

**Wards Affected:**

All Wards

**ITEM 13****CABINET****11 OCTOBER 2016****MILTON KEYNES DEVELOPMENT PARTNERSHIP BUSINESS PLAN**

Responsible Cabinet Member: Councillor Middleton, cabinet member for Resources and Innovation

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**Executive Summary:**

This paper seeks to update Cabinet about progress made to date by Milton Keynes Development Partnership (MKDP), as measured against its adopted business plan and in addition the emerging and agreed policy priorities of the Council.

Business plan – financial support to the Council

MKDP continues to make solid progress against its Business Plan and the financial targets set by MKC. In particular, MKDP has revised upwards its forecast for the financial year 2016/17 to £6.9m, an increase of £1.62 m (27% increase). In the medium term, MKDP has been asked to begin making provision to part address the forecast medium term shortfall in the Council's Capital Programme.

Agreed Council priorities

MKDP has begun a range of work designed to explore how it can support MKC's agreed policy priorities. Following the adoption of the Council Plan in July of this year, work is underway to establish what projects might be brought forward in the near future to meet the City's pressing housing needs. In particular, the shortfall of affordable housing for the residents of our rapidly growing city. To support the Council's recently adopted non-statutory homelessness policy, MKDP recently agreed to make The Old Bus Station available as an administrative base for The Winter Night Shelter, supporting its invaluable work over the coming months.

Emerging Council priorities

MKDP, looking to the longer term, has been tasked with undertaking preliminary work about how CMK Renaissance, one of the flagship projects of the MKFutures2050 commission, can be delivered in partnership with other stakeholders across the city.

MKDP review

In line with the adopted Council Plan, the review of MKDP is now underway. This review, due to report towards the end of the year, is set to explore how MKDP can better deliver for the people of MK.

**1. Recommendation(s)**

- 1.1 That the progress to date in delivering the Council's agreed and emerging policy priorities be noted.
- 1.2 That the commenced MKDP review and its outcomes be noted.

- 1.3 That the Milton Keynes Development Partnership's solid progress against the Business Plan and its short to medium term financial targets be noted.
- 1.4 That it be noted that the Milton Keynes Development Partnership has revised upwards its forecast for the financial year 2016/17 to £6.9m an increase of £1.62 m (27% increase).
- 1.5 That the forecast revenue and capital position from 2015/16 to 2019/20 be noted.
- 1.6 That the Milton Keynes Development Partnership's intention to meet its interest and MK tariff risk share reserve requirements to 2018 and beyond be noted.

## 2. Issues

### 2.1 Business plan – financial support to the Council

**Additional Contributions to MKC** - MKDP has been requested to make an additional £4m contribution in March 2019 to assist MKC with its budget delivery in that year. Delivery of this contribution is dependent upon revising future years risk factors and increasing anticipated capital receipts. This additional contribution is forecast to increase the MKDP's debt charges and reduce the opportunity of creating additional revenue streams.

**The stimulation of stalled commercial development in CMK** – The appointment of Sterling Property Ventures and the promotion of site B3.3N for an exceptional office led mixed use development is intended to address fundamental viability issues and stimulate a step change in the quality and scale of office development and promote CMK as a sustainable and regionally dominant office location.

**Direct investment and development of commercial schemes that generate positive commercial rates of return and the create of long dated income streams** - MKDP is actively exploring direct investment and development of carefully selected opportunities that will generate long term revenue opportunities.

### 2.2 Agreed Council priorities

**Affordable City** – MKDP is keen to assist the ambitions set out in the Council Plan 2016-20 and is actively considering opportunities to deliver additional good quality affordable homes over and above its commitment to deliver 30% Affordable Housing. A number of initiatives are being explored and MKDP will work closely with colleagues within MKC and Your MK to assist Council Plan objectives.

### 2.3 Emerging Council priorities

**Renaissance CMK** - MKDP has commenced initial discussions and will work with MKC to identify the most appropriate process and 'road map' to deliver the relevant MKDP elements of the six big projects identified in MK Futures 2050. It recognises that it has an important role as a major land owner in CMK to help deliver the vision outlined in MK Futures 2050 and in particular to outline the development and investment programme for the major sites that will be necessary to make Renaissance CMK happen.

## 2.4 MKDP review

In line with the adopted Council Plan, the review of MKDP is now underway. This review, due to report towards the end of the year, is set to explore how MKDP can better deliver for the people of MK.

## 3. Implications

- 3.1 MKDP's ability to achieve these ambitions is predicated on its ability to generate capital and revenue reserves to meet its debt obligations to MKC and create a capital reserve for strategic acquisitions and investment in projects that will give a positive rate of return.

While MKDP will make additional contributions over its existing obligations to repay the £32m debt and make a contribution to the MK Tariff Risk Share reserve of £580k per annum (to offset the potential liabilities from the risk agreement with the Homes and Communities Agency) such additional contributions need to be reasonable and not adversely affect its medium term business plan.

## 3.2 Resources and Risk

MKDP still expects to meet the loan interest costs and the MK Tariff Risk Reserve contribution share from 2018/19 and beyond.

MKDP conservatively expect to be able to double the value of the c£32m assets over time.

Y	Capital	Y	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	Y	Asset Management

## 3.3 Carbon and Energy Management

N/A

## 3.4 Legal (Refer to Legal Department)

N/A

## 3.5 Other Implications

N	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders	N	Crime and Disorder

Background Papers: None

Annex A MKDP Business Plan

Annex B MKDP Work Plan