play an important role in creating economic growth in Luton.

Retail Market Overview

Figure 3 Retail Areas[57]



Employment Space	Key
Town Centre	Dark Blue
District Centres	Green
Neighbourhood Centres	Yellow
Out of centre retail parks and supermarkets	Pink
Suburban Retail Premises	Other Locations

Source: Avison Young, 2022

Source: Luton Article 4 direction - Retail Report June 2022, Avison Young

[57] Luton Article 4 direction-Retail Report June 2022- Avison Young

The Luton Retail Study Update (2015) identifies District Centres as areas that ‘act as the primary focus for shopping and other service delivery within a particular part of the town. Such centres can cover typical weekly retail, service and community requirements. Due to their ability to provide a range of shopping, such centres can act as a natural focus for investment and ensure that one journey can satisfy most needs of the local population. A small-to-medium supermarket typically acts as an anchor, alongside dedicated parking, a range of community or potentially health facilities and the possibility of a transport hub, depending on location. Seeking to further focus investment and services at these locations (in terms of the Council and transport operators) should ensure that they cater for a considerable proportion of local journeys.’ [58]

Neighbourhood centres ‘Provide a more limited retail offer which means a lesser role and function to District Centres. Neighbourhood Centres are primarily intended to service the needs of the population within walking distance and may not therefore provide the same levels of dedicated parking, public transport accessibility or opportunities to capture passing trade. However, they will typically demonstrate a parade of shops in one or more continuous rows, with often independent outlets with a largely retail or service sector base. There may often be other public services clustered in close proximity such as schools and health facilities, providing a good basis to meet day-to-day needs.’ [59]

[58] Luton Borough Council, Retail Update 2015, White Young Green.
[59] Ibid

District and neighbourhood Centres indicated within the Retail Study Update (2015) include;

Table 9 District and Neighbourhood Centres.[60]

District Centres	Neighbourhood Centres
Bury Park	Farley
Marsh Road	High Town
Marsh Farm	Round Green
Wigmore	Lewsey (St Dominic's Square)
Stopsley	Bushmead
Sundon Park	Bramingham (Freeman Avenue)
	Hockwell Ring
	Biscot Road
	Calverton Road
	Birdsfoot Lane South

Source: Luton Article 4 direction - Retail Report June 2022, Avison Young

There is approximately 4 million square foot of retail space in the borough of Luton with approximately half of this located within the town centre.[61]

A review of the quality of the properties evidenced by the table below, shows that although there is marginal difference between the Co-star quality rating of retail amongst the different types of centre in Luton, greater quality of retail provision is outside the town centre particularly in the out of town retail parks, which are fully occupied, where the lesser quality, oldest retail provision is within the town centre with an average stock age of '1929' which also has the highest vacancy rate. This puts the Town Centre retail provision at the highest risk.

[60] Luton Article 4 direction-Retail Report June 2022- Avison Young
[61] Ibid

Table 10 Retail Market Overview[62]

	Buildings	Total Floorspace (sq. ft.)	Average Size (sq. ft.)	Average Stock Age	Average Co Star Rating	Vacancy Rate (%)
Town Centre	258	2,046,312	7,993	1929	2.28	2.89%
District Centre	182	389,346	2,139	1954	2.36	0.00%
Neighbourhood Centre	95	206,217	2,171	1951	2.41	0.15%
Out of Town Centre	18	384,509	21,362	1988	2.67	0.00%
Suburban Retail	267	1,042,921	3,936	1958	2.40	0.28%
Total	**820**	**4,069,305**	**4,987**	**1947**	**2.36**	**1.53%**

Source: Luton Article 4 direction - Retail Report June 2022, Avison Young

Overall according to Co-Star data rental levels in Luton have dropped over the past year, by circa 4% to an average rental level of £22.20 psf. This also leads to greater risk of PDR conversion due to falling rental levels making assets seem less attractive to investors.

It should also be noted that current market trends, as well as the impacts of the war in the Ukraine, rising inflation and increased cost of living is putting downward pressure on spending which could also put retail premises overall at risk.

62 Ibid

Table 11 Area by Area Retail Value Analysis[63]

	Transactional Data			Estimated Rental Data
	Average Sales Value	Max Rental Value	Average Rental Value	Estimated Rental Value
Town Centre	£172	£150	£27	£25.97
District Centre	£384	£54	£29	£25.99
Neighbourhood Centre	£201	£39	£23	£27.15
Out of Town Centre	£371	£46	£23	£25.60
Suburban Retail	£426	£40	£20	£26.58

Source: Luton Article 4 direction - Retail Report June 2022, Avison Young

** Average Sales Value is the average sales value achieved in each area from transactional evidence, as recorded by CoStar where data is available, in the last 3 years.*
*** Max Rental Value is the highest rent achieved in each area from transactional evidence, as recorded by CoStar, in the last 3 years.*
**** Average Rental Value is the average rent achieved in each area from transactional evidence, as recorded by CoStar where data is available, in the last 3 years.*
***** Estimated Rental Value is taken as the median of the CoStar range for estimated achievable rent if the property was available on the current market.*

The town centre may be at most risk due to relatively low values achieved although this may be reflective of secondary stock transacting and higher quality stock not being sold in the study period of the last 5 years.

As noted above, LU4 is the strongest performing postcode district in terms of residential values and so underperforming stock, older and lesser quality retail stock in this area could also be at particular risk of residential version where the disparity between retail and residential values may be greatest.

[63] Ibid

Policy Context

National Planning Context

The Government's objective in setting these permitted development rights is primarily to remove barriers to housing development. On 01 July 2021, the then Secretary of State for the Ministry of Housing Robert Jenrick, Communities and Local Government stated;

'As part of our on-going measures to improve the planning system, increase housing supply on brownfield land, stimulate investment in urban areas and sustain jobs, we have in recent years introduced new permitted development rights which allow the change of use to residential without the need for a full planning application.'

Section 6 Building a strong, competitive economy of the National Planning Policy Framework (NPPF) also states that planning policies and decisions should create conditions where businesses can invest, expand and adapt, and help encourage economic growth, with a clear economic vision and strategy having regard for local industrial strategies and other local polices for economic development and regeneration. Section 6 further highlights the need for planning policies and decisions to address specific location requirements of different sectors which specifically references making provision for *'clusters for networks of 'knowledge and data-driven, creative or high technology industries'*

Exercising tighter planning control over office space within Luton to ensure there is enough provision to accommodate growth is key in also encouraging more knowledge based jobs in Luton which has been highlighted as a key need in the borough and supports Section 6 of NPPF above. This also supports the need to exercise tighter control over industrial spaces which have proven to be a key driver in encouraging economic growth in Luton, especially during covid as highlighted in the Luton Article 4 direction-Employment Report April 2022- Avison Young.

Section 7 Ensuring the vitality of town centres of the NPPF also makes clear that planning policies should support the role that town centres play at the heart of local communities where the town centre is the preferred place for shopping , business and leisure.

Planning Policies are required to;

- Establish a network and hierarchy of town centres promote their long term vitality and viability
- Define the extent of town centres and primary shopping areas, and make clear the range of uses permitted in such locations,
- Where suitable and viable town centre sites are not available for main town centre uses allocate appropriate edge of centre sites that are well connected to the town centre and

- Recognise that residential development often plays an important role in ensuring the vitality of centres and encourage residential development on appropriate sites.

This makes clear the importance of Town Centre and other centre designations, although housing is welcome in the town centre and can help to enhance the centre's vitality this is effectively administered through a planned strategized approach rather than through permitted development rights where the location of these conversions are relatively uncontrolled.

Local Policy Context: Luton Local Plan 2011-2031

Luton Local Plan, adopted by the Council on 07 November 2017, sets out the vision and approach for the sustainable growth of Luton up to 2031.

Paragraph 5.2 of section 5 'Grown Luton's Economy' states the need to plan for 18,000 jobs, in line with the EEFM forecasted growth of jobs over the plan period. Of these 8,000 are B Class jobs and 10,000 non B Class jobs. Changes to Use Classes Order have since amalgamated Use Class A1 (shops), A2 (financial and professional services), A3 (Restaurants and cafes), B1(a) Offices – other than in A2, B1(b) Research and development of products or processes, B1(c) industrial processes, D1 Doctors, clinics and health centres (except where linked to the residence of the practitioner) and crèche, day nurseries or day centres, and D2 gymnasiums and Indoor Sports and Recreation (except where motor sports or firearms are used) all into Use Class E.

Paragraph 5.5 states *'There is a simultaneous need to protect existing key employment areas (termed Category A) that have been assessed as performing well'*

Category A sites are noted as the sites that offer the best quality employment opportunity. All sites proposed in Luton Town Centre and Surrounds Article 4 direction include Category A Employment Areas.

LLP14A states:

'The existing employment areas (Category A) …shall be protected B1, B2 or B8 uses. Once developed, strategic allocations containing B1, B2 or B8 are safeguarded as Category A employment areas. Changes of use or redevelopment within the employment areas and sites that would result in a loss of floorspace for economic development uses will be resisted.'[64]

Further to this Policy LLP15 B states that:

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[64] References to B Class uses refer to B1- Business; B1(a) Offices - Other than a use within Class A2, B1(b) Research and development of products or processes, B1(c) Industrial processes, B2 General industrial, B8 Storage or distribution. These references have been superseded by the legislative changes that took place on August 01 2020. With the exception of Use Class B2 and B8 all other B classes fall within Use Class E, Commercial Business and Service Uses. B2 and B8 remain unchanged.

- ‘Planning permission for residential development will also be granted on sites not allocated for housing provided that it would not lead to a loss of other uses for which there is recognised local need”’

The policy further states that “Higher densities will be encouraged within Luton Town Centre, district and neighbourhood centres. New housing should not result in the over intensification of the site. Development will achieve a mix of different housing sizes, types and tenures informed by the latest housing assessments and local circumstances.

Further to this, Policy 14 B states that “where a……unidentified employment site that has been vacant for at least 12 months, a mixed use development which retains significant employment or alternative redevelopment to non- B uses to meet identified needs will be permitted where: (i) It can be demonstrated that suitable alternative accommodation at comparable rents is available and (ii)it can be demonstrated that it is no longer suitable or viable for B1, B2 or B8 uses and where the site is vacant, there is evidence of active marketing for a reasonable period.”

The Employment Land Review (2013) demonstrates that there is a shortfall of office provision across the Local Plan period when compared to the objectively assessed need by stating that there is a “shortfall of office space……even if all identified supply comes forward”. The key message from the review is that Luton needs to retain its existing employment sites as far as possible and to ensure that employment space is delivered during the plan period. Further to this there is a requirement to retain most other employment areas until such time as replacement sites are available. This evidence shows that for employment purposes there is, in planning policy terms, a requirement to place control on the loss of B1 accommodation

Further to this, there is a qualitative issues regarding office stock within the town centre as this stock is of poorer quality and market draw when compared to, say, Butterfield Green and Capability Green. However, given the finite land supply (for all uses) across the Borough if office accommodation is lost and not replaced elsewhere in the town then job losses (or job opportunities) are lost. This would include potentially compromising both the role of and wider regeneration of the town centre. The Local Plan Inspector has effectively supported this position in his report where he states”……it is important that Luton provides an adequate stock of buildings and land to support the local economy and maintain jobs, through retaining sites…..”[65]

Policy LLP25 High Quality and Design, seeks to ensure the quality of development and Policy LLP37 Climate Change, carbon and waste reduction and sustainable energy, requires energy statements and waste audits to be included within planning application to ensure that these matters are appropriately considered to enable the LPA to ensure that development contributes to mitigating against climate change through energy efficiency (including renewable energy) and to minimise waste generation.

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[65] Luton Local Plan Inspectors Report 2017
http://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Local%20Plan/Luton-Local-Plan-final-Inspectors-report.pdf

Clearly the intention of Local Plan policy is to have in place appropriate controls on the location and scale of housing development and of redevelopment of employment uses. The permitted development rights proposed in Class MA do not enable the level of control required at Luton Town Centre and Surrounds to ensure the deliverability of the adopted Local Plan objectives that set out to deliver growth and sustainable development

When viewed from a planning policy perspective alone, all of this points to the requirement to incorporate greater planning control regarding the conversion from commercial, business and services uses to residential under Permitted Development Rights Class MA.

Section 7 Luton Town Centre & District & Neighbourhood Centres, implement national planning policies for retail within Luton.

LLP21 establishes the centre hierarchy of Luton in accordance with Strategic Objective 4 of the adopted plan, LLP21 establishes the District and Neighbourhood Centre designations within the borough and the application of the sequential test in ensuring main town centres uses are primarily situated within the town centre and managing edge of and out of town centre developments, LLP22 sets the constraints of Primary and Secondary Shopping Areas and Frontages within Luton Town Centre according to the Policies Map and LLP23 sets the constraints for planning applications for District & Neighbourhood Areas & Shopping Parades. LLP21-LLP23 work together to exercise tighter planning control within the Town Centre and Centre designations to protect the network and hierarchy of the Town Centre and ensure its vitality and viability.

Section 7 of the local plan also sets out the targets for net additional floorspace for retail uses to strengthen the centre hierarchy within the borough.

Table 12 Local Plan Net Additional Convenience Floorspace requirements[66]

Net Additional Convenience Floorspace				
2015	2020	2025	2030	2031
3,393	6,279	5,757	8,467	9,064

Table 13 Local Plan Net Additional Comparison Floorspace requirements[67]

Net Additional Comparison Floorspace				
2015	2020	2025	2030	2031
N/A	4,420	30,096	49,483	53,715

[66] Local Plan 2011-2031
[67] Ibid

Article 4 directions – Proposed Sites

Land at Kingsway

- The site is an out of town centre location with predominantly light industrial uses containing Luton Council's depot.
- The site is in category A employment use

Although it is noted that currently light industrial units are in high demand with the rise of warehouses, consumer demand, competitive prices and short delivery times, with growing demand for urban logistics hub, vacancy rates are unlikely to become high to put these spaces at risk, the growth in this industry indicates the important economic role it plays within the borough and therefore requires protection.

Kingsway includes a central hub with a mix of predominantly general industrial (B2) and light industrial processes (E(g)iii)) as well as B8 Storage and distribution, as well as E(g)(i) offices and E(g)(ii) research and development of products or processes.

The site includes a large cluster of Use Class E(g) uses predominantly light industrial units. This area also includes the site of Chubb house which was the subject of a conversion of offices (now E(g)(i)) to 130 1 bed units.

16/00677/COM; Chubb House, 400 Dallow Road Luton, Bedfordshire,LU1 1UL
Request for Prior Approval - change of use from office(s) (B1a) to (C3) residential. (Class O) 130 Dwellings

The ELR 2013 demand versus supply in forecasting requirements for industrial uses between 2011 and 2031 found there to be potentially in surplus in three out of the five growth scenarios, with two of these scenarios showing a shortfall. As noted above demand is likely to increase since the pandemic and therefore land at Kingsway covering Use Class E uses should be safeguarded.

Land to the north-west of Osborne Road

- The site is an out of town centre plot containing offices
- The site is in category A employment use

The site is within an employment Category A allocation and contains an office unit. Although it is an out of town centre office use (according to the Luton employment report April 2022 which is deemed least at risk compared with the town centre offices), as noted above, there is a shortfall in all potential growth scenarios to meet the provision of office floor space required for Luton over the local plan period. It has also been noted that offices in terms of land use were the most at risk of all the Use Class E uses from conversion to residential due to the typology of offices being closer to that of residential uses, making office use easier to convert to residential.

Land at the junction of Putteridge Road and Hitchin Road

- The site is an out of town centre plot with retail uses on the ground floor and office uses on the upper floor.
- The site is in category A employment use

This site includes offices Jansel house (upper floors) as part of a shopping parade with retail uses on the ground floor. As noted above offices are the most at risk of conversion and has an estimated shortfall in all growth scenarios within the adopted plan period. In terms of offices this is a secondary office which although is out of the town centre its age puts this space at a high risk of conversion. In terms of retail offer the site is located within a district centre, which although has a low vacancy rate, district centre retail are some of the oldest stock and therefore would be at risk of conversion if vacancy levels start to rise.

Premier Business Park, Dencora Way.

- The site is an out of town centre plot containing offices surrounded by predominantly B2 General Industrial uses
- The site is in category A employment use

The site contains office uses, which has a shortfall of provision over the local plan period and is most at risk of conversion to residential uses as noted above.

Luton Town Centre and Surrounds

Town centre retail is the most at risk of conversion due to retail buildings in Luton's Town centre being the oldest and those considered as secondary retail.

The contextual maps show the important designations within the proposed retails boundary.

The inclusion of Bury Park is also important as noted in Luton Employment report April 2022, that data indicates that the highest values on a £psf basis for residential units are seen in the LU4 postcode districts as such it would be an attractive offer for owners to turn vacant retail into residential uses and receive a high financial return.

The most active postcode markets for the sale of residential units are in LU1 and LU2 with a total of 130 sales transactions for new build flats in the last 5 years, the red line boundary covers predominantly the LU1 and LU2 postcodes with LU4 post codes based in the Bury Park Dunstable Road area.

Land at Percival Way and President Way.

- The site is an out of town centre plot with a collection of offices.
- The site is in category A employment use

This site contains office units Use Class E(g)(i) and is near the airport, a hub of economic activity. The ELR 2013 in forecasting requirements for employment floor space between 2011 and 2031 concluded office that there was a significant shortfall of office space supply in all five potential growth scenarios. This shortfall ranged from 5,300m2 to 38,600m2. The Luton employment report 2022 also noted that offices in terms of land use were the most at risk out of all of the Use Class E uses from conversion to residential uses because the typology of offices are the closest to residential as compared to other uses.

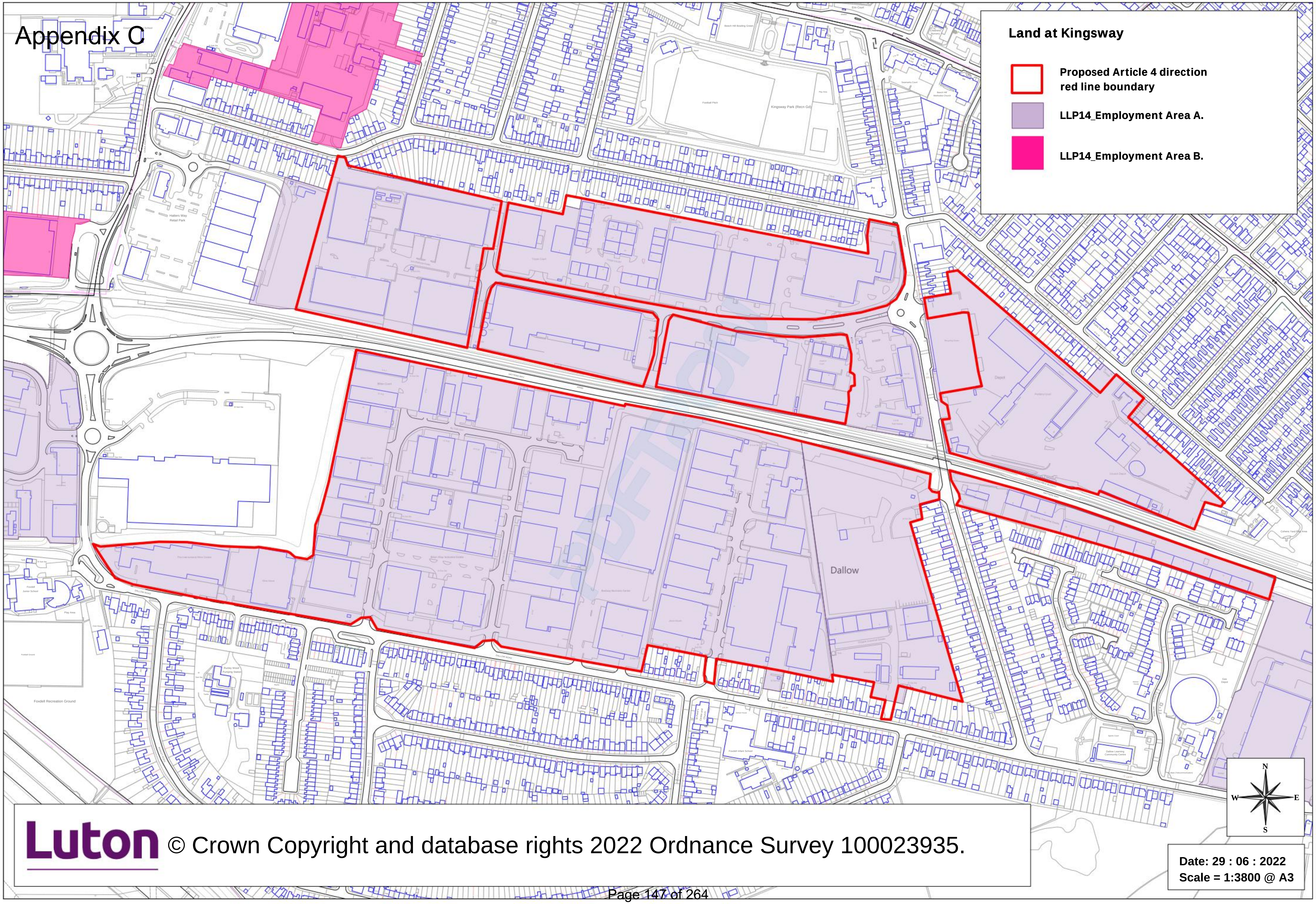
Land to the north of the junction between Wigmore Lane and Eaton Green Road

The site is an Out of Town Centre unit but within the District Centre which includes office units and ground floor retail units as well as the Asda shopping centre. The District Centre contains the second oldest stock of retail units after the Town Centre.

The site also contains Employment Area Category A land.

Although the vacancy level is likely to be low for the retail units in this location, the site contains both secondary retail and office units which places this site at a high risk of conversion due to their age.

Appendix C



Luton

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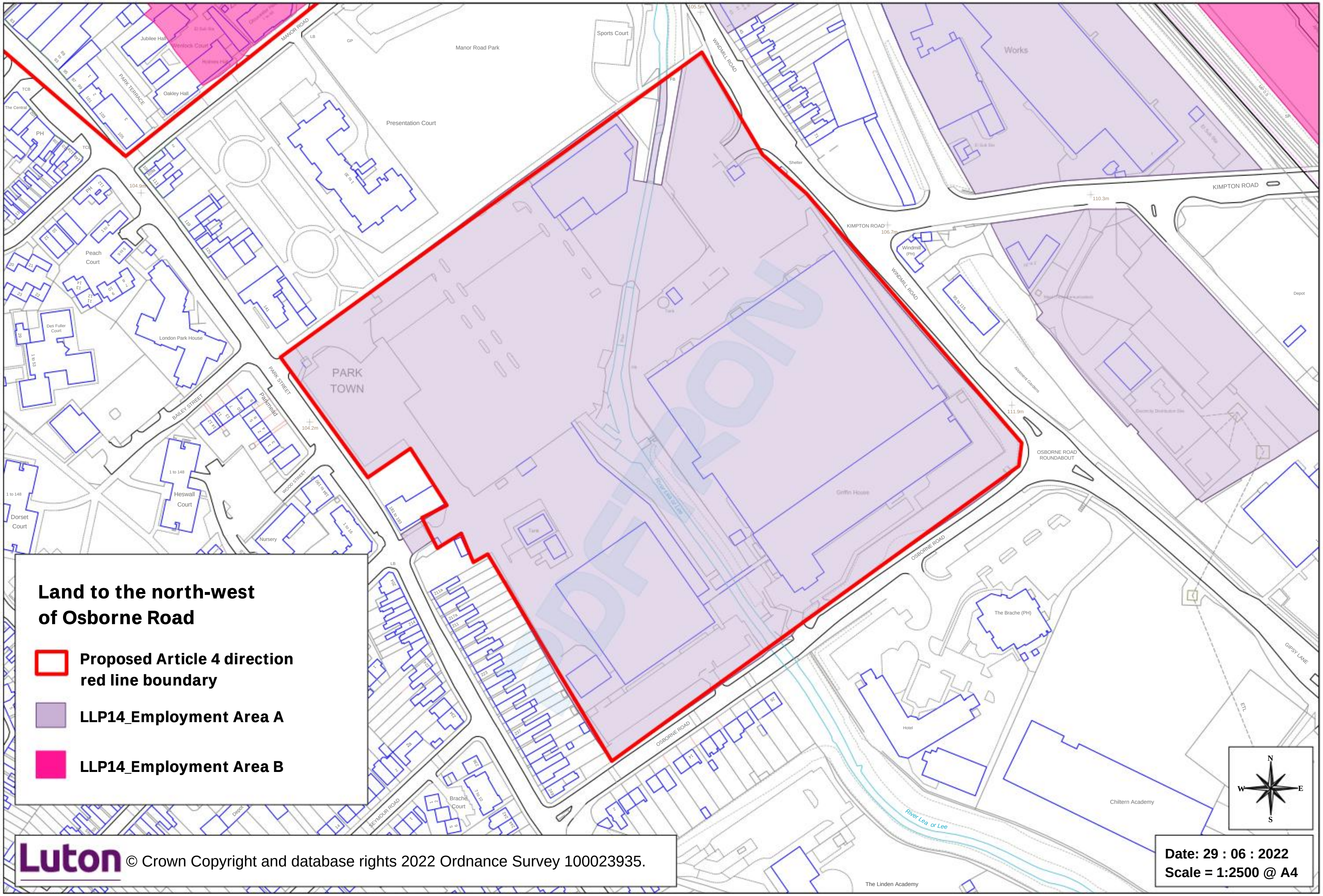

Land to the north-west of Osborne Road
Proposed Article 4 direction red line boundary
LLP14_Employment Area A
LLP14_Employment Area B
PARK TOWN
Manor Road Park
Presentation Court
Works
KIMPTON ROAD
WINDMILL ROAD
OSBORNE ROAD
OSBORNE ROAD ROUNDABOUT
PARK STREET
Griffin House
The Brache (PH)
Chiltern Academy
The Linden Academy
River Lea or Lee
London Park House
Heswall Court
Date: 29 : 06 : 2022
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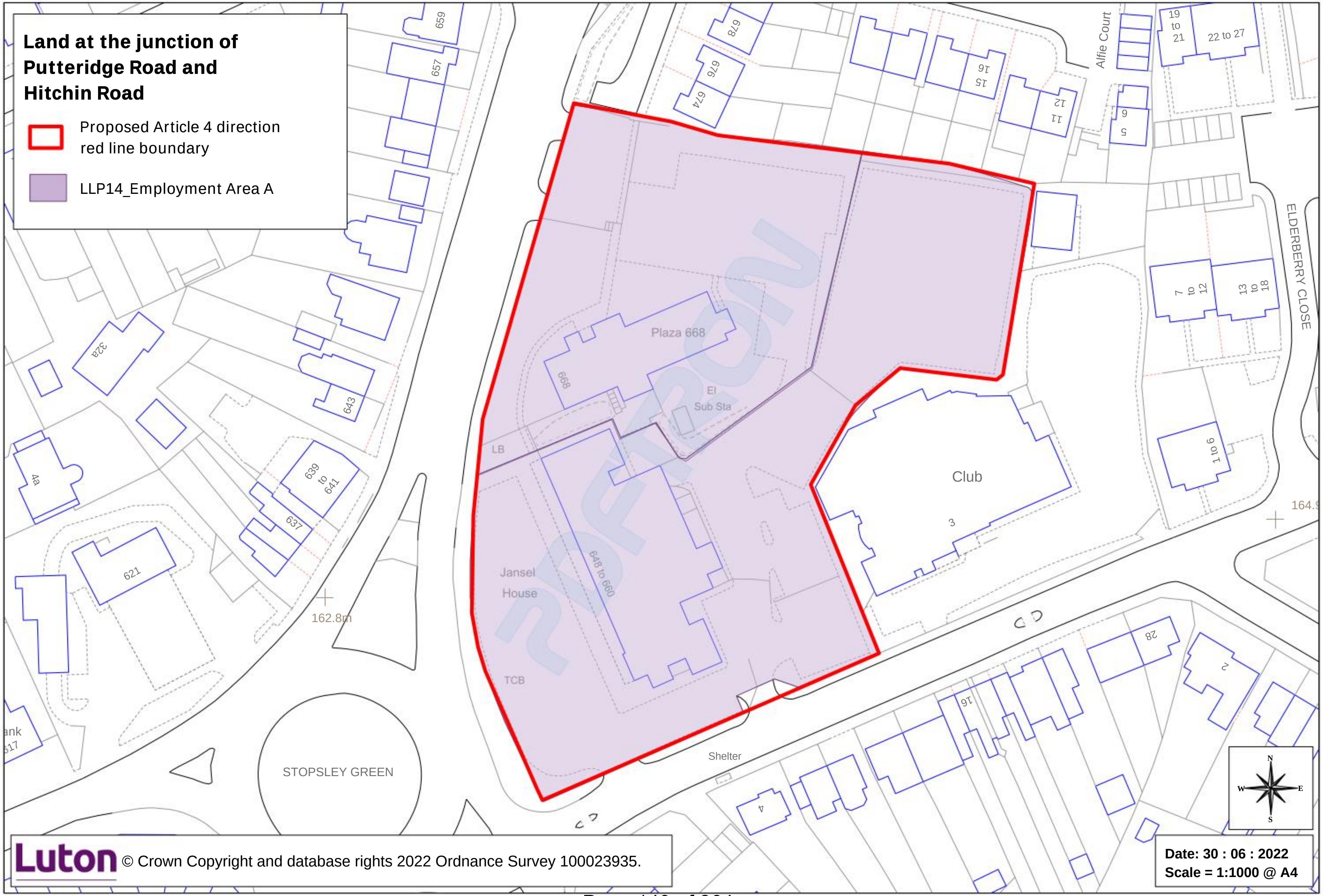

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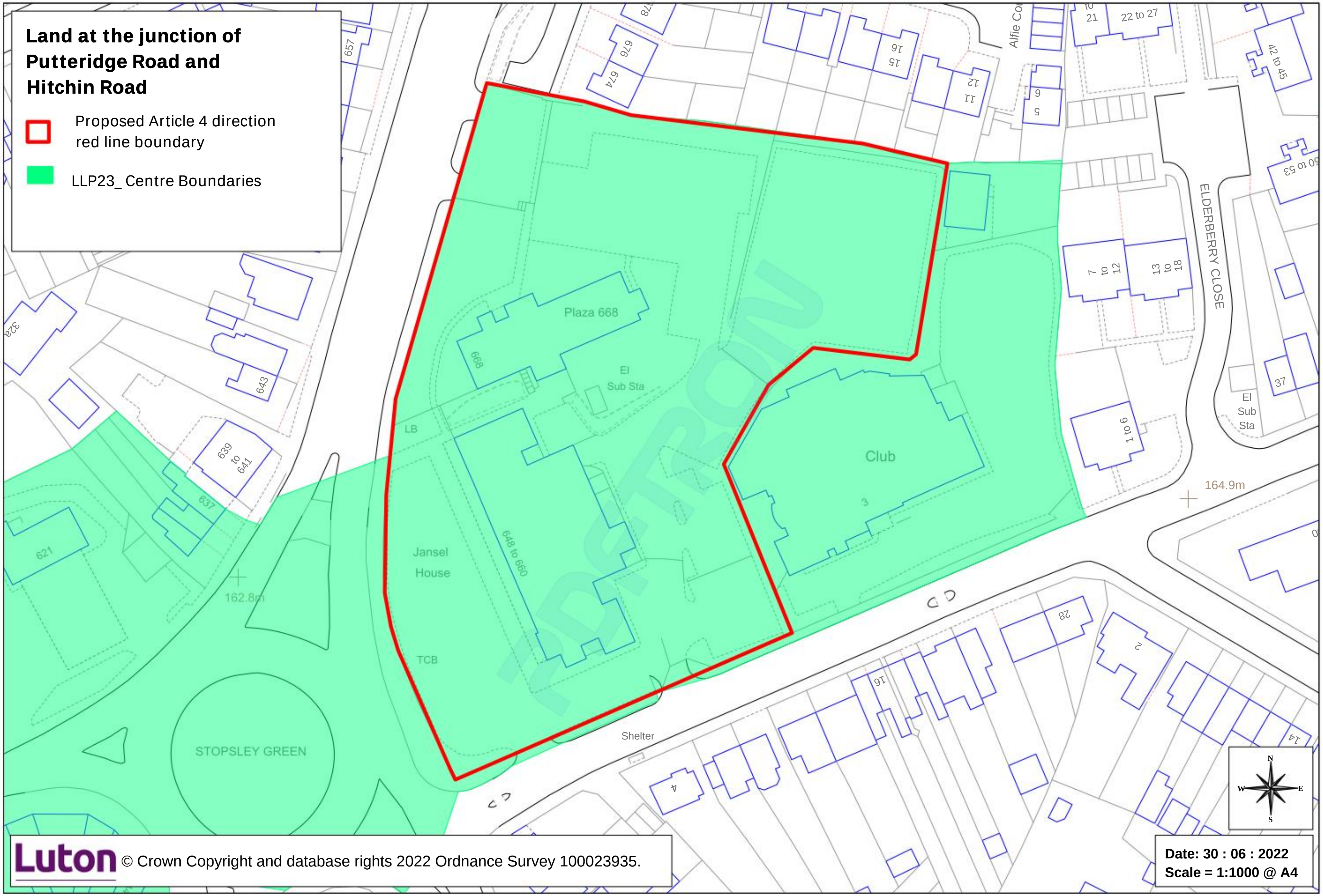
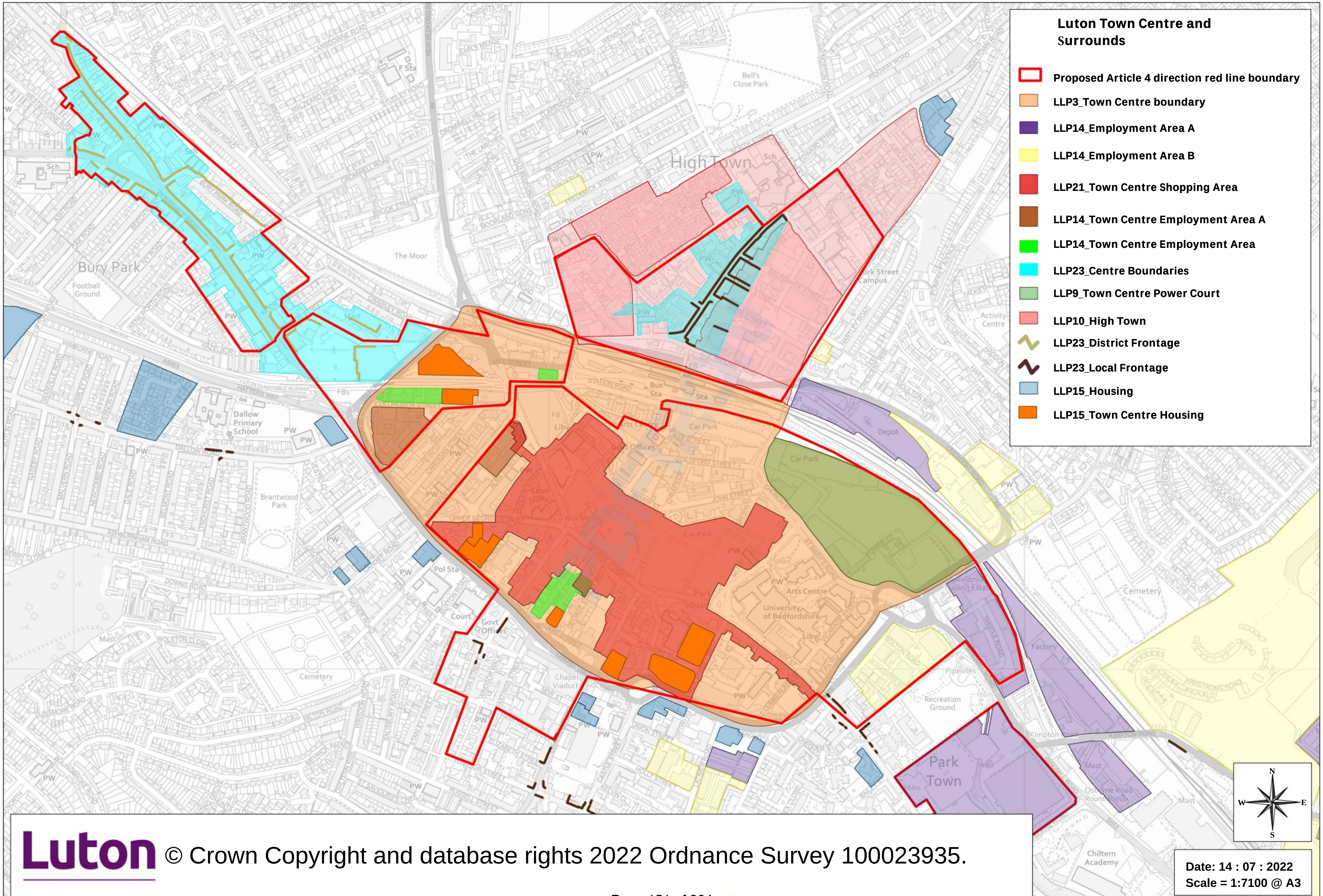


Land at the junction of Putteridge Road and Hitchin Road
Proposed Article 4 direction red line boundary
LLP23_ Centre Boundaries
Plaza 668
El Sub Sta
Club
Jansel House
648 to 660
TCB
LB
STOPSLEY GREEN
Shelter
ELDERBERRY CLOSE
162.8m
164.9m
Luton
© Crown Copyright and database rights 2022 Ordnance Survey 100023935.
Date: 30 : 06 : 2022
Scale = 1:1000 @ A4


Luton Town Centre and Surrounds
Proposed Article 4 direction red line boundary
LLP3_Town Centre boundary
LLP14_Employment Area A
LLP14_Employment Area B
LLP21_Town Centre Shopping Area
LLP14_Town Centre Employment Area A
LLP14_Town Centre Employment Area
LLP23_Centre Boundaries
LLP9_Town Centre Power Court
LLP10_High Town
LLP23_District Frontage
LLP23_Local Frontage
LLP15_Housing
LLP15_Town Centre Housing
Luton
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Date: 14 : 07 : 2022
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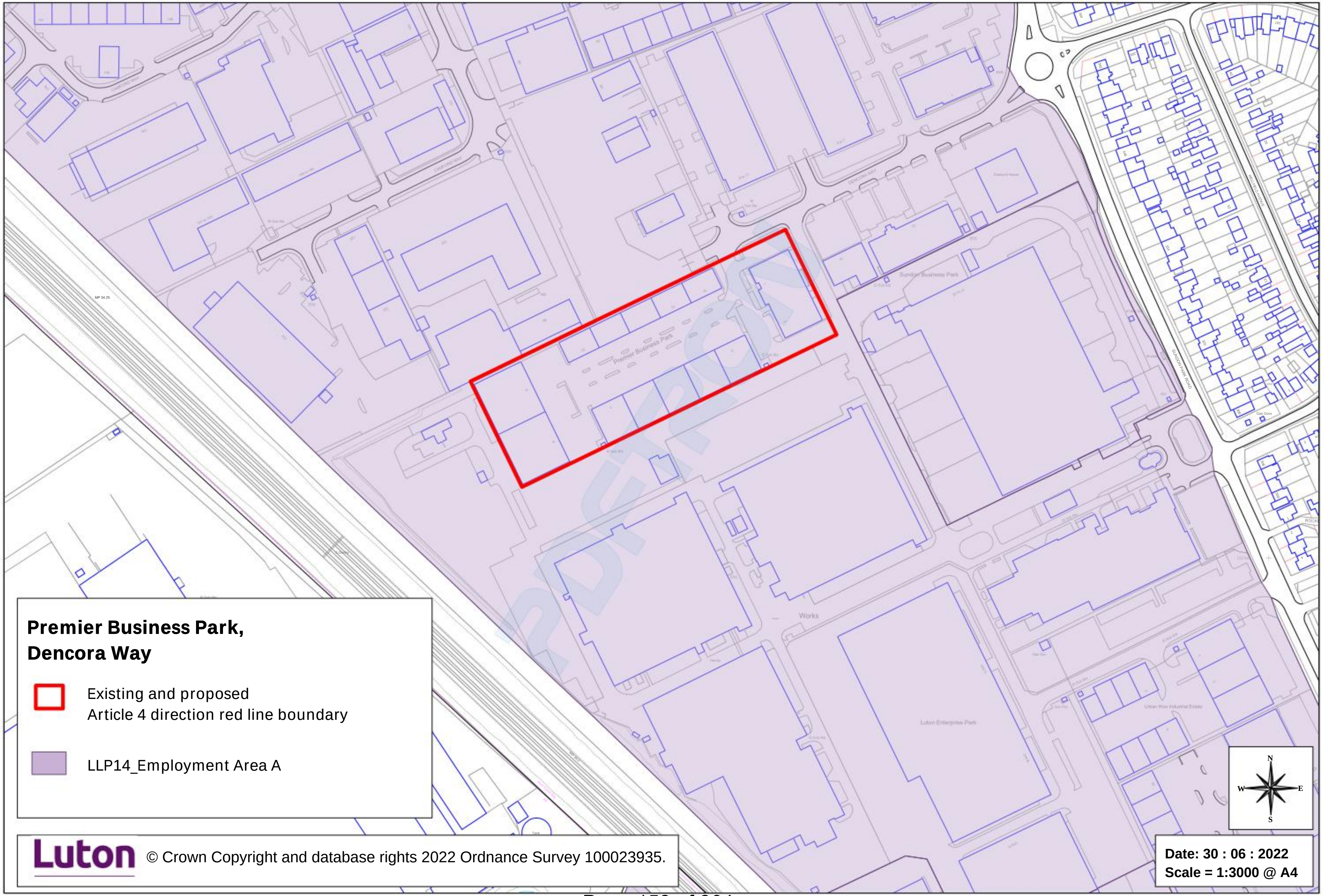
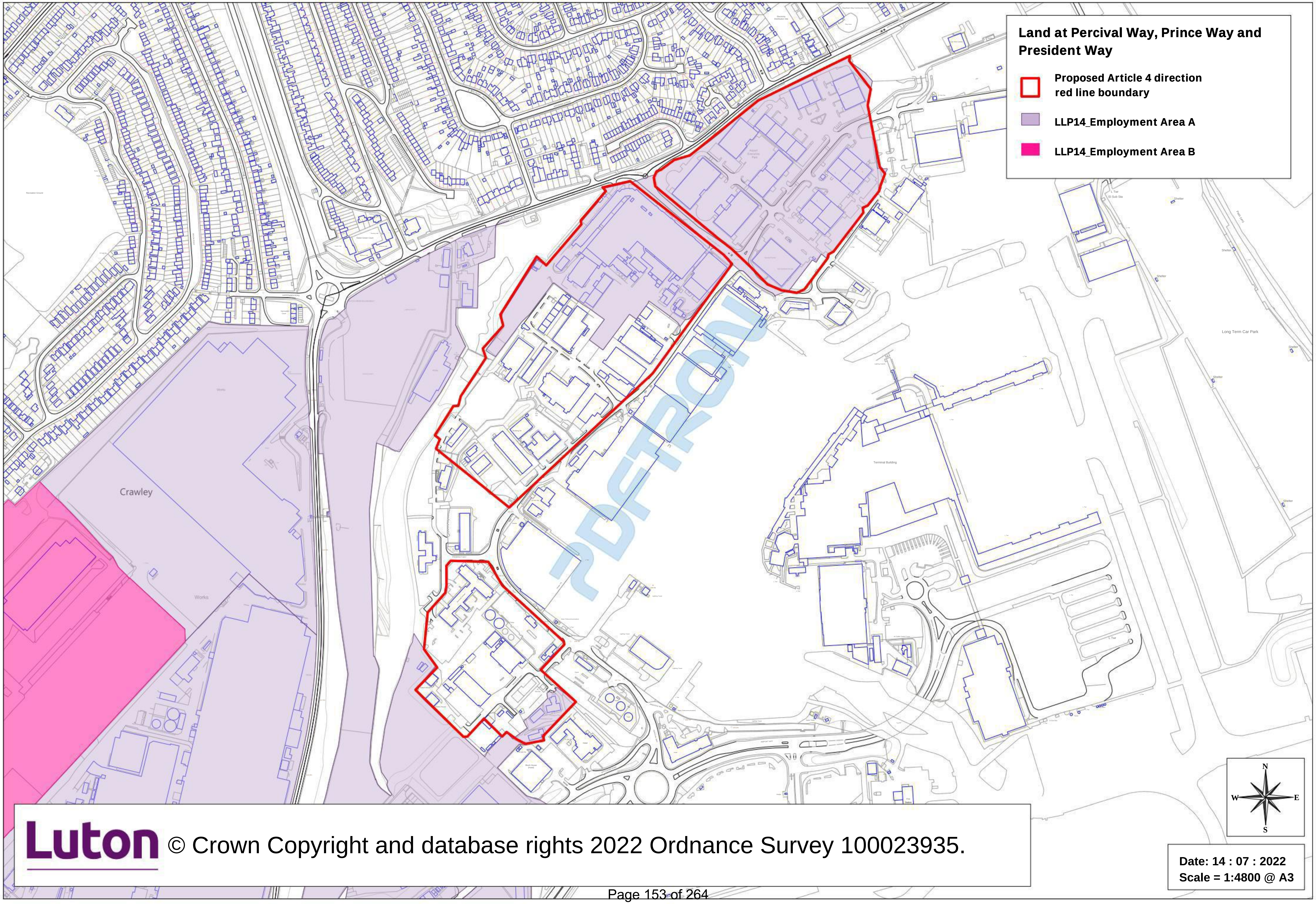


Premier Business Park, Dencora Way

Existing and proposed Article 4 direction red line boundary

LLP14_Employment Area A

Date: 30 : 06 : 2022
Scale = 1:3000 @ A4



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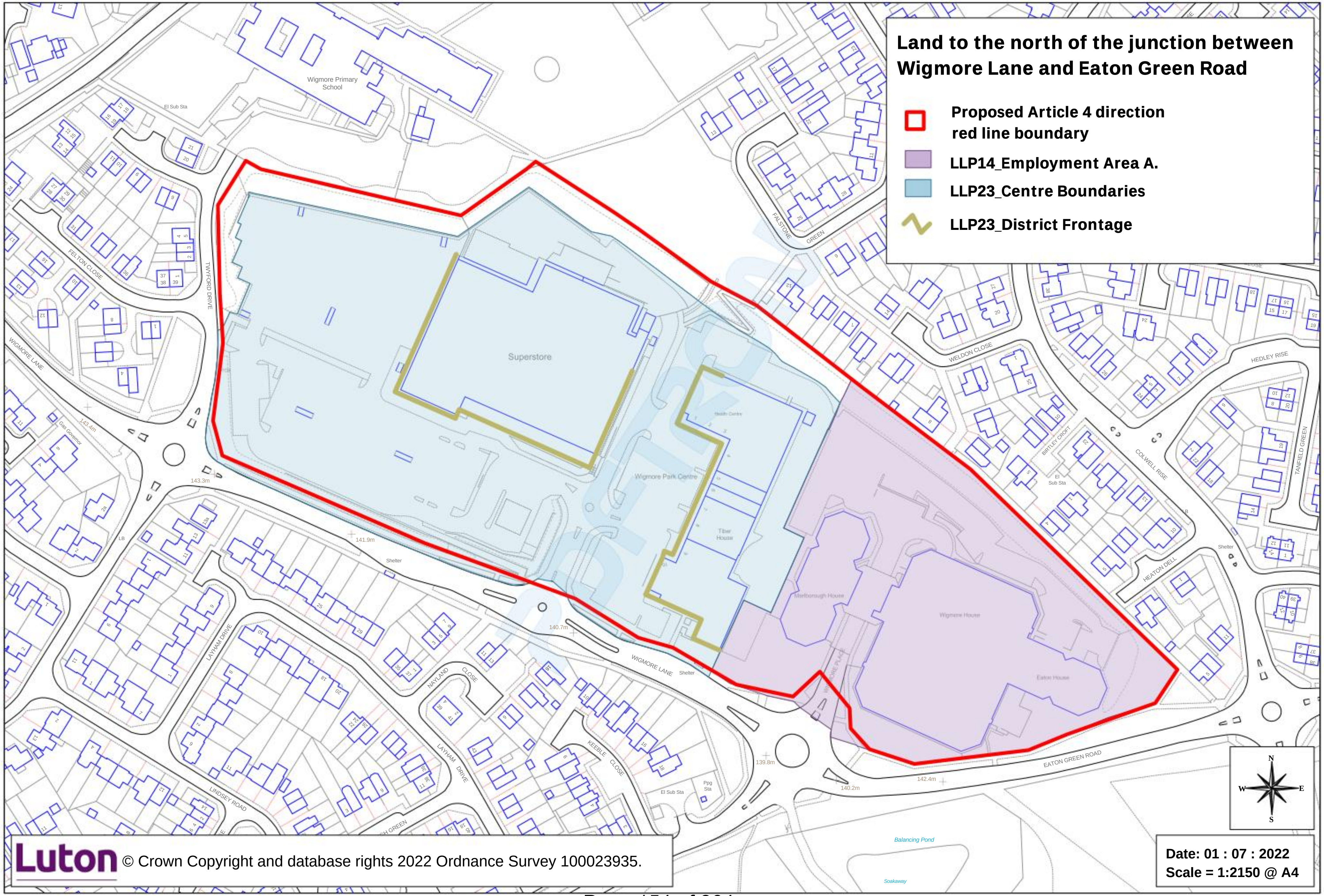


Land to the north of the junction between Wigmore Lane and Eaton Green Road
Proposed Article 4 direction red line boundary
LLP14_Employment Area A.
LLP23_Centre Boundaries
LLP23_District Frontage
Wigmore Primary School
Superstore
Wigmore Park Centre
Health Centre
Tiber House
Marlborough House
Wigmore House
Eaton House
TWYFORD DRIVE
FELTON CLOSE
WIGMORE LANE
LAYHAM DRIVE
NAYLAND CLOSE
KEEBLE CLOSE
LINDSEY ROAD
EATON GREEN ROAD
WELDON CLOSE
FALSTONE GREEN
BIRTLEY CROFT
COLWELL RISE
HEDLEY RISE
HEATON DELL
TANFIELD GREEN
Balancing Pond
Soakaway
N
S
E
W
Date: 01 : 07 : 2022
Scale = 1:2150 @ A4

Luton

Appendix D

Article 4 Directions Process

Section 108 of the Town and Country Planning Act 1990 notes that if a local planning authority makes an Article 4 direction and brings it into effect immediately or within 12 months of the notice of withdrawing permitted development rights it can be liable to pay compensation to those whose permitted development rights have been withdrawn.

- The risk comes into play where a Local Planning Authority refuses planning permission for development which would otherwise have been permitted development; or

- grants planning permission subject to more limiting conditions than the General Permitted Development Order.

- The grounds on which compensation can be claimed are limited to abortive expenditure or other loss or damage directly attributable to the withdrawal of permitted development rights.

- This can include the difference in value of the land if the development had been carried out and its value in its current state, as well as the cost of preparing the plans for the works.

An illustration is set out below dealing with potential compensation based on land value uplift, which Property and Construction Services have prepared. The figures provided are estimates.

Based on recent sales and general market conditions, the cost of acquiring a non-residential building with one of the permitted development rights, either office or retail has been adopted at £187 per sq. ft.

In terms of office stock, there has been little movement since the last valuation in 2018 where the estimate was £70-100 per sq. ft, so compensation payable without fees is likely to be circa £87 per sq. ft.

Therefore on a 10,000 sq. ft office building the compensation payable would be circa £870,000.

In terms of retail, despite recent drops, base values remain higher at circa £160 per sq. ft. based on a 10% yield.

Therefore the compensation payable on a retail to residential permitted development right would be circa £27 per sq. ft., based on a 1,000 sq. ft. retail premises the compensation payable would be £27,000. A key difference between employment and retail is that there are many more retail units than office, so many multiples of this amount may need to be paid.

An Article 4 direction can also be made with non-immediate effect and brought into effect after the 12 month period but before two years have passed which removes the compensation risk.

Appendix E Integrated Impact Assessment Form (IIA)

The key aim of an impact assessment is to ensure that all council policies, plans and strategies support the corporate mission statement

'Enabling Luton to be proud, vibrant, ambitious and innovative'

Why do I need to do an Integrated Impact Assessment (IIA)?

The aim of this impact assessment process is to:

- ensure adherence to the legal duties contained within the Equality Act 2010 and associated public sector duty to analyse the impact of decisions to be undertaken by council
- ensure the council has **due regard** to equality taking a proportionate and timely approach to analysing the impact on citizens
- minimise duplication of initial impact assessments with regards to Environment and Health and maximise consideration of other key council priorities of Inclusion and Community Cohesion
- ensure that the council has been able to consider the social, health, environmental and economic impacts in its decision making in a single document and, where necessary enable the production of a comprehensive action plan to mitigate any potential negative impacts identified

When do I need to do an IIA?

- An IIA must be started at the beginning of any project, policy or strategy, and cannot be finalised until such time as all consultations, as required, are undertaken.
- The impact table will help you to make early consideration of the potential impacts of your proposal and should be used from the point at which preliminary report is taken to Corporate Leadership and Management Team (CLMT) where appropriate. By using this table at your earliest point in the project, potential impacts can be highlighted and it will also be clear whether you need to carry out a full IIA.
- If you complete this table and all impacts identified are neutral, eg there is no noticeable impact on characteristics and priorities listed and you are fully confident of this, please contact the Social Justice Unit (SJU) by email setting out how you have reached this judgement as it is unlikely you will need to carry out a full IIA.
- An IIA must at all times identify those who will be affected by the decision, policy or strategy.
- At a time of economic austerity IIA authors are minded to consider the whole range of decisions, both locally and nationally when analysing the impact on citizens.
- Your first early draft is to be sent to the SJU for comments and guidance
- Once consultation has ended, the IIA must be updated with results of the consultation and returned to executive, where required, for further consideration and approval – at this stage it will be signed off as completed by the SJU.

If you need further guidance please contact the SJU. Please see links at the end of this document to key Corporate and Partnership documents that may help you complete this IIA.

Appendix E Integrated Impact Assessment Form (IIA)

Proposal title:	Article 4 Direction Commercial Business and Service Uses to Residential Conversions
Lead officer name:	Yvonne Sampoh
Date of IIA:	01 August 2022

Date updated after consultation:	N/A
Early draft seen by: (Please send an early draft of your IIA to the SJU to ensure all impacts are being considered at the appropriate time)	Dylan Katuwawala

Finalised IIA signed and seen by SJU :	
Name:	
Date	

Names of all other contributors and stakeholders involved in the preparing of this proposal who have been consulted with and agreed this assessment: (Please note the IIA must not be carried out by one person)	Sarah Barker- Team Manager, Planning Policy and Environment Sunil Sahadevan- Head of Planning Sue Frost- Service Director for Sustainable Development Councillor Robert Roche
If there is any potential impact on staffing please include the name/s of the trade union representative/s involved in the preparation of this assessment or any supporting evidence of request to participate:	None

Proposal outline
Information supporting the proposal (**who, what, where, how**, **why**). Breakdown of present users by ethnicity, age, sex, disability, religion/belief, sexual orientation (if recorded). Show areas in the town with the biggest and lowest needs. Greater emphasis is required at the start of the IIA on the service, how it is delivered now and how the new service will be delivered.
Changes of Use from Commercial Business and Services Uses (Use Class E) to Residential accommodation (Use Class C3) are permitted under the General Permitted Development Order 2015 (as amended). An Article 4 direction enables a local planning authority to remove these PD rights and thus exercise planning control over such conversions. The proposal is to make non-immediate article 4 directions at these sites to remove the ability to convert commercial business and service uses (Use Class E) to residential uses (C3) pursuant to permitted development rights contained within Class MA of Schedule 2 (Part 3) 'Changes of Use' of The Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended). This will assist in preventing the unnecessary loss of commercial spaces in particular retail and office uses within the Town Centre, as well as Out of Town Centre locations as these play a key role in supporting employment opportunities as well as providing important infrastructure for residents and visitors to Luton in meeting day to day needs and providing a range of opportunities to shop, eat out and socialise within the borough.

Impact table

The purpose of this table is to consider the potential impact of your proposal against the Equality Act 2010 'protected characteristics' and the council's social, environmental and economic priorities.

Once you have completed this process you should have a clearer picture of any potential significant impacts[1], **positive, negative** or **neutral**, on the community and/or staff as a result of your proposal. The rest of the questions on this form will help you clarify impacts and identify an appropriate action plan.

Protected groups	Citizens/community			Staff (for HR related issues)		
	Positive	**Negative**	**Neutral**	**Positive**	**Negative**	**Neutral**
Race			Y			
Sex			Y			
Disability			Y			
Sexual orientation			Y			
Age			Y			
Religion/belief			Y			
Gender reassignment			Y			
Pregnancy/maternity			Y			
Marriage/civil partnership (HR issues only)			Y			
Care responsibilities[2] (HR issues only)						
Social and health[3]						
Impact on community cohesion	Y					
Impact on tackling poverty	Y					
Impact on health and wellbeing	Y					
Environment						
Impact on the quality of the natural and built environment	Y					
Impact on the low carbon agenda	Y					
Impact on the waste hierarchy	Y					
Economic/business						
Impact on Luton's economy and/or businesses	Y					
Impact on jobs	Y					
Impact on skills	Y					

[1] "Significant impact" means that the proposal is likely to have a noticeable effect on specific section(s) of the community greater than on the general community at large.
[2] This is a Luton specific priority added to the nine protected characteristics covered under the Equality Act 2010 and takes into account discrimination by association.
[3] Full definitions can be found in section 3

Appendix E Integrated Impact Assessment Form (IIA)

Luton

Please answer the following questions:

1. Research and consultation
1.1. Have you made use of existing recent research, evidence and/or consultation to inform your proposal? Please insert links to documents as appropriate.
Click here for local demographics and information
The above link has been used to prepare the Executive report authorise the proposal. The proposal also utilised the planning policy evidence base at the link below; https://m.luton.gov.uk/Page/Show/Environment/Planning/Regional%20and%20local%20planning/Pages/Local%20Plan%202011%20-%202031.aspx Two reports were also commissioned this year (2022) to assist in the making of these recommendations; these include; Luton Article 4 direction-Employment Report April 2022- Avison and Young Luton Article 4 direction-Retail Report June 2022- Avison and Young
1.2. Have you carried out any specific consultation with people likely to be affected by the proposal? (if yes, please insert details, links to documents as appropriate).
Guidance notes: if you have not yet undertaken any consultation you may wish to speak to the Consultation team first as a lack of sufficient consultation could place the council at risk of legal challenge. **Click here for the council Consultation Portal**
There is a legal requirement to consult on the designation of Article 4 directions this will take place after the Executive have agreed to make the Article 4 directions at these locations as authority needs to be obtained before consultation is undertaken.
1.3. Have you carried out any specific consultation with citizens likely to be affected by the proposal? If yes, please insert details, links to documents, as appropriate above. Please show clearly who you consulted with, when you consulted and the outcomes from the consultation. Mitigations from consultation should be clearly shown in action plan at end of the document.
For advice and support from Consultation team click here
There is a legal requirement to consult on the designation of Article 4 directions this will take place after the Executive have agreed to make the Article 4 directions at these locations as authority needs to be obtained before consultation is undertaken.

2. **Impacts identified**
2.1. Where you have identified a **positive** impact, for **communities or staff**, please outline how these can be enhanced and maintained **against each group identified**. Specific actions to be detailed in action plan below.
Guidance notes: by positive impact we mean, is there likely to be a noticeable improvement experienced by people sharing a characteristic?
The proposal will help preserve employment sites for employment uses and hence maintain job opportunities for all local people. Provision of quality employment opportunities is crucial to the health and well-being of residents and will naturally aid in them developing new skills through these job opportunities. Regaining planning control on conversions will also help mitigate against the negative impacts associated with the conversion of Commercial Business and Services Uses (Use Class E) to Residential Accommodation (Use Class C3) by ensuring s106 payments are obtained when residential units are created to support the increase in residents at these sites in terms of additional school places, thus improving the overall quality of the urban environment for Luton residents and businesses
2.2. Where you have identified a **negative** impact please explain the nature of this impact and why you feel the proposal may be negative. Outline what the consequences will be **against each group identified**. You will need to identify whether mitigation is available, what it is and how it could be implemented. Specific actions to be detailed in action plan below.
Guidance notes: by negative impact we mean is there likely to be a noticeable detrimental effect on people sharing a characteristic?
N/A
2.3. Where you have identified a **neutral*** impact for any group, please explain why you have made this judgement. You need to be confident that you have provided a sufficient explanation to justify this judgement.
Guidance notes: by neutral impact we mean that there will be no noticeable impact on people sharing a characteristic.
There is no evidence currently available to suggest that the proposal will have a noticeable impact, either positive or negative, on the groups identified above.

3. Social and health impacts
3.1. If you have identified an impact on community cohesion[4]', tackling poverty[5] or health and wellbeing[6], please describe here what this may be and who or where you believe could be affected, **Please also ensure that you consider any possible impacts on looked after children.**
Guidance notes: please use this section to describe the social and health impacts and detail any specific actions or mitigations in the action plan below. **For advice and support from the Social Justice Unit click here** **For advice and support from the Public Health team click here**
The recommendation for Article 4 directions within the Town Centre and Surrounds will help preserve employment opportunities and hence contribute to tackling poverty and, via the determinants of health approach contribute to health and well-being of the community. The proposal will also help in aiding community cohesion through providing important infrastructure for residents and visitors to Luton in meeting day to day needs and providing a range of opportunities to shop, eat out and socialise within the borough, this is specifically in relation to retail uses within the Town Centre and other Centre locations.

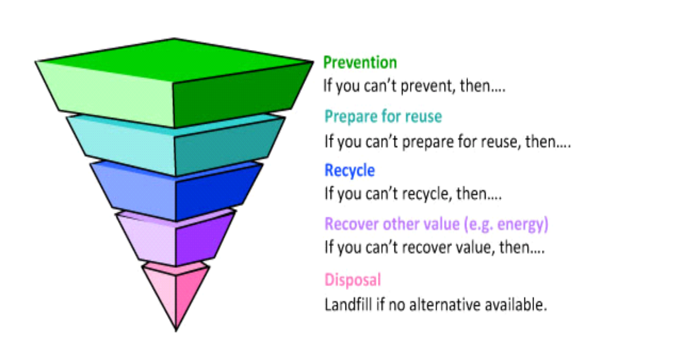
[4] is the proposal likely to have a noticeable effect on relations within and between specific section(s) of the community, neighbourhoods or areas.
[5] is the proposal likely to have a noticeable effect on households that are vulnerable to exclusion, eg due to poverty, low income and/or in areas of high deprivation
[6] Is the proposal likely to have a positive or negative impact on health inequalities, the physical or mental health and wellbeing of an individual or group, or on access to health and wellbeing services?

4. Environment impacts

4.1. If you have identified any impacts related to the built and natural environment[7], low carbon[8] and waste minimisation please describe here what this may be and who or where you believe could be affected

Guidance notes: is the proposal likely to impact on the waste hierarchy which includes issues shown in the table below:

Waste hierarchy



For advice and support from the Strategy and Sustainability team click here

The positive impact upon the built environment will relate to the ability to place controls on future conversions of Commercial Business and Services Uses (Use Class E) to Residential accommodation (Use Class C3) via planning conditions and agreements to minimise and mitigate against environmental impacts.

Conversions under Class MA, are likely to result in increases in domestic waste, parking and school places.

The carbon impact is also positive/neutral as there will be no change to the current position. There may be a positive carbon impact as subdividing into residential units may generate an increased energy requirement across the site.

---

7 Is the proposal likely to Impact on the built and natural environment covers issues such as heritage, parks and open space, cleanliness, design, biodiversity and pollution?
8 Is the proposal likely to impact on low carbon includes issues such as use of energy, fuel and transport.

5. Economic impacts
5.1. If you have identified any impacts related to Luton's economy and businesses[9], creating jobs[10] or improving skill levels[11], please describe here what this may be and who or where you believe could be affected
Guidance notes: please use this section to describe the social impacts and detail any specific actions or mitigations in the action plan below. Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below. **For advice and support on Economic Development click here**
The proposal will help to preserve employment sites for employment uses and hence maintain job opportunities for all local people. Provision of quality employment opportunities is crucial to the health and well-being of all residents and will naturally aid in them developing new skills in through these job opportunities.

[9] Is the proposal likely to impact on Luton's economy and businesses for example by creating an opportunity to trade with the council, support new business opportunities?

[10] Is the proposal likely to impact on the creation of new jobs in the local economy? This will also link to health and well-being and the reduction of poverty in the social box.

[11] There are significant skills gaps in Luton's economy. Is the proposal likely to create opportunities for up skilling the workforce or to create apprenticeships?

Impact enhancement and mitigation

Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below:

Action	Deadline	Responsible officer	Intended outcome	Date completed / ongoing
Monitor full planning applications at proposed Article 4 sites to note increases in commercial, business and service floor space	Ongoing	Yvonne Sampoh	In order to note increased commercial floorspace at site to support employment uses and increased jobs within these land uses that could have been lost to residential uses. Planning applications must provide details of commercial space gains and increases in jobs created through development. This is envisaged to help towards tackling poverty, improving skills within the borough and improving job opportunities. If the permitted development rights under class MA were available at these sites it would more likely result in losses of commercial floor spaces.	
Monitor planning applications full planning applications at proposed article 4 sites to note S106 contributions to support the low carbon agenda	Ongoing	Yvonne Sampoh	Notable gains in reducing carbon emissions, making steps to reach a zero carbon neutral town by 2040. Due to the timescales required for prior approval applications to be determined S106	

			agreements could not realistically be agreed if permitted development rights under class MA were available at these sites	

Impacts on health and wellbeing and the natural environment cannot effectively be monitored from this nature of proposal, however it is envisaged that full planning applications at this site for commercial uses will provide positive impacts compared to all residents in terms of job creation as opposed to a proliferation residential units that do not meet local need in locations ear marked for commercial use.

A review of the action plan will be prompted six months after the date of completion of this IIA.

Key contacts

Name	Position
Yvonne Sampoh	Principal Planning Officer (Policy)

Next steps

- All executive reports, where relevant, must have an IIA attached
- All report authors must complete the IIA section of executive reports (equalities, cohesion, inclusion, health, economic, business and environment)
- All reports are to be forwarded to the SJU, Legal Department, Public Health and Strategy and Sustainability Unit for sign off in time for executive deadline
- On the rare occasion that the SJU are unable to sign off the report, eg recommendations are in breach of legislation, a statement will be submitted by Social Justice Unit manager or Equality and Diversity Policy manager

Completed and signed IIA's will be published on the internet once the democratic process is complete

Useful documents

- Corporate plan
- Equality charter
- Social Justice framework
- Joint Strategic Needs Assessment (JSNA)

Luton

Item No:
11

Report For:	**Executive**
Date of Meeting:	20 September 2022
Report Of:	**Service Director Neighbourhood Services**
Report Author:	**Sarah Hall**
Subject:	**Parks & Greenspaces Social Value Tool**
Lead Executive Member(s):	Cllr Lovell
Wards Affected:	All
Consultations:	Councillors ☑ Scrutiny ☑ Stakeholders ☐ Others ☐

Recommendations

1. Executive are recommended to approve:

i. the methodology used to create the Social Value Tool, and

ii. that the tool will be used to allocate a score to each park and green space to prioritise the protection of parks and green spaces by means of a Deed of Dedication, subject to funding being identified to cover the cost of producing the Deed of Dedication

iii. In relation to the following resolutions and recommendations made by Overview and Scrutiny Board on the 9th August 2022, as set out at paragraph 18 in the report :

1. Welcome the support of the Board for the methodology used to determine social value.

2. Note the request to produce a provisional timetable for this work subject to resources.

Background

2. The overall size of Luton's greenspace of a recreational value is more than 637 hectares comprising of over 150 sites including:

- 3 Sites of Scientific Interest
- 6 District Parks
- Areas of County Wildlife and District Wildlife Site designation
- 30 Neighbourhood Parks
- Areas of open space of recreational value

3. A Deed of Dedication is a legal agreement between Fields in Trust and a landowner to retain it for use as a green space, usually a public park, playing field or recreation ground, in perpetuity. The Deed is agreed with the landowner and sets out what can and cannot be done with a space without needing to consult Fields in Trust. Ownership and management of the land remains locally with the existing landowner and there is no requirement to rename the space.

4. A report titled The Protection of Luton's Parks and Green Spaces was presented to Overview & Scrutiny Board on the 22nd November 2021.

5. The purpose of that report was to provide the Board with information regarding an arrangement entered in to by Liverpool City Council with Fields in Trust to protect, by means of a Deed of Dedication, their parks and green spaces, and to consider whether Luton could enter in a similar arrangement.

6. The outcome of the meeting was that Overview & Scrutiny Board made the following recommendation to be considered by the Executive -

The Overview and Scrutiny recommends the Executive to seek the identification of those parks and green open spaces which are of the greatest social value and those which are most at risk and to start a process of gradually, over as many years as necessary, progressing deed of dedication arrangements with Fields in Trust with an ultimate aim of protecting all Luton parks and green open spaces from development.

7. At the meeting of the 10th January 2022, Executive accepted the recommendation.

The Current Position

8. The Council's Business Intelligence Team were commissioned to produce a Social Value Tool that could be used to measure the social value of parks and green spaces across the borough.

9. For the purposes of this exercise, each park and green space was assigned a postal code in order to be positively linked to a lower layer statistical output area (LSOA).

10. The tool has been designed such that each LSOA has been assigned a score based on socio-economic and environmental factors in the area with the highest scoring LSOAs having the green space being given a higher priority.

11. Ten indicators combine to form the Social Value tool. Indicators one to five give a higher score for negative socio-economic factors such as high deprivation. Indicators six to ten consider environmental factors and gain a higher score where an area has better environmental factors such as air quality and community assets.

12. The 10 indicators which combine to form the Social Value Tool are:

i. The index of multiple deprivation, the more deprived an area the higher the score - source Ministry for Housing Communities & Local Government.

ii. Population density, the more densely populated an area the higher the score – Source: Office for National Statistics (ONS)

iii. Distance from green space, the further from a green space the higher the score – Source: Mosaic, Experian

iv. Unemployment claimants, the higher the unemployment rate the higher the score- Source: ONS

v. Prevalence of obesity in school children, a greater incidence of obesity, the higher the score - Source: National Health Service

vi. Access to Health Assets and Hazards (AHAH) indicator measures the air quality of an area, the higher the air quality the more beneficial the green space is deemed to have on an area. (Source: Department for Environment, Food and Rural Affairs (DEFRA).

vii. Blue Space is a multi-dimensional index measuring how 'healthy' neighbourhoods are. It combines indicators such as retail environment, health services, physical environment and air quality with a bigger index score meaning a higher green space score. (Source: Consumer Data Research Centre (CDRC)

viii. AHAH green space active measures accessibility of green spaces. With a higher score with those areas with a better accessibility to green spaces (CDRC)

ix. Bio-diversity measure. The LSOA areas with Luton's Site of Specific Scientific Interest sites have the highest score, with the county wildlife sites having the next highest score and the third highest for the district wildlife sites

x. Community assets. The index was created by combining a series of 19 indicators, conceptualised under three domains: Civic Assets, Connectedness and Active and Engaged Community. The higher score was given to areas with better community assets. (Oxford Consultants for Social Inclusion)

13. Each indicator has been given a score between 1 and 10 with 10 having the highest value. A balance of indicators are used so that a variety of factors are considered. For example, a more deprived area is awarded a higher score. An area with better air quality will receive a higher score as it is considered that the green space is positively contributing to this. These scores are combined to give a maximum social value score of 100 for each LSOA. The areas with the highest score are those where the green space is deemed to have the highest social value.

14. Undertaking an exercise to enter into Deeds of Dedication is a significant task. Prior to drafting a Deed of Dedication, significant legal work is required to identify the boundaries of the land through deeds, any existing restrictions on sites in the form of protective covenants and the conditions contained in leases and licences for existing tenants. Much of this is historic information and is held in archives and is not readily accessible. It is estimated that the total cost of entering into an arrangement with Fields in Trust to protect all parks and green space by way of a Deed of Dedication is estimated to be £727,000, which equates to approximately £4800 per park.

Goals and Objectives

15. To agree a methodology by which parks and green spaces can be assessed in terms of their social value and, that their score should be used to prioritise the order in which Deeds of Dedication are entered in to.

Proposal

16. It is proposed that-

i. the methodology described in this report will be used to determine a social value score for all parks and green spaces.

ii. the Social Value Tool will be used to determine a social value score for each park and green space, they will be prioritised for protection in order of their overall score, by means of a Deed of Dedication.

Key Risks

17. None

Consultations

18. Overview and Scrutiny Board made two recommendations for consideration by the Executive.

(i) That the methodology of the social value toolkit to be applied to the classification of parks and open spaces be supported and approved.

(ii) That the Executive be requested to produce a provisional timescale for achieving the protection of all parks and open spaces using the social value methodology toolkit.

In relation to recommendation (i), it is proposed, for reasons given at paragraph 19 below, that the prioritisation of parks and green spaces will be based upon the overall social value score assigned to each space and will not take account of their classification in terms of their designation in the Local Plan.

In relation to recommendation ii, the financial implications of progressing deed of dedication arrangements with Fields in Trust are outlined in the report above and total at least £727,000. There is currently no budget provision for this in the Council's Medium term Financial Plan. Scheduling of this programme of protection will have to take account of budget availability and the service securing opportunities for funding.

Alternative options considered and rejected (please specify)

19. Option: To prioritise parks and green spaces based upon their overall score in order of their hierarchy as defined in the current Local Plan.

An option that was previously considered was that this Social Value Tool would be used to prioritise parks and green spaces based upon their overall score in order of their hierarchy as defined in the current Local Plan. Parks are defined and categorised in the current Local Plan based on their size, infrastructure and function. Those categories in order of the Local Plan hierarchy is: Neighbourhood Parks, District Parks & Small Amenity Greenspace.

This proposal has been considered in consultation with the Social Justice Unit and rejected. The grounds for rejecting this proposal are that the social value score is determined using a wide range of socio-economic and environmental factors. To introduce other criteria, unrelated to the social value, in the prioritisation of those spaces would diminish the value of the tool and would be likely to result in parks and green spaces being protected by means of a Deed of Dedication when there are spaces of equal or greater value that do not.

Appendices Attached

20. Appendix A Integrated Impact Assessment

List of Background Papers - Local Government Act 1972, Section 100D

21. Overview and Scrutiny Report 9th August 2022 - The Protection of Luton's Parks and Green Spaces – Calculating a social value score for Luton's parks and green spaces

22. Executive Report 10th January 2022 - Reference from Overview & Scrutiny Board: The Protection of Luton's Parks and Green Spaces

23. Overview and Scrutiny Report - 22nd November 2021 - The Protection of Luton's Parks and Green Spaces

Implications - an appropriate officer must clear all statements

For CLMT only Legal and Finance are required

Required

Item	Details	Clearance Agreed By	Dated
Legal	A scheme to dedicate parks and green spaces has to be carefully considered. Consideration will have to be given to factors including: 1. Their existing status. For example, some major green spaces within the borough are common land and legally it would be very difficult or impossible for these to be dedicated. 2. Strategic commercial interests of the Council. Many greenspaces will have existing commercial property within their boundaries or the potential to develop redundant parts. The Council will need to consider how appropriate a dedication is for all or part of the greenspace. 3. Legal rights and interests that third parties may have over the whole or part of the greenspace. This may affect the extent of the dedication, or prevent the entire space being dedicated. There should be early consultation with the Council's property and legal teams. This should be done on a case by case basis before instructing external surveyors to prepare plans	Paul McArthur, Solicitor	23 August 2022
Finance	The financial implications of progressing deed of dedication arrangements with Fields in Trust are outlined in the report and total at least £727,000. There is currently no budget provision for this in the Council's Medium term Financial Plan. For this to be included in the Council's budget, a business case would be	Darren Lambert, Finance Business Partner	17th August 2022

Item	Details	Clearance Agreed By	Dated
	required to enable the proposal to be considered, and for the affordability and prioritisation against other service delivery requirements within the overall budget to be assessed.		
Equalities / Cohesion / Inclusion (Social Justice)	Safeguarding of parks and green spaces is positive for all people across all shared characteristics. The tool as designed takes in to account a range of factors to ensure that the park and green spaces are protected based upon the social value they bring to the residents in the area of the park. Prioritising the protection based upon those scores will bring the maximum benefit to those residents in the area of the park and green space	Maureen Drummond, Equality and Diversity Adviser	18 August 2022
Environment	The recommended process has potential to increase the legal level of protection of parks and green spaces and as such is considered to have positive environmental impacts.	Shaun Askins – Service Manager Strategy & Sustainability	18th August 2022
Health	Parks and green spaces have a positive impact on physical and mental health, so proposals to enhance the protection of these can only have benefits to health and wellbeing	Christina Gleeson Public Health Manager	17th August 2022

Optional

Item	Details	Clearance Agreed By	Dated
Community Safety			
Staffing			
Other			

Appendix A Integrated Impact Assessment Form (IIA)

The key aim of an impact assessment is to ensure that all Council policies, plans and strategies support the corporate mission statement

'Enabling Luton to be proud, vibrant, ambitious and innovative'.

Why do I need to do an IIA?

The aim of this impact assessment process is to:

- Ensure adherence to the legal duties contained within the Equality Act 2010 and associated Public Sector Duty to analyse the impact of decisions to be undertaken by Council.
- Ensure the Council has **due regard** to equality taking a proportionate and timely approach to analysing the impact on citizens.
- Minimise duplication of initial impact assessments with regards to Environment and Health and maximise consideration of other key Council priorities of Inclusion and Community Cohesion.
- Ensure that the Council has been able to consider the social, health, environmental and economic impacts in its decision making in a single document and, where necessary enable the production of a comprehensive action plan to mitigate any potential negative impacts identified.

When do I need to do an IIA?

- An IIA must be started at the beginning of any project, policy or strategy, and cannot be finalised until such time as all consultations, as required, are undertaken.
- The Impact Table will help you to make early consideration of the potential impacts of your proposal and should be used from the point at which preliminary report is taken to Corporate Leadership and Management Team (CLMT) where appropriate. By using this table at your earliest point in the project, potential impacts can be highlighted and it will also be clear whether you need to carry out a full IIA.
- If you complete this table and all impacts identified are neutral, i.e. there is no noticeable impact on characteristics and priorities listed and you are fully confident of this, please contact the SJU by email setting out how you have reached this judgement as it is unlikely you will need to carry out a full IIA.
- An IIA must at all times identify those who will be affected by the decision, policy or strategy.
- At a time of economic austerity IIA authors are minded to consider the whole range of decisions, both locally and nationally when analysing the impact on citizens.
- Your first early draft is to be sent to the Social Justice Unit for comments and guidance
- Once consultation has ended, the IIA must be updated with results of the consultation and returned to Executive, where required, for further consideration and approval – at this stage it will be signed off as completed by the Social Justice Unit.

If you need further guidance please contact the Social Justice Unit (SJU). Please see links at the end of this document to key Corporate and Partnership documents that may help you complete this IIA.

Appendix A Integrated Impact Assessment Form (IIA)

Proposal Title:	Parks & Greenspaces Social Value Tool
Lead Officer Name:	Sarah Hall
Date of IIA:	16th august 2022

Date updated after consultation:	
Early draft Seen by: *(Please send an early draft of your IIA to the SJU to ensure all impacts are being considered at the appropriate time)*	

Finalised IIA Signed and seen by SJU :	
Name:	Maureen Drummond, Equality and Diversity Adviser
Date	18 August 2022

Names of all other contributors and stakeholders involved in the preparing of this proposal who have been consulted with and agreed this assessment: *(Please note the IIA must not be carried out by one person)*	Steve Battlebury Vicky Hawkes
If there is any potential impact on staffing please include the name/s of the trade union representative/s involved in the preparation of this assessment or any supporting evidence of request to participate:	N/A

Proposal Outline
Information supporting the proposal (**who, what, where, how**, **why**). Breakdown of present users by ethnicity, age, sex, disability, religion/belief, sexual orientation (if recorded). Show areas in the town with the biggest and lowest needs. Greater emphasis is required at the start of the IIA on the service, how it is delivered now and how the new service will be delivered.

To agree the methodology to be used to determine a social value score for all parks and green spaces in the borough which will be used to prioritise the work to protect those parks in perpetuity by means of a Deed of Dedication agreement with Fields in Trust who are an independent charity who work with local authorities and landowners to protect in perpetuity parks and green spaces.

A Deed of Dedication is a legal agreement between Fields in Trust and a park or green space landowner to retain it for use as a green space, usually a public park, playing field or recreation ground, in perpetuity. The Deed is agreed with the landowner and sets out what can and cannot be done with a space, without needing to consult Fields in Trust. Ownership and management of the land remains locally with the existing landowner.

The Luton Social Value Tool has been created by Business Intelligence and designed such that each lower layer statistical output area (LSOA) has been assigned a score based on socio-economic and environmental factors in the area with the highest scoring LSOAs having the green space being given a higher priority.

It consists of a combination of 10 indicators. Indicators one to five give a higher score for negative socio-economic factors such as high deprivation. Indicators six to ten consider environmental factors and gain a higher score where an area has better environmental factors such as air quality and community assets.
The 10 indicators which combine to form the Social Value Tool are:

i. The index of multiple deprivation, the more deprived an area the higher the score - source Ministry for Housing Communities & Local Government.

ii. Population density, the more densely populated an area the higher the score –Source: Office for National Statistics (ONS)

iii. Distance from green space, the further from a green space the higher the score – Source: Mosaic, Experian

iv. Unemployment claimants, the higher the unemployment rate the higher the score- Source: ONS

v. Prevalence of obesity in school children, a greater incidence of obesity, the higher the score- Source: National Health Service

vi. Access to Health Assets and Hazards (AHAH) indicator measures the air quality of an area, the higher the air quality the more beneficial the green space is deemed to have on an area. (Source: Department for Environment, Food and Rural Affairs (DEFRA))

vii. Blue Space is a multi-dimensional index measuring how 'healthy' neighbourhoods are. It combines indicators such as retail environment, health services, physical environment and air quality with a bigger index score meaning a higher green space score. (Source: Consumer Data Research Centre (CDRC)

viii. AHAH green space active measures accessibility of green spaces. With a higher score with those areas with a better accessibility to green spaces (CDRC)

ix. Bio-diversity measure. The LSOA areas with Luton's Site of Specific Scientific Interest sites have the highest score, with the county wildlife sites having the next highest score and the third highest for the district wildlife sites

x. Community assets. The index was created by combining a series of 19 indicators, conceptualised under three domains: Civic Assets, Connectedness and Active and Engaged Community. The higher score was given to areas with better community assets. (Oxford Consultants for Social Inclusion)

Each indicator has been given a score between 1 and 10 with ten having the highest value. A balance of indicators are used so that a variety of factors are considered. For example a more deprived area is awarded a higher score. An area with better air quality will receive a higher score as it is considered that the green space is positively contributing to this. These scores are combined to give a maximum social value score of 100 for each LSOA. The areas with the highest score are those where the green space is deemed to have the highest social value.
It is proposed that this score will be used to prioritise the parks and green spaces that will be subject to protection by means of a Deed of Dedication

Impact Table

The purpose of this table is to consider the potential impact of your proposal against the Equality Act 2010 'protected characteristics' and the Council's Social, Environmental and Economic priorities.

Once you have completed this process you should have a clearer picture of any potential significant impacts[1], **positive, negative** or **neutral**, on the community and/or staff as a result of your proposal. The rest of the questions on this form will help you clarify impacts and identify an appropriate action plan.

Protected Groups	**Citizens/Community**			**Staff (for HR related issues)**		
	Positive	**Negative**	**Neutral**	**Positive**	**Negative**	**Neutral**
Race	X					
Sex	X					
Disability	X					
Sexual Orientation	X					
Age	X					
Religion/Belief	X					
Gender Reassignment	X					
Pregnancy/Maternity	X					
Marriage/Civil Partnership *(HR issues only)*						
Care Responsibilities[2] *(HR issues only)*						
Social & Health[3]						
Impact on community cohesion	X					
Impact on tackling poverty	X					
Impact on health and wellbeing	X					
Environment						
Impact on the quality of the natural and built environment	X					
Impact on the low carbon agenda	X					
Impact on the waste hierarchy			X			
Economic/Business						
Impact on Luton's economy and/or businesses			X			
Impact on jobs			X			
Impact on skills			X			

[1] "Significant impact" means that the proposal is likely to have a noticeable effect on specific section(s) of the community greater than on the general community at large.
[2] This is a Luton specific priority added to the 9 protected characteristics covered under the Equality Act and takes into account discrimination by association.
[3] Full definitions can be found in section 3

Appendix A Integrated Impact Assessment Form (IIA)

Luton

Please answer the following questions:

1. Research and Consultation
1.1. Have you made use of existing recent research, evidence and/or consultation to inform your proposal? Please insert links to documents as appropriate.
Click here for local demographics and information
In developing this tool the BI Team researched the factors that contribute to determining social value of parks and green spaces. The tool is designed to take account of the indicators that most influence the value that the park or green space bring to a community- both socio economic and environmental. The proposals have been considered by Overview and Scrutiny Board
1.2. Have you carried out any specific consultation with people likely to be affected by the proposal? (if yes, please insert details, links to documents as appropriate).
Guidance Notes: *If you have not yet undertaken any consultation you may wish to speak to the Consultation Team first as a lack of sufficient consultation could place the Council at risk of legal challenge.* ***Click here for the LBC Consultation Portal***
N/a
1.3. Have you carried out any specific consultation with citizens likely to be affected by the proposal? If yes, please insert details, links to documents, as appropriate above. Please show clearly who you consulted with, when you consulted and the outcomes from the consultation. Mitigations from consultation should be clearly shown in Action Plan at end of document.
For advice and support from Consultation Team click here
N/a

2. Impacts Identified
2.1. Where you have identified a **positive** impact, for **communities or staff**, please outline how these can be enhanced and maintained **against each group identified**. Specific actions to be detailed in action plan below.
***Guidance Notes**: By positive impact we mean, is there likely to be a noticeable improvement experienced by people sharing a characteristic?*
Safeguarding of parks and green spaces is positive for all people across all shared characteristics. The tool as designed takes in to account a range of factors to ensure that the park and green spaces are protected based upon the social value they bring to the residents in the area of the park. Prioritising the protection based upon those scores will bring the maximum benefit to those residents in the area of the park and green space
2.2. Where you have identified a **negative** impact please explain the nature of this impact and why you feel the proposal may be negative. Outline what the consequences will be **against each group identified**. You will need to identify whether mitigation is available, what it is and how it could be implemented. Specific actions to be detailed in action plan below.
***Guidance Notes**: By negative impact we mean is there likely to be a noticeable detrimental effect on people sharing a characteristic?*
2.3. Where you have identified a **neutral*** impact for any group, please explain why you have made this judgement. You need to be confident that you have provided a sufficient explanation to justify this judgement.
***Guidance Notes**: By neutral impact we mean that there will be no noticeable impact on people sharing a characteristic*

3. Social & Health Impacts
3.1. If you have identified an impact on community cohesion[4]', tackling poverty[5] or health and wellbeing[6], please describe here what this may be and who or where you believe could be affected, **Please also ensure that you consider *any* possible impacts on Looked After Children.**
Guidance Notes: *Please use this section to describe the social and health impacts and detail any specific actions or mitigations in the action plan below.* **For advice & support from the Social Justice Unit click here** **For advice and support from the Public Health team click here**
The wider determinants of health recognise that the environment (built and natural) have a role to play in addressing health in-equalities. The covid-19 pandemic making most people much more aware of the value they place in and rely on outdoor spaces to support overall health and wellbeing. Deprived areas experience poorer overall local environments which exacerbates inequality. It directly impacts on health through reduced physical activity which increases risks relating to obesity, diabetes, cardiovascular disease and some cancers and poorer mental health/stress-related illnesses which are associated with increased risk of social isolation. Maintaining green spaces is vital to enable full participation in public spaces and a realisation of both the health benefits and the broader social benefit this has on poverty and cohesion. Unicef specifically recognise the significant value that living in a safe, secure and clean environment with access to green spaces has for children. Contributing to their ability to participate in community/social life, meet friends and have places to play and enjoy themselves, have a good start in life and grow up healthy and ultimately have a fair chance in life. The role of the public realm is fundamental to creating the right kind of social and environmental spaces which contribute towards giving children and young people the best possible start in life and ongoing opportunities to thrive.

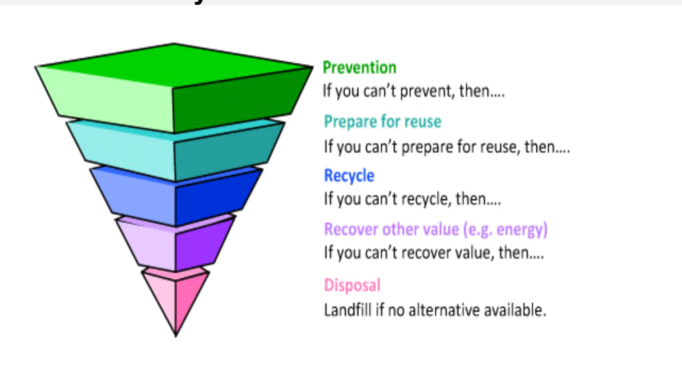
[4] is the proposal likely to have a noticeable effect on relations within and between specific section(s) of the community, neighbourhoods or areas.
[5] is the proposal likely to have a noticeable effect on households that are vulnerable to exclusion, e.g. due to poverty, low income and/or in areas of high deprivation
[6] Is the proposal likely to have a positive or negative impact on health inequalities, the physical or mental health and wellbeing of an individual or group, or on access to health and wellbeing services?

4. Environment Impacts

4.1. If you have identified any impacts related to the built and natural environment[7], low carbon[8] and waste minimisation please describe here what this may be and who or where you believe could be affected

Guidance Notes: *Is the proposal likely to impact on the waste hierarchy which includes issues shown in the table below:*

Waste Hierarchy



For advice and support from the Strategy & Sustainability Team click here

Protecting green space improves bio-diversity, helps to maintain the tree canopy and supports the delivery of clean air.

[7] Is the proposal likely to Impact on the built and natural environment covers issues such as heritage, parks and open space, cleanliness, design, biodiversity and pollution?
[8] Is the proposal likely to impact on low carbon includes issues such as use of energy, fuel and transport.

5. Economic Impacts
5.1. If you have identified any impacts related to Luton's economy and businesses [9], creating jobs[10] or improving skill levels [11], please describe here what this may be and who or where you believe could be affected
Guidance Notes: *Please use this section to describe the social impacts and detail any specific actions or mitigations in the action plan below. Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below.* **For advice and support on Economic Development click here**

[9] Is the proposal likely to impact on Luton's economy and businesses for example by creating an opportunity to trade with the Council, support new business opportunities?
[10] Is the proposal likely to impact on the creation of new jobs in the local economy? This will also link to health and well-being and the reduction of poverty in the social box.
[11] There are significant skills gaps in Luton's economy. Is the proposal likely to create opportunities for up skilling the workforce or to create apprenticeships?

Impact Enhancement and Mitigation

Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below:

Action	Deadline	Responsible Officer	Intended Outcome	Date Completed / Ongoing
Apply the tool to determine a score for all parks and green spaces in the borough.	September 2022	Eddie Holmes	To provide a social value score to all parks and open spaces which will direct the work to commence their protection by means of a deed of dedication	
Commence the process of applying for a deed of dedication based upon overall social value score	March 2023	Sarah Hall	The highest priority parks and green spaces will be those in areas where that space brings the greates social benefit to the local community	
Review impact	August 2023	Sarah Hall		

A review of the action plan will be prompted 6 months after the date of completion of this IIA.

Key Contacts

Name	Position

Next Steps

- All Executive Reports, where relevant, must have an IIA attached
- All report authors must complete the IIA section of Executive Reports (equalities, cohesion, inclusion, health, economic, business and environment)
- All reports are to be forwarded to the Social Justice Unit, Legal Department, Public Health and Strategy & Sustainability Unit for sign off in time for Executive deadline
- On the rare occasion that the Social Justice Unit are unable to sign off the report, e.g. recommendations are in breach of legislation, a statement will be submitted by Social Justice Unit Manager or Equality and Diversity Policy Manager

Completed and signed IIA's will be published on the internet once the democratic process is complete

Useful Documents

Corporate Plan

http://intranet/SupportServices/Document%20library/LBC-corporate-plan.pdf

Equality Charter

https://www.luton.gov.uk/Community_and_living/Lists/LutonDocuments/PDF/Social%20Justice/Equality%20Charter.pdf

Social Justice Framework

Joint Strategic Needs Assessment (JSNA)

Luton

	Item No: **12**

Report For:	**Executive**
Date of Meeting:	20 September 2022
Report Of:	**Service Director – Sustainable Development**
Report Author:	**Katarzyna Wysocka**
Subject:	**Draft Luton Net Zero Roadmap**
Lead Executive Member(s):	Cllr Shaw
Wards Affected:	Borough-wide
Consultations:	Councillors ☐ Scrutiny ☐ Stakeholders ☐ Others ☐

Recommendations

1. That the Executive is recommended to:

(i) Support Luton Council's commitment to a set of carbon reduction objectives as listed in paragraphs 15-20.

(ii) Acknowledge that the draft Luton Net Zero Roadmap is the town's guiding document in achieving net zero by 2040, providing a clear timeline, pathways and milestones.

(iii) Approve releasing of the draft Luton Net Zero Roadmap for public consultation, with the outcomes of this consultation and final document to be presented to the Executive for adoption and action.

Background

2. The Council has declared a climate emergency in Jan 2020 and commissioned Anthesis to provide the evidence base for the first Climate Change Action Plan.

3. Public meeting to discuss the action plan was held in Feb 2020, however further public debate and engagement was curtailed by Covid-19.

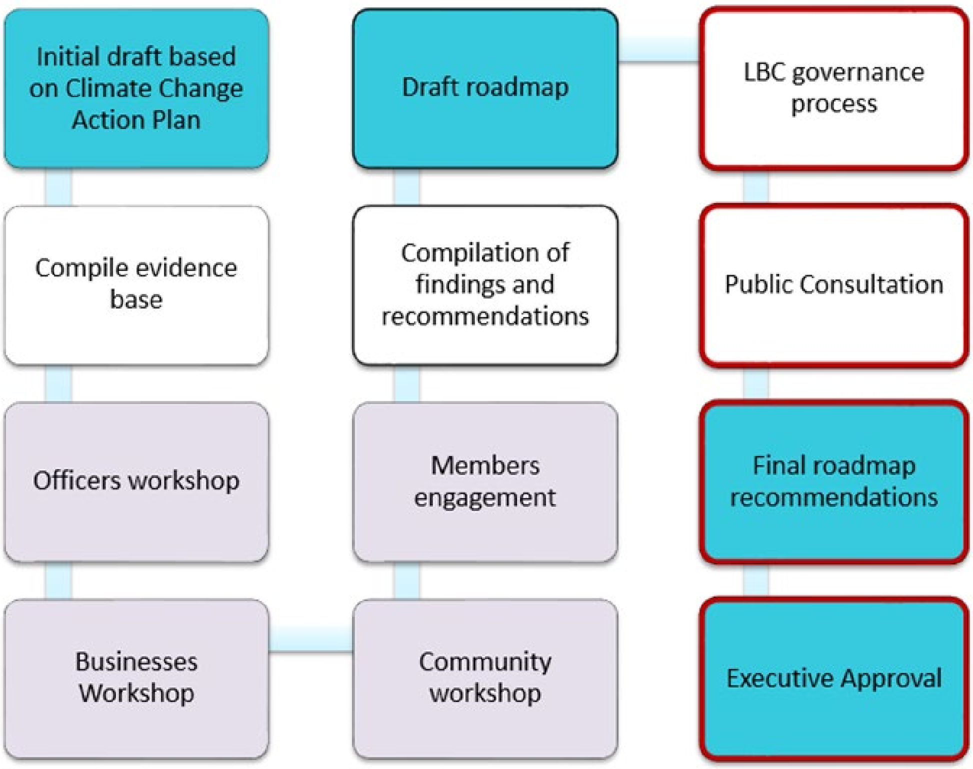
4. Since March 2020 a number of high value projects significantly impacting on carbon emissions' reduction had been underway including £34M external wall insulation of 10 highrise blocks, £7.7M investment in 16 schools and public buildings to provide IoT lighting, heat pumps and PV panels. 95% of street lights have been converted to LEDs.

5. Climate change awareness raising also took place. An e-learning module had been developed for council staff and elected members. A Climate Change Guide for residents and refreshed advice for home energy improvements have been published on the council website.

6. In Dec 2021 Aether had been employed to develop a Net Zero Roadmap for the council and town that would present in a visually attractive and incremental way the opportunities and steps that need to be taken during the next 2-3 years and the broader direction and pathways to net zero carbon by 2040.

7. Aether have undertaken a review of the baseline emissions data and gap analysis of council policies, held two workshop sessions and 13 in-depth interviews with officers from key service areas. Online co-creation sessions were organised with businesses and anchor organisations, environmental activists, Climate Change Advisory Board and all Members.

8. The figure below illustrates the Net Zero Roadmap development process. **The current stage is the 'Draft Roadmap'.**



9. The draft Roadmap comprises of the following deliverables:
   i. The Luton Net Zero Roadmap – one page - Appendix 1
   ii. The Luton Net Zero Roadmap - report - Appendix 2
   iii. The Luton Net Zero Roadmap – climate change policy and action plan – – Appendix 3

The Current Position

10. The Luton Net Zero Roadmap distinguishes three main stages for the transition:
   i. ***Setting the Foundations*** – planning and learning - the next 5 years
   ii. ***Scaling up*** – supported transition - late 2020s into 2030s
   iii. ***Reaching net zero*** – widespread implementation – 2030s

11. The Roadmap report lists priority objectives and key actions for the main sectors needing carbon reduction. The key actions fall into the three stages as above – Foundations, Scaling Up and Reaching Net Zero.

12. Suitable funding streams need to be identified and / or development of innovative financing mechanisms needs to take place with the help and support from wider range

of stakeholders. These will need to be promoted to key regional, national and international organisations with the aim of bringing forward the necessary funding programmes to Luton.

13. Significant external grant funding is required to deliver many of the town wide schemes outlined in the Roadmap, however the council can provide leadership and demonstrate best practice with its buildings, fleet, active travel, resource management, biodiversity and housing projects.

Goals and Objectives

14. For the key areas, the high level aims and objectives for the Council and external stakeholders are outlined below:

15. Homes

- Improve building fabric such as walls and roofs to reduce energy needs (the “fabric first” approach)
- Replace gas fired heating systems with electric heating, including heat pumps
- Increase the amount of renewable electricity through roof solar photovoltaics (PV)
- Enable new jobs through providing training for new skills (such as whole house retrofit, installing heat pumps, EV chargers etc)

16. Non-residential buildings

- Improve energy efficiency and increase on site renewable electricity generation
- Replace gas fired heating systems to zero carbon sources including heat pumps
- Increase the amount of renewable electricity through rooftop solar PV
- Improve efficiencies in manufacturing systems

17. Transport and active travel

- Promote walking and cycling for shorter trips
- Promote public transport for longer journeys and accessing the airport
- Increase electric vehicle charging network for public, council and taxi use
- Use of biofuels in place of petrol and diesel where electric vehicles are not yet available

18. Luton Airport

- To work with the Airport Operator to deliver carbon neutral airport ground operations by 2030 and net zero by 2040, and to deliver carbon neutral surface access by 2040.
- Playing their part in delivering the Government’s ambition of net zero aviation through supply of sustainable aviation fuels and support for electric aircraft

19. Waste and consumer choices

- A thriving green and circular economy, with businesses providing accessible low carbon services and offering sustainable, local and healthy products

- Residents are aware of best practice waste management and are empowered to prevent waste and to recycle

20. Biodiversity and resilience

- Work towards increasing tree canopy by 1 hectare in 5 years
- Increase access to green space for residents and improve biodiversity in gardens and public spaces
- Connect the Town Centre more to nature, with residents feeling ownership over green space
- Improve climate resilience to reduce the impact of extreme weather: heatwaves and heavy rainfall

21. As the council's direct and indirect emissions (Scope 1&2 in the Green House Gases Protocol) represent less than 3% of Luton's emission, central to the Roadmap report is the message that we all - residents, businesses and communities - have a role to play and Luton will only achieve net zero with everyone actively involved.

22. The council is committed to town-wide vision for Luton as a place to thrive where no-one has to live in poverty. Building sustainable partnerships is seen as key to successful delivery of carbon reduction at the scale that is required to achieve the town wide ambition of net zero carbon and climate resilience by 2040.

23. In achieving the key strategic aim of being a carbon neutral town by 2040, the council is committed to providing leadership to all sectors of the borough in helping to achieve a greener future. The council will champion climate change with key partners and organisations nationally, regionally and at a local level with the community and businesses.

24. The Council will ensure that there is strong engagement with the community and make sure that there is access to appropriate resources and materials to support education and culture change.

25. Though there is no statutory obligation to provide climate and resilience leadership, it is a key priority in our 2040 Vision and helps to create a better town to live and work.

Proposal

26. That the Draft Zero Roadmap is released for public consultation, with the outcomes of this consultation and the final document to be presented to the Executive for adoption.

Key Risks

27. It should be noted that actions and recommendations proposed in the Net Zero Roadmap documents are subject to funding and deliverability. Further work is required on the cost of implementation of individual actions.

28. Lack of understanding and engagement from the community, stakeholders & residents is a key risk in achieving required levels of carbon reduction to meet the 2040 net zero target.

29. Deliverability is reliant on government and national organisations to provide key external funding and support, which can be subject to change and significant impacts dependent from other regional, national and international priorities.

30. The council cannot be seen to be the sole deliverer of projects, schemes and innovation. The council operates in the context of national policy and regulations that may be subject to change. Changes to the regulatory environment may impact on the deliverables and ambitions of a net zero UK.

Consultations

31. As part of the development of the draft Roadmap we have had a number of workshops with officers, stakeholders and community. The draft report Roadmap was taken to Overview and Scrutiny Board and their comments have been incorporated.

Alternative options considered and rejected (please specify)

32. Although the production and adoption of a Net Zero Roadmap is not a statutory requirement, not producing one was rejected, as the Roadmap is considered key to our net zero aims of the 2040 Vision.

33. Not seeking stakeholder and public views on a key strategic document was rejected, as public ownership of the Roadmap is seen as key to a successful implementation of town wide carbon reductions.

34. Though producing a Net Zero Roadmap is not a statutory obligation, it will provide key guidance on how the town can work towards becoming net zero by 2040. It will outline key milestones and wider stakeholder engagement needed to achieve our targets for the borough. Public opinion will shape the direction of travel we take and the opportunities we should prioritise to help us achieve this ambition. Public consultation is seen as key approach in helping to understand the public's understanding and opinions.

Appendices Attached

Appendix 1 Draft Luton Net Zero Roadmap – one page
Appendix 2 Draft Luton Net Zero Roadmap – report
Appendix 3 Draft Luton Net Zero Roadmap – climate change policy and action plan
Appendix 4 Integrated Impact Assessment

List of Background Papers - Local Government Act 1972, Section 100D

LBC Climate Action Plan Support, Jan 2020 by Anthesis

Implications - an appropriate officer must clear all statements

For CLMT only Legal and Finance are required

Required

Item	Details	Clearance Agreed By	Dated
Legal	The Roadmap does not currently have a statutory legal basis rather it is a framework to provide guidance for project delivery.	Rachael Campbell – Litigation Officer	22/08/2022

Item	Details	Clearance Agreed By	Dated
Finance	Roadmap activities are high level and most will need to be funded from external sources. Some current activities are being delivered across the council within existing budgets. Any new projects that may require council resources would be subject to the Capital Programme approval process. The cost of the Roadmap consultation itself will be met from existing budgets.	Roy Baker – Principal Accountant (Inclusive Economy)	23/08/2022
Equalities / Cohesion / Inclusion (Social Justice)	The Roadmap is expected to have a positive impact on the protected groups related to race, disability and age, especially around improved conditions of housing and air quality co-benefits.	Maureen Drummond, Equality and Diversity Adviser	23/08/2022
Environment	The Luton Roadmap will have a positive impact on a wide range of environmental benefits including reducing carbon emissions, air pollution, promotion of active travel and bio-diversity.	Shaun Askins – Service Manager Strategy & Sustainability	23/08/2022
Health	The Roadmap will provide a framework for positive actions, which will provide both direct and indirect health benefits to the residents of the town, especially related to thermal comfort in the home and increased physical activity.	Susan Milner Interim Consultant	23/08/2022

Optional

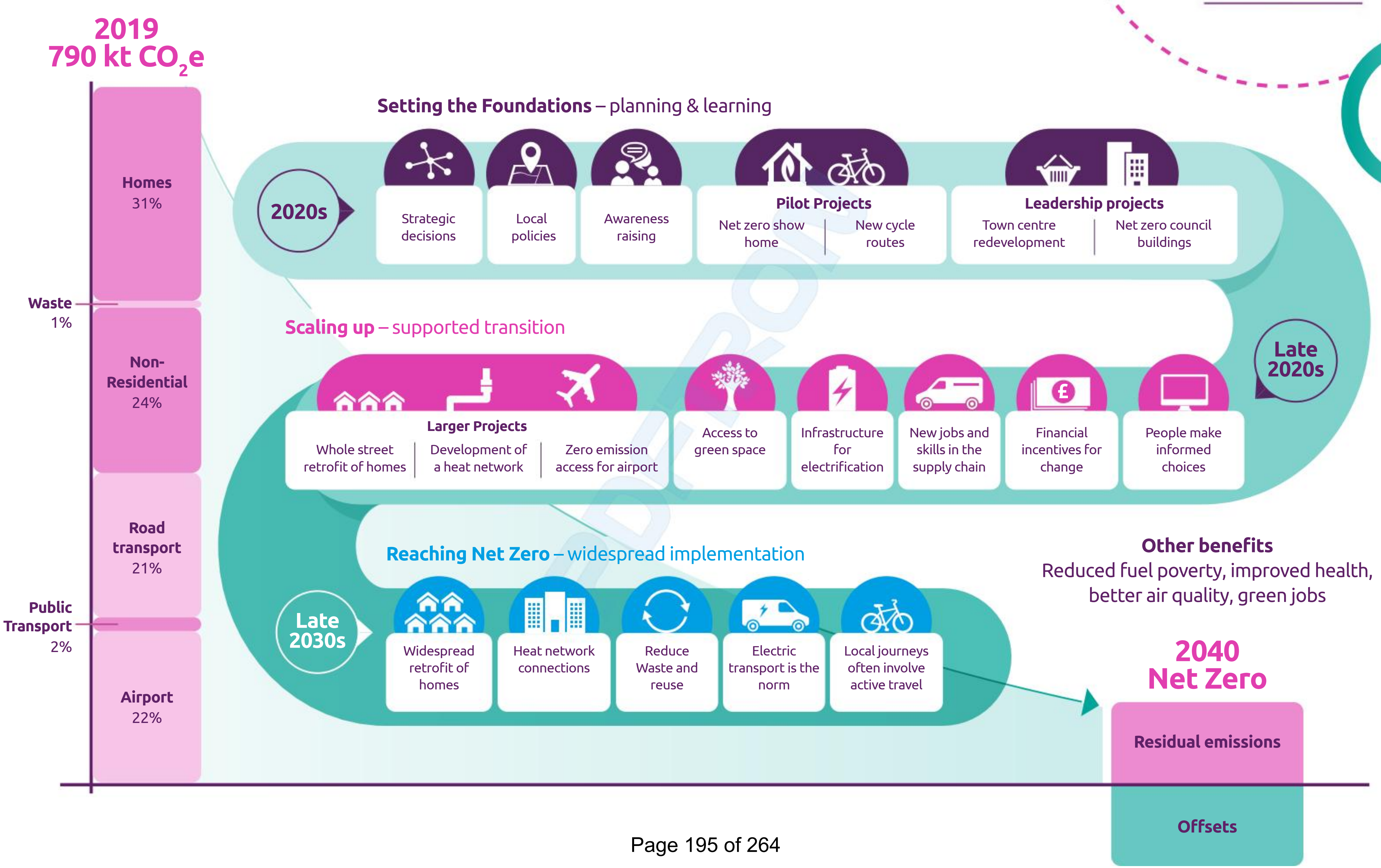
Item	Details	Clearance Agreed By	Dated
Community Safety			
Staffing			
Other			

Appendix 1

Luton Net Zero Roadmap

DRAFT

Luton



Appendix 2

DRAFT

A town-wide vision for

Luton 2040
A Net Zero Town

Luton 2040
A place to thrive

Our Shared Vision for Luton

Luton will be a healthy, fair and sustainable town, where everyone can thrive and no-one has to live in the poverty.

At the beginning of 2020, Luton Council declared a climate emergency and set out its ambition for Luton to be a **net zero town by 2040.** This document sets out Luton's roadmap to reducing the carbon emissions that arise from activities occurring across the town. It identifies a set of actions for the next five years to begin the transition to net zero.

The future prosperity of our town and its residents relies on everyone taking bold and decisive action to ensure that Luton is a sustainable place for years to come.

Achieving our ambition will require action and innovation from residents and organisations across Luton to reduce our carbon emissions over the next two decades. With this commitment at the heart of our vision, we will need to work together to ensure that our homes, our infrastructure, our businesses and our airport are all sustainable.

This roadmap sets out Luton Council's commitments to:

- ZERO EMISSION — Achieving Net Zero emission for the council and town by 2040
- Becoming the most sustainable airport in the UK
- Increasing climate resilience in our buildings, public spaces and infrastructure
- Foster partnerships with local anchor organisations, businesses and community groups to deliver the transition to net zero

Contents

Net Zero: Definitions and Principles

"Put simply, net zero means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance." – UN

Net zero emissions will be achieved when emissions are reduced so much that any remaining emissions are balanced by carbon removals from the atmosphere or through offsetting.

Carbon neutral is similar but does not strictly require significant emission reduction. Carbon neutral could be achieved earlier by purchasing larger carbon offsets, but in order to achieve meaningful environmental benefit emissions need to be reduced everywhere.

Reducing carbon emissions will be a result of actions such as using renewable energy, improving home insulation and using public transport.

Carbon offsetting is the removal of carbon from the atmosphere in a different location or point in time from an emissions source to counter sources of emissions that cannot be avoided. For example, the UK Woodland Carbon Code is an accredited offset programme.[1]

Co-benefits are positive actions resulting from reducing carbon emissions locally. For example, cycling instead of driving improves mental and physical health, improves local air quality and reduces noise pollution.

Guiding principles

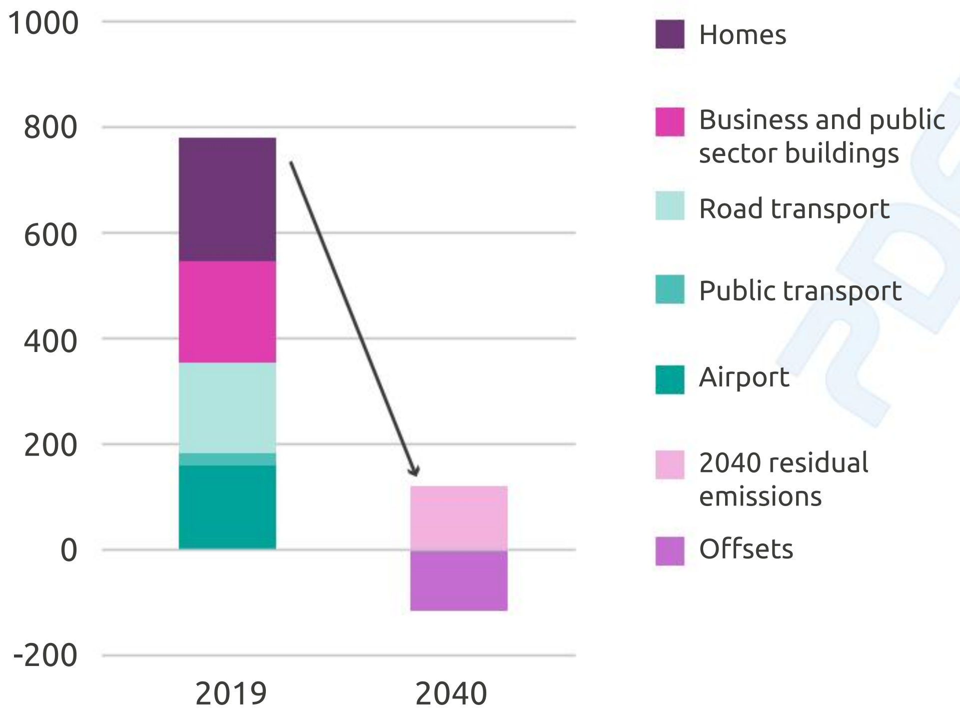
- Emissions should be reduced as early as possible to reduce total cumulative emissions
- Offsetting should only occur to balance emissions that are difficult to reduce
- The transition to net zero should be fair and inclusive
- Action should be taken locally so that the social, economic and environmental benefits can be experienced by the community

1 The UK Woodland Carbon Code is an accredited quality assurance standard for woodland projects in the UK https://woodlandcarboncode.org.uk/

The emission reduction challenge

Emissions in Luton are 790 kt CO_2e per year.

Emissions need to be reduced to near zero by 2040, with any remaining emissions balanced by offsets. This significant challenge can be achieved through improved energy efficiency, changes in behaviour to reduce the need for fuel and to reduce waste, and replacement of almost all fossil fuel use (gas, road fuels and aviation fuel) with electricity and renewable fuels.



1 tonne carbon is equivalent to driving 6000km in a diesel car

Where do the emissions come from?

Emissions in the home are due to:

- Heating and using hot water in the home
- Powering appliances such as ovens, washing machines or kettles

Emissions from commercial buildings are from:

- Heating, cooling and using hot water in buildings
- Powering appliances and operations

Transport-related emissions are from:

- Private and public road vehicles running on petrol and diesel
- Diesel trains

Airport emissions are from:

- Airport buildings
- Airside activities and aviation

Emissions from waste are from:

- Vehicles collecting waste
- Carbon released from waste (waste processing)

Everyone has a role to play

Everyone has a role to play in reducing carbon emissions.

Luton will achieve net zero with everyone actively involved. Local businesses, community groups, schools and colleges all have a role to play. Each of us individually can make choices that make our lives more sustainable. By working together, we can transform Luton into a net zero town where everyone can thrive. To enable this, the council will reduce its own emissions, lead by example and make it easier for other people to act to reduce their carbon footprint. Support will be required from outside Luton – through regional partnerships and also through national policy to enable investment.

Luton Council: Putting the response to climate change at the heart of all council activities; ensuring that it is within key policies and taken into account in all decisions. The council will lead by example and enable others in Luton to take action.

Regional: Learning from other local councils in the region, and working together to maximise our capacity to respond to the climate challenge.

Education and Skills: Making sure that children in our schools are carbon literate, and that people are given the skills to thrive in a low carbon economy.

Business: Reducing their emissions from energy, transport and operations, and offering new, low carbon products and services to the community.

The Public: Insulating homes, saving energy and investing in renewable energy; less carbon intensive diets; walking and cycling more. Sharing ideas for low carbon living with friends and neighbours and working together to transform Luton.

Community Groups: Bringing people together to invest in renewable energy, to learn new ways to use less energy, and to grow and cook low carbon food.

The role of the council

'Luton 2020-2040: A place to thrive' sets out the overall vision for the future of Luton, to make it a fairer, healthier and more sustainable town where everyone can thrive and no-one has to live in poverty. It includes the aim to be a climate resilient and net zero town by 2040. There is significant crossover between the Population Wellbeing and Inclusive Economy activities in the vision and the actions required to deliver carbon net zero and sustainable growth for the town.

Carbon emission reduction and climate resilience are central themes that will be addressed across multiple plans and strategies across the council and will become a part of many council officers' day to day work.

Housing Strategy: recognises the importance of reducing carbon emissions from homes.

Local Transport Plan: carbon emissions reduction is a key theme of the local transport plan (LTP4).

Local Plan: due to be updated; it covers a broad range of relevant areas and offers the opportunity to ensure that all development in the town helps meet climate aims.

Climate Change Policy and Action Plan: sets out the actions planned by the council for the next five years.

An integrated approach across various strategies and plans will enable the changes we need to see in the town. The council will encourage and drive wide and varied communication of the actions required and how the wider benefits of these actions will help to meet our aims in the 2040 vision. A wide range of organisations and individuals will need to make changes, so the council will enable collaboration to share best practice and work on joint solutions.

The council will develop a pipeline of projects to reduce emissions (outlined in the Climate Change Action Plan), and work with the community and local businesses to create delivery partnerships and draw in funding. However, the council will not lead all of these activities. **There will be a need for individuals, businesses and communities to accept shared responsibility for implementing actions.**

A Net Zero Vision for Luton

Luton is facing multiple local challenges in addition to climate change: the need to reduce poverty, improve housing and invest in economic growth and COVID recovery. Solving each of these challenges can be supported by actions that will also contribute to the net zero carbon target by 2040. Changes are required at many levels to achieve the vision – through technology as well as changes in consumer and community behaviour and expectations. The council can enable change through support for these actions and through leadership, co-ordination and identifying funding linked to regional and national policy initiatives.

The following pages present Luton Council's roadmap for net zero to 2040, including priority actions by sector for the next 5 years.

Homes

Warm and energy efficient homes for all

Reduced energy bills and improved health outcomes for residents

More comfortable homes, better adapted to heatwaves

Generation of local jobs

Non-residential buildings

Improving the energy efficiency of buildings, reduced energy bills for businesses and organisations

Partnership working with businesses across the borough

Transport

High quality walking and cycling infrastructure, reduced congestion and improved air quality

Improvements to make the town accessible for all

Supporting the transition to electric vehicles

Airport

Aiming to be the UK's most sustainable airport

Low carbon transport to and from the airport for passengers and employees

Maximise benefits of economic development to bring low carbon solutions to the town

Waste and consumption

Reduction in purchasing unnecessary goods

Improved reuse, repair and recycling

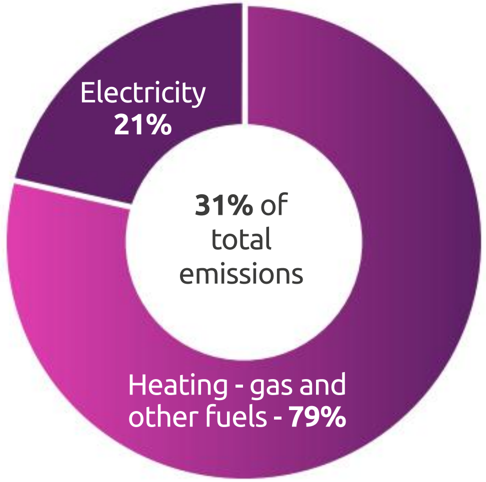
Biodiversity and Resilience

Improved access to green space for increased wellbeing for all residents

Improved urban design to reduce flood risk and improve heat tolerance

Engaged and active community that is prepared for the future climate

Our Homes



- Improve building fabric such as walls and roofs to reduce energy needs (the "fabric first" approach)
- Replace gas fired heating systems with electric heating including heat pumps
- Increase the amount of renewable electricity through roof solar photovoltaics (PV)
- Enable new jobs through providing training for new skills (such as whole house retrofit, installing heat pumps, EV chargers etc)

Electricity and gas used in homes make up around 31% of emissions in Luton. The amount of energy consumed in our homes is influenced both by the efficiency of our homes and how we live in them. A large number of households within Luton are on lower incomes and are therefore more vulnerable to fuel poverty as fuel prices rise. Energy efficiency improvements reduce carbon emissions and energy bills as well as improving health and wellbeing for many people.

Luton has high demand for more social housing and a large proportion of homes are owned by private landlords. The investments required for net zero present a significant challenge which needs to be solved through the availability of funds and effective communications about the benefits.

National Policy Timeline:

2020

- **Policy:** National Planning Policy Framework Revision (2021)
- **Legislative requirement:** Building Regs revision will reduce carbon emissions from new homes by 31% (2022)
- **Expected policy:** Possible white paper on tackling core drivers of health inequalities (2022)
- **Legislative requirement:** Future Homes Standard comes in (new homes to have high energy efficiency and low carbon heating) (2025)
- **Expected policy:** Decision on the role of hydrogen for heating (2026)
- **Policy target:** Heat pump installations to reach 600,000 per year and heat pumps to achieve cost parity with gas boilers (2028)
- **Expected legislative requirement:** PRS MEES at EPC Band C (by 2028)
- **Policy target:** fuel poor homes to EPC Band C (by 2030)
- **Policy target:** number of non-decent rented properties reduced by 50% (by 2030)
- **Expected legislative requirement:** installation of new and replacement gas boilers phased out (by 2035)

2040

Key actions for our homes for net zero

Roadmap Phase	Priority Actions	Partnerships
Foundations	• Draft Local Plan to promote net zero carbon development • Develop local skills for housing improvements • Zero carbon show homes • Landlord licencing to encourage energy efficiency and low carbon homes	• Resident engagement • Local universities and colleges • Local builders and developers • Local landlords and letting agents
Scaling up	• Inform residents to make low carbon decisions for their homes • Whole street retrofit projects taking advantage of available financial opportunities	• Local businesses • Local builders and developers • Housing associations
Reaching net zero	• Widespread retrofit of houses including zero carbon heating and on-site electricity generation	• Local builders • Housing associations • Distribution Network Operator, energy companies

Best Practice Example

A £34M High Rise Insulation programme is improving 1,000 properties in the council stock. In addition to safe external cladding, the works include heat recovery fans, energy efficient lighting and solar panels. The estimated carbon savings from the scheme are around 8,000 tCO_2 per annum.

Future work includes

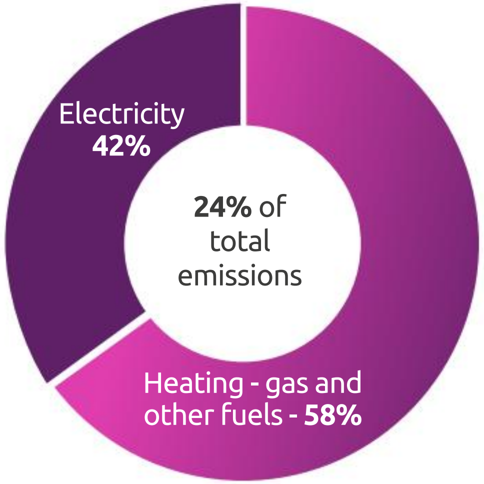
- 566 energy efficient boilers to be installed in 2022/23 with expected carbon savings per property are expected at 0.8 t CO_2
- Triple glazing programme covering 200 properties (0.1 t CO_2 per property per year)
- Solar PV with battery storage – 18 properties installed to date with expected annual savings carbon of 0.9 t CO_2 per install

Co-benefits of Action

- Energy efficiency improvements will reduce fuel bills and the risk of fuel poverty, as well as improving the quality of homes to reduce damp and draughts
- Improvements to homes can create jobs for builders, plumbers and electricians locally as well as for the upstream suppliers

Non-residential buildings

- Improve energy efficiency and increase on site renewable electricity generation
- Replace gas fired heating systems to zero carbon sources including heat pumps
- Increase the amount of renewable electricity through rooftop solar PV
- Improve efficiencies in manufacturing systems



Non-residential buildings include business premises, public sector buildings and community and voluntary sector buildings. Electricity and gas used in non-residential buildings make up around 24% of emissions in Luton.

A key challenge in the decarbonisation of this sector is the high investment required by private businesses and the public and community sector. As in the case of residential buildings, good information needs to be available to enable decisions to be made by building owners and occupiers for carbon reduction. Support from national government is crucial to make finance available for the investments required.

Luton Council will provide a leading role through the decarbonisation of its buildings.

National Policy Timeline:

Key actions for non-residential buildings for net zero

Roadmap Phase	Priority Actions	Partnerships
Foundations	• Decarbonisation of council buildings to show leadership and develop supply chain skills • Town centre development to provide leadership for change: to meet best practice design standards • Establish a Luton climate change delivery partnership to collaborate on building improvements • Identify skills gaps for low carbon retrofit of commercial and public sector buildings, including listed buildings	• Resident engagement • Local architects and builders
Scaling up	• Inform building owners to make low carbon decisions for their portfolios • Develop a local heat network for key commercial energy users in the town	• Local businesses and investors • Local builders and developers
Reaching net zero	• Widespread retrofit of existing buildings using zero carbon heating technologies including further heat network connections and on-site electricity generation	• Local builders and developers • Housing associations, commercial landlords

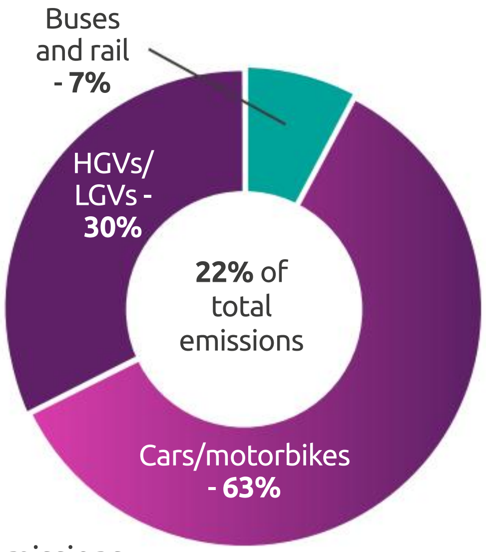
Best Practice Example

The council has been successful in securing a £7.7M grant from Public Sector Decarbonisation Fund (PSDF1) for decarbonisation works in office buildings, libraries, schools and community centres. The interventions included Internet of Things (IoT) lighting controls, LED lights, heat pumps and PV system. Collectively, the interventions resulted in an annual carbon reduction of 1,216 tCO_2 per annum.

Co-benefits of Action

- Saving money on fuel allows investments elsewhere
- Improved working environments will be warmer in winter and less prone to overheating in summer
- Through changes in procurement, having a wider influence on emissions in the supply chain

Transport and active travel



- Promote walking and cycling for shorter trips
- Promote public transport for longer journeys and accessing the airport
- Increase electric vehicle charging network for public, council and taxi use
- Use of biofuels in place of petrol and diesel where electric vehicles are not yet available

Luton town has a high reliance on car usage with private vehicle usage making up 63% of Luton's total transport emissions. There are also many Luton residents who do not own cars and who make daily use of our public transport network and cycling and walking infrastructure. The net zero vision requires a shift in the way we travel in and around Luton which ensures equal access to high quality and low emission transport modes for all. Luton Council has set out the commitment to leading the way in improving efficiency of transport both for its own fleet and for residents of the town through ensuring adequate infrastructure for electric vehicles (EVs), investing in public transport networks and improving access to cycling and walking. Whilst technology changes will be needed and can reduce emissions from transport, reaching net zero will require people in Luton to make changes in the way they travel by choosing to walk and cycle more.

National Policy Timeline:

2020

New Local Transport Plan guidance scheduled (2022)

Legislative requirement: EV charge points required in all new homes and major renovations with parking (2022)

Policy: EV rapid charging fund opens (2023)

Likely policy: Local government to have statutory obligation to develop local EV charging infrastructure strategy (2026)

Legislative requirement: Sale of new petrol and diesel cars ends (2030)

Policy target: 50% of journeys in towns and cities to be walked or cycled (by 2030)

Legislative requirement: All new cars and vans to be zero tailpipe emissions (by 2035)

Legislative requirement: All new road vehicles to be zero tailpipe emissions (by 2040)

Policy target: All diesel-only trains to be taken out of service (2040)

2040

Key actions for transport and active travel for net zero

Roadmap Phase	Priority Actions	Partnerships
Foundations	• Work with schools, colleges and large employers to develop travel plans which decrease use of the car and increase walking and cycling • Invest in network improvements to create safe cycling routes and cycle parking • Undertake a fleet review of the council and taxi fleets to identify pathways to electrify these vehicles and inform a procurement strategy for the council fleet based on whole life costs	• Schools, Colleges, Luton employers • Taxi companies • Luton Residents
Scaling up	• Widespread EV infrastructure across the council estate for both council and public charging, starting with a phased roll-out of EV charge points at key council housing car parks • Road user charging schemes to fund transport improvement • Deliver bus priority measures to support the uptake of public transport methods over private vehicles • Implement a local delivery hub to maximise the efficiency of deliveries / enable green 'last mile' services	• Bus operators • Luton Residents
Reaching net zero	• Enforce pedestrianisation of key areas such as and extend vehicle-free spaces across Luton town centre • Include zero (or low) emissions policy in taxi licensing, with a phased approach until 2040 • Ensure all residents and businesses have access to EV charging points across Luton town	• Luton residents and businesses. Taxi companies

Best Practice Example

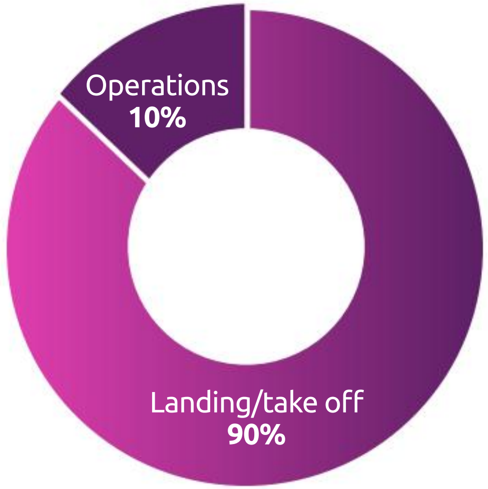
Bike recycling project - Donating repaired bikes to children and adults from disadvantaged backgrounds. This works as a referral system. Over 600 bikes donated since 2018.

98% of all street lights have been converted to LEDs, cutting emission rates. Current emissions: 1080.43 tCO_2/ annum.

Co-benefits of Action

- People will be healthier as a result of more active travel and cleaner air. Walking and cycling will be accessible and become the default choice for most local journeys
- Fewer people will own cars and all vehicles will be electric or use other low carbon fuels. Many neighborhoods and the town centre will be car free
- Public transport will be clean and provide an excellent, reliable and accessible service

Luton Airport



- To work with the Airport Operator to deliver carbon neutral airport ground operations by 2030 and net zero by 2040, and to deliver carbon neutral surface access by 2040.
- Playing their part in delivering the Government's ambition of net zero aviation through supply of sustainable aviation fuels and support for electric aircraft

Luton Council owns the airport through Luton Rising. The day-to-day operations are managed under a long term concession by London Luton Airport Operations Ltd (LLAOL). The airport and associated activities and aviation represent a significant amount of carbon emissions within Luton. The town benefits significantly from the airport, both in terms of existing economic activity but also transport links and the potential for further economic development.

The council's priority action will be to work closely with the airport company, Luton Rising, and the airport operator to ensure that transport connectivity is improved. This will enable further integration of low carbon travel within the town and to the airport. This co-operation will also aim to maximise benefits of economic development to bring low carbon solutions to the town.

The Luton Rising Sustainability Strategy covers multiple aspects of sustainability including carbon reduction. This includes contributing to innovations to enable low or zero carbon aviation technologies whilst expanding the airport. It includes a target of a minimum 45% public transport mode share for passengers by 2039. This sits within the national policy context for Jet Zero (aviation net zero) by 2050, through technological innovations such as sustainable aviation fuels and zero emission flights.[2]

National Policy Timeline:

2020

Policy ambition: 10% of aviation fuel to be sustainable fuel (by 2030)

Policy proposal for airports in England to be zero emissions (by 2040)

Policy target: Net zero aviation "Jet Zero" (by 2050)

2050

2 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1079042/flightpath-to-the-future.pdf

Key actions for **Luton airport** for net zero

Roadmap Phase	Priority Actions	Partnerships
Foundations	• **Airport operations:** Lighting upgrades and heating equipment, introduce occupancy-led building management systems and purchase gas from renewable sources e.g. biogas • **Surface access:** Promote the number of trips to the Airport estates using active and sustainable transport modes	
Scaling up	• **Airport operations:** Establish a Community Carbon Offset Fund • **Surface Access:** Promote the use of low emission vehicles and zero emission vehicles by providing infra-structure to support the use of low emissions public transport and freight vehicles	
Reaching net zero	• **Airport operations:** Generate energy from on-site sources, including waste e.g. solar farm development, research and implement, where feasible carbon removal opportunities • **Aviation:** Supply of sustainable aviation fuels and support for electric aircraft	

Best Practice Example

The £243 million Luton DART is a new fully-automated light rail link expected to open in late 2022. It is designed to transport travelers from the Luton Airport Parkway railway station to the terminal of London Luton Airport in well under four minutes. Currently, passengers making the journey use a shuttle bus service which can be unreliable, especially in heavy traffic. This project will solve that problem. The DART supports sustainable growth of the airport and employs an energy-efficient cable-pulled system.

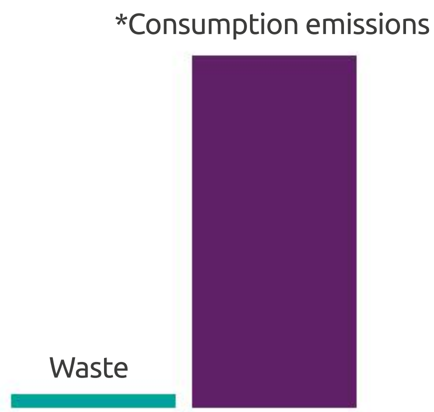
Green Controlled Growth (GCG) is a new, environmentally-focused approach to managing growth at the airport that is advocated by Luton Rising. It will introduce binding limits for the airport's noise, carbon, air quality and surface access impacts. These impact areas had been selected due the biggest scope to increase in line with growth of the airport infrastructure and passenger numbers.

Co-benefits of Action

- Investment in decarbonisation of landside activities and airport transport links could bring new jobs locally
- Potential for economic growth and further new jobs related to new aviation technologies

Waste and consumer choices

- A thriving green and circular economy, with businesses providing accessible low carbon services and offering sustainable, local and healthy products.
- Residents are aware of best practice waste management and are empowered to prevent waste and to recycle.



Emissions from consumption are those related to the production of the things we buy and sell, such as furniture, food or clothing. These emissions often arise from factories overseas. We can reduce this by changing what we eat, how we decide how to buy and use products and services, and how we avoid waste through prevention, reuse, repair and recycling. Emissions from consumption are far more significant than the direct emissions from waste disposal.

The challenge in reducing emissions from waste disposal is in changing behaviour to prevent and reduce waste in the first place. It is also important to improve waste separation to enable more recycling of materials to take place.

Reducing food waste is a particular priority, for saving money for householders and businesses, reducing emissions in food production and cutting emissions from waste disposal. National legislation on food waste collection is expected in around 2025.

National Policy Timeline:

2020

Scheme launched for "extended producer responsibility" ("EPR") (2023)

Legislative requirement: Local authorities to implement free separate food waste collections for all households (by 2025)

Policy target: Near elimination of biodegradable municipal waste to landfill (by 2028)

Policy target: Food waste halved (by 2030)

Policy target: Eliminate avoidable plastic waste (by 2042)

2040

*Consumption emissions were calculated using a Ratio between UK consumption and production emissions taken from page 5 of WWF UK Carbon Footprint Analysis Report: https://www.wwf.org.uk/sites/default/files/2020-04/FINAL-WWF UK_Carbon_Footprint_Analysis_Report_March_2020%20%28003%29.pdf

Key actions for waste and consumer choices for net zero

Roadmap Phase	Priority Actions	Partnerships
Foundations	• Public awareness campaign on waste prevention through changing patterns of consumption and its connection to climate change • Improve waste separation by engaging with residents and through enforcement • Subject to national legislation, provide separate food waste collection for residential waste, with consideration of a schools' food waste collection service	• Waste contractor • Private sector landlords • Schools and school food suppliers
Scaling up	• Review and procure waste disposal contact to incentivise waste reduction and increase recycling rates • Community and business partnership initiatives such as repair cafes and swap shops, applying waste minimisation and circular economy principles • Promote a more plant-based and low food miles diet within the council culture and working directly with schools	• Waste contractor • Community groups and local businesses • Schools and school food suppliers
Reaching net zero	• Installation of carbon capture and storage technology to energy from waste plants	• Waste contractor

Best Practice Example

FCC works with council's waste collections team to ensure that household waste in the town is managed in the most sustainable manner, with the residual waste going to Energy from Waste facilities to supply power to the national grid.

Co-benefits of Action

- Environmental and health benefits from eating less meat and dairy more plant-based products
- Reduced litter
- Less land needed for landfill
- Environmental and health benefits from reduced plastic waste

Biodiversity and Resilience

- Work towards increasing tree canopy by 1 hectare.
- Increase access to green space for residents and improve biodiversity in gardens and public spaces.
- Connect the Town Centre more to nature, with residents feeling ownership over green space.
- Improve climate resilience to reduce the impact of extreme weather: heatwaves and heavy rainfall.

Land Use
0.3%
emissions offset

Luton's current tree canopy captures a small fraction (0.3%) of Luton's current emissions. Caring for the current tree stock and increasing tree cover, whilst simultaneously improving residents' access to green space, will support Luton's transition to net zero. Trees can also play an important role in climate adaptation, providing shade and a cooling effect to counter urban overheating, slowing down rainwater runoff, reducing the impacts of air pollution and providing wildlife habitats which can maintain and increase biodiversity.

Climate risks in Luton include:

- Health risks from summer heatwaves
- Risks to health, property and businesses from flooding
- Lack of available green space, and lack of access to green space for many communities
- Lack of space for tree planting projects
- Risks to biodiversity in a very modified urban environment

National Policy Timeline:

2020

Policy target: Tree planting rate of 30,000ha per year (by 2024)

Proposed policy target: Decline in species abundance halted (by 2030)

2050

Key actions for **biodiversity and climate resilience** required within the phases for net zero

Roadmap Phase	Priority Actions	Partnerships
Foundations	• Review and update the Local Plan to ensure policies to increase demands on developers that support resilience • Identify tree planting opportunities across the borough to work towards increasing the tree canopy by 1 hectare • Establish the River Lea Linear Park to make the river a walkway through the town	• Residents and local developers • Local landowners • River Lea Catchment Partnership; Environment Agency, Water Companies
Scaling up	• Work with the community to manage risks of flooding, through public awareness campaigns and better infrastructure, building community's ability to prepare for and react to surface water flooding events • Develop a borough-wide assessment of climate vulnerability (a climate risk assessment), and use this as the basis for action planning for improved resilience	• Local Resilience Forum • Community groups • Schools • Multiple local organisations, emergency services and health care trusts
Reaching net zero	• Improve access to green spaces through low traffic routes to connect residents with nature and enable active travel as part of daily life • Improvements to the built environment enable residents and businesses to adapt to climate changes	• Local developers, residents' associations and community groups

Best Practice Example

The council has secured funding which will be used to open up part of the River Lea and add new green space, a popular proposal for improving the look and feel on the town centre as part of the recently agreed masterplan. The opening up of the river, in the former Silver Street car park, will create an attractive area for people to enjoy. It will help reduce potential flooding risk and work towards developing a natural chalk stream, which is ideal to improve river wildlife. The project is part of the town's 2040 vision which includes providing more open spaces for people living in the town centre, making it more child friendly and improving wellbeing. It also supports the council's net zero carbon objectives as opening the river and providing more planting helps green the environment and improve air quality.

Co-benefits of Action

- Better health for local residents from living in more comfortable homes
- More, and more accessible, green spaces will lead to greater use for exercise and active travel, improving health and wellbeing and local air quality
- Managing flood risks reduces damage to property and the emotional distress of flood events

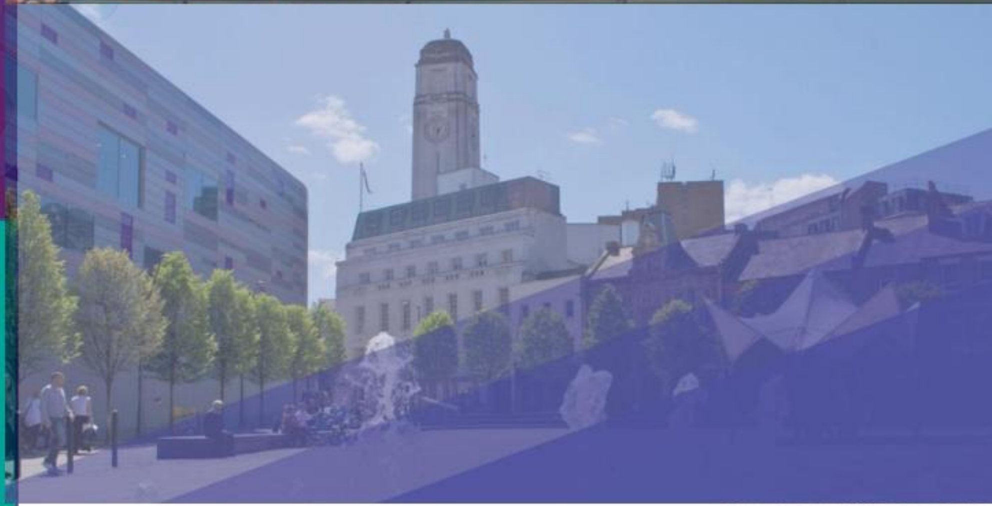
Luton 2040
A place to thrive

Luton 2040

DRAFT

Appendix 3

Luton Net Zero: Climate Change Policy and Action Plan



Luton 2040

A place to thrive

1

Climate Change Policy

Luton

Luton Council Climate Change Policy

As part of Luton's 2040 vision, it is the commitment of Luton Borough Council (LBC) to reduce the greenhouse gas emissions from the council estate and operations to net zero as well as lead the way to a net zero Luton town by 2040. The commitment is one of five strategic priorities at the heart of the 2040 vision to ensure that Luton is a healthy, fair, and sustainable town, where everyone can thrive, and no-one has to live in poverty.

LBC has noted its impact on the environment and contribution to climate change from emissions arising from the delivery of its operations and those from residents' activity across the town. LBC is committed to embedding the necessary principles of sustainable development into the council's operations to reduce emissions and build climate resilience across Luton to achieve and support our long-term ambitions as a town.

At an operational level, LBC will work across all Council services and departments and provide the necessary resources and performance review to improve environmental performance and build resilience into existing and future services and provisions. LBC will encourage and enable all employees to embed these commitments into their daily work to make it standard practice. LBC will also work with contractors and suppliers to improve environmental performance. This policy will, therefore, be communicated to all employees and contractors working for or on behalf of LBC.

LBC will monitor environmental performance against organisational objectives and targets and monitor the implementation of emission reduction projects as outlined in the climate change action plan. Progress on both aspects will be reported regularly.

LBC will work collaboratively with residents, partners and organisations across Luton to reduce our net carbon emissions and increase climate resilience over the next two decades. With this commitment at the heart of our 2040 vision LBC will work in partnership to ensure that our homes, our infrastructure, our businesses and our airport are sustainable and resilient to a changing climate.

Luton Borough Council is committed to:

- Reducing greenhouse gas emissions to net zero carbon by 2040 for the council estate and Luton town
- Ensuring that local environmental, social and economic issues are addressed to ensure that Luton is a fairer, healthier and sustainable place to live where everyone can thrive and no-one has to live in poverty
- Working collaboratively with residents and our schools, hospitals, local businesses and our charities to actively encourage responsible practices and behaviours
- Identifying and managing the Council's own local environmental and climate change impacts
- Identifying the risks and vulnerabilities from expected climate change and produce plans and actions to limit negative impacts and improve resilience
- Leading by example and use our influence to raise awareness and understanding of environmental and climate change issues
- Promoting this policy and make it known to all staff, members, suppliers, contractors, partners and citizens

It must be noted that Luton Borough Council does not have the financial means to secure transition of the council estate to net zero or enable and lead the transition for the town. The Council is however committed to seeking external grant funding and encourage wider stakeholder investment when possible.

2

Action Plan

Our Action Plan

The Climate Change Action Plan sets out the potential work that the council considers to be needed to addresses the carbon reduction and climate resilience challenges. However, the proposed actions are subject to national policy changes, availability or funding, internal and external resourcing and willingness of the right partners and the community as a whole to engage and cooperate.

This action plan is an updated version of the initial Climate Change Action Plan as published in Jan 2020 and subsequent iterations. Current amendments come as a result of the roadmap development process.

The action plan is presented in tables by sector. The following information is given for each action included:

Headline action – high level action description

Description – detailed description of the proposed action

Action type – delivery mechanism of action e.g. Policy development/ council decision, enabling activity by council and others, council led project or partnership project requiring leadership external to council

Time – expected delivery date

Delivery owners – organisation/ council service responsible for delivery

Delivery partners – other organisations/ services supporting delivery

Carbon impact – estimated carbon impact illustrated through arrows, dotted line equates to a negligible impact. 'E' represents enabling action and therefore is not attributed to direct emission reduction

Cost - high level cost estimate **£** over 10k, **££** over £100k, **£££** -over £1M

LBC staff requirements 🕴 - one officer or team, 🕴 🕴 - one service or department, 🕴 🕴 🕴 - multiple teams or interdepartmental

Co-benefits - positive results of action implementation other than carbon emission reduction.

Linking co-benefits to action

Below are the co-benefits referenced within the action plan. Links between ‘other co-benefits’ and the Luton 2040 objectives are given in brackets.

Luton 2040 Objectives		Other Co-benefits
• Sustaining economic growth	• Living and working well	• Green jobs and skills *(Inclusive economy)*
• Skills for the future	• Ageing and dying well	• Reduced fuel poverty *(Population wellbeing, A town built on fairness and social justice)*
• Local wealth building	• Quality education for all	• Reducing (health) inequalities *(Inclusive Economy, Population wellbeing, A town built on fairness and social justice)*
• A thriving town centre	• Safe and cohesive community (community engagement)	• Improved health & wellbeing *(Population wellbeing)*
• A real living wage town	• Quality and affordable housing	• Improved air quality *(Population wellbeing)*
• Transforming lives through arts	• A town built on fairness and social justice	• Cost savings for council *(Inclusive Economy)*
• Growing the airport	• A child-friendly town	• Resilience to climate change *(Population wellbeing)*
• Starting and developing well		• Local economic resilience/growth *(Inclusive economy)*

Luton

1. Residential Buildings

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
Retrofit homes	Set out the level and likely cost of homes retrofits required to meet net zero by 2040. Set targets for % homes retrofits needed per year needed to deliver net zero by 2040 for council, social landlords and private sector homes - to be included in a new Housing Strategy.	Policy development/ council decision	2022	Climate change team, housing strategy team	Consultation with Housing Associations, landlords, residents	E	££		Achieving these targets is highly dependent on the availability of grant or other funding mechanisms from central government. Progress will be monitored annually.
Local Plan	Review and update the draft Local Plan to ensure policies that promote net-zero carbon development and maximise energy and carbon savings, reduce embodied carbon, and increase resilience to the effects of climate change for all developments are embedded where possible. A 'direction of travel' interim document can provide details of expected future requirements to local trades and property developers.	Policy development/ council decision	2023-2025	Luton Council – planning service and climate change team	-	E	£££		Community engagement (through consultation on the plan)
Green jobs and Skills	Ensure that skills development for housing improvements is integrated within the work of the Employment & Skills Partnership Board and the Employment & Skills Strategy. This could include supporting apprenticeships and a module of an NVQ.	Policy development/ council decision	2023	Luton Council	Barnfield College and other education and skills organisations	E	££		Green jobs and skills

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
Guidance	Once the Local Plan is reviewed, endeavor that there is planning guidance available to developers, households and landlords that clearly explains to them how they can comply with, and go beyond, the requirements on decarbonising buildings	Policy development/ council decision	Start 2023 paral. with Local Plan	Luton Council – planning service	-	E	££		Community engagement
New build	Provision of sufficient resources for communications about and enforcement of new building regulations to secure maximum compliance	Council led	2023	Luton Council - building control	construction sector businesses	E	££		Community engagement
New build	Publish a new build housing brief to specify the standard required for new council housing.	Policy development/ council decision	2023	Luton Council – housing strategy team		E	££		
Engagement	Consider establishing landlord licencing including phased energy efficiency improvements with EPC level and carbon reduction targets for the private rented sector. Secure sufficient council staff resource to enable enforcement of licences and existing requirements of MEES.	Council led	2023	Luton Council housing / environmental health	Landlord and residents' representatives	E	££		Community engagement
Retrofit council owned homes	Following the stock condition survey, set decarbonisation target date for Council owned homes and identify the first properties to retrofit as trials for new fabric improvements and heating technologies including considering district heat schemes. Monitor	Policy development/ council decision	2024	Luton Council housing / strategic energy team	Energy auditor / specialists	↓	££		-

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
	impacts on sample of individual homes.								
Carbon literacy, engaging the supply chain	Provide residents with access to impartial advice through information campaigns and sign-posting to existing information, both in the region and nationally. .	Partnership project	2024	Collaboration with neighbouring boroughs	Climate change team; neighbouring authorities, EELGA	E	££		Green jobs and skills
Green jobs and skills	Engage with supply chain of installers to encourage them to reach out to meet new demands. Support local suppliers to develop the required skills for implementing low carbon retrofit, including support in meeting the needs of public sector procurement.	Requiring leadership external to council	2024	Bedfordshire Chamber of Commerce	Economy board, local trades networks, colleges	E	£		Local economic resilience/growth Green jobs and skills
Engagement / Retrofit	Retrofit zero carbon demonstration / show home(s) (council owned property) to provide real examples of solutions and benefits. Link to communication campaign about technology changes and benefits.	Council led project	2025	Luton Council Housing department	Energy specialists, architect, construction sector businesses	↓	££		Community engagement Green jobs and skills
Engagement	Encourage sharing of information about carbon reduction through the existing Private Landlords forum	Requiring leadership external to council	2025	Landlord representative s	Landlords, Luton Council housing department,	E	-		Community engagement
Retrofit council owned homes	Implement phases of council and other social housing improvements in energy efficiency, renewable deployment and zero carbon heating	Council led project	2027 +	Luton Council and Housing Associations (depending on ownership)	Residents, delivery managers, construction sector businesses	↓↓	£££		Reduce fuel poverty Improved health & wellbeing Green jobs and skills Resilience to climate change

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
									Local economic resilience/growth
Retrofit privately owned homes	Building on existing awareness raising (as above), work with neighbouring local authorities to establish a building retrofit support service and communications campaign about private sector low carbon retrofit. This will support landlords and home owners in deciding on approaches and applying for grants or other financial incentives.	Requiring leadership external to council	2027 ++	Partnership between various local councils and the retrofit Supply chain	Advisory agency, Assumes existence of central government scheme to provide financial mechanism	↓↓↓	£££		Reduce fuel poverty Reducing (health) inequalities Improved health & wellbeing
New build	New housing developers to provide low carbon new homes built to the Future Homes standard	Requiring leadership external to council	2025	Foxhall Homes and other developers	Construction sector businesses	↓	£		Green jobs and skills Resilience to climate change

2. Non-residential buildings

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
Council estate	Energy performance monitoring and fabric surveys to provide detailed energy audits of all council buildings. In the context of an overall estate buildings strategy & asset management plan, develop a detailed action plan for improvements including expected capital and lifetime costs, ready for funding opportunities.	Council led project	2022	Luton Council – estates & energy management teams	Energy auditors contractors	E	££		-
Energy efficiency	Enforce, where possible, minimum efficiency standards for privately rented commercial properties	Council led project	2022	Luton Council - trading standards	Local businesses	↓	££		Local economic resilience/growth
High standards for new build	Town centre development to provide leadership for change: to meet best practice design standards rather than just current building regulations, and to include the new football stadium development. District heating and shared renewable generation infrastructure should be included and designed for future expansion.	Council led project or partnership project	2022+	Luton Council	Energy/heat master planning specialists, local businesses, construction sector	↓↓	£		Green jobs and skills Local economic resilience/growth Resilience to cc Reducing (health) inequalities Improved health & wellbeing Improved air quality
Energy in buildings	Encourage detailed energy audits of business and public sector buildings	Enabling activity by council and others	2022+	Businesses and public sector property owners	Local energy surveyors	E	£		-
School buildings	Energy performance monitoring and fabric surveys to provide detailed energy audits of all schools. Develop a	Council led project	2022+	Luton Council – estates & energy	Schools / academies	E	££		-

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
	detailed action plan for improvements including expected capital and lifetime costs, ready for funding opportunities			management teams					
Council estate	Develop a funding strategy based on the needs of the estate buildings action plan, including consideration of innovative funding mechanisms	Council led project	2023	Luton Council – estates & energy Management teams, finance service	-	E	££		-
Council estate	Review the Capital Strategy and capital processes to take account of social benefits/ESG in impacts assessments. For example to allow for longer term payback on building improvements to enable new technologies to be implemented.	Policy development/ council decision	2023+	Luton Council – Finance, Procurement and Estates teams	-	E	££		-
Local Plan	Review and update the Local Plan to require high standards of energy performance and low carbon heat for new build and refurbishment of commercial properties based on best practice such as LETI Climate Emergency Design Guide and BREEAM 2018	Policy development/ council decision	2023-2025	Luton Council – planning service		E	£££		Community engagement (through consultation on the plan)
Engagement	Establish a Luton climate change partnership to co-ordinate regular energy and climate change related collaboration between business and public sector organisations to share best practice and enable joined up action.	Enabling activity by council and others	2023+	Luton Council 2040/climate change team with a partnership established to own it	Large energy users across the town	E	££		Business community engagement

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
Heat networks	Develop more detailed heat network plan (based on existing heat mapping work and town centre master plan). Require connections for new developments through planning. Also scope out renewable energy planning related to new developments	Enabling activity by council and others	2023	Luton Council	Energy/heat master planning specialists, businesses, construction sector	E	££		-
Energy planning	Collaboration with UK Power Networks regarding power network to secure sufficient capacity and connections for new developments and existing buildings	Enabling activity by council and others	2023	Luton Council		E	££		-
Engagement	Provision of support and advice to local business on transition to net zero, potentially building on support being provided by Wenta and using Luton Heritage Forum	Council led project	2023	Luton Council economic regeneration and climate change team	Wenta or other providers	E	£££		Local economic resilience/growth
Council estate and schools	Implementation of urgent and priority audit recommendations to move towards net zero in the council buildings and schools. Monitor impacts.	Council led project	2023-5	Luton Council – estates & energy management teams	Building contractors and associated trades	↓	£££		Green jobs and skills
Building retrofits	Encourage business and public sector property owners to invest in retrofit to reduce fossil fuel use, improve energy efficiency and increase renewable generation across multiple projects	Requiring leadership external to council	2025+	Businesses and public sector property owners	Multiple projects requiring building contractors and associated trades etc	↓↓↓	£££		Green jobs and skills Local economic resilience/growth Resilience to cc Reducing (health) inequalities Improved health & wellbeing Improved air quality

3. Transport and Active Travel

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
Infra-structure changes	Through procurement policy (see governance action plan) enable choice of road materials with lowest carbon impact for future projects	Council led project	2022 +	Luton Council	-	↓	££		-
Modal shift - Active travel	Campaign for a car free day and promote behaviour change with businesses and residents	Enabling activity by council and others	2022	Luton Council	Local community groups	↓	£		Improved air quality; Improved health & wellbeing
Behaviour Change	Provide support for car clubs and lift sharing schemes through engagement with local schools and businesses	Enabling activity by council and others	2023	Luton Council	Local community groups; schools; local business	↓	££		Improved air quality
Modal shift – Active travel	Work with schools, colleges and large employers to develop travel plans which decrease use of the car and increase walking and cycling	Partnership project	2022	Luton Council	Luton schools, colleges, and businesses	↓	£		Improved air quality; Improved health & wellbeing
Modal shift – Active travel	Develop targets and an action plan for optimizing mileage for Council business travel through travel planning	Policy development	2023	Luton Council	Luton Council employees	↓	££		Improved air quality; Cost savings for council
Infra-structure changes – Active Travel	Promote cycling and walking in Luton through network improvements to create safe cycling and walking routes[1]. • Wider cycle lanes / segregated cycle tracks	Council led project	2023	Luton Council	-	E	£££		-

[1] Underpinned by the Draft Local Cycling and Walking Infrastructure Plan

	• Controlled crossing points for cyclists • 'Active travel friendly' junction improvements • Creation of 'quiet ways'								
Electric Vehicles	Work with private sector partners to deliver EV charging infrastructure across the council estate for both council and public charging	Partnership project	2022	Luton Council	Luton businesses	E	£££		-
Electric Vehicles	The Council will undertake a fleet review, to identify a preferred pathway to electrify its vehicle fleet and inform a procurement strategy based on whole life costs	Council led project	2022	Luton Council	-	E	££		-
Other	All major residential and commercial planning applications to include a Travel Plan in line with current best practice and to facilitate provision of infrastructure needed to serve new developments	Policy development	2022	Luton Council	Developers	↓↓	£££		Improved air quality ; A thriving town centre
Rail	Improved connection between National Rail and Luton Airport on delivery of DART	External project to the council	2022	Luton Airport	Luton Council	↓	£££		Growing the airport
Modal shift – Active travel	Supportive measures to encourage modal shift to active travel, and monitor impacts. • Cycle training, • Cycle hire schemes • Cycle recycling scheme • Community cycle clubs • Low Traffic Neighbourhoods • Driver awareness training and marketing and promotion.	Council led project	2023	Luton Council	Luton schools, colleges, and businesses, community groups	E	£££		-

Electric Vehicles	The Council will undertake a hackney/PHV fleet review and work with operators to develop a pathway that increases EV uptake for these vehicles	Council led project	2023	Luton Council	-	E	££		-
Rail	Complete electrification of passenger rail through Luton through replacement of EMR Meridian by Hitachi bi-modes	External project to the council	2023	Network Rail	Luton Council	↓	£££		Improved air quality
Rail	Completion of Access for All Works at Luton (Town) and Leagrave to allow those with mobility challenges to use the railway locally	External project to the council	2023	Network Rail	Luton Council	↓	£££		More travel options
Modal shift – Active travel	Implement School Streets[2] (traffic exclusion zones) for schools in Luton and Play Streets[3] to restrict traffic movements at peak times and encourage shift to active travel.	Partnership project	2023	Luton Council	Luton Schools	↓	£££		Improved air quality; Improved health & wellbeing
Electric Vehicles	To support residential EV charging and to develop the on-street EV charging network, the Council will create a dedicated e-form so residents can suggest new locations for EV charge points	Council led project	2023	Luton Council	Residents	E	£££		-
Rail	Return of EMR Intercity services to Luton Airport Parkway, encouraging those who live north of Corby to take public transport to the Airport	External project to the council	2024	Great British Railways	Luton Council	↓	£££		Growing the airport

[2] A School Street is a road outside a school with a temporary restriction on motorised traffic at school drop-off and pick-up times. The restriction applies to school traffic and through traffic.
[3] Playing out on your street https://www.bristol.gov.uk/streets-travel/playing-out

Alternative fuels	Interim action for diesel vans and HGVs in Council Fleet to be run on biofuels	Council led project	2025	Luton Council	-	↓	££		Improved air quality
Electric Vehicles	Widespread EV infrastructure across the council estate for both council and public charging, starting with a phased roll-out of EV charge points at key council housing carparks	Council led project	2025	Luton Council	-	↓↓	££		Improved air quality
Electric Vehicles	The Council will, subject to viability, commit to delivering multiple fast, rapid or ultra-rapid charging points at its fleet depot to accelerate a phased transition towards EV use	Council led project	2025	Luton Council	-	↓	££		Improved air quality
Modal shift	Road user charging e.g., Implement a workplace parking levy or Clean Air Zone to fund transport improvements	Council led project	2025	Luton Council	-	↓	££		Improved air quality Revenue generation for council for local investment
Electric Vehicles	EV infrastructure at taxi ranks for drivers across Luton e.g. locations for exclusive 'taxi only' recharging points	Enabling activity by council/others	2025	Luton Council	Taxi companies	↓	££		Improved air quality
Infrastructure changes	LED traffic signal infrastructure	Council led project	2025	Luton Council	-	↓	££		-
Public transport	Engage with and promote travel schemes and discounted tickets e.g. Arriva discounted tickets for organisations participating in a travel club, including bus fares for 17-21 year olds at 70% of the adult fare, 16 and under at 50%	Partnership project	2025	Luton Council	Local transport organisations, Arriva	E	£		Improved air quality Living and working well
Public Transport	Deliver bus priority measures: • strategic bus lanes on key routes (3km new bus lanes) • improved access for buses to the town centre	Council led project	2025	Luton Council	Arriva	↓↓	£££		Improved air quality

	• Traffic signalling priorities for buses								
Public Transport	Work with the university to investigate how the various campus locations and halls could be connected by public transport	Partnership project	2025	Luton Council	University of Bedfordshire	E	£		-
Public Transport	Improve the experience of travelling by public transport and communicate this to residents through a marketing campaign • Improved waiting facilities, • Improved on board experience, • Better ticketing, • Cycle storage at mobility hubs Employ several Bus Ambussadors	Council led project	2025	Luton Council	Arriva	E	£££		-
Efficiency	Implement a local delivery hub to maximise the efficiency of deliveries / enable green 'last mile' services.	Partnership project	2025	Luton Council	Service providers	↓↓	££		Improved air quality
Other	Include zero (or low) emissions policy in taxi licensing, phased approach until 2040	Policy development	2025 +	Luton Council	Taxi companies, Councillors	↓↓	£		Improved air quality
Public Transport	Design and develop Park and Ride (Travel Hub) site	Council led project	2025	Luton Council	-	↓↓	££		Improved air quality
Rail	Maximise local and regional rail connectivity to Luton, from London, the Midlands and through interchange with East West Rail	Partnership project	2025	Luton Council	East West Rail	↓	£		Improved air quality
Public Transport	Work with London Luton Airport to develop a world class Sustainable Travel plan and outstanding bus connections with Luton and beyond. Hold airport to account on target of	External project to the council	2027	Luton Council	Luton Rising	↓↓	£££		Improved air quality

	45% surface access by public transport.								
Public Transport	Transition bus fleet to electric - introduce electric buses on the Luton Dunstable Busway network; and work towards Euro 6 by retrofitting existing fleet, all buses entering town centre to be zero or low emissions	Council led project	2030	Luton Council	Bus companies	↓↓	£££		Improved air quality
Electric Vehicles	Luton council suppliers' fleet to be EV (set target years for cars and vans). Include zero carbon vehicle requirements in all delivery contracts	Council led project	2030	Luton Council	-	↓↓	££		Improved air quality
Pedestriani-sation	Enforce pedestrianisation of key areas such as High Town and Bury Park high Street. Extend vehicle free spaces across Luton town centre.	Planning	2030	Luton Council	Luton businesses	↓	££		A thriving town centre Safe and cohesive community Improved air quality
Rail	East West Rail complete between Bedford and Cambridge	External project	2030	Department for Transport	Luton Council	↓	£££		Accessibility to public transport
Governance	Implement monitoring mechanisms e.g. Urban Traffic Management Control. Traffic data will be essential in planning and evaluating the effectiveness of AQ and carbon reduction interventions.	Council led project	2023+	Luton Council	-	E	££		-
Governance	Establish a formal partnership with bus operators	Partnership project	2023+	Luton Council	Bus operators	E	£		-
Governance	Incorporate place-based approach that accelerates the transition to a zero-emission road transport system for journeys that can't otherwise be made by active travel into the Local Plan	Council led project	2023+	Luton Council	-	E	££		-

4. Luton Airport

Luton Council is the sole shareholder of the airport company, Luton Rising which has a long record of providing financial support for important community activities and services across Luton. Luton Council is therefore a key stakeholder in the Luton Rising Sustainability Strategy[4] and Net Zero Strategy[5]. Luton Council recognises the responsibility to work closely with Luton Rising and the airport operator and tenants on meeting the needs of airport expansion in a way which enables Luton to meet the targets set to become a net zero town. Luton Council also take on the responsibility to monitor the implementation of the net zero strategies outlined by Luton Rising and the airport operator.

The below actions are taken from the Net Zero Strategy published by Luton Rising, with emphasis given where Luton Council can support delivery of actions.

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC/LR Staff	Co-benefits
Procurement	**Construction:** to minimise emissions from construction a whole life carbon approach will be taken for procurement. This will require adoption of circular economy principles and the use of low emissions construction vehicles and equipment	Policy Development	2022	Luton Rising	Luton Council – procurement team	↓↓	£		Green jobs and skills
Energy efficiency improvements	**Airport operations:** lighting upgrades and heating equipment	Infrastructure investment	2025	Luton Rising	Airport tenants and operators	↓↓	££		Green jobs and skills; Improved air quality
Energy efficiency improvements	**Airport operations:** introduction of occupancy-led building management systems	Partnership project requiring leadership external to council	2025	Luton Rising	Airport operator and tenants	↓	££		Local economic resilience/growth
Electrification	**Airport operations and surface access:** Promote the use of low	Engagement campaign;	2030	Luton Rising	Luton Council – transport	↓	£££		Improved air quality

[4] https://lutonrising.org.uk/our-planet/our-sustainability-strategy/
[5] https://lutonrising.org.uk/wp-content/uploads/2022/02/Net-Zero-Strategy-1.pdf

	emission vehicles and zero emission vehicles. Target is for capacity for recharging of 1/3 vehicles using the airport by 2030.	policy development			planning and highways				
Renewable energy	**Airport operations:** purchase gas from renewable sources e.g. biogas	Policy development	2025	Luton Rising	Airport tenants and operators	↓	-		-
Renewable energy	**Airport operations:** generate energy from on-site sources, including waste e.g. solar farm development	Partnership project requiring leadership external to council	2035	Luton Rising	Airport tenants and operators	↓↓	£££		Green jobs and skills
Other	**Airport operations:** establish a Community Carbon Offset Fund	Council led project	2035	Luton Rising	Luton Council	E	£££		Local economic resilience/growth
Carbon removal	**Airport operations:** research and implement, where feasible carbon removal opportunities	Partnership project requiring leadership external to council	2035	Luton Rising	-	E	£££		-
Energy efficiency	**Surface access:** freight consolidation and promote the proportion of full-load trips	Luton Rising project	2030	Luton Rising	Airport operator	↓↓	££		Improved air quality
Active travel	**Surface access:** promote the increase of trips to the airport estates using active and sustainable transport modes	Engagement campaign; policy development	2025	Luton Rising	Luton Council – transport planning	↓↓	£		Improved health & wellbeing
Electrification	**Surface access:** EV points where possible and ensure all new builds provide the infrastructure required to meet government standards	Infrastructure investment	2030	Luton Rising	Airport operator	↓↓↓	££		Improved air quality
Electrification	**Surface access:** provide infrastructure to support the use of	Infrastructure investment	2030	Luton Rising	-	↓↓	££		Improved air quality

	low emissions public transport and freight vehicles								
Innovation	**Aviation:** engage in supply of sustainable aviation fuels and support for electric aircraft	Partnership project requiring leadership external to council	2040	Luton Rising	UK airlines	↓↓↓	£££		-
Monitoring	Luton Council to monitor the implementation of the action plan and enforce policy changes where relevant	Council led project	2022 +	Luton Council	Luton Rising, airport operator, tenants	E	££		-

5. Waste and consumer choices

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
Community engagement	Public awareness campaign on waste prevention through changing patterns of consumption and its connection to climate change e.g. Edible High Town program to educate on composting	Council led project	2023	Luton Council – waste team	Waste contractor	↓	£££		Living and working well Safe and cohesive community
Waste management	Work with the waste contractor and the public to improve policy enforcement to reduce waste contamination and extra waste, including awareness raising and feedback to the public and landlords	Partnership project	2023	Luton Council – waste management team	Waste contractor, private sector landlords	E	££		-
Waste management	Compliance with national legislation to provide separate food waste collection by 2025 for residential and schools waste. Explore the impact this has on carbon emissions and develop measures to mitigate this.	Council led project	2025	Luton Council – waste management team	Waste contractor Schools and schools' food providers.	E	££		-
Waste management	Review and procure waste disposal contact to incentivise waste reduction and increase recycling rates, including carbon metrics across the waste streams	Council led project	2025	Luton Council – waste management team	-	E	££		-
Community engagement	Community and business partnership initiatives applying waste minimisation and circular economy principles: examples such as collaboration on methods to reduce	Partnership project	2025	Community organisations business forums	Partnership between council and organisations specialising in/using	↓	££		Skills for the future Safe and cohesive community Transforming lives through arts…

	food waste in hospitality businesses and swap shops and repair cafes.				circular economy principles				
Food Plan	Review the Luton Food Plan and consider developing a Food Strategy, taking on board the Government Food Strategy (2022) and recognising that nutrition and sustainability are interrelated and can no longer be tackled in isolation. Promote a more plant-based and low food miles diet within the council culture and work directly with schools	Partnership project	2025-2030	Luton Council – public health department	Luton schools Food Poverty Alliance	↓	£		Improved health and wellbeing
Retrofit	Installation of carbon capture and storage technology to all energy from waste plants. To be made a requirement for future waste contracts.	Policy development	2040 on-wards	Luton Council – waste management	Partnership between council and waste contractor	↓↓↓	?		Green jobs and skills

6. Biodiversity and resilience

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
Flood risk funding	Continue to apply for government funding for flood and water management schemes	Enabling activity by council	2022+	Luton Council – flood risk team and finance department	Environment Agency	E	£		-
Flood risk vulnerability	Emergency preparedness: In advance of extreme weather events, work with the Public Health system to identify which social groups are most vulnerable and identify suitable interventions, based on recommendations from national climate change response plans:	Policy development	2022	Luton Council – flood risk team, public health, emergency planning team	Hospital / Primary care Trusts	E	£		-
Local Plan	Review and update the Local Plan to ensure policies to increase demands on developers that support resilience. Examples include development of sustainable urban drainage systems (SuDS) and meeting minimum targets for green space and tree cover through green roofs and tree planting.	Policy development	2023-2025	Luton Council –planning service and flood risk team		E	££		-
Biodiversity project	Formally establish the River Lea Linear Park to make the river corridor more accessible as a walkway through the town – involving links to river restoration	Council led project	2025	Luton Council parks and countryside team	River Lea Catchment Partnership; Affinity Water		££		Improved health and wellbeing

Planting project	Increase access to allotments and equivalent spaces for growing food.	Council led project	2025	Luton Council	Local community groups	E	£		Improved health and wellbeing
Planting project	Identify tree planting opportunities across the Borough to work towards increasing the tree cover by 1 hectare by 2025 (with progress monitored).	Council led project	2025	Luton Council – planning department and parks and countryside team	Community groups		££		Improved air quality Improved health and wellbeing
Planting project	Increasing biodiversity and increase carbon capture in highway verges and grass land where appropriate, with related public information provision about changes.	Partnership project	2025	Luton Council – parks and countryside team, highways team	Partnership between council and organisations such as Natural England		££		Improved health and wellbeing Resilience to climate change
Community engagement	Work with the community to manage risks of flooding, through public awareness campaigns, building community's ability to prepare for and react to surface water flooding events. This builds on the lessons from the Luton and Dunstable Resilient and Adaptive Communities (RAC) project. For example schools projects to replace concrete surfaces	Enabling activity by council and others	2025	Luton Council – flood risk team	Central Bedfordshire Council, Environment Agency	E	££		-
Resilience	Develop a borough-wide assessment of climate vulnerability (a climate risk assessment), and use this as the basis for action planning for improved resilience	Council led project	2025	Luton Council – climate change team, emergency planning and parks and	Bedfordshire and Luton Local Resilience Forum	E	£		-

				countryside team					
Planting project	Luton Council will actively seek to develop the Town Centre Masterplan to increase the amount of meaningful green space for community use. Link to the BLMK Integrated Care Strategy action to improve biodiversity and green estates where possible.	Council led project	2030	Luton Council – parks and countryside team, town centre team, climate change team, public health	Health Care providers		£		Safe and cohesive community A child-friendly town

7. Council governance and operational systems

Headline action	Description	Action type	Time	Delivery owners	Delivery partners	Carbon impact	Cost	LBC staff	Co-benefits
Governance	Ensure that all new strategies include a clear statement about how the strategy will contribute to net zero	Policy development	2022-2040	Luton Council – Councillors and senior officers	Across all council departments	E	£		-
Governance	Set interim targets against which progress towards net zero can be monitored and define indicators for the monitoring of all emission reduction actions	Monitoring	2023	Luton Council – climate change team	Across all council departments	E	££		-
Governance	Choose and implement a decision-support tool to enable scrutiny of all council decisions for their impact on carbon emissions (e.g. Cornwall decision wheel)	Council decision	2022	Luton Council – climate change team	Executive; overview and scrutiny committee	E	££		-
Governance	Consider establishing a dedicated delivery board to oversee delivery of this action plan	Council decision	2022	Luton Council – climate change team	Executive, councillors, key community and business stakeholders	E	£		-
Collaboration frameworks	Aim to influence the development of national policies to support the local net zero transition, through representation on groups of councils campaigning for change such as for example UK100 and/or LGA.	Partnership project	2022	Luton Council – senior officers, climate change team,	Other local authorities	E	£££		
Collaboration frameworks	Establish collaboration partnerships with local public and private sector organisations to enable sharing of	Partnership project	2023	Luton Council – climate change team	Local public and private	E	£		

	best practice and economies of scale for similar activities. Linked to suggested Luton Climate Change Partnership (see buildings section) but potentially wider geographic scope to cover BLMK Health and Care Partnership.				sector organisations				
Collaboration frameworks	Promotion of carbon action across council departments e.g. through Climate Champions or Officers' Working Group	Council led project	2022	Luton Council – climate change team	Across all council departments	E	£		-
Carbon literacy	Ensure that the LGA Councillors' workbook is highlighted to all Councillors	Council led project	2022	Luton Council – climate change team	Councillors	E	£		Green jobs and skills
Carbon literacy	Arrange carbon literacy training for all councillors, and ensure this is included in induction for new councillors going forward	Council led project	2022	Luton Council – climate change team, democratic services	Councillors	E	£		Green jobs and skills
Carbon literacy	Arrange carbon literacy training, made relevant to each function, for all council staff	Council led project	2023	Luton Council – climate change team	All Luton Council officers	E	££		Green jobs and skills
Carbon literacy	Organise, and seek funding for, free carbon literacy training for community groups and in schools	Council led project	2025	Luton Council – climate change team, adult learning team	Community groups, schools	E	££		Green jobs and skills; Quality education for all; Skills for the future
Citizen engagement	Build on initial citizen engagement around this action plan to develop and maintain a citizens' panel to co-design and monitor action on carbon emissions and climate resilience	Council led project	2022	Luton Council – Climate Change Advisory Board, community development team	Councillors, council officers, community groups, businesses	E	££		Green jobs and skills; Safe and cohesive community; A town built on fairness and social justice

Citizen engagement	Develop a Local Area Energy Plan to enable households and businesses to better understand the decarbonisation options appropriate for them	Council led project	2023	Luton Council – climate change team	UK Power Networks; university affiliation	E	££		Reduced fuel poverty; Improved health & wellbeing
Citizen engagement	Encourage schools to sign up to the Ashden 'Let's Go Zero 2030' campaign	Partnership project	2023	Luton Council: schools team; climate change team	Luton schools	↓	£		
Procurement	Ensure that the social value framework used by the council addresses climate change	Policy development	2022	Luton Council – procurement	Luton Council – climate change team	E	£		-
Procurement	Ensure all major procurement is scrutinized using the council's decision support tool (see 'governance')	Policy development	2022	Luton Council – procurement	Luton Council – climate change team	E	£		-
Procurement	Council to act as leader in ensuring that climate change impact is considered as part of procurement decisions, and influence large local businesses to follow this example.	Policy development	2023	Luton Council – procurement	Luton Council – Climate change team; local businesses supplying the council	E	£		
Procurement	Develop a detailed plan to transition all council procurement to net zero requirements • All suppliers to be required to have in place plans to transition to net zero • All services delivered to the council to be net zero • Where applicable, goods purchased to be net zero in-use (e.g. fleet vehicles,	Policy development	2025	Luton Council – procurement	Luton Council – climate change team	↓↓	££		-

	heating and cooling systems)								
Investments	Assess the impact of the council resolution calling for the development and adoption of responsible investment policies by the Bedfordshire Pension Fund.	Policy development	2023	Luton Council – finance	Luton Council – climate change team	E	£		-
Finance	Develop plans for projects that will implement the action plan, so that when funding streams become available, it is possible to apply for them within short timeframes. These plans should include identification of delivery partners, to help the council spend funding allocations within timeframes that are sometimes very short	Council led project	2023 +	Luton Council – Climate change team	All Luton Council officers	E	££		-
Finance	Review of capital strategy with the view that investment is prioritised to achieve net-zero and all investment mitigates negative environmental impacts	Council led project	2023 +	Luton Council – Climate change team and finance team		↓↓	££		
Finance	Include ESG reporting in council reporting to move social value and environmental impacts up the agenda	Council led project	2023 +	Luton Council – climate change team	All Luton Council officers	E	££		-

Appendix 4 Integrated Impact Assessment Form (IIA)

The key aim of an impact assessment is to ensure that all Council policies, plans and strategies support the corporate mission statement

'Enabling Luton to be proud, vibrant, ambitious and innovative'.

Why do I need to do an IIA?

The aim of this impact assessment process is to:

- Ensure adherence to the legal duties contained within the Equality Act 2010 and associated Public Sector Duty to analyse the impact of decisions to be undertaken by Council.
- Ensure the Council has **due regard** to equality taking a proportionate and timely approach to analysing the impact on citizens.
- Minimise duplication of initial impact assessments with regards to Environment and Health and maximise consideration of other key Council priorities of Inclusion and Community Cohesion.
- Ensure that the Council has been able to consider the social, health, environmental and economic impacts in its decision making in a single document and, where necessary enable the production of a comprehensive action plan to mitigate any potential negative impacts identified.

When do I need to do an IIA?

- An IIA must be started at the beginning of any project, policy or strategy, and cannot be finalised until such time as all consultations, as required, are undertaken.
- The Impact Table will help you to make early consideration of the potential impacts of your proposal and should be used from the point at which preliminary report is taken to Corporate Leadership and Management Team (CLMT) where appropriate. By using this table at your earliest point in the project, potential impacts can be highlighted and it will also be clear whether you need to carry out a full IIA.
- If you complete this table and all impacts identified are neutral, i.e. there is no noticeable impact on characteristics and priorities listed and you are fully confident of this, please contact the SJU by email setting out how you have reached this judgement as it is unlikely you will need to carry out a full IIA.
- An IIA must at all times identify those who will be affected by the decision, policy or strategy.
- At a time of economic austerity IIA authors are minded to consider the whole range of decisions, both locally and nationally when analysing the impact on citizens.
- Your first early draft is to be sent to the Social Justice Unit for comments and guidance
- Once consultation has ended, the IIA must be updated with results of the consultation and returned to Executive, where required, for further consideration and approval – at this stage it will be signed off as completed by the Social Justice Unit.

If you need further guidance please contact the Social Justice Unit (SJU). Please see links at the end of this document to key Corporate and Partnership documents that may help you complete this IIA.

Appendix 4 Integrated Impact Assessment Form (IIA)

Proposal Title:	Luton Roadmap
Lead Officer Name:	Katarzyna Wysocka
Date of IIA:	06/07/2022

Date updated after consultation:	
Early draft Seen by: *(Please send an early draft of your IIA to the SJU to ensure all impacts are being considered at the appropriate time)*	Dylan Katuwawala – EDI Coordinator

Finalised IIA Signed and seen by SJU :	
Name:	
Date	

Names of all other contributors and stakeholders involved in the preparing of this proposal who have been consulted with and agreed this assessment: *(Please note the IIA must not be carried out by one person)*	Katarzyna Wysocka Dylan Katuwawala
If there is any potential impact on staffing please include the name/s of the trade union representative/s involved in the preparation of this assessment or any supporting evidence of request to participate:	

Proposal Outline
Information supporting the proposal (**who, what, where, how**, **why**). Breakdown of present users by ethnicity, age, sex, disability, religion/belief, sexual orientation (if recorded). Show areas in the town with the biggest and lowest needs. Greater emphasis is required at the start of the IIA on the service, how it is delivered now and how the new service will be delivered.

The Luton Net Zero Roadmap lists priority objectives and key actions for the main sectors needing carbon reduction. The key actions fall into the three stages as above – Foundations, Scaling Up and Reaching Net Zero.

Homes
- Improve building fabric such as walls and roofs to reduce energy needs (the “fabric first” approach)
- Replace gas fired heating systems with electric heating including heat pumps
- Increase the amount of renewable electricity through roof solar photovoltaics (PV)
- Enable new jobs through providing training for new skills (such as whole house retrofit, installing heat pumps, EV chargers etc)

Non-residential buildings
- Improve energy efficiency and increase on site renewable electricity generation
- Replace gas fired heating systems to zero carbon sources including heat pumps
- Increase the amount of renewable electricity through rooftop solar PV
- Improve efficiencies in manufacturing systems

Transport and active travel
- Promote walking and cycling for shorter trips
- Promote public transport for longer journeys and accessing the airport
- Increase electric vehicle charging network for public, council and taxi use
- Use of biofuels in place of petrol and diesel where electric vehicles are not yet available

Luton Airport
- To work with the Airport Operator to deliver carbon neutral airport ground operations by 2030 and net zero by 2040, and to deliver carbon neutral surface access by 2040.
- Playing their part in delivering the Government’s ambition of net zero aviation through supply of sustainable aviation fuels and support for electric aircraft

Waste and consumer choices
- A thriving green and circular economy, with businesses providing accessible low carbon services and offering sustainable, local and healthy products.
- Residents are aware of best practice waste management and are empowered to prevent waste and to recycle

Biodiversity and resilience
- Work towards increasing tree canopy by 1 hectare in 5 years
- Increase access to green space for residents and improve biodiversity in gardens and public spaces.
- Connect the Town Centre more to nature, with residents feeling ownership over green space.
- Improve climate resilience to reduce the impact of extreme weather: heatwaves and heavy rainfall.

As the council's direct and indirect emissions represent less than 1% of Luton's emission, central to the Roadmap report is the message that everyone has a role to play and Luton will only achieve net zero with everyone actively involved.

The council is committed to town-wide vision for Luton as a place to thrive where no one has to live in poverty. Building sustainable partnerships is seen as key to successful delivery of carbon reduction at the scale that is required to achieve the town wide ambition of a net zero carbon and climate resilience by 2040.

It should be noted that actions and recommendations proposed in the Net Zero Roadmap are subject to funding and deliverability. Further work is required on the cost of implementation of individual actions.

Impact Table

The purpose of this table is to consider the potential impact of your proposal against the Equality Act 2010 'protected characteristics' and the Council's Social, Environmental and Economic priorities.

Once you have completed this process you should have a clearer picture of any potential significant impacts[1], **positive, negative** or **neutral**, on the community and/or staff as a result of your proposal. The rest of the questions on this form will help you clarify impacts and identify an appropriate action plan.

Protected Groups	**Citizens/Community**			**Staff (for HR related issues)**		
	Positive	**Negative**	**Neutral**	**Positive**	**Negative**	**Neutral**
Race	X					
Sex			X			
Disability	X					
Sexual Orientation			X			
Age	X					
Religion/Belief			X			
Gender Reassignment			X			
Pregnancy/Maternity	X					
Marriage/Civil Partnership *(HR issues only)*			X			
Care Responsibilities[2] *(HR issues only)*						
Social & Health[3]						
Impact on community cohesion			x			
Impact on tackling poverty	x					
Impact on health and wellbeing	x					
Environment						
Impact on the quality of the natural and built environment	X					
Impact on the low carbon agenda	X					
Impact on the waste hierarchy	X					
Economic/Business						
Impact on Luton's economy and/or businesses			x			
Impact on jobs			x			
Impact on skills	X					

[1] "Significant impact" means that the proposal is likely to have a noticeable effect on specific section(s) of the community greater than on the general community at large.
[2] This is a Luton specific priority added to the 9 protected characteristics covered under the Equality Act and takes into account discrimination by association.
[3] Full definitions can be found in section 3

Appendix 4 Integrated Impact Assessment Form (IIA)

Luton

Please answer the following questions:

1. Research and Consultation
1.1. Have you made use of existing recent research, evidence and/or consultation to inform your proposal? Please insert links to documents as appropriate.
Click here for local demographics and information
The draft Luton Roadmap has been built up from the previous Borough emission's profile developed by Anthesis in 2019. A copy of this report can be found following this link https://www.anthesisgroup.com/wp-content/uploads/2020/03/Luton-Climate-Action-Plan-Support_FINAL_v2.pdf
1.2. Have you carried out any specific consultation with people likely to be affected by the proposal? (if yes, please insert details, links to documents as appropriate).
Guidance Notes*: If you have not yet undertaken any consultation you may wish to speak to the Consultation Team first as a lack of sufficient consultation could place the Council at risk of legal challenge.* ***Click here for the LBC Consultation Portal***
Public consultation will be taking place in September/ October 2022.This Consultation will be placed on the portal and has been developed in partnership with our Communications officer.
1.3. Have you carried out any specific consultation with citizens likely to be affected by the proposal? If yes, please insert details, links to documents, as appropriate above. Please show clearly who you consulted with, when you consulted and the outcomes from the consultation. Mitigations from consultation should be clearly shown in Action Plan at end of document.
For advice and support from Consultation Team click here
A community workshop was held on the 12th April 2022 with selected members of the community asked to take part and provide views and opinions on the roadmap and its design and content. **Objectives:** - To gather views on how Luton as a town can take forward action towards net zero - To identify support for community participation in different types of projects and initiatives - To explore ways of working collaboratively to achieve net zero goals The report of this workshop was developed by Aether which shaped the draft Roadmap. Once further public consultation is completed, a new IIA may be needed to reflect the emerging areas and points raised

2. Impacts Identified

2.1. Where you have identified a **positive** impact, for **communities or staff**, please outline how these can be enhanced and maintained **against each group identified**. Specific actions to be detailed in action plan below.

Guidance Notes*: By positive impact we mean, is there likely to be a noticeable improvement experienced by people sharing a characteristic?*

Race – Addressing areas such as improving the condition of housing in some of the most ethnically diverse communities in the Borough
Disability – Households with long term sick and disabled identified as a priority group in dedicated funding for improving energy efficiency in residential properties.
Age – qualifying criteria for energy grants for dedicated funding to improve energy efficiency in residential properties.
Pregnancy & maternity – co-benefits of improved air quality

2.2. Where you have identified a **negative** impact please explain the nature of this impact and why you feel the proposal may be negative. Outline what the consequences will be **against each group identified**. You will need to identify whether mitigation is available, what it is and how it could be implemented. Specific actions to be detailed in action plan below.

Guidance Notes*: By negative impact we mean is there likely to be a noticeable detrimental effect on people sharing a characteristic?*

2.3. Where you have identified a **neutral*** impact for any group, please explain why you have made this judgement. You need to be confident that you have provided a sufficient explanation to justify this judgement.

Guidance Notes*: By neutral impact we mean that there will be no noticeable impact on people sharing a characteristic*

Sex – No noticeable impact based on gender.
Sexual orientation – no noticeable impacts based on sexual orientation
Religion/ beliefs – no noticeable impacts based on someone's religious faith or beliefs
Gender reassignment – no noticeable impacts on individuals who choose to reassign gender.
Marriage/ civil partnership – no noticeable impact based on marriage or civil partnership.

3. Social & Health Impacts
3.1. If you have identified an impact on community cohesion[4]', tackling poverty[5] or health and wellbeing[6], please describe here what this may be and who or where you believe could be affected, **Please also ensure that you consider *any* possible impacts on Looked After Children.**
G*uidance Notes:* *Please use this section to describe the social and health impacts and detail any specific actions or mitigations in the action plan below.* **For advice & support from the Social Justice Unit click here** **For advice and support from the Public Health team click here**
Impact on community cohesion – everyone has a role to play in achieving net zero carbon. It is expected that more relationships in the community will be formed to initiate project development and delivery. Impact on tackling poverty – increased levels of insulation required to achieve net zero are expected to impact positively on the energy bills of house owners and tenants. Impact on health and wellbeing – many net zero actions have significant health co-benefits – like reduced car travel will result in improved air quality and related health outcomes. Increase levels of insulation will lead to improved thermal comforts and decrease respiratory and seasonal disease. More active travel will impact on physical activity and reduce obesity levels. More green infrastructure had high potential to improve mental health and further encourage physical activity.

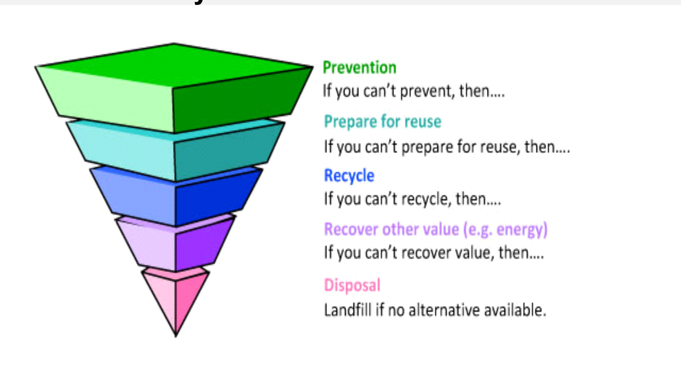
[4] is the proposal likely to have a noticeable effect on relations within and between specific section(s) of the community, neighbourhoods or areas.
[5] is the proposal likely to have a noticeable effect on households that are vulnerable to exclusion, e.g. due to poverty, low income and/or in areas of high deprivation
[6] Is the proposal likely to have a positive or negative impact on health inequalities, the physical or mental health and wellbeing of an individual or group, or on access to health and wellbeing services?

4. Environment Impacts

4.1. If you have identified any impacts related to the built and natural environment[7], low carbon[8] and waste minimisation please describe here what this may be and who or where you believe could be affected

Guidance Notes: *Is the proposal likely to impact on the waste hierarchy which includes issues shown in the table below:*

Waste Hierarchy



[**For advice and support from the Strategy & Sustainability Team click here**]

Impact on the quality of the natural and built environment
Impact on the low carbon agenda
Impact on the waste hierarchy

All the actions in the Net Zero Roadmap are aimed to have a positive impact on build environmental, low carbon agenda and reduction of waste.

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[7] Is the proposal likely to Impact on the built and natural environment covers issues such as heritage, parks and open space, cleanliness, design, biodiversity and pollution?
[8] Is the proposal likely to impact on low carbon includes issues such as use of energy, fuel and transport.

5. Economic Impacts
5.1. If you have identified any impacts related to Luton's economy and businesses [9], creating jobs[10] or improving skill levels [11], please describe here what this may be and who or where you believe could be affected
Guidance Notes: *Please use this section to describe the social impacts and detail any specific actions or mitigations in the action plan below. Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below.* **For advice and support on Economic Development click here**
Impact on Luton's economy and/or businesses Impact on jobs Impact on skills The Net Zero Roadmap is envisaged to bring about positive impacts on Luton's economy and skills as the green economy and skills levels develop. The impact on jobs overall is expected to be neutral, as some types of jobs related to carbon intensive activities are expected to be lost in the short term and transformed in the long term.

[9] Is the proposal likely to impact on Luton's economy and businesses for example by creating an opportunity to trade with the Council, support new business opportunities?
[10] Is the proposal likely to impact on the creation of new jobs in the local economy? This will also link to health and well-being and the reduction of poverty in the social box.
[11] There are significant skills gaps in Luton's economy. Is the proposal likely to create opportunities for up skilling the workforce or to create apprenticeships?

Impact Enhancement and Mitigation

Please detail all actions that will be taken to enhance and maintain positive impacts and to mitigate any negative impacts relating to this proposal in the table below:

Action	Deadline	Responsible Officer	Intended Outcome	Date Completed / Ongoing
Access to grants and assistance to low income homeowners	2040	Dylan Katuwawala/ Kat Wysocka	Improving homes for low income households	Ongoing
Ensuring that long-term disability and illness does not adversely affect a households access to home improvements	2040	Dylan Katuwawala / Kat Wysocka	Ensuring households with disadvantages and long-term sickness have access to funding and grant conditions to improve their homes.	Ongoing
Priority groups such as U16s and Over60s are supported to improve their homes	2040	Dylan Katuwawala / Kat Wysocka	To help households with U16s and O60s to stay warm and well in their homes and to improve health inequalities	Ongoing
Local Cycling and Walking Infrastructure Plan (LCWIP)	December 2022	Antony Swift	Improved active travel and addressing health and mobility inequalities	Ongoing

A review of the action plan will be prompted 6 months after the date of completion of this IIA.

Key Contacts

Name	Position

Next Steps

- All Executive Reports, where relevant, must have an IIA attached
- All report authors must complete the IIA section of Executive Reports (equalities, cohesion, inclusion, health, economic, business and environment)
- All reports are to be forwarded to the Social Justice Unit, Legal Department, Public Health and Strategy & Sustainability Unit for sign off in time for Executive deadline
- On the rare occasion that the Social Justice Unit are unable to sign off the report, e.g. recommendations are in breach of legislation, a statement will be submitted by Social Justice Unit Manager or Equality and Diversity Policy Manager

Completed and signed IIA's will be published on the internet once the democratic process is complete

Useful Documents

Corporate Plan

http://intranet/SupportServices/Document%20library/LBC-corporate-plan.pdf

Equality Charter

https://www.luton.gov.uk/Community_and_living/Lists/LutonDocuments/PDF/Social%20Justice/Equality%20Charter.pdf

Social Justice Framework

Joint Strategic Needs Assessment (JSNA)

Chris Haden

From: "LutonRising Future Luton" <FutureLuton@lutonrising.org.uk>
Date: Friday, May 26, 2023 12:13 PM
To: <[redacted]
Subject: Funding for the DCO

Dear Chris,

Thank you for your emails to Nick Prowse, our Interim Managing Director. Nick has passed these to me as I am coordinating our responses to queries regarding our application for a Development Consent Order. Please see our answers to your queries below.

In response to your comment about a Planning Performance Agreement (PPA) with host local authorities, PPAs are commonly used with large-scale planning applications due to the pressure they can put on local authority resources in discharging their statutory duties relating to such applications. The duties on local authorities in responding to a DCO application within its boundaries can be significant. In fulfilling their statutory obligations in this regard, such host authorities act on behalf of the citizens of their administrative areas.

Your request for Luton Rising to provide funds to groups opposing our proposals is, as you will of course understand, respectfully declined. We have invested heavily in preparing our application, a significant proportion of which has been in undertaking several large-scale consultations on our proposals to better understand the views of stakeholders. On each occasion we have taken on board feedback received and used that to inform the further development of our proposals as they have progressed.

An important aspect of the process is that the application must set out the negative aspects of the proposals and how these are to be mitigated as well as the benefits. The application has been checked by the Planning Inspectorate and found to be of a standard which is suitable to progress to examination in public.

That examination will be presided over by an independent Examining Authority appointed by the Planning Inspectorate. The Examining Authority will consist of a panel of five inspectors, all well versed in interrogating large-scale planning applications. It is their role to ensure that the examination is as robust and completely independent and they will consider all representations made, from all sides in determining the focus of the examination. It is the role of the Examining Authority to ensure that there is a fair, balanced and just discussion of the relative benefits and disbenefits of the application. They will ultimately make their recommendation(s) to the Secretary of State based on the Planning Balance (i.e. do the benefits outweigh the disbenefits of the application or not?).

At Luton Rising we welcome discussion and debate as we see this as a means both to explain why we take the view we do, but also to listen and learn from those who have different views to our own so that even where fundamental differences of view exist we can still strive to narrow the differences between us. As such I would encourage you to make your views known to the Planning Inspectorate by making a Relevant Representation, thereby ensuring that your views are put before the Examining Authority and informing the public debate to come through the examination process.

Chris Hall
Communications & Engagement Manager
For Luton Rising

From: Chris SLAE <[redacted]
Sent: 24 May 2023 22:28

To: Prowse, Nick (LutonRising) <[redacted]
Cc: Porter, Robin (Chief Exec) <[redacted]
Subject: Fw: Funding for the DCO

<CAUTION: This email came from an external source - only open links and attachments you are expecting>

Nick,

Hi, I thought I'd follow up on the email I sent earlier in May 2023 in case it didn't reach your mailbox for any reason. I'm sure that with £65 million of public money that Stop Luton Airport Expansion group could provide a fair, balanced and competent expert representation to oppose the expansion when the DCO application reaches the examination stage.

Many thanks

Chris Haden

From: Chris SLAE
Sent: Thursday, May 11, 2023 9:04 PM
To: [redacted]
Subject: Funding for the DCO

Nick,

With reports that up to £65 million of public money has been made available for Luton Rising to submit the Luton Airport Expansion DCO application to the Planning Inspectorate. I'd like to request that similar public funds are also made available to those Luton groups opposing expansion so that there is a fair, balanced and just competent expert representation when the application reaches the examination stage.

It is understood that hundreds of thousands of pounds of public money has been made available to other public authorities for Planning Performance Agreements.

Many thanks

Chris Haden

London Luton Airport Limited

Annual report and financial statements

for the year ended 31 March 2016

Registered number: 2020381

London Luton Airport Limited

Contents

London Luton Airport Limited

Strategic Report for the year ended 31 March 2016

The directors present their strategic report on the company for the year ended 31 March 2016.

Principal activities

The company's principal activities until August 1998 were the ownership, operation and management of London Luton Airport. In August 1998 the company granted a concession contract to an unrelated company, London Luton Airport Operations Limited ("LLAOL") to operate the airport on its behalf in return for a concession fee. The company continues to own the land, buildings and infrastructure at the airport.

Review of the business

LLAL's principal source of income continued to be the Concession Fee, The Concession Fee which is based on work-load units, each unit being one passenger or 100kg of freight. Growth in passenger numbers was particularly strong, reaching a number in excess of 12.8 million in the year to March 2016, an increase of some 19.9% over the previous year.

During the year LLAOL commenced the development works to increase the passenger capacity up to 18 million passengers per annum, and accelerated the pace of construction to meet demand.

The company continued to diversify its property investment portfolio by acquiring land at Century Park, Stirling Place and Vauxhall Road.

Principal risks and uncertainties

The key business risks and uncertainties for the company are considered to relate to fluctuations in passenger throughput, the key determinant of the concession income. Passenger numbers are subject to competition between airlines, airport operators, the selection of routes and destinations, and underlying passenger demand for air travel which can be influenced by the general economic environment and consumer confidence. There is a risk that the decision to leave the European Union may diminish passenger demand for leisure related air travel. The concessionaire is deemed to be in the best position to manage this risk by its contractual relationships with Airline operators.

Plans are currently being developed in the light of the UK's decision to leave the European Union; early indications are that the company's business plans remain deliverable, and no material change is expected in the company's prospects.

Review of business and future developments

At the financial year end the company's financial position was strong and its future prospects are good.

The company continues to operate profitably and will share in the future success of the airport via the concession fee receivable from LLAOL.

The company is likely to continue to diversify its property portfolio by acquiring suitable properties adjacent to or nearby the airport, where it can be shown that these not only have a long-term strategic value to the company but are also capable of making a reasonable return on investment in the short to medium-term.

Much of the company's landholdings now form part of the London Luton Airport Enterprise Zone, announced by the former Chancellor of the Exchequer, the Rt. Hon. George Osborne MP, in November 2015.

In April 2016, the Chair of the Board announced that LLAL had authorised the start of the procurement process for a mass passenger transit system to provide a fast, frequent and efficient transfer from London Luton Airport Parkway station to the central terminal area. The £200m construction is expected to begin mid-2017, and the system be fully operational by the end of 2020

Key performance indicators (KPI's)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not currently necessary for an understanding of the development, performance or position of the business.

Strategic report for the year ended 31 March 2016 (continued)

Financial risk management

The company does not have any external financial relationships with banks or finance houses. The debenture loans to the company are from Luton Borough Council, the shareholder, and are held at fair value at inception. No repayments are scheduled until the end of the concession period. It is not, therefore, exposed to any financial risks resulting from changes in debt market prices, credit risk, and liquidity risk.The company does not use finance derivatives and as such no hedge accounting is required.

Price risk

The company is not currently exposed to commodity price risk as a result of its operations.

Credit risk

The company is only exposed to credit risk in respect of London Luton Airport Operations Limited who pays a concession fee to the company on a quarterly basis in arrears. LLAOL is bound by an open book policy with the company and therefore its internal auditors have access to monitor performance and viability. An annual internal audit is undertaken to ensure that the liquidity and financial position of LLAOL is sufficient to meet its obligations under the concession agreement. The company utilises the facilities of its parent, Luton Borough Council, in ensuring minimal risk with its cash and investments.

Liquidity risk

The company receives its concession income at four agreed dates on a quarterly basis. It actively manages its short term investments and cash holdings to ensure sufficient funds are available for its activities.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a fixed rate. The company maintains it debt at a mixture of fixed and variable rates reducing exposure to fluctuating interest rates. The directors will revisit the appropriateness of this and determine a policy should the company's operations change in size or nature.

By order of the Board

[redacted]

For the Company Secretary, Luton Borough Council

1st August 2016

London Luton Airport Limited

Directors' report for the year ended 31 March 2016

The directors present their report and the audited financial statements for the year ended 31st March 2016.

Future developments

Future developments for the company are set out in the Strategic report.

Results and dividends

The company's profit for the financial year is £29.7 m (2015: £65.4m). The company's distributable profit, excluding fair value adjustments on investment properties, is £8.9m (2015: £12.7m)The members at a General Meeting held on 31st March 2016 approved a dividend for the financial year of 13.39 pence per ordinary share (amounting to £6m), this being the total dividend payable for the year (2015: 2.79p, £1.25m).

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

M Ashraf	(resigned 17th May 2016)
I Chowdhury	
D Franks	
F Green	(appointed 17th May 2016)
T Khan	
A Malcolm	Chairman
J Rowlands	
A Skepelhorn	
J Taylor	
J Young	

Lord McKenzie of Luton and Dr Romano Pagliari of Cranfield University attend Board meetings in an advisory capacity. They are not Directors of the company and have no voting rights.

Employees

The company has no employees (2015: nil). Services to London Luton Airport Limited are carried out by employees of Luton Borough Council and the company is charged for these as set out in note 7.

Corporate Social Responsibility

The year ended 31st March 2016 saw the continuation of the company's Community Funding Policy, which sets out the ways in which the company will contribute to the social, environmental and economic wellbeing of the communities surrounding London Luton Airport. Details of the Community Funding Policy are available on the company's website at llal.org.uk.

Financial Risk Management

This has been documented within the Strategic Report at page 1.

London Luton Airport Limited

Directors' report for the year ended 31 March 2016(continued)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

London Luton Airport Limited

Directors' report for the year ended 31 March 2016 (continued)

Charitable donations

The company has, through its Community Funding Programme, made donations during the financial year amounting to £14.823m (2015: £13.029m) to local charitable organisations based or operating in Luton and the surrounding area. Payments are analysed across the seven Funding Themes of the Programme as follows:

	2016 £000	2015 £000
Children, Families & Young People	4,087	2,895
Citizen Enablement	945	659
Community Involvement	940	340
Community Safety	626	706
Environment & Economy	236	186
Health &Wellbeing	1,304	1,367
Leisure & Culture	6,685	6,876
	14,823	13,029

Independent Auditors

PricewaterhouseCoopers LLP have acted as auditors to the company in the financial year and will be reappointed automatically as the company passed an elective resolution to that effect at its Annual General Meeting on 10 June 2006.

By order of the Board

[redacted]

M Turner
For the Company Secretary, Luton Borough Council

1st August 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON LUTON AIRPORT LIMITED

Report on the financial statements

Our opinion

In our opinion, London Luton Airport Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2016;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

.Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

[redacted]

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

2 August 2016

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London Luton Airport Limited

Profit and loss account
for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Turnover	6	**34,878**	29,902
Administrative expenses		**(20,201)**	(16,861)
Change in fair value of investment properties		**19,438**	65,000
Operating profit	7	**34,115**	78,041
Interest receivable and similar income	9	**92**	87
Interest payable and similar charges	10	**(3,266)**	(2,033)
Profit on ordinary activities before taxation		**30,941**	76,095
Tax on profit on ordinary activities	11	**(1,202)**	(10,652)
Profit for the financial year		**29,739**	65,443

London Luton Airport Limited

Statement of comprehensive income for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Profit for the financial year		**29,739**	65,443
Re-measurements of net defined benefit obligation	22	**174**	(9)
Current tax deductions relating to net defined benefit obligation		**(34)**	2
Impact of change in tax rates		**6**	-
Total comprehensive income for the financial year		**29,885**	65,436

London Luton Airport Limited

Balance sheet
as at 31 March 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Investment properties	13	**519,525**	482,014
Current assets			
Debtors	14	**5,580**	5,487
Cash and cash equivalents		**12,404**	11,959
Total current assets		**17,984**	17,446
Creditors: amounts falling due within one year	15	**(9,150)**	(8,235)
Net current assets/(liabilities)		**8,834**	9,211
Total assets less current liabilities		**528,359**	491,225
Creditors: amounts falling due after more than one year	16	**(42,921)**	(27,921)
Provisions – deferred tax liability	18	**(52,806)**	(54,298)
Net assets excluding pension deficit		**432,632**	409,006
Pension deficit	22	**(2,087)**	(2,346)
Net assets including pension deficit		**430,545**	406,660
Capital and reserves			
Called up share capital	19	**44,837**	44,837
Retained earnings	20	**385,708**	361,823
Total shareholders' funds		**430,545**	406,660

The financial statements on pages 9 to 27 were approved by the Board of Directors on 1st August 2016 and were signed on its behalf by:

[redacted]

A Malcolm, Director

1st August 2016

Registered Number 2020381

London Luton Airport Limited

Statement of changes in equity for the year ended 31 March 2016

	Called-up Share Capital £'000	Retained Earnings £'000	Total £'000
Balance at 1 April 2014	44,837	297,637	342,474
Profit for the financial year		65,443	65,443
Other comprehensive income for the financial year		(7)	(7)
Total comprehensive income for the financial year		**65,436**	**65,436**
Total transactions with owners - dividends		(1,250)	(1,250)
Balance at 31 March 2015	44,837	361,823	406,660
Balance at 1 April 2015	44,837	361,823	406,660
Profit for the financial year		29,739	29,739
Other comprehensive income		146	146
Total comprehensive income for the financial year		**29,885**	**29,885**
Total transactions with owners - dividends		(6,000)	(6,000)
Closing shareholders' funds at 31 March 2016	**44,837**	**385,708**	**430,545**

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2016

1. General Information

London Luton Airport Limited ("the company") is the owner of London Luton Airport, together with a number of other investment properties and parcels of land. The company operates entirely in the UK. The airport is leased to London Luton Airport Operation Limited ("LLAOL") as set out in note 5.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Hart House Business Centre, Kimpton Road, Luton, LU2 0LA.

2. Statement of Compliance

The individual financial statements of London Luton Airport Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

Basis of Accounting Policy

The accounting policies have been applied consistently other than where new policies have been adopted.

Accounting convention

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemptions, under FRS 102 paragraph 1.12, from preparing a statement of cash flows, from disclosing the compensation of key management personnel, and the disclosure of related party transactions, on the basis that it is a qualifying entity and its ultimate parent company, Luton Borough Council, includes these statements in its own consolidated financial statements.

Turnover

Turnover relating to concession income is recognised in line the the concession contract, see note 5 for further details. Other property income represents amounts falling due under rental agreements.

Leased assets

As a lessee rental costs under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Financial Instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from banks and other third parties.

(i) Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest, and thereafter measured at amortised cost.

These are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Accounting policies (continued)

Pension costs

Certain employees of the airport business prior to the granting of the Concession Contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme in respect of former employees' entitlement to pension augmentations arising on redundancy.

This provision has been assessed in accordance with the advice of an independent actuary using the following principal assumptions.

	% pa
Pensions increase rate	2.1
Discount rate	3.4

A formal actuarial valuation is carried out by the administering authority, Bedford Borough Council, and is due every 3 years. The most recent formal actuarial valuation was at 31 March 2010. The results of this valuation have been projected forward by the authority's advisers to 31 March 2016 and reflected in these financial statements. The scheme is a defined benefits scheme.

Investment properties

The company includes investment properties at their fair value at the balance sheet date on the basis of the external valuer's valuation. Any gains or losses through the change in fair value are recorded through the income statement.

Given the rapid growth in passenger numbers at the airport over the past two years, and the acquisition by the company of a number of strategic property assets adjacent to or connected with the airport, the Board has commissioned a full valuation as at 31st March 2016.

4. Critical accounting judgements and estimation uncertainty

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain former employees now employed by LLAOL. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 22 for the disclosures relating to the defined benefit pension scheme.

Investments

The valuation, undertaken by Deloitte LLP, took into account forecast future cash flows based primarily on passenger growth and was discounted using a discount rate of 10.75% being an estimate of the company's long term weighted average cost of capital. The DCF analysis assumes a reversionary value of the airport at the expiry of the concession on 31st March 2031. The valuation was made in accordance with the RICS Appraisal and Valuation Manual.

5. Concession contract

On 20 August 1998 ('the concession date') the company entered into a concession contract with an unrelated entity, London Luton Airport Operations Limited ("LLAOL").

Under the terms of this contract LLAOL was granted a concession to operate the airport for a period of 30 years ('the concession period') and a lease over the company's land and buildings. In return LLAOL undertook to pay an annual concession fee to the company comprising of £3 million as a minimum fixed payment or a greater amount based on workload units (being each departing and arriving passenger and each 100 tonnes of freight) as prescribed in the concession agreement and, subject to the continuing growth of passenger numbers, fund an extensive capital investment programme. At the end of the concession period the assets, liabilities and operations of the airport revert to the ownership and use of the company.

In August 2012 a supplemental agreement to the concession contract was reached between LLAL and LLAOL. This agreement commits the operators to undertake a significant programme of development works to increase the Airport's capacity to handle throughput of up to 18 million passengers per year, in return for an extension of the Concession Period to March 31st 2031. The concession agreement was further amended in January 2014 to provide for a scheme to rebate the Concession Fee Rate payable by the airport operator in certain circumstances, in order to encourage passenger growth.

At the concession date the trading assets and liabilities of the company were transferred to LLAOL at book value. No profit or loss arose on the transfer of these assets and liabilities. The employees of the company were also transferred to LLAOL.

As the company no longer operates the airport itself, the land and buildings have become investment properties. At the instruction of London Luton Airport Limited, Deloitte LLP have valued the freehold interest in London Luton

Airport as at 31 March 2016. The next valuation is due to be undertaken as at 31 March 2020; it has, however, been agreed that, given the rate at which passenger numbers are currently growing, and the other developments currently being carried out by the company, the valuation will be reviewed annually in the intervening periods to ensure the investment properties are reflected at fair value.

6. Turnover

	2016	2015
	£'000	£'000
Concession Income	34,355	29,574
Other Property Income	523	328
Total Investment income	34,878	29,902

All turnover is generated and originates in the United Kingdom. The future minimum rental amounts are £3,000,000 per annum.

7. Operating profit

	2016	2015
	£'000	£'000
Operating profit is stated after the following amounts have been charged:		
Operating leases - land and buildings	1,950	1,950
Charge for enhanced pension payments	167	172
Charitable donations	14,823	13,029
Auditors' remuneration:		
Audit services	33	30
Non-audit services – tax	24	80

The shareholder, Luton Borough Council, provides professional services to the company. Charges to the company for these services amounted to £634,860 (2015: £617,740) and are on commercial terms. £1,924,547 (2015: £1,924,547) of the operating lease charge for a car park on the airport premises is with Luton Borough Council on commercial terms. Luton Borough Council is the company's controlling party by virtue of its majority shareholding.

Notes to the financial statements for the year ended 31 March 2016 (continued)

8. Directors' emoluments

Directors' emoluments for the financial year amounted to £nil (2015: £nil). All of the directors are council members and therefore do not qualify for remuneration.

9. Interest receivable and similar income

	2016	2015
	£'000	£'000
Interest receivable	92	87

10. Interest payable and similar charges

	2016	2015
	£'000	£'000
Interest on debenture loans - repayable after more than 5 years (note 16)	(3,266)	(2,033)

11. Tax on profit on ordinary activities

	2016	2015
	£'000	£'000
Current tax		
United Kingdom corporation tax on profits of the financial year	2,617	2,427
Adjustments in respect of prior years	5	(4,446)
	2,622	(2,019)
Deferred tax :		
Origination and reversing of timing differences	4,395	13,278
Adjustments in respect of prior years	2	24
Change in tax rates	(5,817)	(632)
	(1,420)	12,671
Total tax charge on profit on ordinary activities	1,202	10,652

11. Tax on profit on ordinary activities (continued)

The tax assessed for the financial year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	**30,941**	76,095
Profit on ordinary activities multiplied by standard rate in the UK of 20% (2014: 21%)	**6,158**	15,980
Effects of:		
Expenses non-deductible for tax purposes	**401**	134
Income not taxable	-	(22)
Deferred tax not recognised	**1,128**	-
Indexation on revalued properties	**(625)**	(385)
Adjustments in respect of prior years	**7**	(4,423)
Tax rate changes		(632)
	(5,867)	
Total tax charge	**1,202**	10,652

Factors that may affect future tax rate

Changes to the UK Corporation tax rates were substantially enacted as part of the Finance Bill 2013 on 2nd July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. It has been announced that the rate of corporation tax will reduce to 19% from 1 April 2017 and reduce again to 18% from 1 April 2020.These changes in rates were substantively enacted on 18 November 2015 when they received royal assent and so 18% has been applied to the company's timing differences in calculating the deferred tax balances at the end of the year.

12. Dividends

	2016 £'000	2015 £'000
On ordinary equity shares		
Approved 31 March 2016: 13.39p (2015: 2.79p) per share	**6,000**	1,250

Notes to the financial statements for the year ended 31 March 2016 (continued)

13. Investment properties

Fixed asset investments	Airport £'000	Other Properties £'000	Total £'000
Balance at 1 April 2015	475,000	7,014	482,014
Acquisitions in the year		18,073	18,073
Fair value adjustments	25,000	(5,562)	19,438
Balance at 31st March	**500,000**	**19,525**	**519,525**

The interest in investment property has been valued in accordance with the circumstances and principles set out in note 3.

The "Other Properties" category includes an addition of £17,904,000 representing the acquisition of land at Century Park, Stirling Place and Vauxhall Road during the year. The fair value adjustment charge recognised relates primarily to Stirling Place, a brownfield site adjacent to Luton Airport Parkway. The motivation for the purchase of the site was its suitability as the hub of the proposed mass passenger transport system for which the planning application is due to be submitted shortly. However, given the inherent planning risk, Stirling Place has been valued at its current open market value, which has resulted in a significant impairment charge being recognised.

14. Debtors

	2016	2015
	£'000	£'000
Deferred tax (note 17)	392	493
Prepayments and accrued income	5,188	4,994
	5,580	5,487

15. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Corporation tax	1,532	2,819
Other taxation and social security payable	955	682
Dividends	6,000	4,250
Other creditors	663	484
	9,150	8,235

16. Creditors: amounts falling due after more than one year

	2016	2015
Debenture loans. Maturity loans non-instalment	£'000	£'000
Debenture loan 1 – interest fixed at 12%	3,153	3,153
Debenture loans 2,3, and 6 – interest at 4% over three months LIBOR	8,878	8,878
Debenture loan 4 – interest 4% over six months LIBOR	1,788	1,788
Debenture loan 5 – interest fixed at 12.125%	3,102	3,102
Debenture loan 7 – interest at 7.58% over three months LIBOR	11,000	11,000
Debenture loan 8 – interest fixed at 11.5%	12,000	-
Debenture loan 9 – interest fixed at 11.5%	3,000	-
	42,921	27,921

The debenture loans are from Luton Borough Council, the shareholder. The repayment in full in a single payment of the principal in respect of debenture loans 1 to 6 is scheduled for 28th March 2028 and of debenture loans 7 to 9 for 1st April 2031. The debentures are secured on the total assets of the company.

17. Deferred tax asset

The deferred tax asset represents the following:

	2016	2015
	£'000	£'000
Owned fixed assets realised through use	2	8
Short term timing differences	14	16
Deferred tax in relation to pensions liability	376	469
Deferred tax asset at 31 March	392	493

Deferred tax at 1 April	493	26
Deferred tax charge in the profit and loss account	(101)	(2)
Deferred tax asset at 31 March	392	24

18. Provisions - deferred tax liability

The deferred tax liability arises wholly in relation to investment properties.

	2016	2015
	£'000	£'000
Balance at 1 April	**54,298**	41,665
Deferred tax in respect of fair value adjustments in year	**4,375**	13,265
Change in tax rate	**(5,867)**	(632)
Balance at 31 March	**52,806**	54,298

19. Called up share capital

	2016	2015
	£'000	£'000
60,000,000 (2015: 60,000,000)Authorised ordinary shares £1 each	**60,000**	60,000
44,837,002 (2015: 44,837,002) Allotted and fully paid	**44,837**	44,837

20. Retained earnings

	Distributable	Non-distributable	Total
	£'000	£'000	£'000
Balance at 1 April 2015	14,125	347,698	361,823
Total comprehensive income	9,027	20,858	29,885
Dividends payable	(6,000)		(6,000)
Balance at 31 March 2016	**17,006**	**368,556**	**385,708**

Included within the non-distributable total comprehensive income for the year are £19,438,000 of fair value adjustments, and £1,420,000 of deferred tax liability adjustments.

21. Operating lease commitments and contingencies

At 31 March 2016 the company was committed to making the following total payments in respect of operating leases relating to land and buildings.

	2016	2015
	£'000	£'000
Leases which expire after five years	1,950	1,950

22. Pension commitments

Certain employees of the airport business prior to the granting of the concession contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme (LGPS) in respect of former employees' entitlement to pension augmentations arising on redundancy. The LGPS is a defined benefit statutory scheme. The cost charged to the company is based on the actual cost attributable to the former employees.

a) Defined benefit scheme

An actuarial valuation of the Bedfordshire Pension Fund for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 using the projected unit basis, by Hymans Robertson LLP, independent consulting actuaries. The results of this valuation have been projected forward to 31 March 2016 by Hymans Robertson LLP. The major assumptions used by the actuary were:

	2016	2015
	%	%
Pension increase rate	2.1	2.1
Discount rate	3.4	3.1

The mortality assumptions used were as follows:

	2016	2015
	years	years
Longevity at age 65 for current pensioners:		
– Men	22.4	22.4
– Women	24.3	24.3

22. Pension commitments (continued)

a) Defined benefit scheme (continued)

	2016 £'000	2015 £'000
Present value of scheme liabilities	(2,087)	(2,346)

b) Reconciliation of present value of scheme liabilities

	2016 £'000	2015 £'000
At 1 April	2,346	2,406
Interest cost	70	95
Unfunded benefits paid	(155)	(164)
Re-measurements of net defined benefit obligation	(174)	9
At 31 March	2,087	2,346

23. Parent entity and ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Luton Borough Council. Luton Borough Council is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2016. The consolidated financial statements of Luton Borough Council are available from Town Hall, George Street, Luton, LU1 2BQ.

24. Transition to FRS 102

This is the first year that the company has presented its results under FRS102. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

Profit for the financial year	Note	2015 £'000	
UK GAAP – as previously reported			13,076
Fair value adjustments to investment property	A	65,000	
Total adjustment to profit before tax for the financial year			65,000
Deferred tax impact of fair value adjustments	B	(13,265)	
Change in tax rates	B	632	
Total adjustment to tax expense			(12,633)
Total adjustment to profit for the year			52,637
FRS 102			65,443
Other comprehensive income		**2015 £'000**	
UK GAAP – as previously reported			64,993
Revaluation of investment property	A		(65,000)
FRS102			(7)
Total equity		**01-Apr-14 £'000**	**31-Mar-15 £'000**
UK GAAP – as previously reported		384,139	460,958
Deferred tax impact of fair value adjustments	B	(41,665)	(54,298)
FRS102		342,474	406,660

There have also been changes in the presentation of balance sheet items as follows:

Balance sheet as at 31 March 2015	Note	As previously reported £'000	Effect of transition £'000	FRS 102 (restated) £'000
Cash at bank and in hand	C	9,889	2,070	11,959
Investments	C	2,070	(2,070)	0
Deferred tax	D	24	469	493
Pension deficit	D	(1,877)	(469)	(2,346)

A. The treatment of revaluation gains on freehold investment property has changed in the transition between UK GAAP and FRS 102, this has had the effect of increasing the profit for the financial year by £65,000,000 for the year to 31 March 2015.

B. The treatment of deferred tax has changed in the transition between UK GAAP and FRS 102. The net assets of the company were reduced by £41,665,000 at 1 April 2014 as a result of this change in treatment and this has also had the effect of decreasing the profit for the financial year by £12,633,000 for the year to 31 March 2015, offsetting the increase described in note A above.

C. Items previously classified as 'Current investments' have been included as 'Cash and cash equivalents' at 31 March 2015 in the transition between UK GAAP and FRS 102. The total value of these items is £2,070,000

D. Due to the change in the treatment of deferred tax in the transition between UK GAAP and FRS 102, the deferred tax asset associated with the pension deficit has been included as part of a separate deferred tax asset, whereas it was previously disclosed within the pension deficit. The total value of this item is £469,000

25. Post balance sheet event – EU Referendum

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy and real estate markets, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities, including investment property, reported at the balance sheet date of 31 March 2016.

Prior to the balance sheet date the company has appointed Arup to carry out the detailed design, leading into a planning application and a procurement process for the build contract. The cost of the contract is estimated at £2,000,000.

Additionally the company has also appointed Capita to advise on the development of Stirling Place at an estimated cost of £1,000,000.

London Luton Airport Limited

Annual report and financial statements

for the year ended 31 March 2017

Registered in England & Wales No.: 2020381

London Luton Airport Limited

Contents

London Luton Airport Limited

Strategic Report for the year ended 31 March 2017

The directors present their strategic report on the company for the year ended 31 March 2017.

Principal activities

The company's principal activities until August 1998 were the ownership, operation and management of London Luton Airport. In August 1998 the company granted a concession contract to an unrelated company, London Luton Airport Operations Limited ("LLAOL") to operate the airport on its behalf in return for a concession fee. The company continues to own the land, buildings and infrastructure at the airport.

Review of the business

LLAL's principal source of income continued to be the Concession Fee, The Concession Fee which is based on work-load units, each unit being one passenger or 100kg of freight. Growth in passenger numbers was particularly strong, reaching a number in excess of 15 million in the year to March 2017, an increase of some 17.2% over the previous year.

During the year LLAOL commenced the development works to increase the passenger capacity up to 18 million passengers per annum, and accelerated the pace of construction to meet demand.

Principal risks and uncertainties

The key business risks and uncertainties for the company are considered to relate to fluctuations in passenger throughput, the key determinant of the concession income. Passenger numbers are subject to competition between airlines, airport operators, the selection of routes and destinations, and underlying passenger demand for air travel which can be influenced by the general economic environment and consumer confidence. There is a risk that the decision to leave the European Union may diminish passenger demand for leisure related air travel. The concessionaire is deemed to be in the best position to manage this risk by its contractual relationships with Airline operators.

Plans are currently being developed in the light of the UK's decision to leave the European Union; early indications are that the company's business plans remain deliverable, and no material change is expected in the company's prospects.

Review of business and future developments

At the financial year end the company's financial position was strong and its future prospects are good.

The company continues to operate profitably and will share in the future success of the airport via the concession fee receivable from LLAOL.

The company is likely to continue to diversify its property portfolio by acquiring suitable properties adjacent to or nearby the airport, where it can be shown that these not only have a long-term strategic value to the company but are also capable of making a reasonable return on investment in the short to medium-term.

Much of the company's landholdings now form part of the London Luton Airport Enterprise Zone, announced by the former Chancellor of the Exchequer, the Rt. Hon. George Osborne MP, in November 2015.

In February 2017, LLAL submitted an application for planning consent for a mass passenger transit system to provide a fast, frequent and efficient transfer from London Luton Airport Parkway station to the central terminal area. The £225m construction is expected to begin late 2017, and the system to be fully operational by the first quarter of 2021.

Key performance indicators (KPI's)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not currently necessary for an understanding of the development, performance or position of the business.

Strategic report for the year ended 31 March 2017 (continued)

Financial risk management

The company does not have any external financial relationships with banks or finance houses. The debenture loans to the company are from Luton Borough Council, the shareholder, and are held at fair value at inception. No repayments are scheduled until the end of the concession period. It is not, therefore, exposed to any financial risks resulting from changes in debt market prices, credit risk, and liquidity risk. The company does not use finance derivatives and as such no hedge accounting is required.

Price risk

The company is not currently exposed to commodity price risk as a result of its operations.

Credit risk

The company is only exposed to credit risk in respect of London Luton Airport Operations Limited who pays a concession fee to the company on a quarterly basis in arrears. LLAOL is bound by an open book policy with the company and therefore its internal auditors have access to monitor performance and viability. An annual internal audit is undertaken to ensure that the liquidity and financial position of LLAOL is sufficient to meet its obligations under the concession agreement. The company utilises the facilities of its parent, Luton Borough Council, in ensuring minimal risk with its cash and investments.

Liquidity risk

The company receives its concession income at four agreed dates on a quarterly basis. It actively manages its short term investments and cash holdings to ensure sufficient funds are available for its activities.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a fixed rate. The company maintains it debt at a mixture of fixed and variable rates reducing exposure to fluctuating interest rates. The directors will revisit the appropriateness of this and determine a policy should the company's operations change in size or nature.

By order of the Board

[redacted]

M Turner
For the Company Secretary, Luton Borough Council

31st July 2017

London Luton Airport Limited

Directors' report for the year ended 31 March 2017

The directors present their report and the audited financial statements for the year ended 31st March 2017.

Future developments

Future developments for the company are set out in the Strategic report.

Results and dividends

The company's profit for the financial year is £46.9m (2016: £29.7m). The company's distributable profit for the year, excluding fair value adjustments on investment properties, is £16.2m (2016: £8.9m). The members at a General Meeting held on 30th March 2017 approved a dividend for the financial year of 39.72 pence per ordinary share (amounting to £17.8m), this being the total dividend payable for the year (2016: 13.39p, £6m).

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

W Akbar	(Appointed 16 May 2017)
M Ashraf	(Resigned 17 May 2016)
I Chowdhury	(Resigned 16 May 2017)
D Franks	
F Green	(Appointed 17 May 2016; resigned 18 April 2017)
T Khan	
A Malcolm	Chairman
A O'Callaghan	(Appointed 16 May 2017)
J Rowlands	
A Skepelhorn	
J Taylor	
J Young	

Lord McKenzie of Luton and Dr Romano Pagliari of Cranfield University attend Board meetings in an advisory capacity. They are not Directors of the company and have no voting rights.

Employees

The company has no employees (2016: nil). Services to London Luton Airport Limited are carried out by employees of Luton Borough Council and the company is charged for these as set out in note 7.

Corporate Social Responsibility

The year ended 31st March 2017 saw the continuation of the company's Community Funding Policy, which sets out the ways in which the company will contribute to the social, environmental and economic wellbeing of the communities surrounding London Luton Airport. Details of the Community Funding Policy are available on the company's website at llal.org.uk.

Financial Risk Management

This has been documented within the Strategic Report at page 2.

Directors' report for the year ended 31 March 2017 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Disclosure of information to auditors

The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report for the year ended 31 March 2017 (continued)

Charitable donations

The company has, through its Community Funding Programme, made donations during the financial year amounting to £10.326m (2016: £14.823m) to local charitable organisations based or operating in Luton and the surrounding area. Payments are analysed across the seven Funding Themes of the Programme as follows:

	2017 £000	2016 £000
Children, Families & Young People	**2,219**	4,087
Citizen Enablement	**783**	945
Community Involvement	**829**	940
Community Safety	**578**	626
Environment & Economy	**217**	236
Health & Wellbeing	**929**	1,304
Leisure & Culture	**4,771**	6,685
	10,326	14,823

Independent Auditors

PricewaterhouseCoopers LLP have acted as auditors to the company in the financial year and will be reappointed automatically as the company passed an elective resolution to that effect at its Annual General Meeting on 10 June 2006.

By order of the Board

[redacted]

M Turner
For the Company Secretary, Luton Borough Council

31st July 2017

Independent auditors' report to the members of London Luton Airport Limited

Report on the financial statements

Our opinion

In our opinion, London Luton Airport Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2017;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

London Luton Airport Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

[redacted]

Deshan Karunaratne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

I August 2017

London Luton Airport Limited

Profit and loss account
for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover	6	**41,467**	34,878
Administrative expenses		**(17,253)**	(20,201)
Change in fair value of investment properties		**32,176**	19,438
Operating profit	7	**56,390**	34,115
Interest receivable and similar income	9	**96**	92
Interest payable and similar expense	10	**(3,883)**	(3,266)
Profit before taxation		**52,603**	30,941
Tax on profit	11	**(5,676)**	(1,202)
Profit for the financial year		**46,927**	29,739

London Luton Airport Limited

Statement of comprehensive income for the year ended 31 March 2017

	Note	**2017 £'000**	2016 £'000
Profit for the financial year		**46,927**	29,739
Re-measurements of net defined benefit obligation	22	**(152)**	174
Current tax deductions relating to net defined benefit obligation		**29**	(34)
Impact of change in tax rates		**-**	6
Total comprehensive income for the financial year		**46,804**	29,885

London Luton Airport Limited

Balance sheet
as at 31 March 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investment properties	13	**559,187**	519,525
Current assets			
Debtors	14	**7,064**	5,580
Cash and cash equivalents		**20,146**	12,404
Total current assets		**27,210**	17,984
Creditors: amounts falling due within one year	15	**(22,522)**	(9,150)
Net current assets		**4,688**	8,834
Total assets less current liabilities		**563,875**	528,359
Creditors: amounts falling due after more than one year	16	**(47,921)**	(42,921)
Provisions for liabilities	18	**(54,252)**	(52,806)
Net assets excluding pension deficit		**461,702**	432,632
Pension deficit	22	**(2,153)**	(2,087)
Net assets including pension deficit		**459,549**	430,545
Capital and reserves			
Called up share capital	19	**44,837**	44,837
Retained earnings	20	**414,712**	385,708
Total shareholders' funds		**459,549**	430,545

The financial statements on pages 9 to 26 were approved by the Board of Directors on 31st July 2017 and were signed on its behalf by:

[redacted]

A Malcolm, Director

31st July 2017

Registered Number 2020381

London Luton Airport Limited

Statement of changes in equity for the year ended 31 March 2017

	Called-up Share Capital £'000	Retained Earnings £'000	Total Shareholders' Funds £'000
Balance at 1 April 2015	44,837	361,823	406,660
Profit for the financial year		29,739	29,739
Other comprehensive income for the financial year		146	146
Total comprehensive income for the financial year		**29,885**	**29,885**
Total transactions with owners - dividends		(6,000)	(6,000)
Balance at 31 March 2016	44,837	385,708	430,545
Balance at 1 April 2016	44,837	385,708	430,545
Profit for the financial year		46,927	46,927
Other comprehensive income		(123)	(123)
Total comprehensive income for the financial year		**46,804**	**46,804**
Total transactions with owners - dividends		(17,800)	(17,800)
Closing shareholders' funds at 31 March 2017	**44,837**	**414,712**	**459,549**

Notes to the financial statements for the year ended 31 March 2017

1. General Information

London Luton Airport Limited ("the company") is the owner of London Luton Airport, together with a number of other investment properties and parcels of land. The company operates entirely in the UK. The airport is leased to London Luton Airport Operation Limited ("LLAOL") as set out in note 5.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Hart House Business Centre, Kimpton Road, Luton, LU2 0LA.

2. Statement of Compliance

The individual financial statements of London Luton Airport Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

Basis of Accounting Policy

The accounting policies have been applied consistently other than where new policies have been adopted.

Accounting convention

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemptions, under FRS 102 paragraph 1.12, from preparing a statement of cash flows, from disclosing the compensation of key management personnel, and the disclosure of related party transactions, on the basis that it is a qualifying entity and its ultimate parent company, Luton Borough Council, includes these statements in its own consolidated financial statements.

Turnover

Turnover relating to concession income is recognised in line with the concession contract, see note 5 for further details. Other property income represents amounts falling due under rental agreements.

Leased assets

As a lessee rental costs under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

Notes to the financial statements
for the year ended 31 March 2017 (continued)

Accounting Policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Financial Instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from banks and other third parties.

(i) Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest, and thereafter measured at amortised cost.

These are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

Notes to the financial statements for the year ended 31 March 2017 (continued)

Accounting policies (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Pension costs

Certain employees of the airport business prior to the granting of the Concession Contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme in respect of former employees' entitlement to pension augmentations arising on redundancy.

This provision has been assessed in accordance with the advice of an independent actuary using the following principal assumptions.

	% pa
Pensions increase rate	2.4
Discount rate	2.5

An actuarial valuation for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 by Hymans Robertson LLP on the instructions of the then administering authority, Bedfordshire County Council. The results of this valuation have been projected forward to 31 March 2017 by Hymans Robertson LLP on the instruction of the current administering authority, Bedford Borough Council, and reflected in these financial statements. The scheme is a defined benefits scheme.

Investment properties

The company includes investment properties at their fair value at the balance sheet date on the basis of the external valuer's valuation. Any gains or losses through the change in fair value are recorded through the income statement.

Given the rapid growth in passenger numbers at the airport over the past two years, and the acquisition by the company of a number of strategic property assets adjacent to or connected with the airport, the Board commissioned a full valuation as at 31st March 2016, and this has been reviewed and updated at 31st March 2017.

4. Critical accounting judgements and estimation uncertainty

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain former employees now employed by LLAOL. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 22 for the disclosures relating to the defined benefit pension scheme.

Investments

The valuation, undertaken by Deloitte LLP, took into account forecast future cash flows based primarily on passenger growth and was discounted using a discount rate of 11.5% being an estimate of the company's long term weighted average cost of capital. The DCF analysis assumes a reversionary value of the airport at the expiry of the concession on 31st March 2031. The valuation was made in accordance with the RICS Appraisal and Valuation Manual.

5. Concession contract

On 20 August 1998 ('the concession date') the company entered into a concession contract with an unrelated entity, London Luton Airport Operations Limited ("LLAOL").

Under the terms of this contract LLAOL was granted a concession to operate the airport for a period of 30 years ('the concession period') and a lease over the company's land and buildings. In return LLAOL undertook to pay an annual concession fee to the company comprising of £3 million as a minimum fixed payment or a greater amount based on workload units (being each departing and arriving passenger and each 100 tonnes of freight) as prescribed in the concession agreement and, subject to the continuing growth of passenger numbers, fund an extensive capital investment programme. At the end of the concession period the assets, liabilities and operations of the airport revert to the ownership and use of the company.

In August 2012 a supplemental agreement to the concession contract was reached between LLAL and LLAOL. This agreement commits the operators to undertake a significant programme of development works to increase the Airport's capacity to handle throughput of up to 18 million passengers per year, in return for an extension of the Concession Period to March 31st 2031. The concession agreement was further amended in January 2014 to provide for a scheme to rebate the Concession Fee Rate payable by the airport operator in certain circumstances, in order to encourage passenger growth.

At the concession date the trading assets and liabilities of the company were transferred to LLAOL at book value. No profit or loss arose on the transfer of these assets and liabilities. The employees of the company were also transferred to LLAOL.

As the company no longer operates the airport itself, the land and buildings have become investment properties. At the instruction of London Luton Airport Limited, Deloitte LLP have valued the freehold interest in London Luton

Notes to the financial statements for the year ended 31 March 2017 (continued)

Airport as at 31 March 2016. The next valuation is due to be undertaken as at 31 March 2020; it has, however, been agreed that, given the rate at which passenger numbers are currently growing, and the other developments currently being carried out by the company, the valuation will be reviewed annually in the intervening periods to ensure the investment properties are reflected at fair value.

6. Turnover

	2017	2016
	£'000	£'000
Concession Income	**40,774**	34,355
Other Property Income	**693**	523
Total Investment income	**41,467**	34,878

All turnover is generated and originates in the United Kingdom. The future minimum rental amounts are £3,000,000 per annum.

7. Operating profit

	2017	2016
	£'000	£'000
Operating profit is stated after the following amounts have been charged:		
Operating leases - land and buildings	**2,860**	1,950
Charge for enhanced pension payments	**70**	167
Charitable donations	**10,305**	14,823
Auditors' remuneration:		
Audit services	**48**	33
Non-audit services – tax and advisory	**281**	24

The shareholder, Luton Borough Council, provides professional services to the company. Charges to the company for these services amounted to £1,008,705 (2016: £634,860) and are on commercial terms. £2,834,547 (2016: £1,924,547) of the operating lease charge for a car park on the airport premises and for the adjacent area of Wigmore Valley Park is with Luton Borough Council on commercial terms. Luton Borough Council is the company's controlling party by virtue of its majority shareholding.

Notes to the financial statements for the year ended 31 March 2017 (continued)

8. Directors' emoluments

Directors' emoluments for the financial year amounted to £nil (2016: £nil). All of the directors are council members and therefore do not qualify for remuneration.

9. Interest receivable and similar income

	2017	2016
	£'000	£'000
Interest receivable	**96**	92

10. Interest payable and similar charges

	2017	2016
	£'000	£'000
Interest on debenture loans - repayable after more than 5 years (note 16)	**(3,883)**	(3,266)

11. Tax on profit

	2017	2016
	£'000	£'000
Current tax		
United Kingdom corporation tax on profits of the financial year	**4,171**	2,617
Adjustments in respect of prior years	**17**	5
	4,188	2,622
Deferred tax :		
Origination and reversing of timing differences	**5,172**	4,395
Adjustments in respect of prior years		2
Change in tax rates	**(3,684)**	(5,817)
	1,488	(1,420)
Total tax charge on profit	**5,676**	1,202

Notes to the financial statements for the year ended 31 March 2017 (continued)

11. Tax on profit (continued)

The tax assessed for the financial year is higher (2016: lower) than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£'000	£'000
Profit on ordinary activities before tax	**52,603**	30,941
Profit on ordinary activities multiplied by standard rate in the UK of 20% (2016: 20%)	**10,520**	6,158
Effects of:		
Expenses non-deductible for tax purposes	**118**	401
Short-term timing differences	**40**	-
Deferred tax not recognised	**-**	1,128
Indexation on revalued properties	**(1,295)**	(625)
Adjustments in respect of prior years	**17**	7
Tax rate changes	**(3,684)**	(5,867)
Rounding	**1**	-
Total tax charge	**5,676**	1,202

Factors that may affect future tax rate

Changes to the UK Corporation tax rates were substantially enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016) . These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12. Dividends

	2017	2016
	£'000	£'000
On ordinary equity shares		
Approved 31 March 2017: 39.72p (2016: 13.39p) per share	**17,800**	6,000

Notes to the financial statements for the year ended 31 March 2017 (continued)

13. Investment properties

	Airport £'000	Other Properties £'000	Assets in the course of construction £'000	Total £'000
Balance at 1 April 2016	500,000	19,525		519,525
Additions in the year		974	6,512	7,486
Fair value adjustments	32,000	176		32,176
Balance at 31st March	**532,000**	**20,675**	**6,512**	**559,187**

The interest in investment property has been valued in accordance with the circumstances and principles set out in note 3.
The "Other Properties" category includes an addition of £974,000 representing the acquisition of land at Parkway Road during the year.
The "Assets in the course of construction" includes additions of £3,858,000 in respect of the Luton DART (Direct Air Rail Transit) mass passenger transit system linking Luton Airport Parkway railway station to the central terminal area of London Luton Airport, and of £2,654,000 in respect of the commercial development sites at Bartlett Square and Century Park.

Notes to the financial statements for the year ended 31 March 2017 (continued)

14. Debtors

	2017	2016
	£'000	£'000
Deferred tax (note 17)	379	392
Prepayments and accrued income	6,685	5,188
	7,064	5,580

15. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Corporation tax	2,239	1,532
Other taxation and social security payable	578	955
Dividends	17,800	6,000
Other creditors	1,905	663
	22,522	9,150

Notes to the financial statements for the year ended 31 March 2017 (continued)

16. Creditors: amounts falling due after more than one year

	2017	2016
Debenture loans. Maturity loans non-instalment	**£'000**	£'000
Debenture loan 1 – interest fixed at 12%	**3,153**	3,153
Debenture loans 2,3, and 6 – interest at 4% over three months LIBOR	**8,878**	8,878
Debenture loan 4 – interest 4% over six months LIBOR	**1,788**	1,788
Debenture loan 5 – interest fixed at 12.125%	**3,102**	3,102
Debenture loan 7 – interest at 7.58% over three months LIBOR	**11,000**	11,000
Debenture loan 8 – interest fixed at 11.5%	**12,000**	12,000
Debenture loan 9 – interest fixed at 11.5%	**3,000**	3,000
Debenture loan 10 – interest fixed at 8%	**5,000**	
	47,921	42,921

The debenture loans are from Luton Borough Council, the shareholder. The repayment in full in a single payment of the principal in respect of debenture loans 1 to 6 is scheduled for 28th March 2028 and of debenture loans 7 to 10 for 1st April 2031. The debentures are secured on the total assets of the company.

17. Deferred tax asset

The deferred tax asset represents the following:

	2017	2016
	£'000	£'000
Owned fixed assets realised through use	-	2
Short term timing differences	-	14
Deferred tax in relation to pensions liability	**379**	376
Deferred tax asset at 31 March	**379**	392
Deferred tax at 1 April	**392**	493
Deferred tax charge in the profit and loss account	**(11)**	(101)
Adjustment in respect of prior year	**(2)**	-
Deferred tax asset at 31 March	**379**	392

Notes to the financial statements for the year ended 31 March 2017 (continued)

18. Provisions for liabilities

The deferred tax liability arises wholly in relation to investment properties.

	2017	2016
	£'000	£'000
Balance at 1 April	**52,806**	54,298
Deferred tax in respect of fair value adjustments in year	**5,155**	4,375
Adjustment in respect of prior year	**(2)**	
Change in tax rate	**(3,707)**	(5,867)
Balance at 31 March	**54,252**	52,806

19. Called up share capital

	2017	2016
	£'000	£'000
60,000,000 (2016: 60,000,000)Authorised ordinary shares £1 each	**60,000**	60,000
44,837,002 (2016: 44,837,002) Allotted and fully paid	**44,837**	44,837

Notes to the financial statements for the year ended 31 March 2017 (continued)

20. Retained earnings

	Distributable	Non-distributable	Total
	£'000	£'000	£'000
Balance at 1 April 2016	17,152	368,556	385,708
Total comprehensive income	16,239	30,565	46,804
Dividends payable	(17,800)		(17,800)
Balance at 31 March 2017	**15,591**	**399,121**	**414,712**

Included within the non-distributable total comprehensive income for the year are £32,176,000 of fair value adjustments, and £1,488,000 of deferred tax liability adjustments.

21. Operating lease commitments and contingencies

At 31 March 2017 the company was committed to making the following total payments in respect of operating leases relating to land and buildings.

	2017	2016
	£'000	£'000
Leases which expire after five years	**2,860**	1,950

22. Pension commitments

Certain employees of the airport business prior to the granting of the concession contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme (LGPS) in respect of former employees' entitlement to pension augmentations arising on redundancy. The LGPS is a defined benefit statutory scheme. The cost charged to the company is based on the actual cost attributable to the former employees.

Notes to the financial statements for the year ended 31 March 2017 (continued)

a) Defined benefit scheme

An actuarial valuation of the Bedfordshire Pension Fund for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 using the projected unit basis, by Hymans Robertson LLP, independent consulting actuaries. The results of this valuation have been projected forward to 31 March 2017 by Hymans Robertson LLP. The major assumptions used by the actuary were:

	2017	2016
	%	%
Pension increase rate	**2.4**	2.1
Discount rate	**2.5**	3.4

The mortality assumptions used were as follows:

	2017	2016
	years	years
Longevity at age 65 for current pensioners:		
– Men	**22.4**	22.4
– Women	**24.5**	24.3

	2017	2016
	£'000	£'000
Present value of scheme liabilities	**(2,153)**	(2,087)

b) Reconciliation of present value of scheme liabilities

	2017	2016
	£'000	£'000
At 1 April	**2,087**	2,346
Interest cost	**68**	70
Unfunded benefits paid	**(154)**	(155)
Re-measurements of net defined benefit obligation	**152**	(174)
At 31 March	**2,153**	2,087

Notes to the financial statements for the year ended 31 March 2017 (continued)

23. Parent entity and ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Luton Borough Council. Luton Borough Council is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2017. The consolidated financial statements of Luton Borough Council are available from Town Hall, George Street, Luton, LU1 2BQ.

London Luton Airport Limited

Annual report and financial statements

for the year ended 31 March 2018

Registered in England & Wales No.: 2020381

London Luton Airport Limited

Contents

London Luton Airport Limited

Strategic Report
for the year ended 31 March 2018

The directors present their strategic report on the company for the year ended 31 March 2018.

Principal activities

The company's principal activities until August 1998 were the ownership, operation and management of London Luton Airport. In August 1998 the company granted a concession contract to an unrelated company, London Luton Airport Operations Limited ("LLAOL") to operate the airport on its behalf in return for a concession fee. The company continues to own the land, buildings and infrastructure at the airport.

Review of the business

LLAL's principal source of income continued to be the Concession Fee, The Concession Fee which is based on work-load units, each unit being one passenger or 100kg of freight. Growth in passenger numbers was particularly strong, reaching a number just short of 16 million in the year to March 2018, an increase of some 5% over the previous year.

During the year LLAOL continued with the development works to increase the passenger capacity up to 18 million passengers per annum, and accelerated the pace of construction to meet demand.

Principal risks and uncertainties

The key business risks and uncertainties for the company are considered to relate to fluctuations in passenger throughput, the key determinant of the concession income. Passenger numbers are subject to competition between airlines, airport operators, the selection of routes and destinations, and underlying passenger demand for air travel which can be influenced by the general economic environment and consumer confidence. There is a risk that the decision to leave the European Union may diminish passenger demand for leisure related air travel. The concessionaire is deemed to be in the best position to manage this risk by its contractual relationships with Airline operators.

Assessments have been undertaken of the potential and likely impacts of the UK's decision to leave the European Union; indications are that the company's business plans remain deliverable, and no material change is expected in the company's prospects.

Review of business and future developments

At the financial year end the company's financial position was strong and its future prospects are good.

The company continues to operate profitably and will share in the future success of the airport via the concession fee receivable from LLAOL.

The company is likely to continue to diversify its property portfolio by acquiring suitable properties adjacent to or nearby the airport, where it can be shown that these not only have a long-term strategic value to the company but are also capable of making a reasonable return on investment in the short to medium-term.

Much of the company's landholdings now form part of the London Luton Airport Enterprise Zone, announced by the former Chancellor of the Exchequer, the Rt. Hon. George Osborne MP, in November 2015.

In February 2017, LLAL submitted an application for planning consent for a mass passenger transit system to provide a fast, frequent and efficient transfer from London Luton Airport Parkway station to the central terminal area. The £225m construction commenced in the first quarter of 2018, and the system is to be fully operational by the first quarter of 2021.

During the early part of 2018, LLAL submitted applications for planning consent in respect of it commercial development sites at Bartlett Square and Century Park. Decisions are expected in the autumn of 2018.

London Luton Airport Limited

Strategic report
for the year ended 31 March 2018 (continued)

Key performance indicators (KPI's)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not currently necessary for an understanding of the development, performance or position of the business.

Financial risk management

The company does not have any external financial relationships with banks or finance houses. The debenture loans to the company are from Luton Borough Council, the shareholder, and are held at fair value at inception. No repayments are scheduled until the end of the concession period. It is not, therefore, exposed to any financial risks resulting from changes in debt market prices, credit risk, and liquidity risk. The company does not use finance derivatives and as such no hedge accounting is required.

Price risk

The company is not currently exposed to commodity price risk as a result of its operations.

Credit risk

The company is only exposed to credit risk in respect of London Luton Airport Operations Limited who pays a concession fee to the company on a quarterly basis in arrears. LLAOL is bound by an open book policy with the company and therefore its internal auditors have access to monitor performance and viability. An annual internal audit is undertaken to ensure that the liquidity and financial position of LLAOL is sufficient to meet its obligations under the concession agreement. The company utilises the facilities of its parent, Luton Borough Council, in ensuring minimal risk with its cash and investments.

Liquidity risk

The company receives its concession income at four agreed dates on a quarterly basis. It actively manages its short term investments and cash holdings to ensure sufficient funds are available for its activities.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a fixed rate. The company maintains it debt at a mixture of fixed and variable rates reducing exposure to fluctuating interest rates. The directors will revisit the appropriateness of this and determine a policy should the company's operations change in size or nature.

By order of the Board

[redacted]

For the Company Secretary, Luton Borough Council

12 **December 2018**

London Luton Airport Limited

Directors' report
for the year ended 31 March 2018

The directors present their report and the audited financial statements for the year ended 31st March 2018.

Future developments

Future developments for the company are set out in the Strategic report.

Results and dividends

The company's profit for the financial year is £26.7m (2017: £46.9m). The company's distributable profit for the year, excluding fair value adjustments on investment properties, is £21.6m (2017: £16.2m). The members at a General Meeting held on 29th March 2018 approved a dividend for the financial year of 43.5 pence per ordinary share (amounting to £19.5m), this being the total dividend payable for the year (2017: 39.72p, £17.8m).

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

D Agbley	(Appointed 20 August 2018)
W Akbar	(Appointed 16 May 2017)
I Chowdhury	(Resigned 16 May 2017)
D Franks	
F Green	(Appointed 17 May 2016; resigned 18 April 2017)
T Khan	
A Malcolm	Chairman
A O'Callaghan	(Appointed 16 May 2017)
J Rowlands	(Resigned 27 July 2018)
A Skepelhorn	
J Taylor	
J Young	

Lord McKenzie of Luton and Dr Romano Pagliari of Cranfield University attend Board meetings in an advisory capacity. They are not Directors of the company and have no voting rights.

Employees

The company has no employees (2017: nil). Services to London Luton Airport Limited are carried out by employees of Luton Borough Council and the company is charged for these as set out in note 7.

Corporate social responsibility

The year ended 31st March 2018 saw the continuation of the company's Community Funding Policy, which sets out the ways in which the company will contribute to the social, environmental and economic wellbeing of the communities surrounding London Luton Airport. Details of the Community Funding Policy are available on the company's website at llal.org.uk.

Financial risk management

This has been documented within the Strategic Report at page 2.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liabilities arising from negligence, breach of duty, and breach of trust in relation to the company.

Going concern

Refer to the accounting policies (note 3) for a review of going concern.

Directors' report
for the year ended 31 March 2018 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

London Luton Airport Limited

Directors' report
for the year ended 31 March 2018 (continued)

Charitable donations

The company has, through its Community Funding Programme, made donations during the financial year amounting to £9.365m (2017: £10.326m) to local charitable organisations based or operating in Luton and the surrounding area. Payments are analysed across the seven Funding Themes of the Programme as follows:

	2018 £000	**2017 £000**
Children, Families & Young People	1,677	2,219
Citizen Enablement	792	783
Community Involvement	880	829
Community Safety	611	578
Environment & Economy	220	217
Health &Wellbeing	914	929
Leisure & Culture	4,271	4,771
	9,365	10,326

Independent auditors

PricewaterhouseCoopers LLP have acted as auditors to the company in the financial year and will be reappointed automatically as the company passed an elective resolution to that effect at its Annual General Meeting on 10 June 2006.

By order of the Board

[redacted]

For the Company Secretary, Luton Borough Council

12 **December 2018**

Independent auditors' report to the members of London Luton Airport Limited

Report on the audit of the financial statements

Opinion

In our opinion, London Luton Airport Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of London Luton Airport Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of London Luton Airport Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

[redacted]

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

12 December 2018

London Luton Airport Limited

Profit and loss account
for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover	6	**46,310**	41,467
Administrative expenses		**(15,991)**	(17,253)
Change in fair value of investment properties		**4,695**	32,176
Operating profit	7	**35,014**	56,390
Interest receivable and similar income	9	**85**	96
Interest payable and similar expenses	10	**(3,826)**	(3,883)
Profit before taxation		**31,273**	52,603
Tax on profit	11	**(4,622)**	(5,676)
Profit for the financial year		**26,651**	46,927

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Statement of comprehensive income
for the year ended 31 March 2018

	Note	**2018**	2017
		£'000	£'000
Profit for the financial year		**26,651**	46,927
Re-measurements of net defined benefit obligation	20	**49**	(152)
Current tax deductions relating to net defined benefit obligation		**(9)**	29
Impact of change in tax rates		**1**	-
Total comprehensive income for the financial year		**26,692**	46,804

London Luton Airport Limited

Balance sheet
as at 31 March 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investment properties	13	**571,046**	559,187
Property, plant & equipment	14	**27,138**	-
		598,184	559,187
Current assets			
Debtors	15	**9,237**	7,064
Cash at bank and in hand		**4,329**	20,146
Total current assets		**13,566**	27,210
Creditors: amounts falling due within one year	16	**(31,119)**	(22,522)
Net current (liabilities)/assets		**(17,553)**	4,688
Total assets less current liabilities		**580,631**	563,875
Creditors: amounts falling due after more than one year	17	**(57,921)**	(47,921)
Provisions for liabilities	19	**(53,963)**	(54,252)
Pension deficit	20	**(2,006)**	(2,153)
Net assets including pension deficit		**466,741**	459,549
Capital and reserves			
Called up share capital	21	**44,837**	44,837
Retained earnings	22	**421,904**	414,712
Total shareholders' funds		**466,741**	459,549

The notes on pages 14 to 28 are an integral part of these financial statements.

The financial statements on pages 9 to 28 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

[redacted]

12 December 2018

Registered Number 2020381

Statement of changes in equity
for the year ended 31 March 2018

	Called-up share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 April 2016	44,837	385,708	430,545
Profit for the financial year		46,927	46,927
Other comprehensive income for the financial year		(123)	(123)
Total comprehensive income for the financial year		**46,804**	**46,804**
Total transactions with owners - dividends		(17,800)	(17,800)
Balance at 31 March 2017	44,837	414,712	459,549
Balance at 1 April 2017	44,837	414,712	459,549
Profit for the financial year		26,651	26,651
Other comprehensive income		41	41
Total comprehensive income for the financial year		**26,692**	**26,692**
Total transactions with owners - dividends		(19,500)	(19,500)
Balance at 31 March 2018	**44,837**	**421,904**	**466,741**

London Luton Airport Limited

Statement of cash flows
for the year ended 31 March 2018

	2018	2017
	£'000	£'000
Cash flows from operating activities		
Profit for the financial year	**26,651**	46,927
Adjustments for:		
Taxation charge	**4,622**	5,676
Interest payable and similar expenses	**3,826**	3,883
Interest receivable and similar income	**(85)**	(96)
Change in fair value of investment properties	**(4,695)**	(32,176)
Increase in debtors	**(1,700)**	(1,484)
Increase in creditors	**1,105**	876
Corporation tax paid	**(4,526)**	(3,481)
Net cash from operating activities	**25,198**	20,125
Cash flows from investing activities		
Purchase of tangible assets	**(29,424)**	(7,596)
Interest received	**85**	96
Net cash used in investing activities	**(29,339)**	(7,500)
Cash flows from financing activities		
Interest paid	**(3,876)**	(3,883)
Receipts from loan facility	**10,000**	5,000
Dividends paid	**(17,800)**	(6,000)
Net cash used in financing activities	**(11,676)**	(4,883)
Net (decrease)/increase in cash and cash equivalents	**(15,817)**	7,742
Cash and cash equivalents at the beginning of year	20,146	12,404
Cash and cash equivalents at the end of year	4,329	20,146

Notes to the financial statements for the year ended 31 March 2018

1. General information

London Luton Airport Limited ("the company") is the owner of London Luton Airport, together with a number of other investment properties and parcels of land. The company operates entirely in the UK. The airport is leased to London Luton Airport Operation Limited ("LLAOL") as set out in note 5.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Hart House Business Centre, Kimpton Road, Luton, LU2 0LA.

2. Statement of compliance

The individual financial statements of London Luton Airport Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The accounting policies have been applied consistently other than where new policies have been adopted.

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover relating to concession income is recognised in line with the concession contract, see note 5 for further details. Other property income represents amounts falling due under rental agreements.

Leased assets

As a lessee rental costs under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

Notes to the financial statements
for the year ended 31 March 2018 (continued)

Accounting Policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from banks and other third parties.

(i) Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest, and thereafter measured at amortised cost.

These are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

Notes to the financial statements for the year ended 31 March 2018 (continued)

Accounting policies (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Pension costs

Certain employees of the airport business prior to the granting of the Concession Contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme in respect of former employees' entitlement to pension augmentations arising on redundancy.

This provision has been assessed in accordance with the advice of an independent actuary using the following principal assumptions.

	% pa
Pensions increase rate	2.4
Discount rate	2.6

An actuarial valuation for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 by Hymans Robertson LLP on the instructions of the then administering authority, Bedfordshire County Council. The results of this valuation have been projected forward to 31 March 2018 by Hymans Robertson LLP on the instruction of the current administering authority, Bedford Borough Council, and reflected in these financial statements. The scheme is a defined benefits scheme.

Investment properties

The company includes investment properties at their fair value at the balance sheet date on the basis of the external valuer's valuation. Any gains or losses through the change in fair value are recorded through the income statement.

Given the rapid growth in passenger numbers at the airport over the past two years, and the acquisition by the company of a number of strategic property assets adjacent to or connected with the airport, the Board commissioned a full valuation as at 31st March 2016, and this has been reviewed and updated at 31st March 2018.

Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing cost capitalised.

Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are ready for use.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

4. Critical accounting judgements and estimation uncertainty

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain former employees now employed by LLAOL. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

Investments

The valuation, undertaken by Deloitte LLP, took into account forecast future cash flows based primarily on passenger growth and was discounted using a discount rate of 11.5% being an estimate of the company's long term weighted average cost of capital. The DCF analysis assumes a reversionary value of the airport at the expiry of the concession on 31st March 2031. The valuation was made in accordance with the RICS Appraisal and Valuation Manual.

5. Concession contract

On 20 August 1998 ('the concession date') the company entered into a concession contract with an unrelated entity, London Luton Airport Operations Limited ("LLAOL").

Under the terms of this contract LLAOL was granted a concession to operate the airport for a period of 30 years ('the concession period') and a lease over the company's land and buildings. In return LLAOL undertook to pay an annual concession fee to the company comprising of £3 million as a minimum fixed payment or a greater amount based on workload units (being each departing and arriving passenger and each 100 tonnes of freight) as

Notes to the financial statements for the year ended 31 March 2018 (continued)

prescribed in the concession agreement and, subject to the continuing growth of passenger numbers, fund an extensive capital investment programme. At the end of the concession period the assets, liabilities and operations of the airport revert to the ownership and use of the company.

In August 2012 a supplemental agreement to the concession contract was reached between LLAL and LLAOL. This agreement commits the operators to undertake a significant programme of development works to increase the Airport's capacity to handle throughput of up to 18 million passengers per year, in return for an extension of the Concession Period to March 31st 2031. The concession agreement was further amended in January 2014 to provide for a scheme to rebate the Concession Fee Rate payable by the airport operator in certain circumstances, in order to encourage passenger growth.

At the concession date the trading assets and liabilities of the company were transferred to LLAOL at book value. No profit or loss arose on the transfer of these assets and liabilities. The employees of the company were also transferred to LLAOL.

As the company no longer operates the airport itself, the land and buildings have become investment properties. At the instruction of the company, Deloitte LLP have valued the freehold interest in London Luton Airport as at 31 March 2016. The next valuation is due to be undertaken as at 31 March 2020; it has, however, been agreed that, given the rate at which passenger numbers are currently growing, and the other developments currently being carried out by the company, the valuation will be reviewed annually in the intervening periods to ensure the investment properties are reflected at fair value.

6. Turnover

	2018	2017
	£'000	£'000
Concession income	**45,414**	40,774
Other property income	**896**	693
Total investment income	**46,310**	41,467

All turnover is generated and originates in the United Kingdom. The future minimum rental amounts are £3,000,000 per annum.

Notes to the financial statements for the year ended 31 March 2018 (continued)

7. Operating profit

	2018 £'000	2017 £'000
Operating profit is stated after the following amounts have been charged:		
Operating leases - land and buildings	**2,860**	2,860
Charge for enhanced pension payments	**52**	70
Charitable donations	**9,365**	10,305
Auditors' remuneration:		
Audit services	**45**	48
Non-audit services – tax and advisory	**482**	281

The shareholder, Luton Borough Council, provides professional services to the company. Charges to the company for these services amounted to £1,521,773 (2017: £1,008,705) and are on commercial terms. £2,834,547 (2017: £2,834,547) of the operating lease charge for a car park on the airport premises and for the adjacent area of Wigmore Valley Park is with Luton Borough Council on commercial terms. Luton Borough Council is the company's controlling party by virtue of its majority shareholding.

The company has no employees. Services to the company are carried out by employees of Luton Borough Council and the company is charged for these as set out above. Accordingly, there is no key management personnel compensation.

8. Directors' emoluments

Directors' emoluments for the financial year amounted to £nil (2017: £nil). All of the directors are council members and therefore do not qualify for remuneration.

9. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable	**85**	96

Notes to the financial statements for the year ended 31 March 2018 (continued)

10. Interest payable and similar charges

	2018	2017
	£'000	£'000
Interest on debenture loans - repayable after more than 5 years (note 17)	**3,826**	3,883

The total interest paid in the year was £4,598,247, of which £772,603 in relation to the Luton DART project was capitalised.

11. Tax on profit

	2018	2017
	£'000	£'000
Current tax		
United Kingdom corporation tax on profits of the financial year	**4,893**	4,171
Adjustments in respect of prior years	**-**	17
	4,893	4,188
Deferred tax :		
Origination and reversing of timing differences	**(303)**	5,172
Change in tax rates	**32**	(3,684)
	(271)	1,488
Total tax charge on profit	**4,622**	5,676

11. Tax on profit (continued)

The tax assessed for the financial year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018	2017
	£'000	£'000
Profit on ordinary activities before tax	**31,273**	52,603
Profit on ordinary activities multiplied by standard rate in the UK of 19% (2017: 20%)	**5,942**	10,520
Effects of:		
Expenses non-deductible for tax purposes	**11**	119
Indexation on revalued properties	**(1,363)**	(1,295)
Adjustments in respect of prior years	**-**	17
Tax rate change	**32**	(3,685)
Total tax charge	**4,622**	5,676

Factors that may affect future tax rate

Changes to the UK Corporation tax rates were substantially enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

12. Dividends

	2018	2017
	£'000	£'000
On ordinary equity shares		
Approved 29 March 2018: 43.5p (2017: 39.72p) per share	**19,500**	17,800

Notes to the financial statements for the year ended 31 March 2018 (continued)

13. Investment properties

	Airport £'000	Other Properties £'000	Assets in the course of construction £'000	Total £'000
Balance at 1 April 2017	532,000	20,675	6,512	559,187
Additions in the year	-	-	11,022	11,022
Fair value adjustments	4,500	195	-	4,695
Transfers to property, plant & equipment	-	-	(3,858)	(3,858)
Balance at 31 March 2018	**536,500**	**20,870**	**13,676**	**571,046**

The interest in the airport and other properties has been valued in accordance with the circumstances and principles set out in note 3.
The "Assets in the course of construction" includes £7,148,000 in respect of the commercial development sites at Bartlett Square and Century Park, and £3,874,000 in respect of the FutureLuToN project. The transfer in year refers to the reclassification of expenditure on the Luton DART project.

14. Property, plant & equipment

	Assets in the course of construction £'000
Balance at 1 April 2017	-
Additions in year	23,280
Transfers from investment properties	3,858
Balance at 31 March 2018	**27,138**

The "assets in the course of construction" includes additions of £23,280,000 and transfers of £3,858,000 in respect of the Luton DART (Direct Air Rail Transit) mass passenger transit system linking Luton Airport Parkway railway station to the central terminal area of London Luton Airport.

Notes to the financial statements for the year ended 31 March 2018 (continued)

15. Debtors

	2018	2017
	£'000	£'000
Deferred tax (note 18)	**354**	379
Prepayments and accrued income	**8,883**	6,685
	9,237	7,064

16. Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Corporation tax	**2,608**	2,239
Other taxation and social security payable	**53**	578
Dividends	**19,500**	17,800
Other creditors	**8,958**	1,905
	31,119	22,522

Notes to the financial statements for the year ended 31 March 2018 (continued)

17. Creditors: amounts falling due after more than one year

	2018	2017
Debenture loans Maturity loans non-instalment	£'000	£'000
Debenture loan 1 – interest fixed at 12%	3,153	3,153
Debenture loans 2 & 3 – interest at 4% over three months LIBOR	7,216	7,216
Debenture loan 4 – interest 4% over six months LIBOR	1,788	1,788
Debenture loan 5 – interest fixed at 12.125%	3,102	3,102
Debenture loan 6 – interest at 4% over six months GBR	1,662	1,662
Debenture loan 7 – interest at 7.58% over three months LIBOR	11,000	11,000
Debenture loan 8 – interest fixed at 11.5%	12,000	12,000
Debenture loan 9 – interest fixed at 11.5%	3,000	3,000
Debenture loan 10 – interest fixed at 8%	5,000	5,000
Debenture loan 11 – interest fixed at 8%	5,000	-
Debenture loan 12 – interest fixed at 8%	5,000	-
	57,921	47,921

The debenture loans are from Luton Borough Council, the shareholder. The repayment in full in a single payment of the principal in respect of debenture loans 1 to 6 is scheduled for 28th March 2028 and of debenture loans 7 to 12 for 1st April 2031. The debentures are secured on the total assets of the company.

Luton Borough Council has provided the company with a loan facility of £281.0m, of which £15.0m has been drawn down as at 31 March 2018. The amounts drawn down are represented by debentures 10 to 12 above. The loan facility attracts a fixed interest rate of 8% and the maturity date is 1 April 2031.

Notes to the financial statements for the year ended 31 March 2018 (continued)

18. Deferred tax asset

The deferred tax asset represents the following:

	2018 £'000	2017 £'000
Deferred tax in relation to pensions liability	**354**	379
Deferred tax asset at 31 March	**354**	379
Deferred tax at 1 April	**379**	392
Deferred tax charge in the profit and loss account	**(25)**	(11)
Adjustment in respect of prior year	-	(2)
Deferred tax asset at 31 March	**354**	379

19. Provisions for liabilities

The deferred tax liability arises wholly in relation to investment properties.

	2018 £'000	2017 £'000
Balance at 1 April	**54,252**	52,806
Deferred tax in respect of fair value adjustments in year	**(468)**	5,155
Adjustment in respect of prior year	-	(2)
Deferred tax in respect of capitalised interest	**147**	-
Change in tax rate	**32**	(3,707)
Balance at 31 March	**53,963**	54,252

20. Pension commitments

Certain employees of the airport business prior to the granting of the concession contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme (LGPS) in respect of former employees' entitlement to pension augmentations arising on redundancy. The LGPS is a defined benefit statutory scheme. The cost charged to the company is based on the actual cost attributable to the former employees.

Notes to the financial statements for the year ended 31 March 2018 (continued)

a) Defined benefit scheme

An actuarial valuation of the Bedfordshire Pension Fund for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 using the projected unit basis, by Hymans Robertson LLP, independent consulting actuaries. The results of this valuation have been projected forward to 31 March 2018 by Hymans Robertson LLP. The major assumptions used by the actuary were:

	2018	2017
	%	%
Pension increase rate	**2.4**	2.4
Discount rate	**2.6**	2.5

The mortality assumptions used were as follows:

	2018	2017
	years	years
Longevity at age 65 for current pensioners:		
– Men	**22.4**	22.4
– Women	**24.5**	24.5

	2018	2017
	£'000	£'000
Present value of scheme liabilities	**(2,006)**	(2,153)

b) Reconciliation of present value of scheme liabilities

	2018	2017
	£'000	£'000
At 1 April	**2,153**	2,087
Interest cost	**52**	68
Unfunded benefits paid	**(150)**	(154)
Re-measurements of net defined benefit obligation	**(49)**	152
At 31 March	**2,006**	2,153

Notes to the financial statements for the year ended 31 March 2018 (continued)

21. Called up share capital

	2018 £'000	2017 £'000
60,000,000 (2017: 60,000,000)Authorised ordinary shares £1 each	**60,000**	60,000
44,837,002 (2017: 44,837,002) Allotted and fully paid	**44,837**	44,837

22. Retained earnings

	Distributable £'000	Non-distributable £'000	Total £'000
Balance at 1 April 2017	15,591	399,121	414,712
Total comprehensive income	21,634	5,058	26,692
Dividends payable	(19,500)	-	(19,500)
Balance at 31 March 2018	17,725	404,179	421,904

Included within the non-distributable total comprehensive income for the year are £4,695,000 of fair value adjustments, £49,000 of pension liability re-measurements and £314,000 of deferred tax adjustments.

23. Operating lease commitments and contingencies

At 31 March 2018 the company was committed to making the following total payments in respect of operating leases relating to land and buildings.

	2018 £'000	2017 £'000
Leases which expire after five years	**2,860**	2,860

24. Financial Instruments

	2018 £'000	2017 £'000
Financial assets		
Financial assets that are debt instruments measures at amortised cost	**8,151**	6,191
Financial liabilities		
Financial liabilities measured at amortised cost	**88,940**	70,346

Notes to the financial statements for the year ended 31 March 2018 (continued)

25. Related parties

There are no transactions with related parties not wholly owned by the group headed by Luton Borough Council. The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group headed by Luton Borough Council.

26. Parent entity and ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Luton Borough Council. Luton Borough Council is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2018. The consolidated financial statements of Luton Borough Council are available from Town Hall, George Street, Luton, LU1 2BQ.

London Luton Airport Limited

Annual report and financial statements

for the year ended 31 March 2019

Registered in England & Wales No.: 2020381

London Luton Airport Limited

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London Luton Airport Limited

Strategic Report
for the year ended 31 March 2019

The directors present their strategic report on the company for the year ended 31 March 2019.

Principal activities

The company's principal activities until August 1998 were the ownership, operation and management of London Luton Airport. In August 1998 the company granted a concession contract to an unrelated company, London Luton Airport Operations Limited ("LLAOL") to operate the airport on its behalf in return for a concession fee. The company continues to own the land, buildings and infrastructure at the airport.

Review of the business

LLAL's principal source of income continued to be the Concession Fee which is based on work-load units, each unit being one passenger or 100kg of freight. Growth in passenger numbers was particularly strong, reaching a number just short of 17 million in the year to March 2019, an increase of some 7% over the previous year.

During the year LLAOL continued with the development works to increase the passenger capacity up to 18 million passengers per annum, and accelerated the pace of construction to meet demand.

Principal risks and uncertainties

The key business risks and uncertainties for the company are considered to relate to fluctuations in passenger throughput, the key determinant of the concession income. Passenger numbers are subject to competition between airlines, airport operators, the selection of routes and destinations, and underlying passenger demand for air travel which can be influenced by the general economic environment and consumer confidence. There is a risk that the decision to leave the European Union may diminish passenger demand for leisure related air travel. The concessionaire is deemed to be in the best position to manage this risk by its contractual relationships with airline operators.

Assessments have been undertaken of the potential and likely impacts of the UK's decision to leave the European Union; indications are that the company's business plans remain deliverable, and no material change is expected in the company's prospects.

Review of business and future developments

At the financial year end the company's financial position was strong and its future prospects are good.

The company continues to operate profitably and will share in the future success of the airport via the concession fee receivable from LLAOL.

The company is likely to continue to diversify its property portfolio by acquiring suitable properties adjacent to or nearby the airport, where it can be shown that these not only have a long-term strategic value to the company but are also capable of making a reasonable return on investment in the short to medium-term.

Much of the company's landholdings now form part of the London Luton Airport Enterprise Zone, announced by the former Chancellor of the Exchequer, the Rt. Hon. George Osborne MP, in November 2015.

In February 2017, LLAL submitted an application for planning consent for a mass passenger transit system to provide a fast, frequent and efficient transfer from London Luton Airport Parkway station to the central terminal area. The £225m construction commenced in the first quarter of 2018, and the system is to be fully operational by the first quarter of 2021.

During the early part of 2018, LLAL submitted applications for planning consent in respect of it commercial development sites at Bartlett Square and Century Park. Bartlett Square was consented in November 2018 and Century Park in March 2019 (subject to consideration by the Secretary of State). The company intends to submit, in summer 2020, an application for a Development Consent Order to enable airport expansion.

Strategic report
for the year ended 31 March 2019 (continued)

Key performance indicators (KPI's)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not currently necessary for an understanding of the development, performance or position of the business.

Financial risk management

The company does not have any external financial relationships with banks or finance houses. The debenture loans to the company are from Luton Borough Council, the shareholder, and are held at fair value at inception. No repayments are scheduled until the end of the concession period. It is not, therefore, exposed to any financial risks resulting from changes in debt market prices, credit risk, and liquidity risk. The company does not use finance derivatives and as such no hedge accounting is required.

Price risk

The company is not currently exposed to commodity price risk as a result of its operations.

Credit risk

The company is only exposed to credit risk in respect of London Luton Airport Operations Limited who pays a concession fee to the company on a quarterly basis in arrears. LLAOL is bound by an open book policy with the company and therefore its internal auditors have access to monitor performance and viability. An annual internal audit is undertaken to ensure that the liquidity and financial position of LLAOL is sufficient to meet its obligations under the concession agreement. The company utilises the facilities of its parent, Luton Borough Council, in ensuring minimal risk with its cash and investments.

Liquidity risk

The company receives its concession income at four agreed dates on a quarterly basis. It actively manages its short term investments and cash holdings to ensure sufficient funds are available for its activities.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a fixed rate. The company maintains it debt at a mixture of fixed and variable rates reducing exposure to fluctuating interest rates. The directors will revisit the appropriateness of this and determine a policy should the company's operations change in size or nature.

By order of the Board

[redacted]

M Turner
For the Company Secretary, Luton Borough Council

20 September 2019

London Luton Airport Limited

Directors' report
for the year ended 31 March 2019

The directors present their report and the audited financial statements for the year ended 31st March 2019.

Future developments

Future developments for the company are set out in the Strategic report.

Results and dividends

The company's profit for the financial year is £46.6m (2018: £26.7m). The members at a General Meeting held on 28th March 2019 approved a final dividend for the financial year of 40.15 pence per ordinary share (amounting to £18m). The Board of Directors had previously agreed interim dividends of 0.58 pence per share (amounting to £259,000) and 4.25 pence per share (amounting to £1.9m) at its meetings held on 30th July 2018 and 3rd December 2018 respectively, making the total dividend payable for the year 44.97 pence per share (amounting to £20.159m) (2018: 43.5p, £19.5m).

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

D Agbley	(Appointed 20 August 2018; resigned 21 May 2019)
W Akbar	
D Franks	(Resigned 23 January 2019)
J Hussain	(Appointed 21 May 2019)
T Khan	(Resigned 2 May 2019)
A Malcolm	Chairman
K Malik	(Appointed 21 May 2019)
A Nicholls	(Appointed 21 May 2019)
A O'Callaghan	(Resigned 2 May 2019)
J Rowlands	(Resigned 27 July 2018)
T Saleem	(Appointed 21 May 2019)
A Skepelhorn	(Resigned 23 January 2019)
J Taylor	(Resigned 2 May 2019)
J Young	

Lord McKenzie of Luton, Dr Romano Pagliari of Cranfield University and Mr Roy Davis (with effect from 21 May 2019) attend Board meetings in an advisory capacity. They are not Directors of the company and have no voting rights.

Employees

The company has no employees (2018: nil). Services to London Luton Airport Limited are carried out by employees of Luton Borough Council and the company is charged for these as set out in note 7.

Corporate social responsibility

The year ended 31st March 2019 saw the continuation of the company's Community Funding Policy, which sets out the ways in which the company will contribute to the social, environmental and economic wellbeing of the communities surrounding London Luton Airport. Details of the Community Funding Policy are available on the company's website at llal.org.uk.

Financial risk management

This has been documented within the Strategic Report at page 2.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liabilities arising from negligence, breach of duty, and breach of trust in relation to the company.

Directors' report
for the year ended 31 March 2019 (continued)

Going concern

Refer to the accounting policies (note 3) for a review of going concern.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

London Luton Airport Limited

Directors' report
for the year ended 31 March 2019 (continued)

Charitable donations

The company has, through its Community Funding Programme, made donations during the financial year amounting to £9.204m (2018: £9.365m) to local charitable organisations based or operating in Luton and the surrounding area. Payments are analysed across the seven Funding Themes of the Programme as follows:

	2019 **£000**	**2018** **£000**
Children, Families & Young People	1,769	1,677
Citizen Enablement	792	792
Community Involvement	880	880
Community Safety	586	611
Environment & Economy	212	220
Health & Wellbeing	694	914
Leisure & Culture	4,271	4,271
	9,204	9,365

Independent auditors

PricewaterhouseCoopers LLP have acted as auditors to the company in the financial year and will be reappointed automatically as the company passed an elective resolution to that effect at its Annual General Meeting on 10 June 2006.

By order of the Board

[redacted]

M Turner
For the Company Secretary, Luton Borough Council

20 **September 2019**

Independent auditors' report to the members of London Luton Airport Limited

Report on the audit of the financial statements

Opinion

In our opinion, London Luton Airport Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the profit and loss account, the statement of comprehensive income, the statement of cash flows, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of London Luton Airport Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of London Luton Airport Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

[redacted]

Tim Broadway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

20 September 2019

Profit and loss account
for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	6	**51,044**	46,310
Administrative expenses		**(15,412)**	(15,991)
Change in fair value of investment properties		**24,955**	4,695
Operating profit	7	**60,587**	35,014
Interest receivable and similar income	9	**11**	85
Interest payable and similar expenses	10	**(4,070)**	(3,826)
Profit before taxation		**56,528**	31,273
Tax on profit	11	**(9,963)**	(4,622)
Profit for the financial year		**46,565**	26,651

The profit and loss account has been prepared on the basis that all operations are continuing operations.

London Luton Airport Limited

Statement of comprehensive income
for the year ended 31 March 2019

	Note	**2019**	2018
		£'000	£'000
Profit for the financial year		**46,565**	26,651
Re-measurements of net defined benefit obligation	20	**(16)**	49
Current tax deductions relating to net defined benefit obligation		**3**	(9)
Impact of change in tax rates		**-**	1
Total comprehensive income for the financial year		**46,552**	26,692

London Luton Airport Limited

Balance sheet
as at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Investment properties	13	**615,712**	571,046
Property, plant & equipment	14	**88,041**	27,138
		703,753	598,184
Current assets			
Debtors	15	**13,866**	9,237
Cash at bank and in hand		**352**	4,329
Total current assets		**14,218**	13,566
Creditors: amounts falling due within one year	16	**(26,236)**	(31,119)
Net current liabilities		**(12,018)**	(17,553)
Total assets less current liabilities		**691,735**	580,631
Creditors: amounts falling due after more than one year	17	**(137,221)**	(57,921)
Provisions for liabilities	19	**(59,456)**	(53,963)
Pension deficit	20	**(1,924)**	(2,006)
Net assets		**493,134**	466,741
Capital and reserves			
Called up share capital	21	**44,837**	44,837
Retained earnings		**448,297**	421,904
Total shareholders' funds		**493,134**	466,741

The notes on pages 14 to 28 are an integral part of these financial statements.

The financial statements on pages 9 to 28 were approved and authorised for issue by the Board of Directors and [redacted]

20 September 2019

Registered Number 2020381

London Luton Airport Limited

Statement of changes in equity for the year ended 31 March 2019

	Called up share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 April 2017	44,837	414,712	459,549
Profit for the financial year	-	26,651	26,651
Other comprehensive income for the financial year	-	41	41
Total comprehensive income for the financial year	-	**26,692**	**26,692**
Total transactions with owners – dividends	-	(19,500)	(19,500)
Balance at 31 March 2018	44,837	421,904	466,741
Balance at 1 April 2018	44,837	421,904	466,741
Profit for the financial year	-	46,565	46,565
Other comprehensive expense	-	(13)	(13)
Total comprehensive income for the financial year	-	**46,552**	**46,552**
Total transactions with owners - dividends	-	(20,159)	(20,159)
Balance at 31 March 2019	**44,837**	**448,297**	**493,134**

London Luton Airport Limited

Statement of cash flows
for the year ended 31 March 2019

	2019	2018
	£'000	£'000
Cash flows from operating activities		
Profit for the financial year	**46,565**	26,651
Adjustments for:		
Taxation charge	**9,963**	4,622
Interest payable and similar expenses	**4,070**	3,826
Interest receivable and similar income	**(11)**	(85)
Change in fair value of investment properties	**(24,955)**	(4,695)
Increase in debtors	**(4,644)**	(1,700)
(Decrease)/Increase in creditors	**(4,883)**	1,105
Corporation tax paid	**(4,883)**	(4,526)
Net cash generated from operating activities	**21,222**	25,198
Cash flows from investing activities		
Purchase of tangible assets	**(78,797)**	(29,424)
Interest received	**11**	85
Net cash used in investing activities	**(78,786)**	(29,339)
Cash flows from financing activities		
Interest paid	**(4,054)**	(3,876)
Receipts from loan facility	**79,300**	10,000
Dividends paid	**(21,659)**	(17,800)
Net cash generated from (used in) financing activities	**53,587**	(11,676)
Net decrease in cash and cash equivalents	**(3,977)**	(15,817)
Cash and cash equivalents at the beginning of year	**4,329**	20,146
Cash and cash equivalents at the end of year	**352**	4,329

Notes to the financial statements
for the year ended 31 March 2019

1. General information

London Luton Airport Limited ("the company") is the owner of London Luton Airport, together with a number of other investment properties and parcels of land. The company operates entirely in the UK. The airport is leased to London Luton Airport Operations Limited ("LLAOL") as set out in note 5.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Hart House Business Centre, Kimpton Road, Luton, LU2 0LA.

2. Statement of compliance

The individual financial statements of London Luton Airport Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The accounting policies have been applied consistently other than where new policies have been adopted.

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover relating to concession income is recognised in line with the concession contract, see note 5 for further details. Other property income represents amounts falling due under rental agreements.

Leased assets

As a lessee, rental costs under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

Notes to the financial statements for the year ended 31 March 2019 (continued)

3. Accounting Policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from banks and other third parties.

(i) Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest, and thereafter measured at amortised cost.

These are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

3. Accounting policies (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Pension costs

Certain employees of the airport business prior to the granting of the Concession Contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme in respect of former employees' entitlement to pension augmentations arising on redundancy.

This provision has been assessed in accordance with the advice of an independent actuary using the following principal assumptions.

	% pa
Pensions increase rate	2.5
Discount rate	2.1

An actuarial valuation for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 by Hymans Robertson LLP on the instructions of the then administering authority, Bedfordshire County Council. The results of this valuation have been projected forward to 31 March 2019 by Barnett Waddingham LLP on the instruction of the current administering authority, Bedford Borough Council, and reflected in these financial statements. The scheme is a defined benefits scheme.

Investment properties

The company includes investment properties at their fair value at the balance sheet date on the basis of the external valuer's valuation. Any gains or losses through the change in fair value are recorded through the income statement.

3. Accounting Policies (continued)

Given the rapid growth in passenger numbers at the airport over the past two years, and the acquisition by the company of a number of strategic property assets adjacent to or connected with the airport, the Board commissioned a full valuation as at 31st March 2016, and this has been reviewed and updated at 31st March 2019.

Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing cost capitalised.

Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are ready for use.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies

There are no areas within the financial statements where management has been required to apply a critical judgement.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain former employees now employed by LLAOL. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

4. Critical accounting judgements and estimation uncertainty (continued)

Fair value of investment properties

The valuation, undertaken by Deloitte LLP, took into account forecast future cash flows based primarily on passenger growth and was discounted using a discount rate of 11.5% being an estimate of the company's long term weighted average cost of capital. The DCF analysis assumes a reversionary value of the airport at the expiry of the concession on 31st March 2031 including assumptions on exit yield and income. The valuation was made in accordance with the RICS Appraisal and Valuation Manual.

5. Concession contract

On 20 August 1998 ('the concession date') the company entered into a concession contract with an unrelated entity, London Luton Airport Operations Limited ("LLAOL").

Under the terms of this contract LLAOL was granted a concession to operate the airport for a period of 30 years ('the concession period') and a lease over the company's land and buildings. In return LLAOL undertook to pay an annual concession fee to the company comprising of £3 million as a minimum fixed payment or a greater amount based on workload units (being each departing and arriving passenger and each 100 tonnes of freight) as prescribed in the concession agreement and, subject to the continuing growth of passenger numbers, fund an extensive capital investment programme. At the end of the concession period the assets, liabilities and operations of the airport revert to the ownership and use of the company.

In August 2012 a supplemental agreement to the concession contract was reached between LLAL and LLAOL. This agreement commits the operators to undertake a significant programme of development works to increase the Airport's capacity to handle throughput of up to 18 million passengers per year, in return for an extension of the Concession Period to March 31st 2031. The concession agreement was further amended in January 2014 to provide for a scheme to rebate the Concession Fee Rate payable by the airport operator in certain circumstances, in order to encourage passenger growth.

At the concession date the trading assets and liabilities of the company were transferred to LLAOL at book value. No profit or loss arose on the transfer of these assets and liabilities. The employees of the company were also transferred to LLAOL.

As the company no longer operates the airport itself, the land and buildings have become investment properties. At the instruction of the company, Deloitte LLP have valued the freehold interest in London Luton Airport as at 31 March 2016. The next valuation is due to be undertaken as at 31 March 2020; it has, however, been agreed that, given the rate at which passenger numbers are currently growing, and the other developments currently being carried out by the company, the valuation will be reviewed annually in the intervening periods to ensure the investment properties are reflected at fair value.

Notes to the financial statements for the year ended 31 March 2019 (continued)

6. Turnover

	2019	2018
	£'000	£'000
Concession income	49,960	45,414
Other property income	764	896
Other income	320	-
Total investment income.	51,044	46,310

All turnover is generated and originates in the United Kingdom. The future minimum rental amounts are £3,000,000 per annum.

7. Operating profit

	2019	2018
	£'000	£'000
Operating profit is stated after the following amounts have been charged:		
Operating leases - land and buildings	2,910	2,860
Charge for enhanced pension payments	46	52
Charitable donations	9,204	9,365
Auditor's remuneration:		
The audit of the company	58	45
Tax compliance services	11	12
Tax advisory services	67	88
Other services	209	382

The shareholder, Luton Borough Council, provides professional services to the company. Charges to the company for these services amounted to £1,555,026 (2018: £1,521,773) and are on commercial terms. £2,834,547 (2018: £2,834,547) of the operating lease charge for a car park on the airport premises and for the adjacent area of Wigmore Valley Park is with Luton Borough Council on commercial terms. Luton Borough Council is the company's controlling party by virtue of its majority shareholding. The company has no employees. Services to the company are carried out by employees of Luton Borough Council and the company is charged for these as set out above. Accordingly, there is no key management personnel compensation.

Notes to the financial statements for the year ended 31 March 2019 (continued)

8. Directors' emoluments

Directors' emoluments for the financial year amounted to £nil (2018: £nil). All of the directors are council members and therefore do not qualify for remuneration.

9. Interest receivable and similar income

	2019	2018
	£'000	£'000
Interest receivable	**11**	85

10. Interest payable and similar expenses

	2019	2018
	£'000	£'000
Interest on debenture loans - repayable after more than 5 years (note 17)	**4,070**	3,826

The total interest paid in the year was £7,872,113 (2018: £4,598,247), of which £3,801,806 (2018: £722,603) in relation to the company's development projects was capitalised.

11. Tax on profit

	2019	2018
	£'000	£'000
Current tax		
United Kingdom corporation tax on profits of the financial year	**4,716**	4,893
Adjustments in respect of prior years	**(260)**	-
	4,456	4,893
Deferred tax :		
Origination and reversing of timing differences	**5,894**	(303)
Adjustments in respect of prior years	**233**	-
Change in tax rates	**(620)**	32
	5,507	(271)
Total tax charge on profit	**9,963**	4,622

Notes to the financial statements for the year ended 31 March 2019 (continued)

11. Tax on profit (continued)

The tax assessed for the financial year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Profit before tax	**56,528**	31,273
Profit before tax multiplied by standard rate in the UK of 19% (2018: 19%)	**10,740**	5,942
Effects of:		
Expenses non-deductible for tax purposes	**12**	11
Deferred tax not provided for	**(129)**	-
Indexation on revalued properties	**(13)**	(1,363)
Adjustments in respect of prior years	**(27)**	-
Tax rate change	**(620)**	32
Total tax charge	**9,963**	4,622

Factors that may affect future tax rate

Changes to the UK Corporation tax rates were substantially enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

12. Dividends

	2019 £'000	2018 £'000
On ordinary equity shares		
Approved: 44.97p (2018: 43.5p) per share	**20,159**	19,500

Notes to the financial statements for the year ended 31 March 2019 (continued)

13. Investment properties

	Airport £'000	Other Properties £'000	Assets in the course of construction £'000	Total £'000
Balance at 1 April 2018	536,500	20,870	13,676	571,046
Additions in the year	-	-	19,711	19,711
Fair value adjustments	23,500	1,455	-	24,955
Balance at 31 March 2019	**560,000**	**22,325**	**33,387**	**615,712**

The interest in the airport and other properties has been valued in accordance with the circumstances and principles set out in note 3.
The "Assets in the course of construction" includes £13,145,000 (2018: £7,148,000) in respect of the commercial development sites at Bartlett Square and Century Park, and £20,241,000 (2018: £3,874,000) in respect of the FutureLuToN project.

14. Property, plant & equipment

	Assets in the course of construction £'000
Balance at 1 April 2018	27,138
Additions in year	60,903
Balance at 31 March 2019	**88,041**

The "assets in the course of construction" relates to the Luton DART (Direct Air-Rail Transit) mass passenger transit system linking Luton Airport Parkway railway station to the central terminal area of London Luton Airport.

Notes to the financial statements for the year ended 31 March 2019 (continued)

15. Debtors

	2019	2018
	£'000	£'000
Deferred tax (note 18)	340	354
Prepayments and accrued income	13,526	8,883
	13,866	9,237

16. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Corporation tax	2,178	2,608
Other taxation and social security	2	53
Dividends	18,000	19,500
Other creditors	6,056	8,958
	26,236	31,119

17. Creditors: amounts falling due after more than one year

	2019	2018
Debenture loans Maturity loans non-instalment	**£'000**	£'000
Debenture loan 1 – interest fixed at 12%	3,153	3,153
Debenture loans 2 & 3 – interest at 4% over three months LIBOR	7,216	7,216
Debenture loan 4 – interest 4% over six months LIBOR	1,788	1,788
Debenture loan 5 – interest fixed at 12.125%	3,102	3,102
Debenture loan 6 – interest at 4% over six months GBR	1,662	1,662
Debenture loan 7 – interest at 7.58% over three months LIBOR	11,000	11,000
Debenture loan 8 – interest fixed at 11.5%	12,000	12,000
Debenture loan 9 – interest fixed at 11.5%	3,000	3,000
Debenture loan 10 – interest fixed at 8%	5,000	5,000
Debenture loan 11 – interest fixed at 8%	5,000	5,000
Debenture loan 12 – interest fixed at 8%	5,000	5,000
Debenture loans 13-33 – interest fixed at 8%	79,300	-
	137,221	57,921

The debenture loans are from Luton Borough Council, the shareholder. The repayment in full in a single payment of the principal in respect of debenture loans 1 to 6 is scheduled for 28th March 2028 and of debenture loans 7 to 33 for 1st April 2031. The debentures are secured on the total assets of the company.

Luton Borough Council has provided the company with a loan facility of £281.0m (2018: £281.0m), of which £94.3m (2018: £15.0m) has been drawn down as at 31 March 2019. The amounts drawn down are represented by debentures 10 to 33 above. The loan facility attracts a fixed interest rate of 8% (2018: 8%) and the maturity date is 1 April 2031.

Notes to the financial statements for the year ended 31 March 2019 (continued)

18. Deferred tax asset

The deferred tax asset represents the following:

	2019 £'000	2018 £'000
Deferred tax in relation to pensions liability	**340**	354

Deferred tax at 1 April	**354**	379
Deferred tax charge in the profit and loss account	**(14)**	(25)
Deferred tax asset at 31 March	**340**	354

19. Provisions for liabilities

The deferred tax liability arises wholly in relation to investment properties.

	2019 £'000	2018 £'000
Balance at 1 April	**53,963**	54,252
Deferred tax in respect of fair value adjustments in year	**5,157**	(468)
Adjustment in respect of prior year	**233**	-
Deferred tax in respect of capitalised interest	**723**	147
Change in tax rate	**(620)**	32
Balance at 31 March	**59,456**	53,963

20. Pension commitments

Certain employees of the airport business prior to the granting of the concession contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme (LGPS) in respect of former employees' entitlement to pension augmentations arising on redundancy. The LGPS is a defined benefit statutory scheme. The cost charged to the company is based on the actual cost attributable to the former employees.

20. Pension commitments (continued)

a) Defined benefit scheme

An actuarial valuation of the Bedfordshire Pension Fund for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 using the projected unit basis, by Hymans Robertson LLP, independent consulting actuaries. The results of this valuation have been projected forward to 31 March 2019 by Barnett Waddingham LLP. The major assumptions used by the actuary were:

	2019	2018
	%	%
Pension increase rate	2.5	2.4
Discount rate	2.1	2.6

The mortality assumptions used were as follows:

	2019	2018
	years	years
Longevity at age 65 for current pensioners:		
– Men	20.7	22.4
– Women	23.2	24.5

	2019	2018
	£'000	£'000
Present value of scheme liabilities	(1,924)	(2,006)

b) Reconciliation of present value of scheme liabilities

	2019	2018
	£'000	£'000
At 1 April	2,006	2,153
Interest cost	50	52
Unfunded benefits paid	(148)	(150)
Re-measurements of net defined benefit obligation	16	(49)
At 31 March	1,924	2,006

Notes to the financial statements for the year ended 31 March 2018 (continued)

21. Called up share capital

	2019 £'000	2018 £'000
60,000,000 (2018: 60,000,000) Authorised ordinary shares £1 each	**60,000**	60,000
44,837,002 (2018: 44,837,002) Allotted and fully paid	**44,837**	44,837

22. Operating lease commitments and contingencies

At 31 March the company was committed to making the following total payments in respect of operating leases relating to land and buildings.

	2019 £'000	2018 £'000
Amounts payable in less than one year	**2,929**	2,860
Amounts payable between two and five years	**8,076**	7,800
Amounts payable in excess of five years	**14,979**	16,860

An error in the prior year disclosure has been corrected in these financial statements.

23. Financial instruments

	2019 £'000	2018 £'000
Financial assets		
Financial assets that are debt instruments measures at amortised cost	**9,934**	8,151
Financial liabilities		
Financial liabilities measured at amortised cost	**163,334**	88,940

24. Related parties

There are no transactions with related parties not wholly owned by the group headed by Luton Borough Council. The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group headed by Luton Borough Council.

Notes to the financial statements for the year ended 31 March 2018 (continued)

25. Parent entity and ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Luton Borough Council. Luton Borough Council is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2019. The consolidated financial statements of Luton Borough Council are available from Town Hall, George Street, Luton, LU1 2BQ.

London Luton Airport Limited

Annual report and financial statements

for the year ended 31 March 2020

Registered in England & Wales No.: 2020381

London Luton Airport Limited

Contents

London Luton Airport Limited

Strategic Report
for the year ended 31 March 2020

The directors present their strategic report on the company for the year ended 31 March 2020.

Principal activities

The company's principal activities until August 1998 were the ownership, operation and management of London Luton Airport. In August 1998 the company granted a concession contract to an unrelated company, London Luton Airport Operations Limited ("LLAOL") to operate the airport on its behalf in return for a concession fee. The company continues to own the land, buildings and infrastructure at the airport.

Review of the business

London Luton Airport Limited (LLAL)'s principal source of income continued to be the Concession Fee which is based on work-load units, each unit being one passenger or 100kg of freight. Growth in passenger numbers was particularly strong, reaching a number of 17.2 million in the year to March 2020, an increase of some 1.59% over the previous year. However, the impact of the Covid-19 pandemic on passenger numbers, which was felt only slightly during March 2020, was significant throughout the remainder of the year, such that, for the year ending 31st March 2021, total passenger numbers were 2.9 million, a reduction of some 84% on the previous year.

During the year LLAOL continued with the development works to increase the passenger capacity up to 18 million passengers per annum, and accelerated the pace of construction to meet demand.

Principal risks and uncertainties

The key business risks and uncertainties for the company are considered to relate to fluctuations in passenger throughput, the key determinant of the concession income. Passenger numbers are subject to competition between airlines, airport operators, the selection of routes and destinations, and underlying passenger demand for air travel which can be influenced by the general economic environment and consumer confidence. There is a risk that the decision to leave the European Union may diminish passenger demand for leisure related air travel. The concessionaire is deemed to be in the best position to manage this risk by its contractual relationships with airline operators.

Assessments have been undertaken of the potential and likely impacts of the UK's decision to leave the European Union; indications are that the company's business plans remain deliverable, and no material change is expected in the company's prospects specifically as a result of the decision.

The Covid-19 pandemic introduced an unprecedented risk into the company's activities and one which rapidly materialised in respect of passenger numbers, which were significantly reduced by measures introduced by HM Government to restrict air travel as part of its objective of controlling the spread of the virus. Given the continuing restrictions in place across Europe, this remains a significant risk for the company in the coming year. In addition, as mentioned in the following section, the pandemic introduced additional risk regarding the agreement under the concession contract with LLAOL. The ongoing negotiations expanded below are yet to be finalised and as a result there remains some uncertainty with respect to concession income in the coming year along with the concession term.

Review of business and future developments

Whilst the company ended the financial year in a strong financial position, it was clear that the impact of the Covid-19 pandemic on passenger numbers would lead to a significant reduction in income in the coming year. The company took immediate action to negotiate and agree an initial stabilisation plan with its shareholder, which the directors have concluded enables the company to maintain itself as a going concern. Nevertheless, the impact of COVID-19 continues to create considerable uncertainty for the aviation industry, which may result in the company needing to seek further support from its shareholder particularly if negotiations with LLAOL have a significant impact on future cashflows. This indicates the existence of a material uncertainty which could cast significant doubt upon the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

Restrictions have been placed on travel in an effort to contain the spread of the virus. In response to the economic and operational uncertainty LLAOL exercised its contractual position regarding the Special Force Majeure clause contained in the concession agreement. This resulted in further and ongoing negotiation during the year with LLAOL with the aim to agree a suitable compromise on compensation payable by the company. A consequence of the negotiation is that LLAL has not received any accrued concession income for the year to 31 March 2021 from LLAOL. Furthermore, this entitles the concessionaire to consider compensation met from a reduction in the Concession Fee and potentially an increase in the length of the Concession Term. This, together with the extended period over which the pandemic had an impact, compounded the problem requiring a further stabilisation plan to be discussed with the shareholder, a framework for which was agreed in January 2021.

A year-on year comparison of Civil Aviation Authority passenger number data showed that London Luton Airport experienced the strongest recovery of any UK airport during summer 2020 and that airlines are reporting a surge in bookings following the announcement of the phased release of lockdown; therefore, we continue to take the view that the company's future prospects are good.

Whilst the company faces a period of sustained operating losses, measures have been put in place to stabilise the company and to enable it to recover its former position in due course and to share in the future success of the airport via the concession fee receivable from LLAOL.

The company is likely to continue to diversify its property portfolio by acquiring suitable properties adjacent to or nearby the airport, where it can be shown that these not only have a long-term strategic value to the company but are also capable of making a reasonable return on investment in the short to medium-term.

Much of the company's landholdings now form part of the London Luton Airport Enterprise Zone, announced by the former Chancellor of the Exchequer, the Rt. Hon. George Osborne MP, in November 2015.

In February 2017, LLAL submitted an application for planning consent for a mass passenger transit system to provide a fast, frequent and efficient transfer from London Luton Airport Parkway station to the central terminal area. The £243m construction commenced in the first quarter of 2018, and the system is to be fully operational by the end of 2021.

During the early part of 2018, LLAL submitted applications for planning consent in respect of its commercial development sites at Bartlett Square and Century Park. Bartlett Square was consented in November 2018 and Century Park in March 2019.

The company intends to submit, in due course, an application for a Development Consent Order to enable airport expansion. In receiving formal planning approval of the Development Consent Order, this will provide LLAL with the option to expand the existing Terminal from a current capped capacity of 18.5 million passengers per annum to 21.5m passengers per annum and the option to consider developing a new terminal 2 to increase capacity to 32 million passengers per annum. This would be a key enabler to allow LLAL to consider a strategy for expansive growth in revenue over the long term. The company is capitalising costs on these projects that support this strategy as a result of the expectation that this is a viable applicable and more likely than not to receive approval.

To date, we have conducted two public consultations on the proposals for the DCO. The second of these was a statutory consultation which took place in autumn 2019 and sought feedback on how we proposed to deliver a second terminal and associated infrastructure to deliver growth from the airport's current permitted capacity of 18 million passengers per annum (mppa) to 32 mppa by 2041. Since then we have been considering very closely and seriously the feedback we received. We heard in particular a clear message that people want us to go even further to mitigate environmental issues, including noise, air quality and climate change. We are currently continuing to invest more time to take a fresh look at every aspect of sustainability and the impacts of running an airport. This includes developing an innovative and ground-breaking initiative to ensure that all future growth at Luton can be green growth.

The company has continued to make progress with its development projects notwithstanding the impact of the Covid-19 pandemic on the basis that, on recovery, the London aviation system will be even more competitive than it is now and London Luton Airport needs to be in a position where it can take advantage of the opportunities for future growth.

Key performance indicators (KPI's)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not currently necessary for an understanding of the development, performance or position of the business.

Financial risk management

The company does not have any external financial relationships with banks or finance houses. The debenture loans to the company are from Luton Borough Council, the shareholder, and are held at fair value at inception. No repayments are scheduled until the end of the concession period. It is not, therefore, exposed to any financial risks resulting from changes in debt market prices, credit risk, and liquidity risk. The company does not use finance derivatives and as such no hedge accounting is required.

Price risk

The company is not currently exposed to commodity price risk as a result of its operations.

Credit risk

The company is only exposed to credit risk in respect of London Luton Airport Operations Limited who pays a concession fee to the company on a quarterly basis in arrears. LLAOL is bound by an open book policy with the company and therefore its internal auditors have access to monitor performance and viability. An annual internal audit is undertaken to ensure that the liquidity and financial position of LLAOL is sufficient to meet its obligations under the concession agreement. The company utilises the facilities of its parent, Luton Borough Council, in ensuring minimal risk with its cash and investments.

Liquidity risk

The company receives its concession income at four agreed dates on a quarterly basis. It actively manages its short term investments and cash holdings to ensure sufficient funds are available for its activities.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a fixed rate. The company maintains it debt at a mixture of fixed and variable interest rates reducing exposure to fluctuating interest rates. The directors will revisit the appropriateness of this and determine a policy should the company's operations change in size or nature.

Strategic report
for the year ended 31 March 2020 (continued)

By order of the Board

[redacted]

M Turner
For the Company Secretary, Luton Borough Council

30th July 2021

London Luton Airport Limited

Directors' report
for the year ended 31 March 2020

The directors present their report and the audited financial statements for the year ended 31st March 2020.

Future developments

Future developments for the company are set out in the Strategic report.

Results and dividends

The company's loss for the financial year is £3.3m (2019: £46.6m profit). The Board of Directors at its meeting held on 26th March 2020 agreed an interim dividend of 42.66 pence per share (amounting to £19.125m) (2019: 44.97 pence per share, £20.159m). The Board subsequently rescinded this decision due to the continuing impact of restrictions on travel in response to the pandemic on the financial position of the company.

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

W Akbar	
J Hussain	Chairman (from 25th May 2021)
A Malcolm	Chairman (to 25th May 2021)
K Malik	
A Nicholls	
T Saleem	
J Young	

D Agbley	Resigned (21 May 2019)
T Khan	Resigned (2 May 2019)
A O'Callaghan	Resigned 2 May 2019)
J Taylor	Resigned (2 May 2019)

The Lord McKenzie of Luton, Dr Romano Pagliari of Cranfield University and Mr Roy Davis attend Board meetings in an advisory capacity. They are not Directors of the company and have no voting rights. The Lord McKenzie ceased to attend meetings with effect from 3rd September 2020.

Employees

The company has no employees (2019: nil). Services to London Luton Airport Limited are carried out by employees of Luton Borough Council and the company is charged for these as set out in note 7.

Corporate social responsibility

The year ended 31st March 2020 saw the continuation of the company's Community Funding Policy, which sets out the ways in which the company will contribute to the social, environmental and economic wellbeing of the communities surrounding London Luton Airport. Details of the Community Funding Policy are available on the company's website at llal.org.uk.

Financial risk management

This has been documented within the Strategic Report at page 2.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liabilities arising from negligence, breach of duty, and breach of trust in relation to the company. This is a qualifying third party indemnity (as defined in section 234 of the Company Act 2006). The Directors' insurance has been in force during the year and at the date of approval of the financial statements.

Directors' report
for the year ended 31 March 2020 (continued)

Going concern

Refer to the accounting policies (note 3) for a detailed assessment of going concern.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Charitable donations

The company has, through its Community Funding Programme, made donations during the financial year amounting to £9.175m (2019: £9.204m) to local charitable organisations based or operating in Luton and the surrounding area. Payments are analysed across the seven Funding Themes of the Programme as follows:

	2020 £000	2019 £000
Children, Families & Young People	1,725	1,769
Citizen Enablement	792	792
Community Involvement	880	880
Community Safety	586	586
Environment & Economy	212	212
Health & Wellbeing	709	694
Leisure & Culture	4,271	4,271
	9,175	9,204

Independent auditors

PricewaterhouseCoopers LLP have acted as auditors to the company in the financial year and will be reappointed automatically as the company passed an elective resolution to that effect at its Annual General Meeting on 10 June 2006.

By order of the Board

[redacted]

M Turner
For the Company Secretary, Luton Borough Council

30th July 2021

Independent auditors' report to the members of London Luton Airport Limited

Report on the audit of the financial statements

Opinion

In our opinion, London Luton Airport Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Profit and Loss account, the Statement of comprehensive income, the Statement of changes in equity and the Statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – Significant estimation uncertainty in relation to the valuation of investment property

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 3 (Accounting policies), 4 (Critical accounting judgements and estimation uncertainty) and 13 (Investment properties) to the financial statements. These notes explain that there is significant estimation uncertainty in relation to the valuation of investment properties of £530.5m included in the statement of financial position as at 31 March 2020. The third party valuers engaged by management have included a material valuation uncertainty clause in their report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the company's ability to continue as a going concern. The impact of COVID-19 continues to create considerable uncertainty for the aviation industry, which may result in the company needing to seek further support from its shareholder particularly if negotiations with the airport operator LLAOL do not conclude as expected, given the significant impact on future cashflows of these negotiations. In addition, the shareholder who is providing financial support to the company is yet to provide the debenture funding to the company and is itself currently undergoing a process to source the funding to provide this financial support. Accordingly, this funding cannot be assumed with certainty. These conditions, along with the

Independent auditors' report to the members of London Luton Airport Limited

other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

Independent auditors' report to the members of London Luton Airport Limited

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

[redacted]

Amy York (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
30th July 2021

London Luton Airport Limited

Profit and loss account
for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	6	**55,077**	51,044
Administrative expenses		**(16,104)**	(15,412)
Change in fair value of investment properties		**(30,141)**	24,955
Operating profit	7	**8,832**	60,587
Interest receivable and similar income	9	**28**	11
Interest payable and similar expenses	10	**(3,913)**	(4,070)
Profit before taxation		**4,947**	56,528
Tax on profit	11	**(8,258)**	(9,963)
Profit/(loss) for the financial year		**(3,311)**	46,565

The profit and loss account has been prepared on the basis that all operations are continuing operations.

London Luton Airport Limited

Statement of comprehensive income
for the year ended 31 March 2020

	Note	**2020**	2019
		£'000	£'000
Profit/(loss) for the financial year		**(3,311)**	46,565
Re-measurements of net defined benefit obligation	20	**187**	(16)
Current tax deductions relating to net defined benefit obligation		**(40)**	3
Total comprehensive income for the financial year		**(3,164)**	46,552

London Luton Airport Limited

Balance sheet
as at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investment properties	13	**615,099**	615,712
Property, plant & equipment	14	**191,516**	88,041
		806,615	703,753
Current assets			
Debtors	15	**12,850**	13,866
Cash at bank and in hand		**382**	352
Total current assets		**13,232**	14,218
Creditors: amounts falling due within one year	16	**(10,125)**	(26,236)
Net current liabilities		**3,107**	(12,018)
Total assets less current liabilities		**809,722**	691,735
Creditors: amounts falling due after more than one year	17	**(253,161)**	(137,221)
Provisions for liabilities	19	**(64,960)**	(59,456)
Pension deficit	20	**(1,631)**	(1,924)
Net assets		**489,970**	493,134
Capital and reserves			
Called up share capital	21	**44,837**	44,837
Retained earnings		**445,133**	448,297
Total shareholders' funds		**489,970**	493,134

The notes on pages 14 to 28 are an integral part of these financial statements.

The financial statements on pages 9 to 28 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

[redacted]

A Malcolm, Director
30th July 2021

Registered Number 2020381

Statement of changes in equity for the year ended 31 March 2020

	Called up share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 April 2018	44,837	421,904	466,741
Profit for the financial year	-	46,565	46,565
Other comprehensive income for the financial year	-	(13)	(13)
Total comprehensive income for the financial year	-	46,552	46,552
Total transactions with owners – dividends	-	(20,159)	(20,159)
Balance at 31 March 2019	44,837	448,297	493,134
Balance at 1 April 2019	44,837	448,297	493,134
Profit/(loss) for the financial year	-	(3,311)	(3,311)
Other comprehensive expense	-	147	147
Total comprehensive income for the financial year	-	**(3,164)**	**(3,164)**
Total transactions with owners - dividends	-	-	-
Balance at 31 March 2020	**44,837**	**445,133**	**489,970**

London Luton Airport Limited

Statement of cash flows
for the year ended 31 March 2020

	2020	2019
	£'000	£'000
Cash flows from operating activities		
Profit for the financial year	(3,311)	46,565
Adjustments for:		
Taxation charge	8,258	9,963
Interest payable and similar expenses	3,913	4,070
Interest receivable and similar income	(28)	(11)
Change in fair value of investment properties	30,141	(24,955)
Decrease/(increase) in debtors	1,000	(4,644)
Decrease in creditors	(4,144)	(4,883)
Corporation tax paid	(6,408)	(4,883)
Net cash generated from operating activities	29,421	21,222
Cash flows from investing activities		
Purchase of tangible assets	(111,561)	(78,797)
Interest received	28	11
Net cash used in investing activities	(111,533)	(78,786)
Cash flows from financing activities		
Interest paid	(15,798)	(4,054)
Receipts from loan facility	115,940	79,300
Dividends paid	(18,000)	(21,659)
Net cash generated from (used in) financing activities	82,142	53,587
Net increase/(decrease) in cash and cash equivalents	30	(3,977)
Cash and cash equivalents at the beginning of year	352	4,329
Cash and cash equivalents at the end of year	382	352

Notes to the financial statements for the year ended 31 March 2020

1. General information

London Luton Airport Limited ("the company") is the owner of London Luton Airport, together with a number of other investment properties and parcels of land. The company operates entirely in the UK. The airport is leased to London Luton Airport Operations Limited ("LLAOL") as set out in note 5.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Hart House Business Centre, Kimpton Road, Luton, LU2 0LA.

2. Statement of compliance

The individual financial statements of London Luton Airport Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The accounting policies have been applied consistently year on year.

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Going concern

The directors have negotiated a stabilisation plan with the shareholder which was approved on 28th June 2021. The plan provides for financial support to the company through the period expected to be impacted by the ongoing pandemic until such time as the company's income reaches a point at which it is sufficient on its own to cover the expenses of the business. The plan allows for fluctuations in actual passenger numbers against forecasts. The extent of the support approved by the shareholder has been based on prudent forecasts for passenger numbers in the coming years compared to current industry expectations. LLAL has therefore been prudent in determining its estimated stabilisation funding requirement and considered a range of possible market and sector passenger forecasts in response to the current challenging market conditions. LLAL has considered and included a range of scenarios to stress test funding requirements to demonstrate that it will continue as a going concern based on the support currently approved by the shareholder.

The support agreed with the shareholder is primarily expected to be provided through additional debenture loans to support ongoing capital projects, the cessation of dividends paid to the shareholder until 2026, and additional investment via issuance of preference shares of up £20m in the company to the shareholder as needed.

Having had regard to the funding approved as part of the stabilisation plan, and considering severe but plausible downside scenarios in passenger modelling and delays to or additional funding for capital projects, the Directors have concluded that there will be adequate resources available to meet the company's funding requirements for at least 12 months from the date of this Annual Report and Financial statements, and that it is accordingly appropriate to adopt a going concern basis for the preparation of the financial statements

Nevertheless, the impact of COVID-19 continues to create considerable uncertainty for the aviation industry, which may result in the company needing to seek further support from its shareholder particularly if negotiations with LLAOL do not conclude as expected, given the significant impact on future cash flows of these negotiations.

In addition, the shareholder is yet to provide the debenture funding to the company for the agreed stabilisation package which was approved by the shareholder on the 28th June and is itself currently following the established process for seeking funding from the Public Works Loan Board. The company and the shareholder expect approval for the funding requested and to receive confirmation of availability to this funding shortly. However, accordingly, this funding cannot be assumed with certainty. These factors indicate the existence of a material uncertainty which may cast significant doubt upon the company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

Turnover

Turnover relating to concession income is recognised in line with the concession contract, see note 5 for further details. Other property income represents amounts falling due under rental agreements.

Leased assets

As a lessee, rental costs under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

3. Accounting Policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from banks and other third parties.

(i) Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest, and thereafter measured at amortised cost.

These are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

3. Accounting policies (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Pension costs

Certain employees of the airport business prior to the granting of the Concession Contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme in respect of former employees' entitlement to pension augmentations arising on redundancy.

This provision has been assessed in accordance with the advice of an independent actuary using the following principal assumptions.

	% pa
Pensions increase rate	1.95
Discount rate	2.25

An actuarial valuation for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 by Hymans Robertson LLP on the instructions of the then administering authority, Bedfordshire County Council. The results of this valuation have been projected forward to 31 March 2020 by Barnett Waddingham LLP on the instruction of the current administering authority, Bedford Borough Council, and reflected in these financial statements. The scheme is a defined benefits scheme.

Investment properties

The company includes investment properties at their fair value at the balance sheet date on the basis of the external valuer's valuation. Any gains or losses through the change in fair value are recorded through the income statement. A full valuation was carried out by Deloitte LLP as at 31st March 2020.

3. Accounting Policies (continued)

Investment properties (continued)

London Luton Airport Limited's freehold and leasehold properties were valued on 31 March 2020 by an external valuer, Deloitte LLP. The valuations were prepared in accordance with the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards as they apply in the UK (updated and amended in 2019) and the Global Standards (updated in 2020) which incorporates the International Valuation Standards (IVS). The RICS Valuation – Professional Standards are often informally referred to as the "Red Book". In accordance with the Red Book and IFRS 13, Deloitte LLP adopted Fair Value as the basis of valuation.

The external valuers included in their report, the following statement:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuations under frequent review. As at the valuation date (31 March 2020) COVID-19 had resulted in widespread restrictions on travel, with travel in the UK only permitted where essential to do so with similar restrictions in place globally. These travel restrictions led to air passenger reductions of over 90% in most EMEA airports in Q2 2020 according to Fitch Ratings. Further, COVID-19 has resulted in economic contractions globally, affecting demand for air travel."

There has been no change in year on year valuation methodology. An explicit discounted cash flow methodology, including sensitivity analysis, was adopted based on assumptions regarding passenger growth and RPI forecasts informed by analysis of both historical trends and knowledge of other airports as well as prevailing circumstances and forecasts at the date of valuation. The key factor that resulted in the impairment of the airport asset was (as at the valuation date) the forecasted disruption caused to passenger numbers (and therefore income) by COVID-19 with reference made to publicly available information from IATA (International Air Transport Association) Economics and Fitch Ratings. The valuers adopted a prolonged period of reduced passenger numbers with a phased recovery over a 3 year period reflecting the disruption, restrictions and impact on demand caused by COVID-19 considered as at the date of valuation.

Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing cost capitalised.

Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are ready for use.

3. Accounting Policies (continued)

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies.

Management are required to make judgements in relation to the capitalisation of costs. This relates to both when amounts may begin to be capitalised and where there may be doubt about planning consent or the ultimate completion of the asset. Judgement has been exercised in the year across all development projects including the most significant in relation to the application for a Development Consent Order (DCO) to enable the company to expand its passenger capacity from an existing 18.5 million to 21.5 million and a further option to expand to 32 million passengers per annum. £37,883,000 has been capitalised in relation to the DCO at 31 March 2020.

Accounting standards require it to be probable that future economic benefits associated with an item will flow to the entity for an item to be capitalised. Management have considered a number of factors relating to the DCO including the potential ongoing impact of COVID-19 and the impact of climate change on long term passenger demand and have currently concluded it more likely than not that the DCO will be approved. If expansion were deemed not probable at a future date, then it is expected that the asset would be impaired in full.

The estimated passenger numbers have been derived from a variety of sources, both commissioned by and independent of the company. On the basis of modelling these passenger numbers, the directors believe that there is sufficient probability that future economic benefits will flow to the company to justify the continued capitalisation of costs related to the DCO and other development projects outlined further in notes 13 and 14.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Notes to the financial statements for the year ended 31 March 2020 (continued)

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain former employees now employed by LLAOL. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

Fair value of investment properties

Investment properties are valued on an annual basis requiring use of a number of critical estimates. The 2020 valuation, undertaken by Deloitte LLP, considered forecast future cash flows based primarily on passenger growth and was discounted using a discount rate of 11.5% being an estimate of the company's long term weighted average cost of capital. The DCF analysis assumes a reversionary value of the airport at the expiry of the concession on 31st March 2031 including assumptions on exit yield and income. The valuation was made in accordance with the RICS Appraisal and Valuation Manual.

5. Concession contract

On 20 August 1998 ('the concession date') the company entered into a concession contract with an unrelated entity, London Luton Airport Operations Limited ("LLAOL").

Under the terms of this contract LLAOL was granted a concession to operate the airport for a period of 30 years ('the concession period') and a lease over the company's land and buildings. In return LLAOL undertook to pay an annual concession fee to the company comprising of £3 million as a minimum fixed payment or a greater amount based on workload units (being each departing and arriving passenger and each 100 tonnes of freight) as prescribed in the concession agreement and, subject to the continuing growth of passenger numbers, fund an extensive capital investment programme. At the end of the concession period the assets, liabilities and operations of the airport revert to the ownership and use of the company.

In August 2012 a supplemental agreement to the concession contract was reached between LLAL and LLAOL. This agreement commits the operators to undertake a significant programme of development works to increase the Airport's capacity to handle throughput of up to 18 million passengers per year, in return for an extension of the Concession Period to March 31st 2031. The concession agreement was further amended in January 2014 to provide for a scheme to rebate the Concession Fee Rate payable by the airport operator in certain circumstances, in order to encourage passenger growth.

At the concession date the trading assets and liabilities of the company were transferred to LLAOL at book value. No profit or loss arose on the transfer of these assets and liabilities. The employees of the company were also transferred to LLAOL.

As the company no longer operates the airport itself, the land and buildings have become investment properties. At the instruction of the company, Deloitte LLP have valued the freehold interest in London Luton Airport as at 31 March 2020.

In March 2020 LLAOL informed the company that, in their belief, as a result of the pandemic being declared a Special Force Majeure event had occurred and that the provisions of clause 10.5 of the Concession Agreement had come into effect. This necessitated an extended period of negotiation between LLAL and LLAOL to establish the terms of the agreement which culminated in a settlement being reached in May 2021. The terms of the agreement outlined that the claim be settled via a reduction in the concession fee and a possible extension in the concession term. A variable element, termed the passenger access mechanism (PAM) is included to reflect amount receivable or payable to/ from the company if actual passenger out-turns above or below an agreed passenger forecast.

As a result of these negotiations, further discussions were held between LLAL and its shareholder to agree a plan to support the company financially to enable it to continue as a going concern until such time as its income is sufficient to meet its expenses; this plan was approved on 28th June 2021.

6. Turnover

	2020	2019
	£'000	£'000
Concession income	**54,187**	49,960
Other property income	**890**	764
Other income	-	320
Total investment income	**55,077**	51,044

All turnover is generated and originates in the United Kingdom. The future minimum rental under the concession agreement receivable from LLAOL amounts to £3,000,000 per annum.

Notes to the financial statements for the year ended 31 March 2020 (continued)

7. Operating profit

	2020	2019
	£'000	£'000
Operating profit is stated after the following amounts have been charged:		
Operating leases - land and buildings	**3,086**	2,910
Charge for enhanced pension payments	**38**	46
Charitable donations	**9,175**	9,204
Auditor's remuneration:		
The audit of the company	**70**	58
Tax compliance services	**11**	11
Tax advisory services	**37**	67
Other services	**147**	209

The shareholder, Luton Borough Council, provides professional services to the company. Charges to the company for these services amounted to £1,501,836 (2019: £1,555,026) and are on commercial terms. £2,898,968 (2019: £2,834,547) of the operating lease charge for a car park on the airport premises and for the adjacent area of Wigmore Valley Park is with Luton Borough Council on commercial terms. Luton Borough Council is the company's controlling party by virtue of its majority shareholding. The company has no employees. Services to the company are carried out by employees of Luton Borough Council and the company is charged for these as set out above. Accordingly, there is no key management personnel compensation.

8. Directors' emoluments

Directors' emoluments for the financial year amounted to £nil (2019: £nil). All of the directors are council members and therefore do not qualify for remuneration.

9. Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest receivable	**28**	11

Notes to the financial statements for the year ended 31 March 2020 (continued)

10. Interest payable and similar expenses

	2020	2019
	£'000	£'000
Interest on debenture loans - repayable after more than 5 years (note 17)	**3,913**	4,070

The total interest paid in the year was £15,798,307 (2019: £7,872,113), of which £11,885,268 (2019: £3,801,806) in relation to the company's development projects was capitalised.

11. Tax on profit

	2020	2019
	£'000	£'000
Current tax		
United Kingdom corporation tax on profits of the financial year	**2,904**	4,716
Adjustments in respect of prior years	**(127)**	(260)
	2,777	4,456
Deferred tax :		
Origination and reversing of timing differences	**(1,551)**	5,894
Adjustments in respect of prior years	**73**	233
Change in tax rates	**6,959**	(620)
	5,481	5,507
Total tax charge on profit	**8,258**	9,963

Notes to the financial statements for the year ended 31 March 2020 (continued)

11. Tax on profit (continued)

The tax assessed for the financial year is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£'000	£'000
Profit before tax	**4,947**	**56,528**
Profit before tax multiplied by standard rate in the UK of 19% (2019: 19%)	**940**	**10,740**
Effects of:		
Expenses non-deductible for tax purposes	**22**	**12**
Deferred tax not provided for	**850**	**(129)**
Indexation on revalued properties	**(459)**	**(13)**
Adjustments in respect of prior years	**(54)**	**(27)**
Tax rate change	**6,959**	**(620)**
Total tax charge	**8,258**	**9,963**

Factors that may affect future tax rate

Changes to the UK Corporation tax rates were substantially enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to 17% from 1 April 2020. This provision was rescinded on 17th March 2020 leaving the main rate at 19%. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

12. Dividends

	2020	2019
	£'000	£'000
On ordinary equity shares		
Approved: nil pence (2019: 44.97p) per share	-	20,159

Notes to the financial statements
for the year ended 31 March 2020 (continued)

13. Investment properties

	Airport £'000	Other Properties £'000	Assets in the course of construction £'000	Total £'000
Balance at 1 April 2019	560,000	22,325	33,387	615,712
Additions in the year	-	8,831	20,697	29,528
Fair value adjustments	(29,500)	(641)	-	(30,141)
Balance at 31 March 2019	**530,500**	**30,515**	**54,084**	**615,099**

The interest in the airport and other properties has been valued in accordance with the circumstances and principles set out in note 3.
The "Assets in the course of construction" includes £16,201,000 (2019: £13,145,000) in respect of the commercial development sites at Bartlett Square and Century Park, and £37,883,000 (2019: £20,241,000) in respect of the Future LuToN project.

14. Property, plant & equipment

	Assets in the course of construction £'000
Balance at 1 April 2019	88,041
Additions in year	103,475
Balance at 31 March 2020	**191,516**

The "assets in the course of construction" relates to the Luton DART (Direct Air-Rail Transit) mass passenger transit system linking Luton Airport Parkway railway station to the central terminal area of London Luton Airport. The company has further capital commitments for the construction of DART of £41.687m

15. Debtors

	2020	2019
	£'000	£'000
Deferred tax (note 18)	**324**	340
Prepayments and accrued income	**12,526**	13,526
	12,850	13,866

16. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Corporation tax	-	2,178
Other taxation and social security	-	2
Dividends	-	18,000
Other creditors	**10,125**	6,056
	10,125	26,236

17. Creditors: amounts falling due after more than one year

	2020	2019
Debenture loans Maturity loans non-instalment	**£'000**	£'000
Debenture loan 1 – interest fixed at 12%	3,153	3,153
Debenture loans 2 & 3 – interest at 4% over three months LIBOR	7,216	7,216
Debenture loan 4 – interest 4% over six months LIBOR	1,788	1,788
Debenture loan 5 – interest fixed at 12.125%	3,102	3,102
Debenture loan 6 – interest at 4% over six months GBR	1,662	1,662
Debenture loan 7 – interest at 7.58% over three months LIBOR	11,000	11,000
Debenture loan 8 – interest fixed at 11.5%	12,000	12,000
Debenture loan 9 – interest fixed at 11.5%	3,000	3,000
Debenture loan 10 – 52 – interest fixed at 8%	210,240	94,300
	253,161	**137,221**

The debenture loans are from Luton Borough Council, the shareholder. The repayment in full in a single payment of the principal in respect of debenture loans 1 to 6 is scheduled for 28th March 2028 and of debenture loans 7 to 52 for 1st April 2031. The debentures are secured on the total assets of the company.

Luton Borough Council has provided the company with a loan facility of £285.0m (2019: £281.0m), of which £210.2m (2019: £94.3m) has been drawn down as at 31 March 2020. The amounts drawn down are represented by debentures 10 to 52 above. The current loan facility attracts a fixed interest rate of 8% (2019: 8%) and the maturity date is 1 April 2031.

Notes to the financial statements for the year ended 31 March 2020 (continued)

18. Deferred tax asset

The deferred tax asset represents the following:

	2020 £'000	2019 £'000
Deferred tax in relation to pensions liability	**324**	340
Deferred tax at 1 April	**340**	354
Deferred tax charge in the profit and loss account	**(16)**	(14)
Deferred tax asset at 31 March	**324**	340

19. Provisions for liabilities

The deferred tax liability arises wholly in relation to investment properties.

	2020 £'000	2019 £'000
Balance at 1 April	**59,456**	53,963
Deferred tax in respect of fair value adjustments in year	**(3,830)**	5,157
Adjustment in respect of prior year	**73**	233
Deferred tax in respect of capitalised interest	**2,258**	723
Change in tax rate	**7,003**	(620)
Balance at 31 March	**64,960**	59,456

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax liability by £20,425,167.

Notes to the financial statements for the year ended 31 March 2020 (continued)

20. Pension commitments

Certain employees of the airport business prior to the granting of the concession contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme (LGPS) in respect of former employees' entitlement to pension augmentations arising on redundancy. The LGPS is a defined benefit statutory scheme. The cost charged to the company is based on the actual cost attributable to the former employees.

a) Defined benefit scheme

An actuarial valuation of the Bedfordshire Pension Fund for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 using the projected unit basis, by Hymans Robertson LLP, independent consulting actuaries. The results of this valuation have been projected forward to 31 March 2020 by Barnett Waddingham LLP. The major assumptions used by the actuary were:

	2020	2019
	%	%
Pension increase rate	**1.95**	2.5
Discount rate	**2.25**	2.1

The mortality assumptions used were as follows:

	2020	2019
	years	years
Longevity at age 65 for current pensioners:		
– Men	**22.2**	20.7
– Women	**24.3**	23.2

	2020	2019
	£'000	£'000
Present value of scheme liabilities	**(1,631)**	(1,924)

Notes to the financial statements for the year ended 31 March 2020 (continued)

20. Pension commitments (continued)

b) Reconciliation of present value of scheme liabilities

	2020 £'000	2019 £'000
At 1 April	**1,924**	2,006
Interest cost	**39**	50
Unfunded benefits paid	**(145)**	(148)
Re-measurements of net defined benefit obligation	**(187)**	16
At 31 March	**1,631**	1,924

21. Called up share capital

	2020 £'000	2019 £'000
60,000,000 (2019: 60,000,000) Authorised ordinary shares £1 each	**60,000**	60,000
44,837,002 (2019: 44,837,002) Allotted and fully paid	**44,837**	44,837

22. Operating lease commitments and contingencies

At 31 March the company was committed to making the following total payments in respect of operating leases relating to land and buildings.

	2020 £'000	2019 £'000
Amounts payable in less than one year	**3,180**	2,929
Amounts payable between two and five years	**9,082**	8,076
Amounts payable in excess of five years	**14,469**	14,979

Notes to the financial statements for the year ended 31 March 2020 (continued)

23. Financial instruments

	2020 £'000	2019 £'000
Financial assets		
Cash	**382**	352
Financial assets that are debt instruments measures at amortised cost	**12,850**	9,934
Financial liabilities		
Financial liabilities measured at amortised cost	**263,160**	163,334

24. Related parties

There are no transactions with related parties not wholly owned by the group headed by Luton Borough Council. The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group headed by Luton Borough Council.

25. Parent entity and ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Luton Borough Council. Luton Borough Council is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2020. The consolidated financial statements of Luton Borough Council are available from Town Hall, George Street, Luton, LU1 2BQ.

London Luton Airport Limited
Annual report and financial statements
for the year ended 31 March 2021

Registered in England & Wales No.: 2020381

Registered number: 2020381

London Luton Airport Limited

Contents

London Luton Airport Limited

Strategic Report
for the year ended 31 March 2021

The directors present their strategic report on the company for the year ended 31 March 2021.

Principal activities

The company's principal activities until August 1998 were the ownership, operation and management of London Luton Airport. In August 1998 the company granted a concession contract to an unrelated company, London Luton Airport Operations Limited ("LLAOL") to operate the airport on its behalf in return for a concession fee. The company continues to own the land, buildings and infrastructure at the airport.

Review of the business

London Luton Airport Limited (LLAL)'s principal source of income continued to be the Concession Fee which is based on work-load units, each unit being one passenger or 100kg of freight. Growth in passenger numbers was particularly strong, reaching a number of 17.2 million in the year to March 2020, an increase of some 1.59% over the previous year. However, the impact of the Covid-19 pandemic on passenger numbers, which was felt only slightly during March 2020, was significant throughout the remainder of the year, such that, for the year ending 31st March 2021, total actual passenger numbers was 2.9m, a reduction of some 83% on the previous year.

During the year LLAOL continued with the development works to increase the passenger capacity up to 18 million passengers per annum.

Three key events are noted during the year that impact the financial statements for the period to 31 March 2021.

1. Special Force Majeure
2. Impairment of DART
3. Valuation of the Airport

<u>Special Force Majeure</u>

A consequence of the Covid-19 pandemic resulted in the activation of a Special Force Majeure provision as specified within the Concession Agreement.

This provision provided for compensation to be paid to the airport operator as a result of circumstances that were beyond its control.

Subsequently, on 19th November 2021, both parties agreed a full and final settlement which resulted in the following primary financial outcomes:

1. A total Force Majeure settlement of £45m payable by LLAL to the airport operator, with phased amounts payable in the current and following 2 years.

2. A variable payment termed 'Passenger Access Mechanism' (PAM). This passenger access mechanism payment to/ from the airport operator will 'trigger' when there is a difference in the total actual and target passengers travelling during the year.

   Both parties have agreed rates per passengers payable/receivable if the passenger target is/is not achieved i.e. calculated as (actual PAX minus base target PAX) * agreed rate per passenger).

   This PAM will terminate on 31 March 2026.

London Luton Airport Limited

Strategic Report
for the year ended 31 March 2021 (Continued)

DART Impairment

The DART (Direct-Air-Rail-Transit) mass passenger transport system connects Luton Parkway station to Luton Airport terminal. This new transport system remains as an 'asset under construction' until September 2022 when it is expected to become operational and ready for use.

During the year, we carried out an impairment assessment to determine the recoverable value of the DART.

This impairment assessment involved taking into consideration the capital cost incurred to date, the additional costs anticipated to be incurred to bring the service in to operation and projected future revenues. This assessment was carried out in accordance with UK Accounting standards (FRS102).

The assessment determined a £184.7m impairment of the DART during 2020/21.

Airport valuation

During the year we carried out a review of the valuation of the airport asset and determined a revised valuation based upon the reversionary value of the airport when the current concession agreement ends on 31 March 2031. This valuation was carried out with our Valuation Advisors at Deloitte LLP (Real Estate). The valuation was based on key financial and operational assumptions and inputs as provided by LLAL.

This valuation of the airport is revised and continues to be reported as an investment property in our accounts to 31 March 2021. The revised valuation as at 31 March 2021 is £1.49bn. We have restated the 2019/20 prior year values to be £1.41bn.

It is the view of the directors this represents a true and fair view of the value of the airport.

Principal risks and uncertainties

- The key business risks and uncertainties for the company are considered to relate to fluctuations in passenger throughput, the key determinant of the concession income. Passenger numbers are subject to competition between airlines, airport operators, the selection of routes and destinations, and underlying passenger demand for air travel which can be influenced by the general economic environment and consumer confidence. There is a risk that the decision to leave the European Union may diminish passenger demand for leisure related air travel. The concessionaire is deemed to be in the best position to manage this risk by its contractual relationships with airline operators.

- Assessments have been undertaken of the potential and likely impacts of the UK's decision to leave the European Union; indications are that the company's business plans remain deliverable, and no material change is expected in the company's prospects.

- The Covid-19 pandemic introduced an unprecedented risk into the company's activities and one which rapidly materialised in respect of passenger numbers, which were significantly reduced by measures introduced by HM Government to restrict air travel as part of its objective of controlling the spread of the virus.

- The company continues to pursue its application of a Development Consent Order (DCO) which is expected to be submitted at the end of 2022. A successful application will permit the expansion of the current terminal building and the development of a second terminal to enable the expansion of the airport to 32m passengers per annum in the future. This project is deemed to be and constitutes as a Nationally Significant Infrastructure Project (NSIP).

- Given the nature and complexity of this planning application, it is expected LLAL will incur an estimated £65m of costs pursuant to a successful application. We have evaluated the fair value of these costs through the expected future growth in the airport and have concluded that the fair value will be at least the level of costs to be incurred in this application.

- In April 2022 the Secretary of State for Levelling Up, Housing and Communities called-in the airport operator's planning application for increasing airport expansion to 19m passengers per annum, which had been approved by Luton Borough Council in December 2021.

  The process for consideration of this application is independent of the process by which LLAL's planned application for development consent will be considered.

  Although the two applications relate to the same site and both seek to increase the airport's passenger throughput, they are being processed under different statutory consenting regimes due to their very different scales.

  The processes for consideration of the two applications should proceed independently of one another. The airport operator's planning application is scheduled to go to Public Inquiry starting in September 2022.

  The re-call notification is reflected as a subsequent event after the 31 March 2021 balance sheet and is included in note 26 in the financial statements below.

Review of business and future developments

In response to the impact of the Covid-19 pandemic, the company took immediate action to negotiate a stabilisation plan with its shareholder, which enabled the company to maintain itself as a going concern. This included an additional £60m to support and stabilise the company during the 2020/21 financial year.

In July 2021, LLAL secured additional funding from its shareholder, Luton Borough Council (LBC), for a further £139m to ensure continuation of its capital investment program and working capital requirements. LLAL has stress tested various scenarios of business recovery over the next 18 months and, in stress testing its cash flows, has taken account of other supporting funding mechanisms potentially available through LBC. The directors are confident that approved additional funding is sufficient to ensure LLAL continues as a going concern. However, the company continues to be impacted by the Covid-19 pandemic. In particular, the outlook for international travel remains uncertain, notwithstanding recent positive developments in passenger numbers, and under certain severe but plausible downside scenarios it is possible that the company may need to obtain further support from LBC beyond that already agreed or defer some interest payments due on the debenture loans. At this point neither the additional funding nor the acceptance of the Council to defer interest can be assumed with absolute certainty. Accordingly, the directors have concluded that a material uncertainty continues to exist in respect of going concern.

During the first half of 2022, the airport is seeing a positive upturn and increasing confidence in passengers travelling across our core European market, possibly indicating the early stages of a sustainable and positive economic recovery. The company expects to return to profitable growth in 2023/24.

Key performance indicators (KPI's)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not currently necessary for an understanding of the development, performance or position of the business.

London Luton Airport Limited

Strategic Report
for the year ended 31 March 2021 (Continued)

Financial risk management

The company does not have any external financial relationships with banks or finance houses. The debenture loans to the company are from LBC, the shareholder, and are held at fair value at inception.

No repayments are scheduled until the end of the concession period. It is not, therefore, exposed to any financial risks resulting from changes in debt market prices, credit risk, and liquidity risk. The company does not use finance derivatives and as such no hedge accounting is required.

Price risk

The company is not currently exposed to commodity price risk as a result of its operations.

Credit risk

The company is only exposed to credit risk in respect of LLAOL which pays a concession fee to the company on a quarterly basis in arrears. LLAOL is bound by an open book policy with the company and therefore its internal auditors have access to monitor performance and viability. An annual internal audit is undertaken to ensure that the liquidity and financial position of LLAOL is sufficient to meet its obligations under the concession agreement. The company utilises the facilities of its parent, LBC, in ensuring minimal risk with its cash and investments.

Liquidity risk

Prior to the Covid pandemic LLAL received its concession income at four agreed dates on a quarterly basis. During 2020/21 LLAL received £814k concession income. Given the significant reduction in concession income during the year, LLAL used its agreed debenture loan facility to drawdown funding to support its continued operations.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a fixed rate. The company maintains its debt at a mixture of fixed and variable rates reducing exposure to fluctuating interest rates. The directors will revisit the appropriateness of this and determine a policy should the company's operations change in size or nature.

Sustainability strategy

LLAL's sustainability strategy is, one of the most far reaching commitments to minimise environmental impact ever put forward by a UK airport.

LLAL is also the UK's most socially impactful airport. Its social impact comes not just from the substantial financial contributions made to Luton's public-sector services and community organisations.

LLAL's commitment to sustainable development is to restore and regenerate and is embedded in the company's strategic objectives as follows

Protect and enhance the natural environment

Deliver climate resilience and business continuity

London Luton Airport Limited

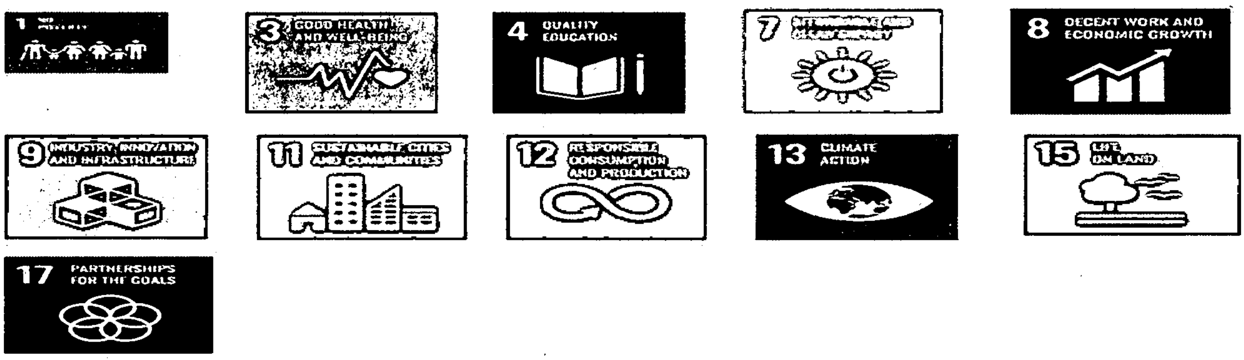
Strategic report
for the year ended 31 March 2021 (continued)

Lead the transition to Net Zero

Become a national hub for green technology, finance and innovation

Be a place to thrive

Through this, LLAL supports, and will contribute to, many of the Sustainability Development Goals established by the United Nations to support and guide the achievement of a blueprint to achieve "a better and more sustainable future for all"



These objectives are embedded in the strategy which integrates governance and requirements aligned with the Global Reporting Initiative (GRI) which LLAL aims to report against in the future.

LLAL aspires to be a sustainability leader, building on its unique position as a community airport owner, by leading an ambitious transition towards net zero, restoring and regenerating the environment; future proofing the company's assets; and strengthening its position as a world leader in creating community value through the delivery of inclusive socio-economic growth.

LLAL's approach to achieving its strategic objectives recognises a varying degree of control and influence and the need to work closely with stakeholders to deliver opportunities and solutions across the full scope of our activities including the airport's future expansion.

Focus on Net Zero

LLAL has created a dedicated and ambitious Net Zero Strategy. This particular objective supports Luton Borough Council's pledge to ensure that Luton is a carbon neutral town by 2040 and outlines LLAL's carbon ambition around the following commitments:

- to minimise carbon emissions associated with construction
- to work with the airport operator to deliver carbon neutral airport ground operations by 2030 and net zero by 2040
- to play its part in delivering the Government's ambition of net zero aviation through supply of sustainable aviation fuels and support for electric aircraft.

Carbon Neutral and Net Zero:

For both carbon neutral and net zero, the first steps are the same – both require the company to reduce its emissions to the maximum extent and work with our partners to reduce theirs. The distinction between the two arises from how residual emissions from the atmosphere are addressed:

- By using carbon offsets to balance residual emissions to achieve carbon neutral surface access whilst establishing longer term interventions for carbon removal.
- By using local, land based community measures, where possible, to remove residual emissions to achieve net zero operations.

LLAL's approach is to:

- Innovate, where the focus is on those emissions which can be avoided by making changes to current activities
- Transition, where technology or behaviour changes are deployed to deliver the same output with lower emissions
- Transform, where local, community based projects ate introduced and supported to remove residual emissions form the atmosphere, achieving net zero

By order of the Board

M Turner
Company Secretary

[redacted]

10 June 2022

Directors' report
for the year ended 31 March 2021

The directors present their report and the audited financial statements for the year ended 31st March 2021.

Future developments

Future developments for the company are set out in the Strategic report.

Results and dividends

The company's loss for the financial year is £109.8m (2020 restated profit: £0.3m). The Board does not recommend the payment of a dividend for the year ended 31.March 2021 (2020 – nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

W Akbar	
J Hussain	Chairman (from 25th May 2021)
A Malcolm	Chairman (to 25th May 2021)
A Donelon	Appointed 17th May 2022
K Malik	
A Nicholls	
T Saleem	Resigned 17th May 2022
J Young	
G Olver	Appointed 26th August 2021
M Turner	Appointed 26th August 2021

Dr Romano Pagliari of Cranfield University and Mr Roy Davis attend Board meetings in an advisory capacity. They are not Directors of the company and have no voting rights.

Employees

The company has no employees (2020: nil). Services to London Luton Airport Limited are carried out by employees of LBC and the company is charged for these as set out in note 7.

Corporate social responsibility

The year ended 31st March 2021 saw the continuation of the company's Community Funding Policy, which sets out the ways in which the company will contribute to the social, environmental and economic wellbeing of the communities surrounding London Luton Airport. Details of the Community Funding Policy are available on the company's website at lutonrising.org.uk.

Section 172 of the Companies Act 2006 requires directors to act in the way (s)he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—

a. The likely consequences of the decision in the long-term

b. The interests of the company's employees

c. The need to foster the company's business relationships with suppliers, customers and others

d. The impact of the company's operations on the community and the environment

e. The desirability of the company maintaining a reputation for high standards of business conduct

f. The need to act fairly as between members of the company

Directors' report
for the year ended 31 March 2021 (continued)

The agenda page of each meeting of the Board of Directors includes a paragraph reminding directors of the need to be mindful of their duty under section 172 in reaching their decisions and each report they consider includes a section where the report author sets out the implications of the proposals within that report for each of the matters, where appropriate, as set out above to which they must have regard.

The company has no direct employees; those who work on the company's behalf are either employed by the sole shareholder, Luton Council, or are employed through an agency or as a self-employed consultant. Nevertheless, the company places a high degree of importance on keeping its workforce fully informed of, and able to influence, the company's business. This is achieved through regular team briefings, either by email, by remote meetings or in person and such consultation and participation was particularly evident through the process of developing the company's annual Business Plan and its vision, mission, values and business principles.

The company has a strict prompt payment policy that helps to foster good relationships with our suppliers; our major business relationship is with our airport operator and this was only strengthened through the collaborative and constructive approach we adopted in meeting the challenges of the impact of the Covid-19 pandemic on the aviation industry.

Our Head of Engagement is responsible for leading on developing relationships with key stakeholders and this has been prominent through major statutory consultation exercises on our proposal to seek a Development Consent Order for the expansion of the airport. Links with neighbouring local authorities have been nurtured through the establishment of a London Luton Airport Regional Forum chaired by the Leader of Luton Council. As part of our recent consultation we held a number of in-person sessions with communities both in and around Luton as well as more informal engagement with business, community and faith leaders and groups.

Our most enduring engagement with our local community is through our sustained support for our Community Funding Programme which provides over £7m a year to local voluntary and community groups. This programme has been operating for almost twenty years which has led to the creation of some enduring and valued relationships and has demonstrated to the community that the company places inestimable value, both in policy and practice, on its positive social impact.

Similarly, the adoption of our "Green Controlled Growth" approach to airport expansion has demonstrated that we are serious in listening and responding to the concerns of those who are concerned at the environmental impacts of the aviation industry.

Our Business Plan includes a commitment to developing a system of integrated reporting that will better enable us to measure the total stakeholder value that our business generates which will help us to ensure that our impacts, both negative and positive, are clearly identified to enable our stakeholders to hold us to account for the negative and so that we can demonstrate that the benefits are distributed equitably across our communities.

Financial risk management

This has been documented within the Strategic Report on page 5.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liabilities arising from negligence, breach of duty, and breach of trust in relation to the company.

Directors' report
for the year ended 31 March 2021 (continued)

Going concern

Refer to the accounting policies (note 2) for a review of going concern.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

London Luton Airport Limited

Directors' report
for the year ended 31 March 2021 (continued)

Charitable donations

The company has, through its Community Funding Programme, made donations during the financial year amounting to £8.3m (2020: £9.175m) to local charitable organisations based or operating in Luton and the surrounding area. Payments are analysed across the seven Funding Themes of the Programme as follows:

	2021	2020
	£000	£000
Children, Families & Young People	1,073	1,725
Citizen Enablement	720	792
Community Involvement	754	880
Community Safety	523	586
Environment & Economy	150	212
Health &Wellbeing	779	709
Leisure & Culture	4,333	4,271
	8,332	**9,175**

Carbon emissions

London Luton Airport Limited is committed to demonstrating its consumption of carbon during the year as a way of showing how it is progressing to deliver upon its Net Zero strategy.

The reporting scope for carbon emissions, at present, is limited specifically to include Hart House and the Airport Executive Park (units 1 – 8) and excludes Luton Airport.

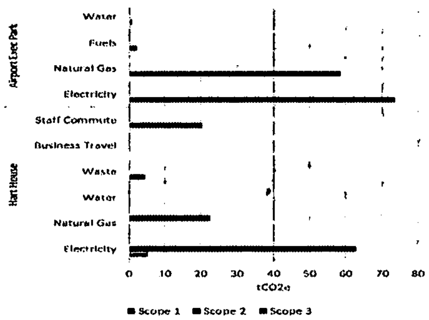
A baseline emissions exercise was carried out during the year based on an assessment of emissions during the period January to December 2019 (pre-covid). In summary, 251.8 tCO2e as noted in the table below was emitted during the year.

It is intended that this table will be updated annually.

London Luton Airport Limited

Directors' report
for the year ended 31 March 2021 (continued)

Baseline
Emissions Summary



Emissions Source	Scope 1 (tCO_2e)	Scope 2 (tCO_2e)	Scope 3 (tCO_2e)	Total (tCO_2e)	%
Electricity*		62.9	79.0	141.9	56.3%
Natural Gas	22.5		58.7	81.2	32.2%
Waste			4.6	4.6	1.8%
Fuels			2.3	2.3	0.9%
Water			1.2	1.2	0.5%
Business Travel			0.2	0.2	0.1%
Staff Commute			20.5	20.5	8.1%
Total (tCO_2e)	22.5	62.9	251.8	231.2	100.0%
% of Total	8.9%	25.0%	66.1%	100.0%	

* Also includes transmission and distribution (T&D) losses emissions (Scope 3).

Note:

Scope 1 Direct emissions – emissions produced form sources linked to a company's assets (22.5 tCO2e (9%))

Scope 2 Indirect emissions- emissions produced by the generation of electricity purchased from third parties and consumed in the company's assets (62.9tCO2e (25%))

Scope 3 Indirect emissions – emissions that arise as a consequence of the activities of the company, but occurs from sources not owned or controlled by the company (166.4 tCO2e (66%))

Independent auditors

PricewaterhouseCoopers LLP will be resigning as auditors on completion of the audit of these financial statements. The directors intend to appoint Azets as the company's auditors going forwards.

By order of the Board

Mark Turner
Company Secretary

[redacted]

10 June 2022

Independent auditors' report to the members of London Luton Airport Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph below, London Luton Airport Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2021; the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for qualified opinion

The directors have valued the company's principal asset, the freehold site on which London Luton Airport is operated, at £1,488m at 31 March 2021. As described in notes 3 and 13, there is a material uncertainty in deriving a reliable estimate of the fair value of this asset given the uncertainties created by the Covid 19 pandemic and the absence of recent and readily comparable market transactions. We have independently developed a reasonable range for the estimate of the valuation, based on assumptions which we considered to be appropriate, of between £835m and £1,300m. The directors' valuation of £1,488m falls outside what we consider to be a reasonable range. This is principally due to the use of an assumption of a pre-tax discount rate of 8% by the directors in deriving the valuation which is lower than we consider to be appropriate at the balance sheet date. In addition, at 31 March 2021 the company was in receipt of a substantial claim from the airport operator arising from the Covid 19 pandemic which triggered a force majeure clause in the Concession Agreement. This claim was settled in November 2021 through reduced concession fee receipts being agreed by the company and an extension of the Concession Agreement termination date from 31 March 2031 to 31 August 2032. The valuation of £1,488m makes no allowance for the reduction in value to be earned from the freehold asset as a consequence of this claim and subsequent settlement which we have concluded is not reasonable. In order to fall within the valuation range that we consider to be reasonable, the value at 31 March 2021 would need to be reduced by at least £188m. This would also change the gain on valuation of £73.9m recorded in the profit and loss account to a loss of at least £114.1m. It is noted, however, that even at this valuation amount a material uncertainty would remain in respect of the valuation which could be substantially less than £1,300m and in respect of the loss on valuation which could significantly exceed £114.1m. In addition, had the valuation been reduced by £188m, the deferred tax liability would also reduce by £35.7m with this amount being credited to the tax charge in the year. The net adjustment to net assets would be a reduction at 31 March 2021 of £152.3m.

In relation to the valuation of the airport freehold site, the directors have restated the prior year valuations to correct an understatement in the assumptions of profit per passenger in the period after the Concession Agreement ends, as described in note 13. In doing so they have also revised the pre-tax discount rate employed down to 8% as at 31 March 2020 and 2019. There is a material uncertainty in deriving a valuation of this asset at 31 March 2020 and 2019, due to the large range of potentially reasonable values of between £1,050m and £1,600m, and consequently on the gain or loss on investments recorded in 2020 and 2021. Our opinion is not modified in respect of the restatement of these prior year valuations.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

Without further modifying our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. London Luton Airport Limited (the "company") continues to be impacted by the Covid-19 pandemic. In particular, the outlook for international travel remains uncertain, notwithstanding recent positive developments in passenger numbers, and under certain severe but plausible downside scenarios it is possible that the company may need to obtain further support from Luton Borough Council or defer some interest payments due on the debenture loans. At this point neither the additional funding nor the acceptance of the Council to defer interest can be assumed with certainty. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities, other than in respect of the valuation of the airport asset at 31 March 2021 for which we have qualified our audit opinion on the financial statements as described above.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report, other than in respect of the valuation of the airport asset at 31 March 2021 for which we have qualified our audit opinion on the financial statements as described above.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to environmental regulations and data protection requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in significant accounting estimates. Audit procedures performed by the engagement team included:

- Discussing with management and the company's legal team any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading the Board minutes to identify any issues which could indicate non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in its significant accounting estimates in relation to the carrying value of the rail assets in construction and the valuation of investment properties including the airport valuation and capitalised development consent order costs (please see notes to the financial statements for details); and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and journals crediting revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

[redacted]

Robert Girdlestone (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
10 June 2022

London Luton Airport Limited

Profit and loss account
for the year ended 31 March 2021

	Note	2021 £'000	As restated 2020 £'000
Turnover	6	**814**	**55,077**
Administrative expenses		**(16,341)**	(16,104)
Impairment of property plant & equipment		**(191,902)**	-
Change in fair value of investment properties		**73,925**	(25,641)
Operating (loss) / profit	7	**(133,504)**	13,332
Interest receivable and similar income	9	**0**	28
Interest payable and similar expenses	10	**(4,674)**	(3,913)
(Loss)/Profit before taxation		**(138,178)**	**9,447**
Tax on (loss)/profit	11	**28,407**	(9,113)
Loss/(profit) for the financial year		**(109,771)**	**334**

London Luton Airport Limited

Statement of comprehensive income
for the year ended 31 March 2021

	Note	2021 £'000	As restated 2020 £'000
Loss/(profit) for the financial year		**(109,771)**	**334**
Re-measurement of net defined benefit obligation		(101)	187
Current tax deductions relating to net defined benefit *obligation*	20	35	(40)
Total comprehensive income/ (expense) for the financial year		**(109,837)**	**481**

London Luton Airport Limited

Balance sheet
as at 31 March 2021

	Note	2021 £'000	Restated 2020 £'000
Fixed assets			
Investment properties	13	**1,576,668**	**1,498,599**
Property, plant & equipment	14	**77,000**	**191,516**
		1,653,668	**1,690,115**
Current assets			
Debtors	15	**10,987**	**12,850**
Cash at bank and in hand		**413**	**382**
Total current assets		**11,400**	**13,232**
Creditors: amounts falling due within one year	16	**(5,932)**	**(10,125)**
Net current liabilities		**5,468**	**3,107**
Total assets less current liabilities		**1,659,136**	**1,693,222**
Creditors: amounts falling due after more than one year	17	**(350,262)**	**(253,161)**
Provisions for liabilities	19	**(211,480)**	**(232,825)**
Pension deficit	20	**(1,626)**	**(1,631)**
Net assets		**1,095,768**	**1,205,605**
Capital and reserves			
Called up share capital	21	**44,837**	**44,837**
Retained earnings		**1,050,931**	**1,160,768**
Total shareholders' funds		**1,095,768**	**1,205,605**

The notes on pages 24 to 45 are an integral part of these financial statements. The investment properties value as at 31 March 2020 has been restated to £1,498.6k from £615.1m. Associated deferred tax liabilities have also been restated by £167.9m to £232.8m (Note 13).

The financial statements on pages 18 to 45 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

J Hussein, Director

Registered Number 2020381

[redacted]

10 June 2022

London Luton Airport Limited

Statement of changes in equity for the year ended 31 March 2021

	Called up share capital	Retained earnings	Total shareholders' fund
	£'000	£'000	£'000
Balance at 1 April 2019 before restatement	44,837	448,297	493,134
restatement to retained earning		879,000	879,000
Deferred tax effect of restatement		(167,010)	(167,010)
Balance at 1 April 2019 after restatement	44,837	1,160,287	1,205,124
Profit/(loss) for the financial year (as restated)	0	334	334
Other comprehensive expenses	0	147	147
Balance at 31 March 2020 restated	**44,837**	**1,160,768**	**1,205,605**
Balance at 1 April 2020	44,837	1,160,768	1,205,605
(Loss) for the financial year	-	(109,771)	(109,771)
Other comprehensive expense	-	(66)	(66)
Total comprehensive income for the financial year	**0**	**(109,837)**	(109,837)
Total transactions with owners - dividends	-	-	-
Balance at 31 March 2021	**44,837**	**1,050,931**	**1,095,768**

London Luton Airport Limited

Statement of cash flows
for the year ended 31 March 2021

	2021	As Restated 2020
	£'000	£'000
Cash flows from operating activities		
(Loss)/ profit for the financial year	**(109,771)**	**334**
Adjustments for:		
DART & CPAR asset impairment	**191,902**	**-**
Taxation (credit) / charge	**(28,407)**	**9,113**
Interest payable and similar expenses	**4,674**	**3,913**
Interest receivable and similar income	**-**	**(28)**
Change in fair value of investment properties	**(73,925)**	**25,641**
Decrease in debtors	**8,175**	**1,000**
Decrease in creditors	**(1,047)**	**(4,144)**
Corporation tax paid	**-**	**(6,408)**
Net cash (used in) / generated from operating activities	**(8,399)**	**29,421**
Cash flows from investing activities		
Purchase of tangible assets	**(83,997)**	**(111,561)**
Interest received	**-**	**28**
Net cash used in investing activities	**(83,997)**	**(111,533)**
Cash flows from financing activities		
Interest paid	**(4,674)**	**(15,798)**
Receipts from loan facility	**97,101**	**115,940**
Dividends paid	**-**	**(18,000)**
Net cash generated from financing activities	**92,427**	**82,142**
Net increase in cash and cash equivalents	**31**	**30**
Cash and cash equivalents at the beginning of year	**382**	**352**
Cash and cash equivalents at the end of year	**413**	**382**

London Luton Airport Limited

Statement of cash flows
for the year ended 31 March 2021 (Continued)

The cash flow statement for the year ended 31 March 2020 has been restated to reflect the impact of the increase in the valuation of the investment property. The impact of the change on the financial cash flow statement was an increase of £3.6m in reported profit for the year, an increase in the tax charge of £0.9m, offset by a reduction of £4.5m in the change in fair value of investment properties. This combined impact results in a nil movement in net cash (used in) / generated from operating activities.

Notes to the financial statements for the year ended 31 March

General information

London Luton Airport Limited ("the company") is the owner of London Luton Airport, together with a number of other investment properties and parcels of land. The company operates entirely in the UK. The airport is leased to London Luton Airport Operations Limited ("LLAOL") as set out in note 5.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Hart House Business Centre, Kimpton Road, Luton, LU2 0LA.

1. Statement of compliance

The individual financial statements of London Luton Airport Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2. Accounting policies

The accounting policies have been applied consistently other than where new policies have been adopted.

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

The directors have negotiated a further stabilisation plan (the "plan") with the shareholder, Luton Borough Council (LBC), which was approved on 28th June 2021 and includes agreement to provide an additional £139m of financial support. This is in addition to the original £60m agreed with the shareholder in June 2020 in response to the need to stabilise the funding requirements of LLAL resulting from the initial economic challenges of the covid pandemic. The plan provides for financial support to the company through the period of the impact of the pandemic until such time as the company's income reaches a point at which it is sufficient on its own to cover the expenses of the business. The plan allows for fluctuations in actual passenger numbers against forecasts. The shareholder has confirmed its intention to provide the agreed amount of £139m of financial support to the company in writing. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

The outlook for international travel remains uncertain, notwithstanding recent positive developments in passenger numbers, and under certain severe but plausible downside scenarios it is possible that the company may need to obtain further support from Luton Borough Council beyond that already agreed or defer some interest payments due on the debenture loans. At this point neither the additional funding nor the acceptance of the Council to defer interest can be assumed with absolute certainty. These circumstances indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments which would be necessary if the company were unable to continue as a going concern.

We have restated prior year balances in respect of investment properties and deferred tax as described in the Investment properties section below.

Notes to the financial statements for the year ended 31 March 2021 (continued)

Turnover

Turnover relating to concession income is recognised in line with the concession contract, see note 6 for further details. Other property income represents amounts falling due under rental agreements.

Leased assets

As a lessee, rental costs under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from banks and other third parties.

(i) Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest, and thereafter measured at amortised cost.

These are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Pension costs

Certain employees of the airport business prior to the granting of the Concession Contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme in respect of former employees' entitlement to pension augmentations arising on redundancy.

This provision has been assessed in accordance with the advice of an independent actuary using the following principal assumptions.

	% pa
Pensions increase rate	2.80
Discount rate	1.70

Notes to the financial statements for the year ended 31 March 2021 (continued)

An actuarial valuation for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 by Hymans Robertson LLP on the instructions of the then administering authority, Bedfordshire County Council. The results of this valuation have been projected forward to 31 March 2021 by Barnett Waddingham LLP on the instruction of the current administering authority, Bedford Borough Council, and reflected in these financial statements. The scheme is a defined benefits scheme.

Investment properties

The company includes investment properties at their fair value at the balance sheet date on the basis of the external valuer's valuation. Any gains or losses through the change in fair value are recorded through the income statement. A full valuation was carried out by Deloitte LLP as at 31st March 2021.

London Luton Airport Limited's freehold and leasehold properties were valued on 31 March 2021 by an external valuer, Deloitte LLP. The valuations were prepared in accordance with the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards as they apply in the UK (updated and amended in 2019) and the Global Standards (updated in 2020) which incorporates the International Valuation Standards (IVS). The RICS Valuation – Professional Standards are often informally referred to as the "Red Book". In accordance with the Red Book and IFRS 13, Deloitte LLP adopted Fair Value as the basis of valuation.

The external valuer's included in their report, the following statement:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuations under frequent review. As at the valuation date (31 March 2021) COVID-19 had resulted in widespread restrictions on travel, with travel in the UK only permitted where essential to do so with similar restrictions in place globally. These travel restrictions led to air passenger reductions of over 90% in most EMEA airports in Q2 2020 according to Fitch Ratings. Further, COVID-19 has resulted in economic contractions globally, affecting demand for air travel."

During 2021 it was identified that the assumption of profit per passenger used to estimate the reversionary value of the company's freehold and leasehold properties at the end of the current Concession Agreement was understated. Accordingly, the prior year amounts have been restated in order to adjust the value accordingly and to present the valuation on a consistent basis with the current year assumptions. This adjustment increased investment properties at 31 March 2020 by £883.5m and deferred tax liabilities by £167.9m. Net assets increased by £715.6m and the profit for the year in 2020 increased by £3.6m. An explicit discounted cash flow methodology, including sensitivity analysis, has been adopted based on assumptions regarding passenger growth and RPI forecasts informed by analysis of both historical trends and knowledge of other airports as well as prevailing circumstances and forecasts at the date of valuation.

Notes to the financial statements for the year ended 31 March 2021 (continued)

Valuing the airport freehold in the current market conditions presents significant challenges given the economic uncertainty and the lack of recent, comparable transactions to provide a reliable benchmark. Accordingly there exists a material uncertainty in respect of the valuation as at 31 March 2021 and, as restated, in prior years due to the wide range of valuations that could be regarded as reasonable.

Further investment properties are included within "Assets in the course of construction" in Note 13 This principally consists of costs incurred to date in progressing the company's Development Consent Order (DCO) to obtain the necessary permissions for the expansion of the airport. These assets are held at fair value which, given the early stage of these projects, is estimated to be the costs incurred to this point.

Analysis of net debt

The company has taken advantage of the exemption is permitted by s.3.1B of FRS 102 for small companies not to analyse net debt in the statement of cash flows

Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are ready for use.

Property, Plant and Equipment

Property, plant and Equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing cost capitalised.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies

   The company has exercised judgement in classifying the costs incurred to date in progressing the DCO as an investment property, carried at fair value which is considered to equate to cost at the present time. Further the judgement that the costs incurred cannot be reasonably divided into separate phases of expansion within the application is also a significant judgement.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain former employees now employed by LLAOL. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

Fair value of investment properties

The valuation, undertaken by Deloitte LLP, took into account forecast future cash flows based primarily on passenger growth and was discounted using a discount rate of 8.0% being an estimate of the company's long term weighted average cost of capital on a pre-tax basis. The DCF analysis assumes a reversionary value of the airport at the expiry of the concession on 31st March 2031 including assumptions on exit yield and income. The valuation was made in accordance with the RICS Appraisal and Valuation Manual. There is a material uncertainty in respect of this estimated value given the wide range of valuations that could be considered reasonable. Accordingly, the value could change materially in subsequent reporting periods.

Capitalisation of development project costs

As a result of the impact of the pandemic on the company's business, the directors have reviewed each of the development projects to assess whether the costs incurred on them still meet the criteria for capitalisation, in particular, that relating to the future expansion of the airport. On the basis of forecast passenger numbers, provided by a number of sources both commissioned by and independent of the company, there is sufficient probability that future economic benefits will flow to the company to justify the continued capitalisation of the costs related to those projects and that the fair value of these amounts, held as investment properties, is not less than the costs incurred.

Impairment of property plant and equipment

The calculation of the impairment of DART involves significant judgement in respect of the volume of passengers, the price of tickets and the appropriate discount rate to be applied, together with the estimates of the costs of operating it. Changes to these estimates, which are possible within the next year, could have a material impact on the amount of the impairment recorded to date.

Notes to the financial statements for the year ended 31 March 2021 (continued)

4. Property, plant & equipment

Property, plant and equipment are assessed for impairment when an impairment trigger in accordance with FRS102 s27 is identified. As at 31 March 2021, it was identified that the forecast net cash outflows in relation to the construction of the Luton DART system were significantly higher than the initial plan indicating an impairment in relation to the DART capitalised costs. The costs capitalised in the course of construction were £261.7m as at 31 March 2021. The recoverable amount was determined based on a value-in-use calculation which requires the use of assumptions. The recoverable amount was calculated as £77m indicating that an impairment of £184.7m was required.

The recoverable amount is calculated based on discounted cash flow projections of the business over an asset useful economic life of 40 years where the discount rate is calculated using a pre-tax discount rate of 11.4%, which the directors consider to be towards the higher end of an appropriate discount rate range for such an impairment assessment.

Short term projections are based on the latest forecast approved by the Board and longer term projections reflect a year on year increase of 2.5% per annum to reflect inflation.

The sensitivity analysis below shows the impact on the valuation of reasonably possible changes to the respective assumptions:

	Increase/(decrease) in asset valuation (£'m)
Operating costs growth	
+10%	(5.5)
-10%	5.5
Discount rate	
+0.5%	(4.2)
-0.5%	4.6
Useful economic life	
+10 years	1.9
-10 years	(4.3)

Notes to the financial statements for the year ended 31 March 2021(continued)

5. Concession contract

On 20 August 1998 ('the concession date') the company entered into a concession contract with an unrelated entity, London Luton Airport Operations Limited ("LLAOL").

Under the terms of this contract LLAOL was granted a concession to operate the airport for a period of 30 years ('the concession period') and a lease over the company's land and buildings. In return LLAOL undertook to pay an annual concession fee to the company comprising of £3 million as a minimum fixed payment or a greater amount based on workload units (being each departing and arriving passenger and each 100 tonnes of freight) as prescribed in the concession agreement and, subject to the continuing growth of passenger numbers, fund an extensive capital investment programme. At the end of the concession period the assets, liabilities and operations of the airport revert to the ownership and use of the company.

In August 2012 a supplemental agreement to the concession contract was reached between LLAL and LLAOL. This agreement commits the operators to undertake a significant programme of development works to increase the Airport's capacity to handle throughput of up to 18 million passengers per year, in return for an extension of the Concession Period to March 31st 2031. The concession agreement was further amended in January 2014 to provide for a scheme to rebate the Concession Fee Rate payable by the airport operator in certain circumstances, in order to encourage passenger growth.

At the concession date the trading assets and liabilities of the company were transferred to LLAOL at book value. No profit or loss arose on the transfer of these assets and liabilities. The employees of the company were also transferred to LLAOL.

As the company no longer operates the airport itself, the land and buildings have become investment properties. At the instruction of the company, Deloitte LLP have valued the freehold interest in London Luton Airport as at 31 March 2021.

In April 2020 LLAOL informed the company that, in their belief, as a result of the pandemic being declared a Special Force Majeure event had occurred and that the provisions of clause 10.5 of the Concession Agreement had come into effect. This necessitated an extended period of negotiation: firstly between LLAL and LLAOL which culminated in a settlement being reached in November 2021; and, secondly between LLAL and its shareholder to agree a plan to support the company financially to enable it to continue as a going concern until such time as its income is sufficient to meet its expenses; this plan was approved on 28th June 2021.

Notes to the financial statements for the year ended 31 March 2021 (continued)

6. Turnover

	2021	2020
	£'000	£'000
Concession income	-	**54,187**
Other property income	**814**	**890**
Other income	-	-
Total investment income	**814**	**55,077**

7. Operating (loss) / profit

	2021	2020
	£'000	£'000
Operating (loss) /profit is stated after the following amounts have been charged:		
Operating leases - land and buildings	**3,181**	**3,086**
Charge for enhanced pension payments	**33**	**38**
Charitable donations	**8,332**	**9,175**
Auditor's remuneration:		
The audit of the company	**82**	**57**
Tax compliance services	**10**	**11**
Tax advisory services	24	**37**
Other services	**596**	**147**

The shareholder, Luton Borough Council, provides professional services to the company. Charges to the company for these services amounted to £2,533,876 (2020: £1,501,836). £3,086,393 (2020:

Notes to the financial statements for the year ended 31 March 2021 (continued)

£2,898,968) of the operating lease charge for a car park on the airport premises and for the adjacent area of Wigmore Valley Park is with Luton Borough Council on commercial terms. Luton Borough Council is the company's controlling party by virtue of its majority shareholding. The company has no employees. Services to the company are carried out by employees of Luton Borough Council and the company is charged for these as set out above. Accordingly, there is no key management personnel compensation.

8. Directors' emoluments

Directors' emoluments for the financial year amounted to £nil (2020: £nil). All of the directors are council members and therefore do not qualify for remuneration.

9. Interest receivable and similar income

	2021	2020
	£'000	£'000
Interest receivable	-	28

10. Interest payable and similar expenses

	2021	2020
	£'000	£'000
Interest on debenture loans - repayable after more than 5 years (note 17)	4,674	3,913

The total interest paid in the year was £24,312,977 (2020: £15,798,307), of which £19,139,986 (2020: £11,885,268) in relation to the company's development projects was capitalised.

Notes to the financial statements
for the year ended 31 March 2021 (continued)

11. Tax on profit

	2021	2020 Restated
	£'000	£'000
Current tax		
United Kingdom corporation tax on profits of the financial year	-	2,904
Adjustments in respect of prior years	68	(127)
	68	2,777
Deferred tax :		
Origination and reversing of timing differences	(28,407)	(696)
Adjustments in respect of prior years	(68)	73
Change in tax rates	-	6,959
Total deferred tax	(28,475)	6,336
Total tax (credit)/ charge on profit	(28,407)	9,113

Notes to the financial statements for the year ended 31 March 2021 (continued)

Tax on profit (continued)

The tax assessed for the financial year is higher (2020:higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020 Restated
	£'000	£'000
(Loss) / profit before tax	(138,178)	9,447
Profit before tax multiplied by standard rate in the UK of 19% (2020: 19%)	(26,254)	1,795
Effects of:		
Expenses non-deductible for tax purposes	34,062	22
Deferred tax not provided for	(39)	850
Enhanced costs revalued properties	(36,176)	(459)
Adjustments in respect of prior years	-	(54)
Tax rate change	-	6,959
Total tax charge/ (credit)	(28,407)	9,113

Factors that may affect future tax rate

Changes to the UK Corporation tax rates were substantially enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to 17% from 1 April 2020. This provision was rescinded on 17th March 2020 leaving the main rate at 19%. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

12. Dividends

	2021	2020
	£'000	£'000
On ordinary equity shares	-	-
Approved : nil pence (2020:nil pence) per share	-	-

13. Investment properties

The interest in the airport and other properties has been valued in accordance with the circumstances and principles set out in notes 2 and 3. Note 3 also describes the material uncertainty that exists in respect of the airport valuation at 31 March 2021, 2020 and 2019

The "Assets in the course of construction" includes £9,459,991 (2020: £16,201,000) in respect of the commercial development sites at Bartlett Square and Century Park, and £47,854,696 (2020: £37,883,000) in respect of the Future LuToN project (DCO costs).

The balance sheet, profit and loss, statement of changes in equity and statement of cash flows for the year ended 31 March 2020 have been restated resulting in an increase in the valuation of the investment property impacting 2020 and prior periods. The impact of the change on the financial statements was an increase in opening retained earnings at 1 April 2019 of £712m, which was the net of an increase in the value of investment properties of £879m offset by an associated decrease in deferred tax liabilities of £167m.

In the year to 31 March 2020 the impact of the restatement was an increase in profit of £3.6m.

	Airport (Restated)	**Other Properties**	**Assets in the course of construction**	**Total**
	£'000	£'000	£'000	£'000
Balance as at 31 March 2019 (as reported)	560,000	22,325	33,387	615,712
Fair value adjustments (impact of restatement)	879,000			879,000
Balance at 31 March 2019 (as restated)	1,439,000	22,325	33,387	1,494,712
Additions in the year		8,831	20,697	29,528
Fair value adjustments (as restated)	(25,000)	(641)		(25,641)
Balance at 31 March 2020 (as restated)	1,414,000	30,515	54,084	1,498,599
Additions in the year		810	10,552	11,362
Fair value adjustments	74,000	(75)		73,925
Impairment			(7,218)	(7,218)
Balance at 31 March 2021	**1,488,000**	**31,250**	**57,418**	**1,576,668**

Notes to the financial statements
for the year ended 31 March 2021 (continued)

Restated Balance Sheet
as at 31 March 2020

	As previously reported £'000	Adjustments £'000	Restated £'000
Investment properties	615,099	883,500	1,498,599
Deferred tax liabilities	(64,960)	(167,865)	(232,825)
Retained earnings	445,133	715,635	1,160,768

Restated Profit and loss account
as at 31 March 2020

	As previously reported £'000	Adjustments £'000	Restated £'000
Change in fair value of investment properties	(30,141)	4,500	(25,641)
Loss for year ended 31 March 2020	(3,311)	3,645	334

Notes to the financial statements for the year ended 31 March 2021 (continued)

14. Property, plant & equipment

	Assets in the course of construction £'000
Balance at 1 April 2020	191,516
Additions in year	70,168
Impairment	(184,684)
Balance at 31 March 2021	**77,000**

The "assets in the course of construction" relates to the Luton DART (Direct Air-Rail Transit) mass passenger transit system linking Luton Airport Parkway railway station to the central terminal area of London Luton Airport.

The impairment reflects the prolonged expected impact on passenger numbers of the pandemic and additional costs incurred to operationalise the project.

15. Debtors

	2021 £'000	2020 £'000
Deferred tax (note 18)	**6,636**	324
Prepayments and accrued income	**4,351**	12,526
	10,987	12,850

Notes to the financial statements for the year ended 31 March 2021 (continued)

16. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Corporation tax	**-**	-
Other taxation and social security	**-**	-
Other creditors	**5,932**	10,125
	5,932	10,125

London Luton Airport Limited

Notes to the financial statements
for the year ended 31 March 2021 (continued)

17. Creditors: amounts falling due after more than one year

	2021	2020
Debenture loans Maturity loans non-instalment	**£'000**	£'000
Debenture loan 1 – interest fixed at 12%	3,153	3,153
Debenture loans 2 & 3 – interest at 4% over three months LIBOR	7,216	7,216
Debenture loan 4 – interest 4% over six months LIBOR	1,788	1,788
Debenture loan 5 – interest fixed at 12.125%	3,102	3,102
Debenture loan 6 – interest at 4% over six months GBR	1,662	1,662
Debenture loan 7 – interest at 7.58% over three months LIBOR	11,000	11,000
Debenture loan 8 – interest fixed at 11.5%	12,000	12,000
Debenture loan 9 – interest fixed at 11.5%	3,000	3,000
Debenture loan 10 – 74– interest fixed at 8%	307,341	210,240
	350,262	**253,161**

The debenture loans are from Luton Borough Council, the shareholder. The repayment in full in a single payment of the principal in respect of debenture loans 1 to 6 is scheduled for 28th March 2028 and of debenture loans 7 to 74 for 1st April 2031. The debentures are secured on the total assets of the company.

Luton Borough Council has provided the company with a loan facility of £527m (2020: £285.0m), of which £307.34m (2020: £210.2m) has been drawn down as at 31 March 2021. The amounts drawn down are represented by debentures 10 to 74 above. The loan facility attracts a fixed interest rate of 8% (2020: 8%) and the maturity date is 1 April 2031.

Notes to the financial statements for the year ended 31 March 2021 (continued)

18. Deferred tax asset

The deferred tax asset represents the following:

	2021 £'000	2020 £'000
Deferred tax in relation to pensions liability	-	324
Deferred tax at 1 April (restated)	324	340
Deferred tax charge in the profit and loss account	6,312	(16)
Deferred tax asset at 31 March	6,636	324

19. Provisions for liabilities

The deferred tax liability arises wholly in relation to investment properties.

	2021 £'000	2020 restated £'000
Balance at 1 April (restated)	232,825	226,511
Deferred tax in respect of fair value adjustments in year	(22,499)	(2,975)
Adjustment in respect of prior year	68	72
Deferred tax in respect of capitalised interest	1,086	2,258
Change in tax rate	-	6,959
Balance at 31 March	211,480	232,825

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Notes to the financial statements for the year ended 31 March 2021 (continued)

20. Pension commitments

Certain employees of the airport business prior to the granting of the concession contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme (LGPS) in respect of former employees' entitlement to pension augmentations arising on redundancy. The LGPS is a defined benefit statutory scheme. The cost charged to the company is based on the actual cost attributable to the former employees.

a) Defined benefit scheme

An actuarial valuation of the Bedfordshire Pension Fund for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 using the projected unit basis, by Hymans Robertson LLP, independent consulting actuaries. The results of this valuation have been projected forward to 31 March 2020 by Barnett Waddingham LLP. The major assumptions used by the actuary were:

	2021	2020
	%	%
Pension increase rate	**2.80%**	1.95
Discount rate	**1.70%**	2.25

The mortality assumptions used were as follows:

	2021	2020
	years	years
Longevity at age 65 for current pensioners:		
– Men	**21.9**	22.2
– Women	**24.3**	24.3

	2021	2020
	£'000's	£000's
Pension value of scheme liabilities	(1,626)	(1,631)

Notes to the financial statements for the year ended 31 March 2021 (continued)

20. Pension commitments (continued)

b) Reconciliation of present value of scheme liabilities

	2021 £'000	2020 £'000
At 1 April	**1,631**	1,924
Interest cost	**34**	39
Unfunded benefits paid	**(141)**	(145)
Re-measurements of net defined benefit obligation	**102**	(187)
At 31 March 2021	**1,626**	1,631

21. Called up share capital

	2021 £'000	2020 £'000
60,000,000 (2020: 60,000,000) Authorised ordinary shares £1 each	**60,000**	60,000
44,837,002 (2020: 44,837,002) Allotted and fully paid	**44,837**	44,837

22. Operating lease commitments and contingencies

At 31 March 2021 the company was in negotiation with LLAOL over the exercise of the Special Force Majeure clauses in the Concession Agreement. This matter was subsequently settled in November 2021 to extend the Concession Agreement from March 2031 to August 2032 and for LLAL to forego £45m of its Concession Fee in total during the current and subsequent years. However, additional payments could become due from LLAL to LLAOL should passenger number targets not be met in the future. As a result, LLAL have a contingent liability relating to the Passenger Adjusted Mechanism (PAM) as agreed with the airport operator as part of the total Special Force Majeure settlement. The contingent amount is dependent on the difference between the actual and target passenger outturn during the relevant years multiplied by an agreed rate per passenger.

At 31 March the company was committed to making the following total payments in respect of operating leases relating to land and buildings.

Notes to the financial statements for the year ended 31 March 2021 (continued)

	2021 £'000	2020 £'000
Amounts payable in less than one year	**2,270**	**3,180**
Amounts payable between two and five years	**8,944**	**9,082**
Amounts payable in excess of five years	**12,267**	**14,469**

23. Financial instruments

	2021 £'000	2020 £'000
Financial assets		
Cash	**413**	382
Financial assets that are debt instruments measures at amortised cost	**4,675**	12,850
Financial liabilities		
Financial liabilities measured at amortised cost	**356,078**	263,160

24. Related parties

There are no transactions with related parties not wholly owned by the group headed by Luton Borough Council. The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group headed by Luton Borough Council.

25. Parent entity and ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Luton Borough Council. Luton Borough Council is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2021. The consolidated financial statements of Luton Borough Council are available from Town Hall, George Street, Luton, LU1 2BQ.

26. Subsequent events

Subsequent to the year end the company settled its dispute with LLAOL over the exercise of the Special Force Majeure clause in the Concession Agreement. In addition, it agreed a stabilisation plan with LBC which has resulted in LBC committing to provide up to £139m of additional finance as required to allow LLAL to meet its continuing obligations until it can recover from the impact of the Covid pandemic.

Notes to the financial statements for the year ended 31 March 2021 (continued)

In April 2022 the Secretary of State for Levelling Up, Housing and Communities called in the LLAOL's planning application to increase capacity to 19 million passengers. The directors of the company consider that the planned expansion is both necessary and will bring substantial benefits to the local community and so are continuing to proceed with the DCO and supporting LLAOL's planning application. However, the calling in of the application may cause further delays and increases the risk that the DCO application will be unsuccessful, which may cause the DCO costs to be impaired in our year ending 31 March 2023, depending upon how the LLAOL planning application inquiry proceeds.

London Luton Airport Limited
Annual report and financial statements
for the year ended 31 March 2022

Registered in England & Wales

Registered number: 02020381

London Luton Airport Limited

Company Information

Directors	W Akbar	(Resigned 4th May 2023)
	J Hussain	
	A Malcolm	(Resigned 4th May 2023)
	N Prowse	(Appointed 10th May 2023)
	A Donelon	(Appointed 17th May 2022; Resigned 6th March 2023)
	J Young	(Resigned 4th May 2023)
	K Malik	
	A Nicholls	
	G Olver	(Resigned 9th May 2023)
	T Saleem	(Resigned 17th May 2022)
	M Turner	
	M Y Hanif	(Appointed 23rd May 2023)
	J Taylor	(Appointed 23rd May 2023)
	S Miller	(Appointed 23rd May 2023)
	C Isles	(Appointed 23rd May 2023)

Secretary Luton Borough Council

Company number 02020381

Registered Office
Hart House Business Centre
Kimpton Road
Luton
United Kingdom
LU2 0LA

Auditors
Azets Audit Services
6th Floor Bank House
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Birmingham
United Kingdom
B2 5AL

London Luton Airport Limited

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London Luton Airport Limited

Strategic report
for the year ended 31 March 2022

The directors present their strategic report on the company for the year ended 31 March 2022.

Principal activities

The company's principal activities until August 1998 were the ownership, operation and management of London Luton Airport. In August 1998 the company granted a concession contract to an unrelated company, London Luton Airport Operations Limited ("LLAOL") to operate the airport on its behalf in return for a concession fee. The company continues to own the land, buildings and infrastructure at the airport.

In addition to the airport assets, LLAL own the DART (Direct Air Rail Transit) network, a passenger rail shuttle infrastructure and service that connects Luton Parkway station to London Luton Airport. The DART service came in to operational and commercial service on 27th March 2023.

Other assets include both Morton House, a future business centre and office development in Luton designed for local SME businesses business activities, and Bartlett Square intended for use in providing future commercial developments.

Overview of the business

As the business recovered through the various phases of Covid, actual passenger number for the year grew steadily to 6.2 million passengers for the year to 31 March 2022. In the year following to 31 March 2023 we are seeing continued and sustainable growth in passenger numbers despite general macro-economic factors such as high inflation and consequent impact on cost of living.

This compares to pre-covid where passenger levels reached a number of 17.2 million in the year to March 2020, an increase of some 1.59% over the previous year. However, the impact of the Covid-19 pandemic on passenger numbers, which was felt only slightly during March 2020, was significant throughout the remainder of the year, such that, for the year ending 31st March 2021, total actual passenger numbers was 2.9 million, a reduction of some 83% on the previous year.

London Luton Airport Limited (LLAL)'s principal source of income continued to be the Concession Fee which is based on work-load units, each unit being one passenger or 100kg of freight.

During the year LLAOL continued with the development works to increase the passenger capacity up to 18 million passengers per annum, and accelerated the pace of construction to meet demand.

Three key events are noted during the year that impact the financial statements for the period to 31 March 2022.

1. Special Force Majeure
2. Opening of the DART to the public on 27th March 2023
3. Valuation of the Airport

Strategic report
for the year ended 31 March 2022 (continued)

Overview of the business (continued)

Special Force Majeure

A consequence of the Covid-19 pandemic resulted in the activation of a Special Force Majeure provision as specified within the Concession Agreement.

This provision provided for compensation to be paid to the airport operator as a result of circumstances that were beyond its control.

Subsequently, on 19th November 2021, both parties agreed a full and final settlement which resulted in the following primary financial outcomes:

1. A total Force majeure settlement of £45m payable by LLAL to the airport operator, with phased amounts payable in the current and following 2 years.

   There are no financial obligation or payment outstanding in respect of total force majeure as at 31st March 2023.

2. A variable payment termed 'Passenger Access Mechanism' (PAM). The passenger access mechanism payment to/from the airport operator will 'trigger' when there is a difference in the total actual and target passengers travelling during the year.

Both parties have agreed rates per per passengers payable/ receivable if the passenger target is/ is not achieved i.e. calculated as (actual PAX minus base target PAX)* agreed rate per passenger.

DART

The DART (Direct-Air-Rail-Transit) mass transport system connects Luton Parkway station to Luton Airport terminal. The new transport system remained as an 'asset under construction' until 27th March 2023 when it became fully operational and open in service to the public.

DART was assessed for impairment for the year to 31 March 2022. No further impairment was deemed necessary.

Valuation of the airport

During the year we carried out a review of the valuation of the airport asset and determined a revised valuation based upon the reversionary value of the airport when the current concession agreement ends August 2032. This valuation was carried out with our Valuation Advisors at Deloitte LLP (Real Estate). The methodology for valuation of the airport is consistent with prior year reporting. The valuation was based on key financial and operational assumptions and inputs as provided by LLAL.

This valuation of the airport is revised and continues to be reported as an investment property in our accounts to 31 March 2022. The revised valuation as at 31 March 2022 is £1.36bn.

Strategic report
for the year ended 31 March 2022 (continued)

Mission

Luton Rising is the new trading name of London Luton Airport Limited, a new identity for a new era in the history of Luton Council's airport company. Luton Rising is about being more than an airport; it is about the social, environmental and economic benefits that can be created through the skilful management of strategic assets and working in partnership with those who share our values and ambitions.

Our mission is working towards Luton 2040 by delivering enduring total stakeholder return through the intelligent and creative management of our assets and opportunities.

Principal risks and uncertainties

The key business risks and uncertainties for the company are considered to relate to fluctuations in passenger throughput, the key determinant of the concession income. Passenger numbers are subject to competition between airlines, airport operators, the selection of routes and destinations, and underlying passenger demand for air travel which can be influenced by the general economic environment and consumer confidence. The concessionaire is deemed to be in the best position to manage this risk by its contractual relationships with airline operators.

This coupled with potential macro-economic exposures such as high inflation and subsequent impact on disposable income remain under consideration.

Stabilisation plan

Both the current year and the one preceding it have been dominated by the impact of the Covid-19 pandemic and the consequent restrictions on travel on the aviation industry.

During the year to 31 March 2022, passenger numbers recovered steadily to 6.2 million for the year. This compares to 2.9m for the year ended 31 March 2021.

Throughout the period of crisis, the company and its shareholder, Luton Council, have worked tirelessly to protect the future of Luton's single greatest asset.

In July 2021, Luton Rising secured additional funding from its shareholder, Luton Borough Council (LBC), for a further £139m (2021:£60m) to ensure continuation of its capital investment program and working capital requirements.

Review of business and future developments

Whilst the immediate future remains uncertain for the aviation industry and the speed with which passenger confidence can be restored, the indications of recovery appear strong and we can at last look beyond the immediate crisis to the opportunities that present themselves over the next few years.

In the coming year, Luton **DART** (Direct Air-Rail Transit) will commence service, enabling passengers to get from Central London to the Central Terminal Area of London Luton Airport in environmentally friendly fashion in little more than half an hour and **Morton House**, our Business, Skills and Innovation Centre, a Luton Rising project in collaboration with Luton Council and SEMLEP is under development and expected to open during 2023/24. We will continue to explore opportunities for working in partnership with colleagues at Luton Council to combine expertise and resources on joint ventures that can make a significant difference to the lives of Luton's people.

Strategic report
for the year ended 31 March 2022 (continued)

Review of business and future developments (continued)

Our application for development consent for the airport expansion was submitted to the Planning Inspectorate for England (referred to as P.I.N.S) on 27th February 2023 and confirmed by the Planning Inspectorate to continue to the Examination phase on 27th March 2023. This final phase of planning application is expected to finalise a decision on airport expansion in 2024.

We will continue, in collaboration with the Council and the airport operator and make good progress towards achieving the environmental targets set out in our Sustainability and Net Zero strategies.

New arrangements for our Luton Rising **charitable funding** will be fully established and operational during 2023, increasing impact through effective fundraising and delivering greater social benefit to the communities of Luton and those areas of our neighbouring local authorities that are most impacted by airport operations.

In the medium term our strategic plan includes consideration to secure development partners for both Bartlett Square and Green Horizon Park. The expectation is that these exciting development projects will make substantial progress towards delivering additional local jobs and business opportunities, including the extensive social benefits that would flow from them.

In looking forward to the next 10 years we expect to secure a revised concessionaire agreement or alternative value added financial arrangement by 2032/33 that will extend the resilience and expertise developed during the current concession tenure. Luton Rising will continue to explore opportunities to protect and enhance the value of its most significant and important asset on behalf of the Luton community.

Key performance indicators (KPI's)

The company recorded revenue of £22,002,000 to 31 March 2022 compared to £814,000 in the prior year – an increase driven by the aviation industries recovery from the Covid-19 pandemic.

The company incurred an operating loss of £137,480,000 (2021: operating loss of £133,504,000).

The company's net assets fell to £863,636,000 from £1,095,768,000 driven by the downwards revaluation of the airport asset.

Given the straightforward nature of the business, the company's directors are of the opinion that further analysis using KPI's is not currently necessary for an understanding of the development, performance or position of the business.

Financial risk management

The company does not have any external financial relationships with banks or finance houses. The debenture loans to the company are from LBC, the shareholder, and at fair value at inception.

No repayments are scheduled until the end of the concession period. It is not, therefore, exposed to any financial risks resulting from changes in debt market process, credit risk, and liquidity risk. The company does not use finance derivatives and as such no hedge accounting is required.

Financial risk management (continued)

Price risk:
The company is not currently exposed to commodity price risk as a result of its operations.

Credit risk:
The company is only exposed to credit risk in respect of London Luton Airport Operations Limited who pays a concession fee to the company on a quarterly basis in arrears. LLAOL is bound by an open book policy with the company and therefore its internal auditors have access to monitor performance and viability.

An annual internal audit is undertaken to ensure that the liquidity and financial position of LLAOL is sufficient to meet its obligations under the concession agreement. The company utilises the facilities of its parent, Luton Borough Council, in ensuring minimal risk with its cash and investments.

Liquidity risk:
The company receives its concession income at four agreed dates on a quarterly basis. It actively manages its short term investments and cash holdings to ensure sufficient funds are available for its activities.

Interest rate cash flow risk:
The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a fixed rate. The company maintains it's debt at a mixture of fixed and variable rates reducing exposure to fluctuating interest rates. The directors will revisit the appropriateness of this and determine a policy should the company's operations change in size or nature.

Sustainability strategy – a responsible operator

Our sustainability strategy is, we believe, one of the most far reaching commitment to minimise environmental impact ever put forward by a UK airport. Our intention is to become the UK's most socially impactful airport. This isn't about a budget line called Corporate Social Responsibility. Our social impact comes not just form the substantial financial contributions we make to Luton's public services and community organisations. It is also reflected in how we grow our business.

Our commitment to sustainable development is to restore and regenerate and is embedded in our business strategy based on the following strategic objectives:

- Protect and enhance the natural environment
- Deliver climate resilience and business continuity
- Lead the transition to Net Zero
- Become a national hub for green technology, finance and innovation
- Be a place to thrive

Our aspiration is to be a sustainability leader, building on our unique position as a community airport owner, by leading an ambitious transition towards net zero, restoring and regenerating the environment; future proofing our assets; and strengthening our position as a world leader in creating community value through the delivery of inclusive socio-economic growth and contributing to the Sustainable Development Goals. Our approach to achieving our strategic objectives recognises a varying degree of control and influence and the need to work closely with stakeholders to deliver opportunities and solutions across the full scope of our activities including the airports future expansion.

Strategic report
for the year ended 31 March 2022 (continued)

Focus on our Net Zero ambition

Luton Rising have created a dedicated Net Zero Strategy. This particular objective supports LBC's pledge to ensure that Luton is a carbon neutral town by 2040 and outlines our carbon ambition around the following commitments:

Our ambition:
We take full responsibility for the emissions within our direct control associated with our operations.

- We commit to minimise carbon emissions associated with construction
- We commit to our operations and supporting the airport operator in delivering airport ground operations being carbon neutral from 2030 and net zero by 2040, with non-airport assets being net zero by 2035.

We will go beyond those emissions within our direct control to identify areas where we can make a real difference.

- We commit to carbon neutral surface access by 2040.

We will support action by others where they are best placed to take action. The Government has a legal duty, the overall responsibility and the legislative tools for reducing aviation emissions. The recent Jet Zero strategy outlines the Government's framework and plan for achieving net zero aviation by 2050.

- We will play our part in delivering the Government's ambition of net zero aviation through supply of sustainable aviation fuels and support for electric aircraft.

Our approach:

- **Innovate**, where we focus on those emissions which can be avoided by making changes to our current activities to lower emissions
- **Transition**, where we use technology or behaviour changes to deliver the same output with lower emissions
- **Transform**, where we decarbonise the energy sources upstream to allow those benefits to filter through to downstream activities
- **Remove**, where we use local, community-based projects to remove residual emissions from the atmosphere, achieving net zero

Carbon Neutral and Net Zero

For both carbon neutral and net zero, the first steps are the same – both require us to reduce our emissions to the maximum extent and work with our partners to reduce theirs. Inevitably, there will be residual emissions to be removed on our path to achieving net zero.

- We will invest in offset projects, including local interventions where possible, to reduce or remove our residual emissions.
- We are working with local partners to develop a community carbon offsetting project which will enhance the quality of life and wellbeing of the local community by improving domestic energy efficiency. However, we recognise it may not be possible to remove or offset all residual emissions locally.

	CONSTRUCTION	OPERATIONS		SURFACE ACCESS	AVIATION
Ambition	Minimise emissions	**Carbon Neutral (from 2030)**	**Net Zero (from 2040)**	**Carbon Neutral (from 2040)**	Support Net Zero
Innovate	We will aim to: • Adopt whole-life carbon approach to material procurement • Adopt circular economy principles to promote the re- use of construction waste material • Promote use of low emissions construction vehicles, both onsite and moving to and from the site			• Work with suppliers to promote freight consolidation and promote the proportion of full-load trips	• We will play our part in delivering the Government's ambition of net zero aviation through supply of sustainable aviation fuels and support for electric aircraft*.
Transition	We will aim to: • Employ modern methods of construction, including new building materials and manufacturing approaches	• Upgrade lighting and heating equipment • Introduce occupancy-led building management systems • Promote the use of low emission vehicles		• Promote the number of trips to our properties using active and sustainable transport modes • Provide EV points where possible and ensure all new builds provide the infrastructure required to meet Government standards	
Transform	We will aim to: • Provide electricity from renewables and promote the use of certified low carbon fuels	• Purchase gas from renewable sources where possible • Generate energy from on-site sources, including waste		• Provide infrastructure to support the use of low emissions (including autonomous) public transport and freight vehicles • Commit to use low emissions vehicles • Commit to make our properties future-ready for new vehicle technologies and fuels	
Residual Carbon		• Work with LBC to establish a Community Carbon Offset Fund • Research and implement, where feasible carbon removal opportunities		• Offset residual emissions through purchases • Research and implement, where feasible carbon removal opportunities	

Sustainability Governance

Our systemic approach reflects the importance of effective governance to deliver on our sustainability objectives and create community value, aligning with GRI Standards for management and reporting. Accountability for the implementation of our strategy is the responsibility of the Luton Rising Board, and the strategy will be continually reviewed and updated to reflect evolving best practice. We commit to publicly reporting our progress to stakeholders against our strategic objectives through an Annual Sustainability Report which we look to align with the GRI Standards.

Sustainability strategy – progress to date

Since publishing our strategy in 2022, we have taken steps to plan and monitor progress against our targets and ensure successful delivery of our strategic objectives. We are developing implementation plans which will outline how each target will be achieved, by when and how progress will be monitored. We are also in the process of developing a monitoring and reporting strategy which will detail how progress will be reported annually.
Since publishing the strategy we have taken the following steps towards achieving the goals and targets set out:

Protect and enhance the natural environment

- Developed a Green Infrastructure Delivery Plan detailing projects to create and enhance greenspaces and improve access to nature across the airport and town.
- Agreed funding for five pilot green infrastructure projects to be delivered in FY23/24-24/25.

Strategic report
for the year ended 31 March 2022 (continued)

Sustainability strategy – progress to date (continued)

Deliver climate resilience and business continuity
- Draft Luton Rising Climate Resilience Policy underway, expected to be published summer 2023.

Lead the transition to Net Zero
- Net Zero Pathway developed for Luton Rising's non-airport assets.
- Funding agreed for a pilot Community Carbon Offsetting scheme focussing on domestic decarbonisation.
- Pre-feasibility study completed for solar energy development to supply the DART.

Become a national hub for green technology, finance and innovation
- Feasibility work underway to develop Green Horizons Business Park.

Be a place to thrive
- £7.4m provided to community investment projects.

[redacted]

By order of the Board

M Turner

Company Secretary & Director

30 May 2023

London Luton Airport Limited

Directors' report
for the year ended 31 March 2022

The directors present their report and the audited financial statements for the year ended 31st March 2022.

Future developments

Future developments for the company are set out in the Strategic report.

Results and dividends

The company's loss for the financial year is £232.1m (2021: £109.8m). The Board does not recommend the payment of a dividend for the year ended 31 March 2022 (2021: nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

W Akbar	Resigned 4th May 2023
J Hussain	Chair
A Malcolm	Resigned 4th May 2023
A Donelon	Appointed 17th May 2022; Resigned 6th March 2023
K Malik	
A Nicholls	
G Olver	Resigned 9th May 2023
N Prowse	Appointed 10th May 2023
T Saleem	Resigned 17th May 2022
M Turner	
J Young	Resigned 4th May 2023
M Y Hanif	Appointed 23rd May 2023
J Taylor	Appointed 23rd May 2023
S Miller	Appointed 23rd May 2023
C Isles	Appointed 23rd May 2023

Dr Romano Pagliari of Cranfield University and Mr Roy Davis (until December 2022) attended Board meetings in an advisory capacity. They are not Directors of the company and have no voting rights.

Employees

The company has no employees (2021: nil). Services to London Luton Airport Limited are carried out by employees of Luton Borough Council and the company is charged for these as set out in note 7.

Directors' report
for the year ended 31 March 2022 (continued)

Corporate social responsibility

The year ended 31st March 2022 saw the continuation of the company's Community Funding Policy, which sets out the ways in which the company will contribute to the social, environmental and economic wellbeing of the communities surrounding London Luton Airport. Details of the Community Funding Policy are available on the company's website at lutonrising.org.uk.

Section 172 of the Companies Act 2006 requires directors to act in the way (s)he considers, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole, and in doing so have regard (amongst other matters) to –

a) The likely consequence of the decision in the long-term
b) The interests of the company's employees
c) The need to foster the company's business relationship with suppliers, customers and others
d) The impact of the company's operations on the community and environment
e) The desirability of the company maintaining a reputation for high standards of business conduct
f) The need to act fairly as between members of the company

The agenda page of each meeting of the Board of Directors includes a paragraph reminding directors of the need to be mindful of their duty under section 172 in reaching their decisions and each report they consider includes a section where the report author sets out the implications of the proposals within that report for each of the matters, where appropriate, as set out above to which they must have regard.

The company has no direct employees. Those who work on the company's behalf are either employed by the sole shareholder, Luton Council, or are employed through an agency or as a self-employed consultant. Nevertheless, the company places a high degree of importance on keeping the workforce fully informed of, and able to influence, the company's business. This is achieved through regular team briefings, either by email, by remote meetings or in person and such consultation and participation was particularly evident through the process of developing the company's annual Business Plan and its vision, mission, values and business principles.

The company has a strict prompt payment policy that helps to foster good relationships with our suppliers; our major business relationship is with our airport operator and this was only strengthened through the collaborative and constructive approach we adopted in meeting the challenges of the impact of the Covid-19 pandemic on the aviation industry.

Our Head of Engagement is responsible for leading on development relationships with key stakeholders and this has been prominent through major statutory consultation exercises on our proposal to seek a Development Consent Order for the expansion of the airport. Links with neighbouring local authorities have been nurtured through the establishment of a London Luton Airport Regional Forum chaired by the Leader of Luton Council. As part of our recent consultation we held a number of in-person sessions with communities both in and around Luton as well as more informal engagement with business, community and faith leaders and groups.

Our most enduring engagement with our local community is through our sustained support for our Community Funding Programme which provides over £7m a year to local voluntary and community groups. This programme has been operating for almost twenty years which has led to the creation of some enduring and valued relationships and has demonstrated to the community that the company places inestimable value, both in policy and practice on its positive social impact.

Directors' report
for the year ended 31 March 2022 (continued)

Corporate social responsibility (continued)

Similarly, the adoption of our "Green Controlled Growth" approach to airport expansion has demonstrated that we are serious in listening and responding to the concerns of those who are concerned at the environmental impacts of the aviation industry.

Our Business Plan include a commitment to developing a system of integrated reporting that will better enable us to measure the total stakeholder value that our business generates which will help us to ensure that our impacts, both negative and positive, are clearly identified to enable our stakeholders to hold us to account for the negative and so that we can demonstrate that the benefits are distributed equitably across our communities.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000

Financial risk management

This has been documented within the Strategic Report at page 2.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liabilities arising from negligence, breach of duty, and breach of trust in relation to the company.

Going concern

The financial statements are prepared on a going concern basis, which assumes the company will continue to operate and exist for the foreseeable future, being at least 12 months from the approval of the financial statements.

The directors have prepared cash flow forecasts for the company extending for a period of at least 12 months from the date of approval of these financial statements which demonstrate that the group is able to meet it's liabilities as they fall due for the foreseeable future.

The directors have negotiated a further stabilisation plan with the shareholder which was approved on 28th June 2021 and includes agreement to provide an additional £139m of financial support. This is in addition to the original £60m agreed with Luton Borough Council, the sole shareholder of the company, in June 2020 in response to the need to stabilise the funding requirements of LLAL resulting from the initial economic challenges of the covid pandemic. It is not expected that the company will need to utilise all of these new facilities in the next 12 months. The plan provides for financial support to the company through the period of the impact of the pandemic until such time as the company's income reaches a point at which it is sufficient on its own to cover the expenses of the business. The plan allows for fluctuations in actual passenger numbers against forecasts. The shareholder has confirmed its intention to provide the necessary financial support to the company in writing.

The outlook for international travel as at 31 March 2022 showed early signs of a sustainable recovery post covid and a strong sense of desire for travellers to book flights as restrictions in particular across Europe abated over this period. The directors note sustained growth and recovery continued throughout the year and expect to reach c 80% of passenger levels compared to pre-covid by 31 March 2023. For the reasons set out above, the directors believe that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors' report
for the year ended 31 March 2022 (continued)

Subsequent events

LLAL has satisfied its financial obligations for the year to the 31 March 2022 to pay LLAOL £13.2m as agreed under 'Special Force Majeure' agreement. Full and final payment of £21.6m was paid during the year to 31 March 2023. No further payments are required post 31 March 2023.

In April 2022 the Secretary of State for Levelling Up, Housing and Communities called in the LLAOL's planning application to increase capacity to 19 million passengers. The directors of the company consider that the planned expansion is both necessary and will bring substantial benefits to the local community and so are continuing to proceed with the DCO and supporting LLAOL's planning application.. As at the date of signing of the financial statements LLAL await the final decision from the Secretary of State for Transport.

Our application for development consent for the airport expansion was submitted to the Planning Inspectorate for England (referred to as P.I.N.S) on 27th February 2023 and confirmed by the Planning Inspectorate to continue to the Examination phase on 27th March 2023. This final phase of planning application is expected to finalise a decision on airport expansion in 2024.

LLAL has drawn down an additional debenture loan of £82.5m from Luton Borough Council since the balance sheet date. The total cumulative amount drawn down up to 30 April 2023 is £491m.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' report
for the year ended 31 March 2022 (continued)

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Charitable donations

The company has, through its Community Funding Programme, made donations during the financial year amounting to £7.4m (2021: £8.3m) to local charitable organisations based or operating in Luton and the surrounding area. Payments are analysed across the seven Funding Themes of the Programme as follows:

	2022	2021
	£'000	£'000
Children, Families & Young People	1,044	1,073
Citizen Enablement	696	720
Community Involvement	451	754
Community Safety	506	523
Environment & Economy	99	150
Health &Wellbeing	655	779
Leisure & Culture	3,980	4,333
	7,431	8,332

London Luton Airport Limited

Directors' report
for the year ended 31 March 2022 (continued)

Carbon emissions

London Luton Airport Limited is committed to demonstrating its consumption of carbon during the year as a way of showing how it is progressing to deliver upon its Net Zero strategy.

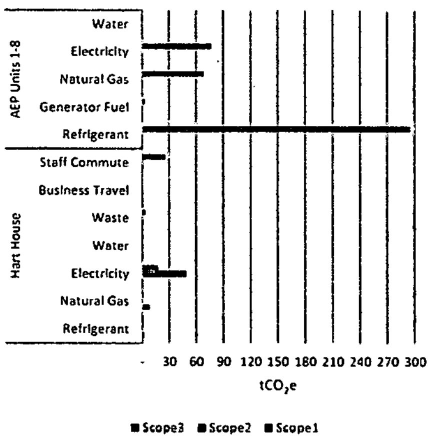
The reporting scope for carbon emissions, at present, is limited specifically to include Hart House and the Airport Executive Park (units 1 – 8) and excludes Luton Airport.

In summary, 551.8 tCO2e as noted in the table below was emitted during the year (2019/20: 251.8 tCO2e).

There was been a 119% increase in emissions compared to the reported baseline year of 2019/20. This is almost entirely down to a refrigerant leakage at the Airport Executive Park site. It is an unpredictable occurrence and would not be expected to leak to this extent in most years. All other emission sources have shown little overall variance.

Note that the pandemic-hit 2020-21 period has not been reported on.

Luton Rising Total Emissions Summary



Emissions Source	Scope 1 (tCO_2e)	Scope 2 (tCO_2e)	Scope 3 (tCO_2e)*	Total (tCO_2e)	%
Refrigerants	1.7		295.1	296.8	53.8%
Generator Fuel			2.9	2.9	0.5%
Natural Gas	8.1		69.9	78.0	14.1%
Electricity		48.2	95.3	143.5	26.0%
Water			0.5	0.5	0.1%
Waste			3.7	3.7	0.7%
Business Travel			0.02	0.02	0.0%
Staff Commute			26.5	26.5	4.8%
Total (tCO_2e)	9.8	48.2	493.8	551.8	100.0%
% of Total	1.8%	8.7%	89.5%	100.0%	

* In the cases of: Generator Fuel, Natural Gas, Business Travel and Staff Commute, these also include Well-to-Tank (WTT) Emissions whilst Electricity includes transmission and distribution (T&D) losses as well as WTT emissions. All AEP emissions are Scope 3.

Note:
Scope 1 Direct emissions – emissions produced form sources linked to a company's assets: 9.8 tCO2e (2%) (2020: 22.5 tCO2e (9%))
Scope 2 Indirect emissions- emissions produced by the generation of electricity purchased from third parties and consumed in the company's assets: 48.2 tCO2e (9%) (2020: 62.9 tCO2e (25%))
Scope 3 Indirect emissions – emissions that arise as a consequence of the activities of the company, but occurs from sources not owned or controlled by the company: 493.8 tCO2e (89%) (2020: 166.4 tCO2e (66%))

Directors' report
for the year ended 31 March 2022 (continued)

Independent auditors

Azets Audit Services were appointed 1st August 2022 as auditors to the company. In accordance with S485 Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

By order of the Board

[redacted]

M Turner
Company Secretary & Director

30 May 2023

Independent auditors' report to the members of London Luton Airport Limited

Qualified Opinion

We have audited the financial statements of London Luton Airport Limited (the 'company') for the year ended 31 March 2022 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- Have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As disclosed at note 10 to the financial statements, the directors have valued the company's principal asset, the freehold site on which London Luton Airport is operated at £1,488,000,000 at 31 March 2021 and at £1,358,600,000 at 31 March 2022. The valuation at 31 March 2021 was subject to material valuation uncertainty as a result of issues created by the Covid-19 pandemic. As note 3 describes, a discount rate of 8% has been used in deriving the 31 March 2021 valuation and 9% has been used in deriving the valuation at 31 March 2022. In our opinion, a higher discount rate of between 10-10.5% at 31 March 2021 and between 10.5-11% at 31 March 2022 should be adopted, which reflects the increased risk present within the valuation associated with the post concession period cashflows from 15 August 2032. Furthermore, the cashflow assumptions should include cashflow impacts arising from the triggering and subsequent settlement of the special force majeure clause within the concession agreement.

Factoring into the valuation the impact of the aforementioned matters would result in the following valuation ranges which we consider to be reasonable: an airport valuation of between £941,000,000 and £1,021,000,000 at 31 March 2021 and between £987,000,000 and £1,060,000,000 at 31 March 2022. The directors' valuations fall outside of these ranges. In order to fall within the valuation range that we consider to be reasonable, the value at 31 March 2021 would need to be reduced by at least £467,000,000 and by at least £298,000,000 at 31 March 2022. This would also change the fair value movement recorded in the profit and loss account. In addition, were the valuations reduced by £467,000,000 and £298,000,000 respectively, the deferred tax liability would also reduce by £88,730,000 and £74,500,000, with this amount being credited to the tax charge in the profit and loss account. The net adjustment to net assets would be a reduction of £378,270,000 at 31 March 2021 and £223,500,000 at 31 March 2022. The Statement of cash flows would also be adjusted within the loss for the financial year, taxation credit and change in fair value of investment property financial statement lines and disclosures within notes 2 and 3 would also need to be amended.

Any references within the strategic report or director's report to the investment property valuation or associated balances such as loss for the year or net assets would also need to be amended.

Independent auditors' report to the members of London Luton Airport Limited (continued)

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, our opinion is qualified in relation to the valuation of the company's principal asset, the freehold site on which London Luton Airport is operated. Given that the strategic report and director's report refers to the investment property valuation and associated balances such as loss for the year or net assets, we have concluded that where the other information refers to these related balances, it is materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Independent auditors' report to the members of London Luton Airport Limited (continued)

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors' report to the members of London Luton Airport Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud. In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of noncompliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditors' report to the members of London Luton Airport Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

[redacted]

Ben Sheldon ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date.30 May 2023

Statutory Auditor
Chartered Accountants

6th Floor, Bank House
8 Cherry Street
Birmingham
United Kingdom
B2 5AL

Profit and loss account
for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover	5	22,002	814
Administrative expenses		(30,964)	(16,341)
Impairment of property plant & equipment		-	(191,902)
Change in fair value of investment properties		(128,878)	73,925
Operating loss	6	**(137,840)**	**(133,504)**
Interest payable and similar expenses	8	(6,724)	(4,674)
Loss before taxation		**(144,564)**	**(138,178)**
Tax on loss	9	(87,567)	28,407
Loss for the financial year		**(232,131)**	**(109,771)**

Statement of comprehensive income
for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Loss for the financial year		(232,131)	(109,771)
Re-measurements of net defined benefit obligation		25	(101)
Current tax deductions relating to net defined benefit obligation	17	(26)	35
Total comprehensive expense for the financial year		(232,132)	(109,837)

Balance sheet
As at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investment properties	10	1,461,130	1,576,668
Property, plant & equipment	11	127,964	77,000
		1,589,094	1,653,668
Current assets			
Debtors	12	26,980	10,987
Cash at bank and in hand		575	413
Total current assets		27,555	11,400
Creditors: amounts falling due within one year	13	(39,847)	(5,932)
Net current liabilities		(12,292)	5,468
Total assets less current liabilities		1,576,802	1,659,136
Creditors: amounts falling due after more than one year	14	(408,583)	(350,262)
Provisions for liabilities	16	(303,094)	(211,480)
Pension deficit	17	(1,489)	(1,626)
Net assets		863,636	1,095,768
Capital and reserves			
Called up share capital	18	44,837	44,837
Retained earnings		818,799	1,050,931
Total shareholders' funds		863,636	1,095,768

The financial statements on pages 21 to 40 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

[redacted]

M Turner, Director **Registered Number 02020381**

30 May 2023

Statement of changes in equity
for the year ended 31 March 2022

	Called up share capital	Retained earnings	**Total shareholders' funds**
	£'000	£'000	**£'000**
Balance at 1 April 2020	44,837	1,160,768	**1,205,605**
Loss for the financial year		(109,771)	**(109,771)**
Other comprehensive expense		(66)	**(66)**
Total comprehensive expense for the financial year	-	(109,837)	**(109,837)**
Balance at 31 March 2021	44,837	1,050,931	**1,095,768**
Balance at 1 April 2021	44,837	1,050,931	**1,095,768**
Loss for the financial year		(232,131)	**(232,131)**
Other comprehensive expense		(1)	**(1)**
Total comprehensive expense for the financial year	-	(232,132)	**(232,132)**
Total transactions with owners – dividends		-	**-**
Balance at 31 March 2022	44,837	818,799	**863,636**

Statement of cash flows
for the year ended 31 March 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Loss for the financial year	(232,131)	(109,771)
Adjustments for:		
DART/CPAR Asset impairment	-	191,902
Taxation charge/(credit)	87,567	(28,407)
Interest payable and similar expenses	6,724	4,674
Interest receivable and similar income	-	-
Change in fair value of investment properties	128,879	(73,925)
Decrease/(increase) in debtors	(11,971)	8,175
(Decrease)/increase in creditors	33,802	(1,047)
Corporation tax paid	-	-
Net cash generated from operating activities	12,870	(8,399)
Cash flows from investing activities		
Purchase of tangible assets	(64,304)	(83,997)
Interest received	-	-
Net cash used in investing activities	(64,304)	(83,997)
Cash flows from financing activities		
Interest paid	(6,724)	(4,674)
Receipts from loan facility	58,320	97,101
Dividends paid	-	-
Net cash generated from (used in) financing activities	51,596	92,427
Net increase in cash and cash equivalents	162	31
Cash and cash equivalents at the beginning of year	413	382
Cash and cash equivalents at 31st March	575	413

London Luton Airport Limited

Notes to the financial statements for the year ended 31 March 2022

General Information

London Luton Airport Limited ("the company") is the owner of London Luton Airport, together with a number of other investment properties and parcels of land. The company operates entirely in the UK. The aiport is leased to London Luton Airport Operations Limited ("LLAOL") as set out in note 4. The company is a private company limited by shares incorporated in England and Wales. The registered office is shown on the company information page.

1. Statement of compliance

The individual financial statements of London Luton Airport Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2. Accounting policies

The accountancy policies have been applied consistently to the prior year.

Basis of preparation
The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

Going Concern
The financial statements are prepared on a going concern basis, which assumes the company will continue to operate and exist for the foreseeable future, being at least 12 months from the approval of the financial statements.

The directors have prepared cash flow forecasts for the company extending for a period of at least 12 months from the date of approval of these financial statements which demonstrate that the group is able to meet it's liabilities as they fall due for the foreseeable future.

The directors have negotiated a further stabilisation plan with the shareholder which was approved on 28th June 2021 and includes agreement to provide an additional £139m of financial support. This is in addition to the original £60m agreed with Luton Borough Council, the sole shareholder of the company, in June 2020 in response to the need to stabilise the funding requirements of LLAL resulting from the initial economic challenges of the covid pandemic. It is not expected that the company will need to utilise all of these new facilities in the next 12 months. The plan provides for financial support to the company through the period of the impact of the pandemic until such time as the company's income reaches a point at which it is sufficient on its own to cover the expenses of the business. The plan allows for fluctuations in actual passenger numbers against forecasts. The shareholder has confirmed its intention to provide the necessary financial support to the company in writing.

Notes to the financial statements for the year ended 31 March 2022 (continued)

2. Accounting policies (continued)

The outlook for international travel as at 31 March 2022 showed early signs of a sustainable recovery post covid and a strong sense of desire for travellers to book flights as restrictions in particular across Europe abated over this period. The directors note sustained growth and recovery continued throughout the year and expect to reach c 80% of passenger levels compared to pre-covid by 31 March 2023. For the reasons set out above, the directors believe that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Turnover
Turnover relating to concession income is recognised in line with the concession contract, see note 5 for further details. Other property income represents amounts falling due under rental agreements.

Leased assets
As a lessee, rental costs under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Financial liabilities
Basic financial liabilities, including trade and other payables, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

London Luton Airport Limited

Notes to the financial statements
for the year ended 31 March 2022 (continued)

2. Accounting policies (continued)

Pension costs

Certain employees of the airport business prior to the granting of the Concession Contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme in respect of former employees' entitlement to pension augmentations arising on redundancy.

This provision has been assessed in accordance with the advice of an independent actuary using the following principal assumptions.

	% pa
Pension increase rate	3.55
Discount rate	2.60

Discount rate

An actuarial valuation for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 by Hymans Robertson LLP on the instructions of the then administering authority, Bedfordshire County Council. The results of this valuation have been projected forward to 31 March 2022 by Barnett Waddingham LLP on the instruction of the current administering authority, Bedford Borough Council, and reflected in these financial statements. The scheme is a defined benefits scheme.

Investment properties

The company includes investment properties at their fair value at the balance sheet date on the basis of the external valuer's valuation. Any gains or losses through the change in fair value are recorded through the profit and loss account. A full valuation was carried out by Deloitte LLP as at 31st March 2022.

London Luton Airport Limited's freehold and leasehold properties were valued on 31 March 2022 by an external valuer, Deloitte LLP. The valuations were prepared in accordance with the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards as they apply in the UK (updated and amended in 2019) and the Global Standards (updated in 2020) which incorporates the International Valuation Standards (IVS). The RICS Valuation – Professional Standards are often informally referred to as the "Red Book". In accordance with the Red Book and FRS 102, Deloitte LLP adopted Fair Value as the basis of valuation.

In the context of noting important post balance sheet events, the external valuer included in their report, the following statement:

"The Valuation Date is 31 March 2022. This report has however, been prepared sometime after and it is therefore appropriate to include the following. It should be noted that the events described below took place after the Valuation Date and our opinions of value will therefore not be impacted"

Notes to the financial statements
for the year ended 31 March 2022 (continued)

2. Accounting policies (continued)

Investment properties (continued)
The UK is experiencing a period of high inflation against the backdrop of a faltering economy and concerns over the rising cost of energy, following the ongoing war in Ukraine. The Bank of England has sought to address this by increasing interest rates.

On September 2023, the UK government announced the largest fiscal stimulus package in 50 years, underpinned by a mission to boost the long-run trend growth rate of the UK economy. The approach triggered an immediate and severe negative market reaction both in stock markets and currency markets with severe pressure on sterling, with fears that the package will add to inflationary pressures, leading to higher interest rates in the short term, thereby crowding out any positive impact of the proposed stimulus. The Bank of England announced plans to buy unlimited amounts of long dated government bonds in an effort to avert problems for pension funds. The financial markets were volatile until such time as the government was able to provide clarity on the future path of public finances.

Inevitably, there were concerns as to how the UK economy would perform going forward given the current inflationary pressure, the cost of living crisis and the rising interest rates that impacted the cost and availability of debt. The impact of this volatility on the commercial market was to exacerbate the slowdown in volume of transactions.

Although there is reasonable liquidity in the market, the ongoing geo-political headwinds, economic uncertainty and the rising cost of debt finance may further impact yields in some sectors of the market such that they increase (soften) from their current levels.

Further investment properties are included within "Assets in the course of construction" in Note 10. This principally consists of costs incurred to date in progressing the company's Development Consent Order (DCO) to obtain the necessary permissions for the expansion of the airport. These assets are held at fair value which, given the early stage of these projects, is estimated to be the costs incurred to this point.

Assets in the course of construction
Assets in the course of construction are stated at cost. These assets are not depreciated until they are ready for use.

These assets include expenditure to construct the new DART (direct-air-rail-transit) connecting London Luton Parkway to the airport terminal, the submission of the Development Consent Order (DCO) with the expectation to receive Government consent and approval to expand Luton airport to 32m passenger per year, development of Morton House business centre and future commercial developments of Bartlett square.

The DART opened for commercial use to the public on 27th March 2023. It is expected that the asset will be depreciated as Property, Plant and Equipment during 2023/24 financial year.

Property, Plant and Equipment
Property, plant and Equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing cost capitalised.

Notes to the financial statements for the year ended 31 March 2022 (continued)

2. Accounting policies (continued)

Borrowing costs
General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Impairment policy
LLAL assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when management deem testing for the asset is necessary, LLAL estimate the asset's recoverable amount.

The recoverable amount is the higher of an assets fair value less costs of disposal and its value in use. In assessing the value-in-use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

No assets have been impaired this year as a result of this exercise, which will be repeated at each subsequent reporting date

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies

The company has exercised judgement in classifying the costs incurred to date in progressing the DCO as an investment property, carried at fair value which is considered to equate to cost at the present time. Further the judgement that the costs incurred cannot be reasonably divided into separate phases of expansion within the application is also a significant judgement.

b) Critical accounting estimates and assumptions

Fair value of investment properties
The valuation, undertaken by Deloitte LLP, took into account forecast future cash flows based primarily on passenger growth and was discounted using a discount rate of 9.00% (2021: 8%) being an estimate of the company's long term weighted average cost of capital on a pre-tax basis. The DCF analysis assumes a reversionary value of the airport at the expiry of the concession on 15th August 2032, subsequently amended including assumptions on exit yield and income. The Director's consulted with industry specialists on determining the appropriate yield. The valuation was made in accordance with the RICS Appraisal and Valuation Manual. Value of the airport at the expiry of the concession on 15 August 2032 including assumptions on exit yield and income.

Notes to the financial statements for the year ended 31 March 2022 (continued)

DART impairment

The calculation of the DART impairment involves significant judgement in respect of the volume of passengers, the price of tickets and the appropriate discount rate to be applied, together with the costs of operating the DART. Management reviews actual results and market data where possible to form the most accurate judgements possible.

Capitalisation of development project costs

As a result of the impact of the pandemic on the company's business, the directors have reviewed each of the development projects to assess whether the costs incurred on them still meet the criteria for capitalisation, in particular, that relating to the future expansion of the airport. On the basis of the forecast passenger numbers, provided by a number of sources both commissioned by and independent of the company, there is sufficient probability that future economic benefits will flow to the company to justify the continued capitalisation of the costs related to those projects and that the fair values of these amounts, held as investment properties, is not less than the costs incurred.

4. Concession contract

On 20 August 1998 ('the concession date') the company entered into a concession contract with an unrelated entity, London Luton Airport Operations Limited ("LLAOL").

Under the terms of this contract LLAOL was granted a concession to operate the airport for a period of 30 years ('the concession period') and a lease over the company's land and buildings. In return LLAOL undertook to pay an annual concession fee to the company comprising of £3 million as a minimum fixed payment or a greater amount based on workload units (being each departing and arriving passenger and each 100 tonnes of freight) as prescribed in the concession agreement and, subject to the continuing growth of passenger numbers, fund an extensive capital investment programme. At the end of the concession period the assets, liabilities and operations of the airport revert to the ownership and use of the company.

In August 2012 a supplemental agreement to the concession contract was reached between LLAL and LLAOL. This agreement commits the operators to undertake a significant programme of development works to increase the Airport's capacity to handle throughput of up to 18 million passengers per year, in return for an extension of the Concession Period to March 31st 2031. The concession agreement was further amended in January 2014 to provide for a scheme to rebate the Concession Fee Rate payable by the airport operator in certain circumstances, in order to encourage passenger growth.

At the concession date the trading assets and liabilities of the company were transferred to LLAOL at book value. No profit or loss arose on the transfer of these assets and liabilities. The employees of the company were also transferred to LLAOL.

As the company no longer operates the airport itself, the land and buildings have become investment properties. At the instruction of the company, Deloitte LLP have valued the freehold interest in London Luton Airport as at 31 March 2022.

In April 2020 LLAOL informed the company that, in their belief, as a result of the pandemic being declared a Special Force Majeure event had occurred and that the provisions of clause 10.5 of the Concession Agreement had come into effect. This necessitated an extended period of negotiation: firstly between LLAL and LLAOL which culminated in

Notes to the financial statements for the year ended 31 March 2022 (continued)

4. Concession contract (continued)

a settlement being reached in May 2021; and, secondly between LLAL and its shareholder to agree a plan to support the company financially to enable it to continue as a going concern until such time as its income is sufficient to meet its expenses; this plan was approved on 28th June 2021.

A consequence of the Covid-19 pandemic resulted in the activation of a 'Special Force Majeure' provision as specified within the Concession Agreement. This provision provided for compensation to be paid to the airport operator (LLAOL), as a result of circumstances that were beyond its control. Subsequently, on 19th November 2021, both parties agreed a full and final settlement which resulted in the following primary financial outcomes:

A further Supplemental Agreement and Settlement Agreement, both of which are dated 19 November 2021.

The Supplemental Agreement extended the concession term, previously due to expire 31st March 2031 to 15th August 2032. The Supplemental Agreement adopts the 5 year adjustment mechanism in the Settlement Agreement, the operation of which can see small adjustments to the term of the concession up to a maximum period of 31st December 2032.

a) A total Force Majeure settlement of £45m, payable by LLAL to the airport operator, with phased amounts payable during each of the financial years ended 31 March 2021, 2022, and 2023. These payments were as follows:

- 31 March 2021 - £10,203,845
- 31 March 2022 - £13,200,000: and
- 31 March 2023 - £21,600,000.

It was agreed by both parties that the SFM payment due as at 31 March 2021 as per the schedule above would be discharged and offset against the concession fee accrued to LLAL during the year to 31 March 2022.

b) A variable payment termed 'Passenger Access Mechanism' (PAM). The passenger access mechanism payment to the airport operator will be 'triggered' when there is a difference in the total and actual target passengers travelling during the year. Both parties have agreed rates per passengers payable/ receivable if the passenger target is / is not achieved i.e. calculated as ((actual PAX- minus base target PAX) * agreed rate per passenger)). This PAM will terminate on 31 March 2026.

5. Turnover

	2022 £'000	2021 £'000
Concession income	21,073	-
Other property income	929	814
Other income	-	-
Total investment income	**22,002**	**814**

Notes to the financial statements for the year ended 31 March 2022 (continued)

6. Operating (loss)

	2022	2021
	£'000	£'000
Operating loss is stated after the following amounts have been charged:		
Operating leases - land and buildings	3,180	3,181
Charge for enhanced pension payments	26	33
Charitable donations	7,431	8,332
Auditor's remuneration:		
The audit of the company	90	82
Tax compliance services	-	10
Tax advisory services	-	24
Other services	-	596

The shareholder, Luton Borough Council, provides professional services to the company. Charges to the company for these services amounted to £1,877,762 (2021: £2,533,876). £3,086,393 (2021: £3,086,393) of the operating lease charge for a car park on the airport premises and for the adjacent area of Wigmore Valley Park is with Luton Borough Council on commercial terms. Luton Borough Council is the company's controlling party by virtue of its majority shareholding. The company has no employees. Services to the company are carried out by employees of Luton Borough Council and the company is charged for these as set out above. Accordingly, there is no key management personnel compensation

7. Directors emoluments

Directors' emoluments for the financial year amounted to £nil (2021: £nil). All of the directors are council members and therefore do not qualify for remuneration.

8. Interest payable and similar expenses

	2022	2021
	£'000	£'000
Interest on Debenture Loans - repayable after more than 5 years (note 17)	6,724	4'674

The total interest paid in the year was £30,401,238 (2021: £24,312,977), of which £23,655,393 (2021: £19,638,844) in relation to the company's development projects was capitalised.

Notes to the financial statements
for the year ended 31 March 2022 (continued)

9. Tax on loss

	2022 £'000	2021 £'000
Current tax		
United Kingdom corporation tax on profits of the financial year	-	-
Adjustments in respect of prior years	-	68
	-	68
Deferred tax :		
Origination and reversing of timing differences	(22,534)	(28,407)
Adjustments in respect of prior years	39,935	(68)
Change in tax rates	70,166	-
Total deferred tax	87,567	(28,475)
Total tax (credit)/charge on profit	87,567	(28,478)

	2022 £'000	2021 £'000
Loss before tax	(144,564)	(138,178)
Loss before tax multiplied by standard rate in the UK of 19% (2021: 19%)	(27,467)	(26,254)
Effects of:		
Expenses non-deductible for tax purposes	1,400	34,062
Deferred tax not provided for	26	(39)
Enhanced costs revalued properties	(219)	(36,176)
Adjustments in respect of prior years	39,935	-
Thin cap adjustment	3,726	-
Tax rate change	70,166	-
Total tax charge/ (credit)	87,567	(28,407)

The tax assessed for the financial year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. An increase in thc UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021.The deferred tax balances at 31 March 2022 have been calculated based on this rate.

Key items of the tax charge of £87.5m include impact of tax rate charges (£71.5m), adjustments in respect of prior year (£39.9m), thin capitalisation (£3.7m).

Notes to the financial statements
for the year ended 31 March 2022 (continued)

10: Investment properties

The interest in the airport and other properties has been valued in accordance with the circumstances and principles set out in note 2 and 3. The 2021 valuation was prepared on the basis of a material valuation uncertainty.

The "Assets in the course of construction" includes £11,424,361 (2021: £9,563,568) in respect of the commercial development sites at Bartlett Square and Century Park, and £59,332,444 (2021: £47,854,696) in respect of the Future LuToN project (DCO costs)

	Airport	Other Properties	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Balance at 31st March 2021	1,488,000	31,250	57,418	1,576,668
Additions in year		1	13,338	13,339
Fair value adjustment	(129,400)	523		(128,877)
Balance at 31st March 2022	**1,358,600**	**31,774**	**70,756**	**1,461,130**

11: Property, plant & equipment

	Assets in the course of construction £'000
	£'000
Cost	
At 1 April 2021	261,684
Additions	50,964
Balance at 31st March 2022	**312,648**
Depreciation and impairment	
At 1 April 2021	(184,684)
Depreciation charged in the year	-
Impairment charged in the year	-
Balance at 31st March 2022	**(184,684)**
Carrying amount	
Balance at 31st March 2022	**127,964**
Balance at 31st March 2021	77,000

The "assets in the course of construction" relates to the Luton DART (Direct Air-Rail Transit) mass passenger transit system linking Luton Airport Parkway railway station to the central terminal area of London Luton Airport.

Notes to the financial statements for the year ended 31 March 2022 (continued)

12. Debtors

	2022 £'000	2021 £'000
Deferred tax (note 16)	10,660	6,636
Prepayments and accrued income	16,320	4,351
Debtors at 31 March	26,980	10,987

13. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Corporation tax	1,404	-
Other taxation and social security	-	-
Other creditors	38,443	5,932
Creditors: amounts falling due within one year at 31 March	39,847	5,932

Included within other creditors are amounts due to the sole shareholder, LBC totalling £17.59m (2021: £2.13m)

14. Creditors: amounts falling due after more than one year

Debenture loans Maturity loans non-instalment	2022 £'000	2021 £'000
Debenture loan 1 – interest fixed at 12%	3,153	3,153
Debenture loans 2 & 3 – interest at 4% over three months LIBOR	7,216	7,216
Debenture loan 4 – interest 4% over six months LIBOR	1,788	1,788
Debenture loan 5 – interest fixed at 12.125%	3,102	3,102
Debenture loan 6 – interest at 4% over six months GBR	1,662	1,662
Debenture loan 7 – interest at 7.58% over three months LIBOR	11,000	11,000
Debenture loan 8 – interest fixed at 11.5%	12,000	12,000
Debenture loan 9 – interest fixed at 11.5%	3,000	3,000
Debenture loan 10 – 96 – interest fixed at 8%	365,662	307,341
Creditors: amounts falling due after more than one year at 31 March	408,583	350,262

The debenture loans are from Luton Borough Council, the shareholder. The repayment in full in a single payment of the principal in respect of debenture loans 1 to 6 is scheduled for 28th March 2028 and of debenture loans 7 to 96 for 1st April 2031. The debentures are secured on the total assets of the company.

Luton Borough Council has provided the company with a loan facility of £527m (2021: £527m), of which £408.6m (2021: £350.3m) has been drawn down as at 31 March 2022. The loan facility attracts a fixed interest rate of 8% (2021: 8%).

Notes to the financial statements
for the year ended 31 March 2022 (continued)

14. Creditors: amounts falling due after more than one year (continued)

LLAL has drawn down an additional debenture loan of £82.5m from Luton Borough Council since the balance sheet date. The total cumulative amount drawn down up to 30 April 2023 is £491m.

15. Deferred tax asset

The deferred tax asset represents the following:

	2022 £'000	2021 £'000
Deferred tax in relation to pensions liability	-	-
Deferred tax at 1 April	6,636	324
Deferred tax charge in the profit and loss account	4,024	6,312
Deferred tax asset at 31 March	10,660	6,636

16. Provisions for liabilities

The deferred tax liability arises wholly in relation to investment properties.

	2022 £'000	2021 £'000
Balance at 1 April	211,480	232,825
Deferred tax in respect of fair value adjustments in year	91,614	(22,499)
Adjustment in respect of prior year	-	68
Deferred tax in respect of capitalised interest	-	1,086
Change in tax rate	-	-
Balance at 31 March	303,094	211,480

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Notes to the financial statements for the year ended 31 March 2022 (continued)

17. Pension commitments

Certain employees of the airport business prior to the granting of the concession contract had taken early retirement, and the company had agreed to enhance their pension benefits. A provision was made, in the financial year that the employee had retired, to reflect the present value of the anticipated future costs of providing the enhanced benefits.

The balance represents the company's unfunded obligation to make annual contributions to the Bedfordshire Local Government Pension Scheme (LGPS) in respect of former employees' entitlement to pension augmentations arising on redundancy. The LGPS is a defined benefit statutory scheme. The cost charged to the company is based on the actual cost attributable to the former employees.

a) Defined benefit scheme

An actuarial valuation of the Bedfordshire Pension Fund for the purposes of settling London Luton Airport Limited's actual contributions was carried out at 31 March 2010 using the projected unit basis, by Hymans Robertson LLP, independent consulting actuaries. The results of this valuation have been projected forward to 31 March 2022 by Barnett Waddingham LLP. The major assumptions used by the actuary were:

	2022 %	2021 %
Pension increase rate	3.55%	2.80%
Discount rate	2.60%	1.70%

b) The mortality assumptions used were as follows:

	2022 years	2021 years
Longevity at age 65 for current pensioners:		
- Men	22.0	21.9
- Women	24.4	24.3

	2022 £'000	2021 £'000
Pension value of scheme liabilities	(1,489)	(1,626)

c) Reconciliation of present value of scheme liabilities

	2022 £'000	2021 £'000
At 1 April 2021	1,626	1,631
Interest cost	26	34
Unfunded benefits paid	(138)	(141)
Re-measurement of net defined benefit obligation	(25)	102
Present value of scheme liabilities at 31 March	1,489	1,626

Notes to the financial statements for the year ended 31 March 2022 (continued)

18. Called up share capital

	2022	2021
	£'000	£'000
60,000,000 (2021: 60,000,000) Authorised ordinary shares £1 each	60,000	60,000
44,837,002 (2021: 44,837,002) Allotted and fully paid	44,837	44,837

19. Operating lease commitments and contingencies

At 31 March 2021 the company was in negotiation with LLAOL over the exercise of the Special Force Majeure clauses in the Concession Agreement. This matter was subsequently settled in November 2021 to extend the Concession Agreement from March 2031 to August 2032 and for LLAL to forego £45m of its Concession Fee in total during the current and subsequent years. However, additional payments could become due from LLAL to LLAOL should passenger number targets not be met in the future.

At 31 March the company was committed to making the following total payments in respect of operating leases relating to land and buildings.

	2022	2021
	£'000	£'000
Amounts payable in less than one year	2,270	2,270
Amounts payable between two and five years	8,944	9,013
Amounts payable in excess of five years	10,066	12,267

20. Financial Instruments

	2022	2021
	£'000	£'000
Financial assets		
Cash	575	413
Financial assets that are debt instruments measures at amortised cost	16,322	4,765
Financial liabilities		
Financial liabilities measured at amortised cost	444,830	356,078

Notes to the financial statements
for the year ended 31 March 2022 (continued)

21. Related parties

There are no transactions with related parties not wholly owned by the group headed by Luton Borough Council. The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group headed by Luton Borough Council.

22. Parent entity and ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Luton Borough Council.

Luton Borough Council is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2022. The consolidated financial statements of Luton Borough Council are available from Town Hall, George Street, Luton, LU1 2BQ.

23. Subsequent events

LLAL has satisfied its financial obligations for the year to the 31 March 2022 to pay LLAOL £13.2m as agreed under 'Special Force Majeure' agreement. Full and final payment of £21.6m was paid during the year to 31 March 2023. No further payments are required post 31 March 2023.

In April 2022 the Secretary of State for Levelling Up, Housing and Communities called in the LLAOL's planning application to increase capacity to 19 million passengers. The directors of the company consider that the planned expansion is both necessary and will bring substantial benefits to the local community and so are continuing to proceed with the DCO and supporting LLAOL's planning application.. As at the date of signing of the financial statements LLAL await the final decision from the Secretary of State for Transport.

Our application for development consent for the airport expansion was submitted to the Planning Inspectorate for England (referred to as P.I.N.S) on 27th February 2023 and confirmed by the Planning Inspectorate to continue to the Examination phase on 27th March 2023. This final phase of planning application is expected to finalise a decision on airport expansion in 2024.

LLAL has drawn down an additional debenture loan of £82.5m from Luton Borough Council since the balance sheet date. The total cumulative amount drawn down up to 30 April 2023 is £491m.

Financial Year	passenger throughput	concession fee received	tax paid
2010/11	8,829,008	£22,219,000 (£2.51/head)	1,824,000
2011/12	9,546,499	£26,660,000 (£2.79)	£2,380,000
2012/13	9,654,044	£35,704,000 (£3.69)	£3,496,000
2013/14	9,739,040	£28,662,000 (£2.94)	£10,909,000
2014/15	10,785,835	£29,574,000 (£2.74)	-£2,019,000
2015/16	12,838,955	£34,355,000 (£2.67)	£1,202,000
2016/17	15,053,416	£40,774,000 (£2.70)	£5,676,000
2017/18	16,581,850	£45,414,000 (£2.73)	£4,622,000
2018/19	17,154,573	£49,960,000 (£2.91)	£9,963,000
2019/20	17,457,093	£54,187,000 (£3.10)	£8,258,000
2020/21	2,919,973	£0.00	-£28,407,000
2021/22	6,264,659	£21,073,000 (£3.36)	£87,567,000
2022/23			

charity donations	dividend paid to LBC	residual income to LLAL
10,912,000	5,000,000	4,483,000
£11,925,000	£6,700,000	£5,655,000
£15,995,000	£6,300,000	£9,913,000
£13,522,000	£11,000,000	£6,769,000
£13,029,000	£1,250,000	£17,314,000
£14,823,000	£6,000,000	£12,330,000
£10,326,000	£17,800,000	£6,972,000
£9,365,000	£19,500,000	£11,927,000
£9,204,000	£20,159,000	£10,634,000
£9,175,000	£0.00	£36,754,000
£8,332,000	£0.00	£0.00
£7,431,000	£0.00	£0.00

CG grant to LBC(cut on previous year)

£104,000,000

£93,000,000(£11,000,000)
£87,000,000(£6,000,000)
£64,000,000(£23,000,000)
£52,100,000(£11,900,000)
£37,400,000(£14,700,000)
£28,800,000(£8,600,000)
£21,100,000(£7,700,000)
£15,900,000(£5,200,000)
£12,700,000(£3,200,000)
£16,800,000(+£4,100,000)
£27,800,000(+£11,000,000)

Chris Haden

From: "Luton Council" <luton-noreply@lovecleanstreets.com>
Date: Wednesday, February 22, 2023 9:38 AM
To: [redacted]
Subject: Your "Abandoned vehicle" report has been completed

Hi,

Your "Abandoned vehicle" report has now been completed.

Summary of report

Your reference is D36874 - quote this number if you need to contact us about your report

Category of report: Abandoned vehicle

Report content: Eaton green road, in par land by the airport emergency gates, broken fence panels in the process

Report location (address): Eaton Green Road, Luton

Kind regards,

Luton council

Luton

Item No:
11

Report For:	**Executive**
Date of Meeting:	20 September 2022
Report Of:	**Service Director Neighbourhood Services**
Report Author:	**Sarah Hall**
Subject:	**Parks & Greenspaces Social Value Tool**
Lead Executive Member(s):	Cllr Lovell
Wards Affected:	All
Consultations:	Councillors ☑ Scrutiny ☑ Stakeholders ☐ Others ☐

Recommendations

1. **Executive are recommended to approve:**

   i. **the methodology used to create the Social Value Tool, and**

   ii. **that the tool will be used to allocate a score to each park and green space to prioritise the protection of parks and green spaces by means of a Deed of Dedication, subject to funding being identified to cover the cost of producing the Deed of Dedication**

   iii. **In relation to the following resolutions and recommendations made by Overview and Scrutiny Board on the 9th August 2022, as set out at paragraph 18 in the report :**
      1. **Welcome the support of the Board for the methodology used to determine social value.**
      2. **Note the request to produce a provisional timetable for this work subject to resources.**

Background

2. The overall size of Luton's greenspace of a recreational value is more than 637 hectares comprising of over 150 sites including:

- 3 Sites of Scientific Interest
- 6 District Parks
- Areas of County Wildlife and District Wildlife Site designation
- 30 Neighbourhood Parks
- Areas of open space of recreational value

3. A Deed of Dedication is a legal agreement between Fields in Trust and a landowner to retain it for use as a green space, usually a public park, playing field or recreation ground, in perpetuity. The Deed is agreed with the landowner and sets out what can and cannot be done with a space without needing to consult Fields in Trust. Ownership and management of the land remains locally with the existing landowner and there is no requirement to rename the space.

4. A report titled The Protection of Luton's Parks and Green Spaces was presented to Overview & Scrutiny Board on the 22nd November 2021.

5. The purpose of that report was to provide the Board with information regarding an arrangement entered in to by Liverpool City Council with Fields in Trust to protect, by means of a Deed of Dedication, their parks and green spaces, and to consider whether Luton could enter in a similar arrangement.

6. The outcome of the meeting was that Overview & Scrutiny Board made the following recommendation to be considered by the Executive -

The Overview and Scrutiny recommends the Executive to seek the identification of those parks and green open spaces which are of the greatest social value and those which are most at risk and to start a process of gradually, over as many years as necessary, progressing deed of dedication arrangements with Fields in Trust with an ultimate aim of protecting all Luton parks and green open spaces from development.

7. At the meeting of the 10th January 2022, Executive accepted the recommendation.

The Current Position

8. The Council's Business Intelligence Team were commissioned to produce a Social Value Tool that could be used to measure the social value of parks and green spaces across the borough.

9. For the purposes of this exercise, each park and green space was assigned a postal code in order to be positively linked to a lower layer statistical output area (LSOA).

10. The tool has been designed such that each LSOA has been assigned a score based on socio-economic and environmental factors in the area with the highest scoring LSOAs having the green space being given a higher priority.

11. Ten indicators combine to form the Social Value tool. Indicators one to five give a higher score for negative socio-economic factors such as high deprivation. Indicators six to ten consider environmental factors and gain a higher score where an area has better environmental factors such as air quality and community assets.

12. The 10 indicators which combine to form the Social Value Tool are:

- i. The index of multiple deprivation, the more deprived an area the higher the score - source Ministry for Housing Communities & Local Government.
- ii. Population density, the more densely populated an area the higher the score – Source: Office for National Statistics (ONS)
- iii. Distance from green space, the further from a green space the higher the score – Source: Mosaic, Experian
- iv. Unemployment claimants, the higher the unemployment rate the higher the score- Source: ONS
- v. Prevalence of obesity in school children, a greater incidence of obesity, the higher the score - Source: National Health Service

vi. Access to Health Assets and Hazards (AHAH) indicator measures the air quality of an area, the higher the air quality the more beneficial the green space is deemed to have on an area. (Source: Department for Environment, Food and Rural Affairs (DEFRA).

vii. Blue Space is a multi-dimensional index measuring how 'healthy' neighbourhoods are. It combines indicators such as retail environment, health services, physical environment and air quality with a bigger index score meaning a higher green space score. (Source: Consumer Data Research Centre (CDRC)

viii. AHAH green space active measures accessibility of green spaces. With a higher score with those areas with a better accessibility to green spaces (CDRC)

ix. Bio-diversity measure. The LSOA areas with Luton’s Site of Specific Scientific Interest sites have the highest score, with the county wildlife sites having the next highest score and the third highest for the district wildlife sites

x. Community assets. The index was created by combining a series of 19 indicators, conceptualised under three domains: Civic Assets, Connectedness and Active and Engaged Community. The higher score was given to areas with better community assets. (Oxford Consultants for Social Inclusion)

13. Each indicator has been given a score between 1 and 10 with 10 having the highest value. A balance of indicators are used so that a variety of factors are considered. For example, a more deprived area is awarded a higher score. An area with better air quality will receive a higher score as it is considered that the green space is positively contributing to this. These scores are combined to give a maximum social value score of 100 for each LSOA. The areas with the highest score are those where the green space is deemed to have the highest social value.

14. Undertaking an exercise to enter into Deeds of Dedication is a significant task. Prior to drafting a Deed of Dedication, significant legal work is required to identify the boundaries of the land through deeds, any existing restrictions on sites in the form of protective covenants and the conditions contained in leases and licences for existing tenants. Much of this is historic information and is held in archives and is not readily accessible. It is estimated that the total cost of entering into an arrangement with Fields in Trust to protect all parks and green space by way of a Deed of Dedication is estimated to be £727,000, which equates to approximately £4800 per park.

Goals and Objectives

15. To agree a methodology by which parks and green spaces can be assessed in terms of their social value and, that their score should be used to prioritise the order in which Deeds of Dedication are entered in to.

Proposal

16. It is proposed that-

i. the methodology described in this report will be used to determine a social value score for all parks and green spaces.

ii. the Social Value Tool will be used to determine a social value score for each park and green space, they will be prioritised for protection in order of their overall score, by means of a Deed of Dedication.

Key Risks

17. None

Consultations

18. Overview and Scrutiny Board made two recommendations for consideration by the Executive.

(i) That the methodology of the social value toolkit to be applied to the classification of parks and open spaces be supported and approved.

(ii) That the Executive be requested to produce a provisional timescale for achieving the protection of all parks and open spaces using the social value methodology toolkit.

In relation to recommendation (i), it is proposed, for reasons given at paragraph 19 below, that the prioritisation of parks and green spaces will be based upon the overall social value score assigned to each space and will not take account of their classification in terms of their designation in the Local Plan.

In relation to recommendation ii, the financial implications of progressing deed of dedication arrangements with Fields in Trust are outlined in the report above and total at least £727,000. There is currently no budget provision for this in the Council's Medium term Financial Plan. Scheduling of this programme of protection will have to take account of budget availability and the service securing opportunities for funding.

Alternative options considered and rejected (please specify)

19. Option: To prioritise parks and green spaces based upon their overall score in order of their hierarchy as defined in the current Local Plan.

An option that was previously considered was that this Social Value Tool would be used to prioritise parks and green spaces based upon their overall score in order of their hierarchy as defined in the current Local Plan. Parks are defined and categorised in the current Local Plan based on their size, infrastructure and function. Those categories in order of the Local Plan hierarchy is: Neighbourhood Parks, District Parks & Small Amenity Greenspace.

This proposal has been considered in consultation with the Social Justice Unit and rejected. The grounds for rejecting this proposal are that the social value score is determined using a wide range of socio-economic and environmental factors. To introduce other criteria, unrelated to the social value, in the prioritisation of those spaces would diminish the value of the tool and would be likely to result in parks and green spaces being protected by means of a Deed of Dedication when there are spaces of equal or greater value that do not.

Appendices Attached

20. Appendix A Integrated Impact Assessment

List of Background Papers - Local Government Act 1972, Section 100D

21. Overview and Scrutiny Report 9th August 2022 - The Protection of Luton's Parks and Green Spaces – Calculating a social value score for Luton's parks and green spaces

22. Executive Report 10th January 2022 - Reference from Overview & Scrutiny Board: The Protection of Luton's Parks and Green Spaces

23. Overview and Scrutiny Report - 22nd November 2021 - The Protection of Luton's Parks and Green Spaces

Implications - an appropriate officer must clear all statements

For CLMT only Legal and Finance are required

Required

Item	Details	Clearance Agreed By	Dated
Legal	A scheme to dedicate parks and green spaces has to be carefully considered. Consideration will have to be given to factors including: 1. Their existing status. For example, some major green spaces within the borough are common land and legally it would be very difficult or impossible for these to be dedicated. 2. Strategic commercial interests of the Council. Many greenspaces will have existing commercial property within their boundaries or the potential to develop redundant parts. The Council will need to consider how appropriate a dedication is for all or part of the greenspace. 3. Legal rights and interests that third parties may have over the whole or part of the greenspace. This may affect the extent of the dedication, or prevent the entire space being dedicated. There should be early consultation with the Council's property and legal teams. This should be done on a case by case basis before instructing external surveyors to prepare plans	Paul McArthur, Solicitor	23 August 2022
Finance	The financial implications of progressing deed of dedication arrangements with Fields in Trust are outlined in the report and total at least £727,000. There is currently no budget provision for this in the Council's Medium term Financial Plan. For this to be included in the Council's budget, a business case would be	Darren Lambert, Finance Business Partner	17th August 2022

Item	Details	Clearance Agreed By	Dated
	required to enable the proposal to be considered, and for the affordability and prioritisation against other service delivery requirements within the overall budget to be assessed.		
Equalities / Cohesion / Inclusion (Social Justice)	Safeguarding of parks and green spaces is positive for all people across all shared characteristics. The tool as designed takes in to account a range of factors to ensure that the park and green spaces are protected based upon the social value they bring to the residents in the area of the park. Prioritising the protection based upon those scores will bring the maximum benefit to those residents in the area of the park and green space	Maureen Drummond, Equality and Diversity Adviser	18 August 2022
Environment	The recommended process has potential to increase the legal level of protection of parks and green spaces and as such is considered to have positive environmental impacts.	Shaun Askins – Service Manager Strategy & Sustainability	18th August 2022
Health	Parks and green spaces have a positive impact on physical and mental health, so proposals to enhance the protection of these can only have benefits to health and wellbeing	Christina Gleeson Public Health Manager	17th August 2022

Optional

Item	Details	Clearance Agreed By	Dated
Community Safety			
Staffing			
Other			