

## MILTON KEYNES DEVELOPMENT PARTNERSHIP (“MKDP”)

**Extract from Minutes of Board Meeting dated 17<sup>th</sup> June 2019 at 10:00 am  
Held at MK College, Bouverie House, 200 Silbury Blvd, CMK, MK9 1LT**

Item	
<b>1</b>	<b>Declarations of Interest:</b>
	No new declarations of interest were declared.
<b>2</b>	<b>Previous Minutes</b>
	The minutes of the meeting held on the 31 <sup>st</sup> May 2019 were <b>APPROVED</b> :
<b>3</b>	<b>Matters Arising Log</b>
	<p>Item 53: R:CMK: Strategic approach paper on how MKDP delivers the programme to be reviewed by PPSC on the 12/7/19 and taken to the following Board. R:CMK to be a standing item on Board agenda.</p> <p>Item 54: PR &amp; Comms: Draft strategy to be reviewed by PPSC on the 12/7/19 and brought to Board on 29/7/19.</p> <p>Item 21: MK Bus Shelter Charity: A site on the south side of Campbell Park has been suggested as a temporary solution.</p>
<b>4</b>	<b>Finance Report</b>
	<p>Management Accounts. Small errors within the report are to be addressed. Anomalies such as bank charges and depreciation to be completed by the end of June 2019.</p> <p>Draft Budget: No further amendments have been made pending resolution of the matter regarding payment of the debt to MKC.</p> <p>Finance System: Progressing. A structural assessment regarding the integration of Techforge and ERP has been completed. The integration process has been scoped in outline with Techforge in terms of asset management, finance control and accounting. This has resulted in a revised costing from Techforge for which a purchase order is required.</p> <p>Reserve Accounting: Distributable reserves of the LLP do not need to be separated between capital and profit therefore for accounting purposes, with effect from 31<sup>st</sup> March 2019, they will be merged leaving a distinction simply between non-distributable and distributable reserves within the reported financial statements. This follows advice taken from the Council’s Treasury and Legal advisors.</p> <p>Loan interest and capital Repayment: A constructive discussion was held at Finance Audit &amp; Governance on 31/5/19. In summary, the Council’s advisers believe that it should have charged interest on the original loan to MKDP, under State Aid Rules; if this were correct, an adjustment would have to be made in terms of the loan interest costs up to the termination date. A new loan arrangement will be put in place at the termination date at a different interest rate. FAGSC discussed the impact of historical and forward payments on the draft Business Plan that was presented to the Council and how the impact could be mitigated. A summary of the potential interest charges, and mitigating payment calculations were circulated for discussion.</p> <p>Board were advised that the new loan arrangement is being handled by the</p>

	Councils Finance and Legal teams. Board <b>AGREED</b> to defer any decision on the debt repayment until the outcome of Council discussions with the External Auditors is known.
<b>5</b>	<b>Governance Report</b>
5.1	<p>Councillor Nominations: An open and frank discussion around conflicts of interest was had. The closing position was:</p> <ol style="list-style-type: none"> <li>1. Elected Members on the MKDP Board cannot sit on the Development Control Committee (DCC) or any associated committee of DCC or any successor body.</li> <li>2. Elected Members on the Board should be able to participate in Cabinet, and other decision making bodies however, they would have to declare a conflict of interest if a MKDP site is to be discussed. The Member should not take part in the discussion/decisions and step out of the room. Members cannot sit on both 'sides of the fence'.</li> <li>3. If any other Planning decision making bodies are set up by MKC then the MKDP Board will address any conflict at the time.</li> <li>4. Board Members, both Elected and Independent, would be asked to resign from the Board should they adopt a position that is contrary to that agreed at Board.</li> </ol> <p>MKDP Conflicts of Interest protocols to be addressed taking into account the Board decision as indicated above.</p> <p>Board <b>AGREED</b> that the Chair would contact the 3 Party Leaders in line with what was discussed.</p>
5.2	<p>Schedule of Activities: Health &amp; Safety and Estate Compliance to be added to PPSC schedule of activity.</p> <p>Finance Regulations and associated schemes of delegation should be added as an annual requirement. The new Chief Financial Officer will be responsible for drafting Financial Regulations. First interviews for this position take place on the 19/6/19.</p>
<b>6</b>	<b>Sub Committee Minutes</b>
6.1	<p>Property &amp; Projects – 31.5.19 Board <b>NOTED</b> the contents of the PPSC minutes.</p>
6.2	<p>Investment &amp; Development – 31.5.19 Board <b>NOTED</b> the contents of the IDSC minutes and made comment as follows:</p> <p>It was requested that the minutes record that MKDP Board would find it difficult to make informed decisions on investment propositions due to the uncertainty of its Financial arrangements and that MKDP's future strategy is impaired by its current financial future profile.</p> <p>Income Generating Properties: Cost of capital matrix to be shared with Board when available so that the background can be seen on how assets are evaluated.</p>

6.3	<p>Finance Audit &amp; Governance – 31.5.19 Board were asked to <b>NOTE</b> the following:</p> <ol style="list-style-type: none"> <li>1. Interest to be charged by HCA is still unknown. Suggested a risk provision is accounted for.</li> <li>2. Project Property Management (PPM): Meaningful PPM programmes for each asset that feed into financial planning is to be progressed by FAGSC.</li> <li>3. Cost of Capital to be presented in July to FAGSC. Following clarity on the new loan arrangements and the historic loan interest, a full presentation will be provided to Board.</li> </ol>
<b>7</b>	<b>Property Matters</b>
7.1	<p>Westbury Farm: Board <b>NOTED</b> the following:</p> <ul style="list-style-type: none"> <li>• Transfer of Westbury Farm has been delayed.</li> <li>• The requirement to undertake essential repairs to ensure Health &amp; Safety compliance.</li> <li>• The unbudgeted costs for essential works. These costs would have been picked up by MKC if the transfer had taken place as planned. MKC were aware of the total costs.</li> <li>• MKC's informal confirmation they will fund the cost of any essential works before the transfer completed.</li> </ul> <p>Actions:</p> <ol style="list-style-type: none"> <li>1. Warranties for the works to be transferred from MKDP to MKC together with the risks and liabilities when the transfer is completed. Contract arrangements to be picked up with the Managing Agents.</li> <li>2. Progressions of the transfer of Westbury and associated costs to be picked up by MKC. MKC business case to determine funding, liability and risk.</li> </ol>
7.2	<p>Wolverton: PPSC reviewed the bid assessments and confirmed support of the appointment of the preferred developer at its meeting on the 31/5/19. The scheme delivers significantly up weighted 3 and 4 bed affordable houses opposed to flats. The Councils Urban Design and Housing Teams were comfortable with the parking arrangements.</p> <p>Board <b>APPROVED</b> the Heads of Terms that includes the user restriction clause.</p>
7.3	<p>Campbell Park Northside – Heads of Terms: Clarity was provided on the following:</p> <ul style="list-style-type: none"> <li>• First bullet point of the recommendation of the paper should say <b>if</b> LIBOR is changed there should be a mechanism to change to SONIA or equivalent.</li> <li>• The option for one or other of the parties to have first right of approval if one fails was requested but not accepted. It was acknowledged that a conversation would need to be had at the time.</li> </ul> <p>Actions:</p> <ul style="list-style-type: none"> <li>• Pre-emption right – wording to be checked to see if it is time limited.</li> <li>• MKDP address details on both sets of HoTs to be amended to Bouverie House.</li> </ul> <p>Board <b>APPROVED</b> the heads of terms subject the above actions.</p>
7.4	<p>Late Paper - Shenley Brook End – Transaction Update: Board <b>APPROVED</b> the reduction from the accepted bid offer to cover the extra cost of lifts. The</p>

	extra costs have arisen following the adoption of Plan:MK and its new Lifetime Homes policy which requires the flatted component of the proposed scheme to have lifts.
<b>8</b>	<b>AOB</b>
8.1	<p>Snelshall sites A&amp;B: Board were alerted to a recent PR item relating to a Council development in Blakelands where permission was given to build warehousing close to a residential area. There is a possibility that the Snelshall transaction could be a potential sensitivity.</p> <p>Board were advised that an independent review into the decision and the end to end planning process on Blakelands has been commissioned.</p> <p>Board were also advised that there appears to be a problem with MKC planning notifications not getting through.</p>

Confirmed as a true extract from the Minutes of the meeting of the Board held on 17<sup>th</sup> June 2019 and published in accordance with the Freedom of Information Act 2000.



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Chairman