

MILTON KEYNES DEVELOPMENT PARTNERSHIP (“MKDP”)

**Extract from Minutes of Board Meeting dated 14th January 2019 at 10:00 am
Held in Room 1.02, Civic Offices, Milton Keynes MK9 3HS**

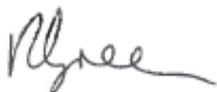
Item	
	<p>Introductions: The Chair introduced Roger Bell to MKDP Board Members. Roger’s appointment as Independent Board Member was approved at the meeting held on the 26th November 2018.</p> <p>Notice: It was confirmed to Board Members that, the Councils nominee to the Board had resigned from the Council. The Chair advised the Board that he will be liaising with the Council’s Chief Executive regarding his replacement on the Board.</p>
1	<p>Declarations of Interest</p> <p>No new declarations of interest were declared.</p>
2	<p>Previous Minutes: The minutes of the meeting held on the 26th November 2018 were APPROVED.</p> <p>Matters arising: Item 10.1: Property & Projects subcommittee minutes. A correction to the PPSC minutes that the housing numbers were provided by Planning not Housing was requested. Item 10.2: Investment & Development subcommittee minutes. The minutes to reflect that when Board delegated to IDSC the power to start negotiations on possible investments they notify Board Members at the start of the process.</p>
3	<p>Matters arising:</p> <p>Item 35: Willen Lake – Leverage point. Board were advised that discussions are ongoing. Item 36: Ground Rents: Draft report To be circulated to Elected Member</p>
4	<p>Finance Report:</p> <p>Management Accounts: Car Parking Income: An adjustment was made to the P6 accounts to reflect the previous VAT overstatement. Car parking receipts are now back on budget.</p> <p>Irrecoverable VAT costs: A review of the partial exemption calculations for 17/18 and 18/19 has highlighted a number of errors. MKC Finance Control are reviewing additional information to ensure that there are no further adjustments required before the partial exemption calculation is reworked for last year and for this financial period.</p> <p>Annual Accounts, Audit & Statutory Filings: It was confirmed that the accounts were filed according to governance requirements. Keens Shay Keens MK LLP are acting as MKDP’s agent and will file the LLP tax return.</p> <p>Future Capital Receipts: Board were advised that contractual arrangements totalling £12.9m in receipts are due by year end 2018/19 The Board discussed a number of matters relating to tax efficiency and the long term viability of property activities. Board were advised of the following:</p>

	<ul style="list-style-type: none"> • Headline tax position: MKDP has the same fiscal position as MKC whereby profits/surpluses are not subject to tax. • VAT exemptions and partial exemption calculations are being reviewed. A further review of properties is underway to see if MKDP can opt to tax assets that have not been opted (ie the market and the old bus station). Consideration has to be given to the status of the tenants of these properties, and the consequences of charging VAT on rent and service charges. • Currently the business plan projects to 2021/22. The Chair requested a paper for the February meeting that indicates what the longer term future could look like to give Members comfort on the direction of travel. <p>Financial Systems: A formal written quotation had been received from Techforge, which was in line with expectation. Currently we are waiting for a response from the IT team at LGSS regarding the integration of Techforge with the ERP financial package to ensure that the reporting of commercial reports and MI is configured to MKDP's needs. Due to the lack of response the Chair suggested he would bring this matter forward at the quarterly review meeting with the Council.</p> <p>2019/20 Budget: Final budget to be agreed by Board before 31/3/19.</p>
5	Governance Report:
	<p>Board noted the Report and the update on progress and developments on MKDP's governance and accountability framework actions.</p> <p>Board Members were reminded that the agreed actions on the accountability framework matters log are actions agreed by the Council and it was appropriate for them to continue to be monitored even if inactive until completed or withdrawn.</p> <p>Board were advised that the Accountability Framework is due to be refreshed shortly. The Board reviewed the status of a number of the recommendations ie Ward Member engagement; the requirement of an algorithm; the LLP structure and joint venture subsidiaries; PR and Comms plan and the unresolved matter of the promotion of Milton Keynes/MKDP; Corporate Social Responsibility Fund.</p> <p>The Portfolio Holder stated he would be happy to take comments on the accountability framework. An Elected Member advised that they would be proposing a KPI that monitors the number of sites on which there had been pre-app stakeholder engagement.</p>
6	MKDP Business Plan – Amendments
	<p>The delay in getting MKDP's 2018/19 Business Plan approved by the Council is due to them raising concerns as to whether an LLP is the appropriate legal structure for the Council being able to invest in for commercial returns, and the status of MKDP's indebtedness to MKC.</p> <p>In order for MKDP's Business Plan to proceed, the basis on how the business plan is presented has changed and the loan facility from MKC has been removed. An updated version of the business plan was presented to Board.</p> <p>The Board APPROVED the changes as presented subject to including a</p>

	reference to the Corporate Social Responsibility Fund in the general disposal strategies section of the report.
7	Property Matters
7.1	Linford Wood Site G: Board Members congratulated the Executive on securing its first pre-let development deal.
7.2	<p>Kents Hill – Options: At the meeting on the 26th November, Board requested the Executive to review the options for the site in the event the disposal does not progress. The following options were tabled:</p> <ol style="list-style-type: none"> 1. Market the site for health care use 2. Extend the residential outline by 50/60 dwellings 3. Reconfigure the site to accommodate food retail and residential. <p>The Board requested the Executive to investigate the options and make recommendations. The recommendations to include the financial benefits which were missing from the initial options paper.</p>
7.3	<p>Campbell Park Northside - Development Brief: The final form of the Development Brief for Campbell Park Northside is to be submitted for delegated approval by MKC at the end of January 2019.</p> <p>The Board had a robust discussion around the matter of children on the site following the concern raised regarding demographics, in that the brief does not allow for a school and presents itself as a child free zone but at the same time includes affordable homes. It was suggested that the brief should be amended to reflect pupil yield.</p> <p>Board Members were reminded that Development Briefs are written by MKC for MKDP. The brief for Campbell Park Northside is in line with the emerging Local Plan. The suggested densities are largely flatted and on that basis the information was sent to the Council's Education department. The advice received from MKC's Education team was that a school was not required. When the planning application is submitted the matter of pupil yield/ schooling will be considered and the S106 should address any educational requirements.</p> <p>The conclusion of the discussion was that the Board took the view, that sadly, it was not MKDP's responsibility because the issues had been flagged with the Council and formed part of the consultation. The Council decided it does not believe a school is required. MKDP believe it has done as much as it can in its responsibilities to test this issue. It is the Council's responsibility for education.</p> <p>The Board AGREED the Development Brief reflecting the discussions that took place.</p>
7.4	<p>Walton: Board NOTED that MKDP intends to submit an outline planning application before the end of January on Walton Manor. The planning submission is to be submitted on the basis of 30% affordable housing although any subsequent disposal a minimum requirement of 36% affordable will be conditioned within the land sale agreement. This allows Registered Providers to utilise grant</p>

	funding from Homes England.
8	Review of Affordable Provision / 36% Delivery Matrix
	<p>A requirement of the Accountability Framework was for MKDP to market all new residential sites with a requirement to deliver 36% affordable homes rather than the policy figure of 30%. Board requested a matrix of affordable provision on historic and current MKDP sites. To this end a matrix of affordable accommodation on each project to date has been produced.</p> <p>MKDP have made approaches to MKC Housing and are awaiting a formal position on housing mix.</p>
9	AOB
9.1	Fourth Independent Board Member: Roger Bell's appointment having been approved at the meeting held on the 26 th November 2018 was confirmed as effective from the 1 st January 2019. Appointment to the subcommittees is outstanding but would include Investment and Development.
9.2	Conflicts of Interest: An elected member advised the Board that they would not declare their Ward as they do not believe the Ward they represent is relevant. The conflicts of interest policy will be reviewed by Finance, Audit, and Governance subcommittee
9.3	Board & Committee - MKC nominee to Board: Notification from the Leader of the Council of their nomination of a replacement LLP Members' Nominee is formally awaited.

Confirmed as a true extract from the Minutes of the meeting of the Board held on the 14th January 2019 and published in accordance with the Freedom of Information Act 2000.



.....
Chairman