

**MILTON KEYNES DEVELOPMENT PARTNERSHIP ACCOUNTABILITY FRAMEWORK
AND INTERIM BUSINESS PLAN**

Responsible Cabinet Member: Councillor Middleton (Cabinet Member for Resources and Innovation)

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Executive Summary:

This report seeks approval for the first Milton Keynes Development Partnership (MKDP) Accountability Framework. This Framework highlights the key commercial and non-commercial responsibilities the Council wishes to make MKDP accountable for and has been prepared in line with the cross-party agreed action plan arising from the Independent Review of MKDP in 2016.

The Framework will be issued to the Chair of MKDP annually and used as the key document in MKDPs consideration of its business planning process. MKDP will subsequently respond to the Framework with a Business Plan demonstrating the activities MKDP proposes to prioritise and how it plans to deliver on the commercial and non-commercial accountabilities identified. Critically, this framework sets out the balance that MKDP will strike between commerciality and delivering vital income to the Council, and meeting the Council 's non-commercial policy objectives.

This Framework prioritises the building of affordable and truly affordable homes, the development and delivery of Renaissance CMK and more widely MK2050. The Framework also identifies a number of less significant projects which the Council seek MKDPs assistance to deliver. These are drawn in part from the Council Plan.

Also attached to this report is the Interim MKDP Business Plan for noting.

1. **Recommendation(s)**
 - 1.1 That the Milton Keynes Development Partnership Accountability Framework be approved.
 - 1.2 That Milton Keynes Development Partnership be requested to provide of a Business Plan demonstrating its proposed priorities and activity for 2018/19.
 - 1.3 That Milton Keynes Development Partnership Interim Business Plan be noted.

2. **Background**

- 2.1 An independent review of MKDP was commissioned in 2016 to review progress since the Company's inception. This Review was accepted by Cabinet in March 2017 and an action plan detailing the Cabinet's response was approved in August 2017.
- 2.2 The review found in general that as a start-up land and property company there was much to commend MKDP for and many positive developments and promising projects had been delivered or commenced. The review identified areas where clarity from the Council would assist in MKDP's future delivery.
- 2.3 A large number of the improvements suggested by the Review will be delivered by the MKDP Board tasking its Executive Team in the future and monitoring progress. These activities are not iterated individually in the Accountability Framework (attached as Annex B) but the delivery of the Action Plan is directly referenced in the Interim Business Plan.
- 2.4 Consultations on the Action Plan were held with the Scrutiny Management Committee, Opposition Groups and the MKDP Board and Executive. Consequently as the Accountability Framework delivers a number of elements identified in the Action Plan a lower level of consultation was appropriate. The Chairman Elect and Chief Executive of MKDP have been consulted.
- 2.5 The Council will continue to deliver against the Action Plan including for example, modifications to the Development Brief process.
- 2.6 MKDP has responded positively to the recommendations set out in the Action Plan and has recently approved an Interim Business Plan to assist transition. In the intervening period while a new Board is formed MKDP's primary focus will be on:
 - Progressing the pipeline of property transactions
 - Recruitment of Board members to ensure smooth transition
 - Evolving a financial strategy in support of MKC 's short to medium term calls on MKDP revenue and capital
 - Addressing actions identified in the MKC Action Plan and Accountability Framework
 - Formulation of an investment and direct development strategy
- 2.7 A copy of the MKDP Interim Business Plan is attached as Annex

A. 3. **Options**

- 3.1 The Accountability Framework lays out the commercial and non-commercial priorities of the Council in reference to which MKDP will prepare and submit its Business Plan. The principles of the Accountability Framework and the core elements the Council wish to include have already been approved through the MKDP Action Plan. There are a myriad of options around changing elements within the Framework.

4. Implications

4.1 Policy

4.2 MKDP is a core delivery partner for MK2050 and supports a number of Council Plan priority projects. MKDP is also enabling housing delivery and supporting the wider objective of 'Affordable City' and delivering on economic growth and supporting the 'City of Opportunity' objective.

4.3 Resources and Risk

MKDP will, as part of its Business Plan, outline what financial contribution it intends making to the Council in any given year to allow for good financial planning by both organisations.

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

4.4 Carbon and Energy Management

4.5 The Framework requires MKDP to consider the Council's policies in relation to developments it supports and projects it is involved in.

4.6 Legal

It is noted that in response to the Independent Review of MKDP the Partnership Agreement and other documents are being amended to support the new working relationship.

4.7 Other Implications

MKDP is asked to support the objectives of the SaferMK Partnership and Community Safety Strategy by considering crime prevention advice and designing out crime guidance.

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

Background Papers:

Independent Review of MKDP - March 2017

MKDP Action Plan - Delegated Decision 8 August 2017

Annex A - Interim Business Plan

Annex B - Accountability Framework



Milton Keynes
Development Partnership

Interim Business Plan

2017

Introduction

This is an interim Business Plan update following receipt of MKC's response to the independent review of MKDP and pending the receipt of the Accountability Framework and scheme delegation that sets out how the Council wants MKDP to operate.

For the past 12 – 18 months MKDP have operated under a degree of uncertainty pending the outcome of the independent review and receipt of the Council's response.

Throughout this period MKDP have remained focused on progressing a strong pipeline of property transactions and continue to pursue strategies in support of key policies including the Council Plan and MK Futures 2050 report.

The next 6 months will see significant change for MKDP as the proposals in the MKDP Action Plan are brought into effect, including:

- Changes to the composition of the MKDP Board including the recruitment of new independent members following retirement
- Redefining vision and strategy
- Review and update of governance, policies, protocols and schemes of delegation.

This interim Business Plan will be superseded following the receipt of the MKC Accountability Framework and recomposition of the MKDP Board. In the intervening period the primary focus of MKDP will be on:

- Progressing the pipeline of property transactions
- Recruitment of Board members to ensure smooth transition
- Evolving a financial strategy in support of MKC's short to medium term calls on MKDP revenue and capital
- Addressing actions identified in the MKC Action Plan
- Formulating an investment and direct development strategy

Executive Summary

- The Independent Review of MKDP confirms that MKDP has made substantial progress demonstrating an ability to tactically manage a varied and demanding property portfolio, meeting most, if not all of its financial targets and facilitating the delivery of multiple real estate projects to the development and investment sectors.
- Solid progress is being made against ambitious financial targets and MKDP anticipates to be able to generate sufficient capital and revenue reserves to be able to repay/service the original £32m debt within 5 years of coming into existence (by 31.3.19)

- MKDP has responded positively to a number of the actions identified within the review and the Council's Action Plan and is evolving its strategy to assist the enhanced delivery of Affordable Housing, to help address homelessness and to continue to make financial contributions to MKC.
- In addition to its plans to repay the original £32m debt and fund additional £4m dividend MKDP is evolving a financial strategy to assist MKC Medium Term Financial Plan by making sustainable annual payments of c £1.3m per annum to MKC
- MKDP's performance to date and increasing confidence in meeting its financial obligations provides an opportunity to evolve beyond its start-up phase and expand its commercial activity to include the investment, acquisition and development of property investments that will generate long dated revenue streams. Within this Business Plan period the Board will consider a formal investment and development strategy.

Independent Review of MKDP

The independent consultant's summary report was received by MKC February 2017. The report recognised the strong financial performance to date, the strong project pipeline and competence of the executive team however identified a number of areas that could be enhanced and made a number of recommendations covering the following themes:

- Defining the objectives of MKDP
- The Board and governance arrangements
- Stakeholder relations
- Financial arrangements
- MKDP Executive
- Management of the assets
- Alignment with wider objectives.

Following consultation with political groups, Scrutiny Management Committee and the private sector the Councils response to the independent review was approved by Cabinet in August 17. The response was in the form of an Action Plan (see annex A1)

MKDP's Purpose

MKDP's primary purpose is to facilitate Milton Keynes' growth by generating economic and social value from its portfolio and the implementation of the vision for Milton Keynes' future that is set out in the Council's approved Corporate Plan, in its Core Strategy and with other key documents including the Council Plan, MKDP Action Plan and other important documents such as MK Futures 2050 report. Place making is recognized as an essential element to CMK Renaissance. Whilst MKC is leading on this MKDP has a critical role in delivering CMK Renaissance and with strong urban design and architecture, to build on the strengths of CMK's existing infrastructure in alignment with MKC's evolving Local Plan and Planning Policy.

To date MKDP's core obligation to MKC has been to generate sufficient receipts to either repay the debt taken out by the Council to fund the purchase of the HCA assets or cover the cost of

debt charges from 31.3.19 on the outstanding borrowing and to provide MKC with an additional income of £580k per annum towards the Tariff Risk Reserve. At the same time it has attempted to interpret MKC's core strategy, to balance the generation of economic value with social value from its portfolio in line with its Best Consideration Policy .

Following receipt of the MKDP Action plan MKDP's role will be clearer and is set to broaden. Pending confirmation within the Accountability Framework it is anticipated to become more focussed on the successful delivery of the Council's stated strategic objectives and the generation of long term commercial value and the remittance of dividends.

Stated Strategic Objectives are currently set out in the MKDP Action Plan and include the delivery of affordable housing (including innovative models), assisting MKC tackle the deepening housing and homelessness crisis, the creation of a Corporate Social Responsibility Fund and to play a key role in delivering the aspirations set out in the 2050 Strategy

In the context of commercial activity and the generation of long term commercial value and remittance of dividends. The Council have confirmed that MKDP will act as the Council's land and Property Company to generate economic and social returns to the Council and sustain itself as a viable entity by buying, owning and selling assets to facilitate development and redevelopment.

Key Business Strategies

Business strategies stated in preceding Business Plans remain valid and will evolve, be enhanced, to meet specific requirements set out within the pending Accountability Framework

MKDP will continue to help implement MKC's vision by the appropriate development of its own land assets as well as land assets belonging to MKC by:

- exploring and identifying possible future uses for its portfolio of development land and built assets
- engaging with developers, investors and advisers to ensure that proposed uses create best economic and social value and are commercially viable and deliverable.
- investing in projects and programmes that give a positive commercial rate of return and create long term revenue opportunities
- ensuring appropriate consultation and engagement with elected members, parish/town councils, and other stakeholders in the preparation of development proposals (through MKC's Development Brief and Pre-App process).
- collaborating with other land owners interests to maximise opportunities for beneficial development.
- working collaboratively with appropriate public and private sector partners.
- encouraging private sector investment in Milton Keynes, through expansion or inward investment.
- bringing forward residential, commercial and ancillary development in line with MKC's core policy objectives.

MKDP has already responded positively to a number of the actions identified during the review and has evolved its strategy to assist:

Affordable Housing – MKDP ensures the delivery of Affordable Housing consistent with MKC policy. To date a minimum 30% Affordable Housing has been delivered and MKDP are committed to deliver additional Affordable Housing units in line with policy requirements. MKDP ensure delivery by direct contractual obligations that prevent developers from running economic viability assessment tests to reduce s106 obligations.

Housing and Homelessness – MKDP are supporting the Council by making land and buildings available to help address growing Housing and Homelessness issues. Initiatives include:

- Leasing accommodation to Winter Night Shelter for the provision of a year round homeless reception and support centre
- Leasing land to MKC/Your MK for the development of 70 dwellings to address temporary housing need
- Leasing land at Colgrain Street Campbell Park to MKC as the temporary location for 'The Bus Shelter MK' charity

Additional Payments – In addition to its core financial obligations MKDP is to pay MKC an additional £4m dividend to assist in its medium term financial planning. Due to MKDP's continuing strong financial performance MKC are requesting increased contributions and while consideration in this business plan period will be being given to such requests they will need to be balanced between short term gains to MKC against medium term reductions in sustainable revenue creation.

To ensure MKDP's ability to meet MKC's future financial requirements investment and development strategies are being developed.

Working Arrangements

MKDP is requested to provide a business plan update annually and quarterly interim progress updates for consideration and approval by MKC's Cabinet. With agreement the quarterly interim progress reviews were suspended while the review and subsequent actions are agreed.

In future years the receipt of the Councils Accountability Framework (annually) will trigger a review / revision of the MKDP Business Plan providing an opportunity to revise its business planning to assist the delivery of Council strategic objectives.

To ensure a degree of longevity it is proposed the business plan is prepared on a rolling three year basis and updated annually on receipt of the Councils Accountability Framework.

The business plan will set out key objectives against a clearly defined Mission Statement with supporting Values statement and Vision

Board Arrangements

The Review and Action Plan recommend a number of revisions to the constitution and governance of the Board which are currently being implemented.

The make-up of the Board will evolve to include:

- An independent Chair (appointed by MKC)
- 3 elected members (individuals to be proposed by each of the three main parties, applicants to be reviewed and appointed by the Board)
- The Council's Chief Executive or their nominee will be appointed to the Board

- Up to four independent members

New independent members are to be recruited following the retirement of existing Board members. Independent member profiles are being reviewed and appointments will be made provide a broad specialist skill set. It should be noted that Independent members will be required to offer a certain number of days to support the Executive alongside their governance and oversight responsibilities and to attract suitable candidates members will be appropriately remunerated.

Board appointments are a crucial step and recruitment consultants are retained to assist the appointment of new members by January 2018 and effect a smooth transition.

Governance and oversight arrangements are to be reviewed to enhance the operation of the Board and a number of smaller sub-committees focussing on: finance, property, governance, , architecture and design and remuneration are proposed as an alternative to the wide brief of the current Property Working Group.

Financials

The tables below summarise the financial outturn for MKDP for the financial year to 31.3.17 and the draft 2017/18 Period 7 forecast.

The outturn for the 16/17 Financial Year shows that a surplus of £0.859m was achieved, which will be held in a revenue reserve for future years.

MKDP has delivered an excellent financial result returning £0.523m above budget for 2016/17. This was achieved through: improved efficiencies; securing land sales and additional car parking revenues from underutilised sites

This result highlights MKDP's ongoing ability to accrue the necessary revenue profits that are required to service future debt obligations to MKC that will become due from March 2019.

	2016/17 Budget £000s	2016/17 Actual £000s	2016/17 Variance £000s	2017/18 Budget £000s	2017/18 Forecast £000s	2017/18 Variance £000s
<i>MKDP Management & Development</i>	801	783	(18)	1,101	863	(238)
<i>Asset Management</i>	(839)	(868)	(28)	(1,093)	(710)	383
<i>Car Parking</i>	(508)	(980)	(472)	(613)	(786)	(174)
<i>Contributions to MKC Costs</i>	209	205	(4)	209	209	0
<i>(Profit)/Loss</i>	(337)	(859)	(523)	(396)	(424)	(28)

Financial Projections

MKDP is within its fifth year of operation and so far has seen profits in each year contributing to an increasing healthy revenue reserves. Momentum has intensified with contracts due to exchange on various sites to promote development, increased income and efficiencies within MKDP.

The revenue position is expected to become more challenging over the following years. This is due to revenue pressures within the medium term budget including:

- Remuneration of Board members
- Increase in staffing levels and consultancy fees to meet the demands of MKDP
- Additional costs to support Council initiatives eg CMK:Renaissance
- Property costs from the relocation from Saxon court at the end of 2018/19.
- Assumptions around the number of development projects and the revenue impact of these costs.

In addition, income from tenancies is assumed to reduce over the next 2 financial years due to risk factors being applied to lease expiries and renewals. However in 2020/21, MKDP are expecting an additional income to flow from investment and development

The capital position however is looking very positive, with expected capital receipts over the medium term of £55m which will pay the loan to MKC of £31.5m and provide capital to invest to generate further capital receipts and regular revenue income for the MKPD in the future.

The table below summarises the forecast revenue and capital position for MKDP from 2017/18 to 2021/22.

2017-22 Financial Plan	b/f	2017/18	2018/19	2019/20	2020/21	2021/22
		£000s	£000s	£000s	£000s	£000s
P&L						
Expenditure		1,375	1,778	1,994	1,892	2,000
Income		(1,951)	(1,879)	(1,673)	(1,883)	(2,373)
Gross (Profit)/Loss		(576)	(101)	321	9	(373)
Revenue Contributions to MKC		209	209	759	759	759
Net (Profit)/Loss		(367)	108	1,080	768	386
Cumulative (Profit)/Loss	(3,309)	(3,676)	(3,568)	(2,488)	(1,720)	(1,334)
Capital						
Capital Receipts		(9,000)	(14,500)	(11,625)	(13,387)	(7,000)
MKC Additional Loan Facility			(10,000)			
Site Preparation		116	788	3,410	100	100
Repay Original Debt			31,500			
MKC Cost Contribution			4,000			
MK Tariff Risk Share Reserve			580	580	580	580
Annual (Profit)/Loss		(8,884)	12,368	(7,635)	(12,707)	(6,320)
Cumulative Capital Position	(6,990)	(15,874)	(3,506)	(11,141)	(23,848)	(30,168)

Financial Contributions to MKC

MKDP strikes a balance between generating sales receipts and regular income from the disposal and development of its land.

MKDP continues to dispose of development assets to generate receipts to meet its debt obligation to MKC and is creating a capital reserve for strategic acquisitions and investment. MKDP is now starting to invest in projects that will give a positive commercial rate of return.

MKDP's core financial obligation is to repay MKC the £32m debt taken out by the Council to fund the purchase of the HCA assets, cover any outstanding debt charges from March 2019 and provide MKC capital contributions of £580k per annum towards the Tariff Risk Reserve.

MKDP is committed to making additional contributions to MKC's Capital programme where reasonably requested and has agreed to make an additional £4m capital contribution / dividend in March 19 to assist MKC in its medium term financial plan.

MKDP are planning on repaying the original loan to MKC at the 31st March 2019 to ensure there is no interest charged on this loan. In addition MKC will grant an additional £10m loan facility in 2019/20 to MKDP to help with investment of assets for future growth. The loan facility will be for a minimum 5 year term allowing an annual revenue contribution to MKC of c£550k.

If agreed the total capital and revenue contributions made to MKC will be as follows:

Return to MKC	b/f	2017/18	2018/19	2019/20	2020/21	2021/22
		£000s	£000s	£000s	£000s	£000s
Existing Contributions						
Planning & project contributions (Revenue)	(627)	(209)	(209)	(209)	(209)	(209)
Tariff Risk Reserve (Capital)			(580)	(580)	(580)	(580)
One off Contribution (Capital)			(4,000)			
Repayment of Original Loan (Capital)			(31,500)			
Additional Contributions (Revenue)*				(550)	(550)	(550)
Total Annual Contributions		(209)	(36,289)	(1,339)	(1,339)	(1,339)
Cumulative Contributions	(627)	(836)	(37,125)	(38,464)	(39,803)	(41,142)

* Assumes MKC grant an additional £10m loan facility 2019/20. Loan facility to be for a minimum 5 year term

It should be note that too much contribution to MKC will affect MKDP's ability to generate sustainable returns for MKC in the medium and long term

Key Strategies

MKDP's ability to meet these contributions is contingent upon a number of factors including:

- Approval and implementation of MKDP Investment and Development Strategy
- The delivery of contracted land sales that remain subject to planning

- The impact of future Accountability Framework Agreements on the form and content of development on MKDP land
- Maintaining sufficient financial and HR resources to deliver emerging strategies.
- External risk factors

Investment and Development Strategy - MKDP's performance to date and forecast capital and revenue position gives increasing confidence that MKDP will meet and exceed its core financial obligations to MKC.

This increasing confidence provides an opportunity for MKDP to evolve beyond its start-up phase and expand its commercial activity to include the acquisition and development of a portfolio of long dated property investments.

Opportunities for the direct development of land within the estate have already been identified and MKDP is actively pursuing two commercial schemes that are expected to meet the anticipated hurdle rates that will be set when the Board formally consider the strategy proposals.

Delivery of land sales under contract. - MKDP has formal contracts for sale on 10 sites with projected capital receipts from these disposals being c £22m. Capital receipts and delivery are typically subject to the receipt of detailed planning consent and the delays in the planning process that have been experienced in the past 12 months are impacting on our forecasting. In addition 8 further contracts are in legals with the potential of yielding a further £12m in capital receipts.

Accountability Framework – confirmation of the Councils strategic objectives is welcome however the impact of these objectives on MKDP's programme of disposals is yet to be formally assessed. Proposed increases in Affordable Housing allocations, the allocation of sites to help address homelessness and the creation of the Corporate Social Responsibility Fund are acknowledged and subject to them not being applied retrospectively to sites already marketed they are not anticipated to have a marked impact on current forecasts.

Financial Resources– Austerity and its impact on the Councils Medium Term Financial Plan are acknowledged and MKDP accept its role in the delivery of significant and sustainable financial contributions to MKC. With prudent financial planning and investment contributions in the order of £1.3m per annum from 2019 (in addition to the capital repayment of £31.5m and £4m dividend) appear sustainable. To achieve these sustainable contributions MKDP will need to continue to build its capital and revenue reserves until March 2019 when obligations to meet the loan interest costs, MK tariff Risk Reserve and additional £4m dividend become due.

HR Resources- The ability to retain key staff and successfully recruit in a crowded marketplace are key to our success. Shortfalls in MKC's ability to resource the Finance Service Level Agreement has introduced uncertainty and MKDP is seeking to appoint a permanent part time Chief Financial Officer to help address issues. On re-constitution of the Board in Jan / Feb 2018 various sub-committees of the Board will be formally established including a Remuneration Sub Committee that will be requested to formally review MKDP remuneration and terms and conditions

External risk factors - Economic stability during Brexit negotiations, consumer confidence, and affordability of housing and house price stagnation / recession are key areas of risk that will be monitored throughout the business plan process. With a significant proportion of MKDP receipts dependant on a strong housing sector and sustained residential development demand

small fluctuations in market conditions and sentiments may have a significant impact on future capital receipts and delivery. Planning risk and any delays / uncertainties in the delivery of key Council Policies (e.g. the Strategic Allocations Plan and PlanMK) have a marked impact on MKDP. Where appropriate MKDP is liaising with MKC to identify and address areas of risk and in doing so MKDP is to act and is to be treated as if it were any other private developer / land owner.

General Disposal Strategies

The findings of the Independent Review and the receipt of the Council's Action Plan have not materially altered the MKDP's general disposal strategies. This interim plan does not propose any significant alteration to precedent strategies that have appears in earlier versions of the MKDP Business Plan.

The review highlighted distinct work streams advocating the accelerated delivery of land uses with clear land uses designations outside CMK, regeneration and upgrading of CMK and investment and promotion of the National Bowl

Land Outside CMK - MKDP continue to promote land for inward investment and development. Where appropriate MKDP are continuing to investigate land use re-allocations to meet emerging demand and extract value. MKDP is actively exploring opportunities to promote land for residential development assisting with the development of affordable housing and other housing tenures.

Renaissance CMK – MKC have requested MKDP take a more leading role in the delivery Renaissance CMK, building on the preliminary prospectus work undertaken by MKC.

Place making is recognized as an essential element and will be linked to strong urban design and architecture to capitalize on the quality of CMK's existing virtues and values aligned with MKC's planning policy. This approach will necessitate investment in research and stakeholder engagement to review the vision and assist the resurgence and revitalisation of CMK for residents, occupiers, visitors and inward investors.

MKDP will be required to allocate revenue reserves to facilitate research and stakeholder engagement that have not been budgeted for in earlier business plans

National Bowl – MKDP are actively engaged and progressing proof of concept and viability in pursuit of the modernisation and reinvigoration of the National Bowl. The preliminary recommendations of the feasibility study have been widely shared and Technical and Stakeholder groups are established to review and critic the more detailed proposals that are emerging from our investigations. The 'proof of concept' phase is anticipated to conclude early 2018 where after more formal and detailed stakeholder engagement will commence.

Key Sites and Transactions

Residential

- Lilleshall Avenue, Monkston – Building Lease complete. 24 unit residential scheme with Abbey New Homes. Currently under construction.

- Atterbury – this is a residential scheme of 131 homes with 30% affordable and which incorporate 15 self-build plots to be latterly marketed by MKDP. Contracts were exchanged in September 2016, Planning Application submitted April 2017. Determination awaited.
- Worrelle Ave, Middleton – Contracts exchange. Planning application to be submitted for 21 plot residential scheme. Determination awaited.
- Campbell Park Canalside –residential led mixed use scheme comprising 380 units of 2, 3, and 4 bed apartments and townhouses including 30% affordable homes, with a children’s nursery, convenience store, restaurant, bar and a 100 berth marina. Planning received October 17. Start on site November 2017
- Campbell Park Northside – After an extensive marketing process, three potential development partners were asked to present their schemes, this has now been shortlisted to two parties and final due diligence is under way.
- Lichfield Down, Walnut Tree – Tendered. Residential developments proposed ranging from 10 to 50 units, private, mixed affordable and retirement. Heads of terms being agreed for retirement development.
- Ladbrook Grove - Tendered, purchaser selected, solicitors instructed, conditional contract/ building lease in negotiation.
- D4.4 – Tendered. Preferred development partner identified, proposal for a high content of PRS units (267 units) set above commercial units around a central square.
- Shenley Brook End – MKDP pre-let to co-op food store with a residential development of c.30 units. Development partner being selected with public consultation and pre-app to follow.

Commercial

- West Ashlands South – Building Lease complete. Construction underway for c 10,000 sq ft offices, warehousing and workshop. Anticipated completion April 2018
- Wolverton Site E – Building lease complete . Construction underway for c 30,000 sq ft of offices and warehousing. Anticipated completion December 2017.
- West Ashland North – Planning consent issued. S106 completed. Freehold transfer and receipt to follow the award of the building contract.
- Rooksley – Deltic Avenue - Exchanged. Planning granted for industrial unit(s) scheme with builders merchants on 50% of the site. Start on site late October 2017.
- B3.3N - Office led scheme to include large scale, high rise buildings (office, residential, ground floor A1, A3 uses). Stakeholder, pre-app discussions and pre-let marketing currently underway.
- Knowlhill V - Tendered. Transaction progressing with a developer - purchasing the site for 2 buildings, one pre let. Discussions finalising on site abnormalities due to site levels.
- Snelshall Site E – Occupier sale. Flood line established to allow a draft scheme to be drawn. Heads of Terms agreed – legals progressing. c.15k sq ft warehouse building proposed.
- Shenley Wood E – Occupier sale. Heads of Terms agreed – legals progressing. c.40k sq ft Office/RnD building proposed.
- Walton - Negotiations underway with occupier for sale of part. Assessment of required highways improvements to facilitate residential scheme on the remainder underway.
- Linford Wood Site G – Occupier sale. Heads of Terms agreed – legals progressing. c.40k sq ft Office/Production building proposed.
- B3.1S – Tendered. Hotel development proposed. Freehold purchase close to agreement. Terms in final negotiation.
- E2.4S –. Exchanged contracts. High end hotel c 250 beds with conference facilities, roof top bar and restaurant. CMK TC Stakeholder engagement in progress.

Other

- Fishermead Gurnards Avenue – Acquisition by MKC, sublet to YourMK for a temporary housing scheme of c.70 modular style units
- YMCA - MKDP is working with MKC to assist the YMCA bringing forward their improvement plans for their site.
- Old Bus Station – First floor separation works complete with x2 leases completing shortly. WNSMK lease on GF to be expanded to enable wider community. External redecoration proposed spring 2018.
- ISS Shenley Church End – School scheme on part no longer progressing. Site to be promoted for residential in the SAP process
- B4 – Heads of Terms agreed for acquisition of remaining site (B4.4) from the HCA. Assembled site being held pending progress considered by MKC for the university.

Work Plan

The attached work plan (See Annex A2) sets out sites to be progressed during the business plan period.

The work plan identifies priority sites, proposed uses, planning proposals and whether the sites are intended for a Development Brief or Pre-App.

Principal Risks to Business Plan

The management of the business and the execution of the Business Strategy are subject to a number of risks. The key business risks are summarised below:

Issue	Risk	Mitigation
Economic Risk	Economy stalls, investment decisions are delayed or postponed due to Brexit uncertainties	<ul style="list-style-type: none"> • Prudent estimates of potential sales and income generation.
	Availability of finance for development	<ul style="list-style-type: none"> • Where appropriate MKDP to help de-risk schemes by entering into JV's, co-investment, equity participation to reduce the financial burden. • MKDP to provide more flexible deal structures including freehold interests and delayed completions.
Organisational Risk	Protracted decision making process. Public Policy restrictions.	<ul style="list-style-type: none"> • MKC Action Plan and Accountability Framework intended to streamline process and provide greater clarity and certainty • Policies and procedures to be reviewed and updated to provide clarity and consistency

	Stakeholder discord	<ul style="list-style-type: none"> • MKDP Scheme of Delegations to be drafted to ensure operational flexibility and appropriate delegation of authority. • Procurement rules to be reviewed to provide greater operational flexibility and autonomy. • Development Brief protocols and stakeholder engagement to be continually reviewed and enhanced. • Pre-approval of sites considered for disposal (subject to Development Brief Process) identified in the work plan. •
	Recruitment and Human Resources	<ul style="list-style-type: none"> • Specialist consultants retained to assist appointment of Independent Members • Ongoing recruitment drive for Exec. • Review of terms and conditions to assist retention of staff •
Resource / Revenue Risk	<p>MKC requests for additional revenue / dividend</p> <p>Uncertainty of income from investment assets including CMK Market and car parking.</p>	<ul style="list-style-type: none"> • Prudent business planning. • Investment and development strategy proposed to enhance medium and longer term revenue. • Prudent and risk adjusted estimates of rents achievable and net car parking income.
Political Risk	Future Council elections	<ul style="list-style-type: none"> • Cross party support for MKDP business plan. • MKDP's ability to respond to the Accountability Framework annually by Business Plan updates
Planning Risk	Business Plan assumes significant opportunities for land use re-allocations	<ul style="list-style-type: none"> • Sites to be promoted through the Development Brief process. • Exceptions rule to be tuned and better defined • Enhanced stakeholder engagement and utilisation of Stakeholder Advisory Groups
Financial Risk	<p>The forecasts assume use allocations will be reviewed and changes of use will be forthcoming.</p> <p>The imposition of development obligations over and above planning policy.</p>	<ul style="list-style-type: none"> • Prudent assumptions on the timing and allocation of land uses. • Ongoing assessment and review of opportunity costs • Detailed financial modelling, due

Investment and
development risk

diligence and review of
development and investment
opportunities against pre-
determined criteria