

Milton Keynes Council

Cabinet

21 December 2015

RegenerationMK

Response to Scrutiny Management Committee Recommendations

The Scrutiny Management Committee, at its meeting on 9 December 2015 requested that the Cabinet address the following issues in **bold type**, a response from Councillor O'Neill, the responsible Cabinet member, is set out below each recommendation:

(a) The impact on owner occupiers on the priority estates

RegenerationMK, in conjunction with communities, will develop a response for owner occupiers, private tenants and landlords (as well as Council tenants) as and when a regeneration plan for each area is developed. If the programme involves redevelopment, replacing existing houses with new ones, the Partnership will meet with all residents impacted to individually determine the best outcome for them, within the limits of the available funding.

(b) The importance of not losing sight of the non-housing benefits of the RegenerationMK project

The work of the Partnership will respond to the priorities laid out in the RegenerationMK Strategy approved by Cabinet in July 2015. This strategy clearly outlines a focus on People, Place and Prosperity. Services already established by the RegenerationMK (RMK) team that respond to these priorities, namely the Neighbourhood Employment Programme and the Community Partnership team, will continue, with development of these services supported through the Partnership. At a Partnership level, the Key Performance Indicators around which the success of the Partnership will be assessed include both employment and social measures.

In addition we will be working with the health and education agencies in each area to tackle the inequalities found in education and health. We have started this work in Lakes Phase 1 and will develop and strengthen it throughout the programme.

At the core of the regeneration of the priority areas are the residents who live there; this is absolutely recognised and will be supported by the Partnership.

(c) The need for both private sector representation and the careful selection of that representation on the Partnership board

Paragraph 4.6 of the Cabinet paper states that, 'governance will be provided through a Main Board. It is proposed that the Council reserve the power to recruit and appoint to the Main Board, and delegate this to a committee.'

This committee will recruit members of the board and will be looking for very experienced and knowledgeable personnel.

Annex B of the Cabinet paper (Partnership Governance Overview) states that, 'the total membership of the Main Board should comprise of no more than 6 representatives, with 50:50 representation from the Council and Mears.'

(d) The public accountability of the proposed Limited Liability Partnership

The Limited Liability Partnership (the Partnership) will be primarily held to account by the Council through the Council Regeneration Committee. Annex B of the Cabinet paper (Partnership Governance Overview) states that the Council Committee will, 'have the power to appoint and remove its own Board members for specific non-performance. It will also be responsible for the oversight, monitoring and commenting on the performance of the Partnership in relation to the rolling business plan. It will report annually to Cabinet and full Council on the performance of the Partnership as against the business plan.'

The Partnership will also be subject to external scrutiny through its engagement activities, its communication with stakeholders and the public perception of its performance. This will build community accountability.

(e) The use of innovative consultation techniques around the future development plans, including local referenda

Annex C of the Cabinet paper (Community Led Approach Overview) states that, 'the commitment to a community led approach to regeneration, within a defined funding envelope, has been central to the competitive dialogue discussions and is reflected in the key partnership agreements. The Key Performance Indicators for the Partnership include a social measure which will assess how successful the Partnership is at enabling co-production. Full participation of residents and community stakeholders is fundamental to the successful design and delivery of RegenerationMK. A tailored approach will be taken for each area, working within and utilising existing resources.'

(f) The potential of a particular community not supporting the proposed regeneration of its area

The Partnership will work to mitigate this key risk through its commitment to a community led approach to regeneration, utilising innovative, consistent and appropriate community communications, engagement and development before, during and after any regeneration development.

It is worth noting that during November 2015, approximately 400 residents living in the priority areas were surveyed about their perceptions of their area and regeneration; part of the process to develop the RegenerationMK Communications Plan. Whilst the majority of residents were understandably concerned about the personal impact of regeneration, there is a clear majority perception that people regard change as (potentially) positive. By almost three to one residents believe change will be positive for the area.

- (g) The need for the intended committee of the Council overseeing the project to have clear terms of reference which gives it power and a clear role in the mitigation of risk**

Annex B of the Cabinet paper (Partnership Governance Overview) states that the Council Committee will, 'have the power to appoint and remove its own Board members for specific non-performance. It will also be responsible for the oversight, monitoring and commenting on the performance of the Partnership in relation to the rolling business plan. It will report annually to Cabinet and full Council on the performance of the Partnership as against the business plan.'

The Council committee will have clear terms of reference as per the proposal outlined at Annex B of the Cabinet paper.

- (h) The potential for an additional financial commitment from the Council if either insufficient revenue is generated to fund the project, or revenue is not generated quickly enough, and the need for some modelling to identify potential scenarios and how the Council's finances would be impacted**

The Partnership is to be run on a commercial basis and should generate income streams through development and regeneration activities. The resources available from the Council's Housing Revenue Account cannot deliver regeneration on their own therefore additional funding streams will be required.

Paragraph 5.3 and 5.4 of the Cabinet paper state that 'no decisions have been made in terms of the financing of the regeneration activity. Each individual Development Business Case will be prepared alongside the Development Strategy and Project Approval Process. The financing of the development will be explored at this time and any proposed financing solutions will have to be tested and verified as representing value for money. Decisions on financing will be made by the Main Board, considering the risk appetite and proposals at the time. The Cabinet would need to decide if additional Council financing is to be committed (as would Mears). Such decisions will be the responsibility of the Cabinet.'

- (i) The RegenerationMK Project Team being based and having a physical presence in Milton Keynes**

RegenerationMK will be located in Milton Keynes, with the Partnership staff (including the seconded Council staff) based in suitable commercial premises in the city. It is also to be noted that the operational team that will deliver the Total Asset Management service will also be based in Milton Keynes, and will only service the Milton Keynes contract from that office.

- (j) The HRA sites in non-priority areas on which development could potentially take place and the potential risk of local objections and the impact this would have on income streams for RegenerationMK project**

The Council owned sites are primarily HRA 'infill' sites that were previously built on, such as garage sites or other redundant premises. Regeneration activity will not be dependent on these generating income streams, due to their small scale. These sites are to be used to provide additional local housing to meet demand and their development will be subject to value for money testing and planning approval. For further clarification on financing please refer to the response at (h) above.

(k) The need to take into account the lessons learnt from the Council's previous relationship with Limited Liability Partnerships (LLPs)

The proposals and recommendation included in the Cabinet report reflect the importance of robust governance. The key lesson learnt from the Council's previous relationship with LLPs is that any LLP Board needs to be professional, its members need to have the requisite skills, and it needs to be held to account.

LLPs can be very successful as long as Board members understand their roles; there are clear short, medium and long term Business Plans; agendas are well constructed and managed; and comprehensive performance reports are required (including commissioning remedial action where necessary).

The proposed Regeneration Committee will hold the LLP Board to account at a strategic level and will ensure the right people are on the Board. In the proposed RegenerationMK LLP MKC is a 50:50 partner and so it is imperative that we are scrupulous in our approach.