Fox Land and Property

Written Submissions to the Hearing of the Independent Examinations of the Milton Keynes Core Strategy DPD

Matter 8: Delivering Infrastructure (Policy CS22), Monitoring and Managing (Chapter 17, table 17.1 and Appendix D)
Introduction

These submissions have been prepared by Fox Land and Property on behalf of the Bow Brickhill Consortium. They do not replicate our written submission provided for the Core Strategy Consultation during the period 6th October to 17th November 2010.

Matter 8: Delivering Infrastructure (Policy CS22) Monitoring and Managing (Chapter 17, Table 17.1 and Appendix D)

8.1 Taking Account of the existing Milton Keynes Tariff, Local Investment Plan and the other existing and proposed mechanism for securing the delivery of infrastructure

i) is there reasonable certainty that the necessary infrastructure will be provided to support the timely implementation of the overall strategy?

8.1.1 There is no doubting the extraordinary performance of Milton Keynes in the past delivery of infrastructure and in many instances in advance of the planned growth for the City.

8.1.2 However, since 2010 and during the period of austerity forced by the economic downturn, public funding streams (from the Government quangos which were set up to both drive infrastructure and land releases for development) has all but disappeared.

i) The Regional assemblies and associated growth funding abolished in 2010 which were then vested in the Development Agencies has ceased operating on 31st March 2012.

ii) Milton Keynes Partnership which provided the planning function was disbanded in 2011 whose remit was to specifically to ‘ensure a coordinated approach to planning and delivery of growth and development in the ‘new’ city’

iii) Whilst the planning functions have returned to the Milton Keynes Council there is now the uncertain transition of other land assets¹.

iv) The Local Investment Plan (LIP) which is now out of date has been superseded by the South East Midland Local Enterprise Partnership (SEMLEP); an organisation of ambition but without any funding stream to deliver growth.

v) The scrapping of Building Schools for the Future (BSF) funding

¹ Discussions commenced in 2011 between MKC & HCA.
8.1.3 By reference to the final LIP\(^2\) it is clear that as with the Core Strategy (CS), and Local Transport Plan 2 the failure to secure funding for the A421 dualling and the stalled CMK Public Transport Access Improvements are significant when planning the growth of the City. More reliance is placed now on private investment. Whether the replacement CIL mechanism will be sufficient to fund such major regional infrastructure is a vital assessment which is not dealt with in the CS.

8.1.4 The MK Tariff rate of £18,500\(^3\) was predicated on growth of the scale identified by the RS which not only included the 15,000 homes already identified but commensurate employment at a rate of (interestingly) 1:1 ratio. Although the actual figures and contributions collected would be a matter of closer audit what can be drawn from the current arrangement is that:

- The tariff was based on an expectation of 33,900 new homes to 2016
- The contributions would not have considered the disappearance of the BSF Programme
- The contributions would not have considered funding of either, the A421 duelling, the Park & Ride as part of the SE Expansion area, over bridge and a new junction 13A associated with the M1.

8.1.5 Assuming the current MK Tariff rate continues then the difference in income to meet future infrastructure between the 25,063 homes remaining and the RS requirement of 32,779 homes reflects a reduction in receipts of £14.3M\(^4\).

8.1.6 There is no suggestion of how this shortfall can be overcome and has lead to an uncertain future in this CS as to how, who and when will provide and implement the infrastructure.

8.1.7 In a positive pro growth strategy (as suggested by The Framework) if the actual need requirement as assessed in the SHMA was delivered this would make available additional funding of £40.8M\(^5\)

8.1.8 Taken with an additional New Homes Bonus (NHB) estimated at £69 M\(^6\) based on the RS housing requirement and £198M on the SHMA housing need this would potentially create the inward investment required for meeting the CS objectives.

\(^2\) Milton Keynes Partnership Local Investment Plan 2009-11; June 2010 refresh: Infrastructure Delivery Schedule
\(^3\) MKP Overview of the Infrastructure Tariff
\(^4\) Difference 7,736 homes * £18.5 k
\(^5\) Difference 22,061 homes * £18.5 k
8.1.9 Within the Council’s employment update report\textsuperscript{7} the Milton Keynes Economic Vision stresses within the “Strategic Actions” includes enhancing accessibility and improving key strategic transport infrastructure ‘in particular upgrading the A421 and the opening of the east-west rail link. It goes further in it’s vision to ‘create, maintain and improve the appropriate infrastructure for growth, especially in relation to transport and digital infrastructure’. With this in mind the serious funding shortages brought about by the lack of central government support means to achieve this objective without growth the provision of infrastructure will simply not be met.

8.1.10 As such, the CS will not achieve the objective without growth in line with the RS of which the infrastructure was predicated but still remain as a requirement for Milton Keynes.

\textbf{ii) Have the critical dependencies been identified and how are these being managed?}

8.1.11 Whilst a little uncertain as to the issue raised by this question there is no doubt that without the funding then the current infrastructure outlined above and throughout the CS will not be forthcoming.

8.1.12 There has been no publically accessible information as to how the funding gap is to be managed and how the deficiency is to be made up. We are aware of the A421 dualling is in the order of £33M. We can only surmise as to the cost of a new motorway junction 13A, an over bridge or any additional infrastructure and Schools building funding, all of which assumed central government or regional support which are required to meet the sustained growth of the City.

8.1.13 Again, without the financial support that will come with Milton Keynes delivering the identified growth based on the most up-to-date evidence the CS will fail in its objective.

8.1.14 What is required is a full financial appraisal of the scheme costs, when they are to be delivered within the plan period and to identify the sources of funding. This should also form part of a further consultation to ensure all matters have been fully considered.

\textsuperscript{6} Utilising the HBF New Home Bonus Calculator -Appended
\textsuperscript{7} MKC Employment Technical Paper Update, March 2012 (Doc 127A) Section 2 (p29) & 6 (p31)
iii) **Is sufficient consideration given to infrastructure needs outside the Milton Keynes urban area?**

8.1.15 This has not been addressed either by Milton Keynes or the neighbouring boroughs. It would appear that as a result of the Localism Act the authorities are focused within the confines of their own area.

8.1.16 This is no more highlighted than east–west rail which now has ministerial support\(^8\) for the line improvements and services running by 2017 with a budget cost of £270M.

8.1.17 The press release goes further that the Government approval is partly conditional on a *suitable local contribution*. There has been no statement from the Councils to which this scheme will bring much added benefit (Up to £32M per annum increase in GDP\(^9\)) to the economic prosperity as to:

- The level of financial support
- How this will be apportioned between each of the authorities that will directly benefit
- The sources of revenue that will insure the investment can be made

8.1.18 There is no doubting that any future CIL or income derived by the New Home Bonus will play an important role. As highlighted above it is critical that Milton Keynes meets the economic growth to the maximum scenario in excess of the 28,000 homes and employment growth of 2,625 jobs per annum.

8.2 i) **How is the need for a 40,000+ stadium (Paragraph 16.9) to be addressed?**

We do not propose to respond to this question

ii) **What is its relationship to the International Sports City concept?**

We do not propose to respond to this question

iii) **What are the implications for the Core Strategy and successor planning documents?**

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\(^8\) Ministerial Statement 30\(^{th}\) November 2011 as contained within East West Rail Planning Statement and appended.

\(^9\) East West Rail: The Economic Case for Investment: Oxford Economics 2011
We do not propose to respond to this question

8.3 How is implementation of the Community Infrastructure Levy expected to affect funding arrangements in the future?

8.3.1 There is scant reference to the implementation of the Community Infrastructure Levy (CIL) in which needs to be in place by April 2014. Within the CS there are only four occasions when this important mechanism is mentioned in the generality as context to general infrastructure funding with S106 Contributions or the MK Tariff. There is no reference in the Council’s Core Strategy Document to how such a CIL will operate and the rate at which needs to be set to fund the required projects.

8.3.2 Moreover Paragraphs 16.4 – 16.8 confirm that delivery of infrastructure over and above the current arrangement of the MK Tariff, which only covers the existing expansion area, is predicated on receiving further funding from other central government funds which are now not likely to be available.

8.3.3 The only reasonably certain funding alternative is via growth thereby a trigger for both the New Homes Bonus and indeed an CIL Rate set by the Council.

8.3.4 The Council must therefore consider growth within the more optimistic economic case which as we have calculated in paragraph 8.18 would be in excess of £69M taking the growth in the RS and £198M if the housing need was to met in line with the SHMA.

8.4 With regard to effective monitoring of the Core Strategy
   i) is there a need for comprehensive definition of measurable targets and trigger points for remedial action (in addition to measures for housing delivery)?

8.4.1 Yes with the removal of the requirement for Local Area Agreements such measures should now be included within the Annual Monitoring Reports.

   ii) Is the reliance on unspecified targets in other documents, for example the LTP, satisfactory?

8.4.2 In respect to LTP there are no target dates for delivery or any mechanism where such financial support will come from for the identified schemes.
8.4.3 Now that the Councils do not have any restrictions within their overall budget there needs to be a transparent method of securing such finance for a particular project. There is a danger that where town hall budgets cannot be met for the day to day delivery of services such sums could be the subject of virement from identified infrastructure budgets. This would mean that as the CS states any Tariff arrangements will not be the sole provider of funding other sources will be required. As such there in no certainty that a strategy exists to implement any part of the LTP or CS if funding requirements fall outside either the MK tariff or CIL.

Matter 8 – Infrastructure: Appendices

1. HBF New Homes Bonus Calculations for additional finance using RS or SHMA growth levels.

2. East West Rail Release regarding Chancellors Autumn Statement 30th November 2011