

MILTON KEYNES DEVELOPMENT PARTNERSHIP (“MKDP”)
Extract from Minutes of Board Meeting dated 21st October 2019 at 10:00 am
Held in MK College, Bouverie House, 200 Silbury Blvd, CMK, MK9 1LT

Item	
1	Declarations of Interest:
	No new declarations of interest were declared.
2	Previous Minutes
	<p>The minutes of the meeting held on the 9th September 2019 were APPROVED.</p> <p>Matters Arising: PR Strategy: Strategy paper to be presented to the next PPSC meeting followed by Board.</p> <p>MK Bus Shelter Charity: A meeting with MKC concluded that if MKDP were inclined to extend the lease arrangements to June 2020, which is the earliest the Developers could obtain planning permission; it would give them more time to consider alternative options. At this time, assuming contracts exchange, MKDP are required to provide vacant possession. (Contracts are expected to be signed in December 2019 with a guarantee of vacant possession).</p> <p>A willingness to extend the terms to June 2020 has been indicated strictly on the basis that MKC undertake to relocate the Bus Shelter and give commitment to meet MKDP’s cost exposure if vacant possession is not forthcoming. MKC are to respond.</p> <p>The Chair stated that before contracts are signed, the Executive circulates by email the pros and cons of the arrangements with MKC, so that the Board are able to give a considered decision.</p>
3	Matters Arising Log
	<p>The Board NOTED the actions log.</p> <p>Matters arising: Item 69: New Chief Finance Officer: Employment commencement date is the 1st November 2019.</p> <p>Item 70: Business Plan: 2020/21 Business Plan is subject to receipt of the Accountability Framework. MKDP should receive the AF in final form late November/early December 2019.</p>
4	Subcommittee Minutes
4.1	Property & Projects – 4.10.19:
	<p>The Board noted the contents of the PPSC Minutes and were provided updates as follows:</p> <p>Shenley Wood Site A: The division of the site to accommodate both organisations was considered as a good conclusion for all parties.</p> <p>D4.4 (Wyevale Site): An extension of time has been given to Developers to enable them to secure alternative funding.</p>

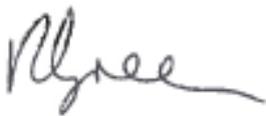
	<p>Glebe Roundabout: Board were advised that following PPSC, a meeting with MKC was positive. MKDP's position was explained and a proposal set out. Recognition from MKC that the proposal has substance and was reasonable was indicated, but as yet, it had not formally agreed what MKDP's rights are.</p> <p>Open Space Transfers: Board were advised the definition of what is open space would be assessed on a site by site basis.</p> <p>MK:U - Block B4. PPSC supported the two key principles, relating to rent and drawdown, but requested clarity around 3 matters which the executive had investigated.</p> <ol style="list-style-type: none"> 1. Whether MKDP could take a stake in MK:U? MK:U had advised that as a charitable group it will not be able to pay dividends to investors. 2. Would the principles be challengeable in respect of the original tenders for partnership? MKC's procurement lawyer had confirmed that the procurement process did not specify terms of a disposal but highlighted that the opportunity included the land. 3. Where do Cranfield University get its value? MK:U had advised that there were a number of benefits in terms of academic proposition (brand and post grad pipelines for example). They also confirmed there would be some shared services. <p>The Board were not comfortable with the rental structure proposed (item 1 above) and felt other options are better placed to support the ambitions. The Board stated that it did not want to frustrate the scheme or the Councils aspirations. The Chair asked the Executive to revisit the rental approach and take it to PPSC to review.</p> <p>R:CMK - 3rd December 2019 - It was reconfirmed that the workshop that follows the December Board meeting is about R:CMK . Station Square is one of the projects forming part of R:CMK.</p>
4.2	Investment & Development – 4.10.19
	<p>The Board noted the contents of the IDSC Minutes and were provided updates as follows:</p> <p>Bletchley Sites: IDSC see the acquisition of these sites as a strategic opportunity to create something special. Confirmation from MKC that the Accountability Framework will enable MKDP to challenge planning obligations will be requested.</p> <p>Asset Valuations: External valuations opposed to in-house would be good practice.</p> <p>BP Chagemaster: Variations by BP have been requested and agreed by MKDP, this marginally improves the return to MKDP.</p>
4.3	Finance, Audit & Governance – 4.10.19
	<p>The Board noted the contents of the FAGSC Minutes and were provided updates as follows:</p> <p>Auditors: Board noted that the appointment letter had been signed with the comment that 'MKDP reserves its position in regard to the annual fee'.</p>

	<p>Business Plan: It was confirmed to board that MKDP are working to the 2019/20 Business plan. It is not known if the Accountability Framework will have an impact on the 2019/20 plan.</p> <p>Board Nominations: Board noted that Elected member nominations to the Board are co-ordinated by the Council and sent through to MKDP. For the record John Bint left the Board as at July 2019.</p> <p>Finalised Accounts: Prior Year Adjustment Note: Board confirmed their agreement to the statement as set out below.</p> <p>The statement reads as follows:</p> <p><i>During the year, Milton Keynes Council (MKC) decided that the monies advanced to Milton Keynes Development Partnership (MKDP), in accordance with the provisions of the initial LLP agreement, constituted State Aid, and, accordingly, rather than interest free until March 2018, interest at the prevailing rate is to be charged to MKDP by MKC from the inception of the advance. The Board of MKDP have accepted the instruction of the members of MKDP to provide for interest in this respect.</i></p> <p><i>The monies advanced were applied for the purposes of acquiring property assets from the Homes and Communities agency, and, therefore, a prior year adjustment and provision in respect of historic interest is required for the periods to 31 March 2018. Interest for the current year is provided in the normal way.</i></p> <p><i>MKDP is negotiating a new secured loan with MKC.</i></p> <p>Freedom of Information: Board were advised that extract minutes, will be made available when requested.</p>
5	Financial Matters
5.1	<p>Financial Statements: The statements are currently in draft form and require minor adjustments to the Members' and Chairman's report sections. Delegation to the Chair to sign off the amendments to these sections was agreed.</p> <p>The Financial Risk Management Objectives and Policies section of the strategic report should be amended and reflect that that the increase in the Public Loans Board interest rate reflects what is happening in the market. It was noted that the current loan is fixed for 12 months, and the prevailing rate may increase at the end of the term when it is renewed. The note should also reflect on the indication from MKC that they would renew the loan on terms to be agreed at the end of the current term.</p> <p>The Board agreed that the reference to the reappointment of Auditors is removed from the report. Board also agreed that MKDP should go out to tender next year for Audit services. This matter is to be discussed with MKC.</p> <p>Board NOTED the following matters:</p> <ul style="list-style-type: none"> • The Prior Year Adjustment commentary in respect of historic interest charges.

	<ul style="list-style-type: none"> • Pension scheme provision is still under review due to the recent statement issued by government pertaining to the McCloud judgement. Guidance is awaited from the pension's team as to the implications of the 'transitional protection' to be applied to civil service pension arrangements. <p>E&Y have not indicated that any adjustments are currently being considered necessary to the amounts, as stated, albeit the audit is continuing.</p> <p>The accounts have to be filed at Companies House by 31st December 2019, having been signed off by Ernst & Young, with all appropriate letters of representation and confirmation completed at the same time. The signing of the financial statements has to be completed by the Leader of the Council, and the Chief Executive of the Council.</p> <p>In order to expedite the completion of the financial statements, The Board is requested:</p> <ul style="list-style-type: none"> • to consider and approve the financial statements, in draft form, and • to delegate its powers to the Chair and Chief Executive to finalise the accounts and to agree their content with the auditors, save for any material adjustments, which may be recommended by the auditors, following the completion of their work. <p>Any proposed material adjustments will be brought before FAG Committee, and reported to the Board, by email, prior to the accounts being signed.</p> <p>Board gave their APPROVAL for the Chair and Chief Executive to finalise the financial statements and agree the content with the Auditors.</p>
5.2	<p>MKDP Loan Agreement: The Board noted that the new Loan Agreement that has been drafted by the Council's lawyers, Bevan Brittan appears to be a standard 'off shelf' commercial facility document.</p> <p>The Board requested the Executive to go back to MKC that as a bare minimum it would sign the loan agreement subject to the following:-</p> <ul style="list-style-type: none"> • The removal of clause 13.3.1 in order to allow MKDP to continue pursuance of planning permissions. • The introduction of a substitution clause to allow MKDP to remove a secured site and replace it with another of the same or greater value. • Clarification of the applicable interest rate. <p>Board delegated to the CEO and Chair of FAGsc the review of the revised loan agreement. Board were advised that the sooner this matter is resolved the better to secure the interest rate.</p> <p>Payment of the Interest: The Chair's view is it should be paid as soon as possible and delegated to the Executive to conclude matters.</p>
6	Property Matters
6.1	<p>Shenley Church End – Heads of Terms: Board APPROVED the heads of terms for the disposal of this site to the preferred bidder. Board delegated to the Chair and Chief Executive, minor amendments to the terms and approval of the plans.</p>

	A concern regarding MKDP contractual delivery timescales being too stringent was raised and noted.
6.2	<p>Bletchley Sites: Board agreed that this is a strategic site and APPROVED the principle of the purchase of both the Fire Station and the TVP sites.</p> <p>Board were alerted to the application by MKC to the New Towns Fund and suggested Bletchley would be a high priority investment opportunity for place making.</p>
6.3	<p>Bouverie Square: Board APPROVED the request to delegate authority to the Chief Executive to agree a settlement at the forthcoming mediation in respect of 202-216 Silbury Boulevard.</p>
6.4	<p>Hotel La Tour: In discussion with HLT MKDP have recognised the additional cost will likely impact on the delivery of Hotel la Tour. MKDP are endeavouring to ensure the scheme progresses. MKC are concerned about setting a precedent that is at odds to the car parking suspension fees previously charged to other developers.</p> <p>Board AGREED the new rental structure proposed to offset the financial impact of MKC's car parking suspension charges. Board delegated to the Chair and Chief Executive the drafting of the variation of the contract terms.</p> <p>The variation defers the rent due in the first 5 years, until later in the term when MKDP recover revenue with an enhanced rent for a period 6-16 years. The Board's approval to this structure is subject to additional wording in the contract that allows MKDP to revert back to the original structure, or to recover the deferred rent from project cost savings – to the extent there are any.</p> <p>Board were advised that the approval of the actual fee goes to Delegated Decision on the 19th November 2019.</p>
7	AOB
7.1	The Board expressed their thanks to the departing CFO, for his endeavours in coordinating and producing more accurate MKDP financial reporting. The new CFO commences employment with MKDP as from the 1 st November.

Confirmed as a true extract from the Minutes of the meeting of the Board held on 21st October 2019 and published in accordance with the Freedom of Information Act 2000.



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Chairman