Local Economic Assessment 2016

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1. **Summary**

The Local Economic Assessment

1.1 The goal of the Local Economic Assessment is to give a robust analysis of the Milton Keynes economy and its future prospects that will provide evidence to feed into the Strategies and Plans of Milton Keynes Council, including the new Economic Development Strategy and the Milton Keynes Skills Strategy 2016. The Local Economic Assessment 2016 builds on and refreshes earlier local economic assessments for the area produced in 2011 and 2013 and also the 2013 Social Atlas for Milton Keynes.

1.2 The focus of the Local Economic Assessment has been to:

- Develop a structured and balanced framework to assess the Milton Keynes economy. The challenge of any assessment of this type is that the concerns and issues of local policy makers are wide and extensive. Therefore it is tempting to cover all bases with large amounts of information, but this often comes with a cost of losing clarity and adding complexity. The goal is to present a focused story of the Milton Keynes economy that is clear and accessible to a non-specialist audience.

- Build the evidence base with effective and transparent use of quantitative data. The approach has made use of national statistics and experimental statistics published by the Office of National Statistics; official statistics produced by Government departments and other public bodies; and some use of published statistics from commercial providers. The goal is to present an evidence base using statistics of high quality while recognising the caveats and limitations to what these statistics can show.

- Present the evidence visually using charts and maps, ensuring a concise and accessible assessment.

1.3 The Local Economic Assessment reflects that Milton Keynes is part of a much wider economy within the sub-region and as part of southern England; that it has a role as a place for people to work, and a role as a place for people to live, and that both these roles need to be understood as part of the local assessment. The borough’s location, infrastructure, and connectivity bring advantages and disadvantages; and the future of Milton Keynes faces both opportunities and risks in the short-term and longer-term.

1.4 In 2017 Milton Keynes will be 50 years old. The Council, residents, local businesses and stakeholders will be taking the opportunity to embark on long term visioning and road-mapping exercises to assess future prospects and opportunities. The Local Economic Assessment will form an important part of the evidence base underpinning this analysis. Below, the story of today’s Milton Keynes and some of the forces likely to shape its future are presented.
A Note about the Data

Research for the 2016 Local Economic Assessment was undertaken during the second half of 2015 and, as such, all data and analysis is only current to the end of that year.

New data is continually published and this should be taken into consideration when using information and analysis from this report. Sources of up to date socio-economic intelligence include the Milton Keynes Intelligence (MKi) Observatory, the Council’s Research and Statistics webpage and wider national datasets available via the NOMIS website.

Context

1.5 Milton Keynes is an area fundamentally shaped by its New Town designation in the 1960s, from which an area with fewer than 50,000 residents and 20,000 jobs in the 1950s, has become a major urban centre that is home to 260,000 residents and hosts over 159,000 jobs today. The growth of Milton Keynes means that it compares in scale with longer established urban centres in southern England such as Reading and Swindon; and is likely to converge in size with many of England’s “core cities” (i.e. those cities that are members of the Core Cities group that claim to the economically largest areas in England, outside of London) such as Newcastle and Nottingham.

1.6 The economy of Milton Keynes is interdependent with surrounding areas. That is interdependence with its near neighbouring areas across districts of Buckinghamshire, Northamptonshire, Bedfordshire, and Hertfordshire; but also its relationship with London and London’s “mega-city region” effect. The evidence is clearest through patterns of commuting to and from work which are easily measured, but there is also interdependence through housing, retail, and transport links.

Economic Overview

1.7 Milton Keynes as a workplace has over 159,000 employee jobs (according to the 2014 ONS Business Register & Employment Survey). The total varies by different surveys which count jobs in different ways, for example how they treat self-employed workers, mobile workers, or those in temporary jobs. The ONS estimates that the annual economic output, measured as Gross Value Added (GVA) generated by these workplace jobs is over £9.7 billion (in 2013). The ONS calculates that this equates to GVA per filled job of over £59,600 per year, which ranks labour productivity in Milton Keynes as among the highest in the country outside of inner London.

1.8 The measures of relative success for the economic performance of Milton Keynes as a workplace are not matched by economic measures of Milton Keynes as a place to live. The ONS estimates that the residential income for the area’s 260,000 residents, measured as Gross Disposable Household Income (GDHI) was over £4.5 billion (in 2013). The ONS calculates that this equates to £17,700 per resident. This puts household income in Milton Keynes closely in line with the UK average, but below that for south east England.
Enterprise and Jobs

1.9 The Milton Keynes economy contained around 11,950 active enterprises in 2014. The area has a high rate of business ‘births’ each year. Around 40 percent of new businesses in the area survive more than 5 years, slightly less than the average for England. Most of these businesses are small – almost 90 percent employ fewer than 10 people. Analysis of business numbers by industrial sector illustrates the relative significance of business services in the area – in particular, computer programming & consultancy services (almost 1,700 business units); activities of head offices and management consultancy (over 1,000 business units); and employment activities (e.g. recruitment agencies with over 250 business units).

1.10 Analysis of employee jobs in the area shows that 73 percent of employees are full time. The share of employees in the private sector (80 per cent) is higher than the national average. Analysis of employee jobs by industrial sector points to relatively high concentrations of jobs in warehousing & transport support activities (over 9,600 jobs with rapid recent growth); computer programming (almost 8,000 jobs); activities of head offices and management consultancy (8,800 jobs); and financial services (over 6,000 jobs). The biggest employment sectors are in retail and in education. The median annual earnings for workers in the area is estimated at around £25,600 (or £29,500 for full-time workers) in 2014. This is higher than surrounding areas and represents an increase after falling earnings in some recent years.

The Resident Population

1.11 Milton Keynes is an area of high population growth. ONS population estimates indicate the current population of nearly 260,000 is up 40,000, some 18 per cent, in 10 years. This outpaces population growth in the surrounding areas and nationally (up 8 per cent). Almost 60,000, 23 per cent, of the area’s residents are younger than 16, while a little over 30,000, 12 per cent, are aged over 65. The area has a younger age profile than nationally. This shapes the area’s relatively high birth rates and low death rates. But the growth in the number of 20-29 year-olds and also 10-19 year olds is much slower than other age groups which implies the age profile of the population in Milton Keynes could become much older over the coming decade.

1.12 The population growth of Milton Keynes is also shaped by patterns of migration. Calculations drawn from the ONS’s mid-year estimates of population change over the past decade show that on average 10,000 to 11,000 domestic migrants move to the area each year; and 9,000 to 10,000 domestic migrants leave. Similarly, 1,500 to 3,000 international migrants move to the area each year, and 1,000 to 2,000 leave. This suggests a relatively high churn in the composition of the local population, but modest rates of net in-migration.

1.13 The labour market outcomes of the population in Milton Keynes are explored in detail as part of the evidence base for the Milton Keynes Skills Strategy. The ONS Annual Population Survey indicates that the employment rates of residents aged 16-64 are high at nearly 74 percent. This is similar to surrounding areas and above the national average. But this employment rate appears to have fallen sharply from rates of over 80 per cent in the mid-2000s. The fall is reflected by a
rise in economic inactivity (up from 17 per cent to 20 per cent) and unemployment (up from 5 per cent to 7 per cent, where it remained through early 2015). Unemployment is recorded as particularly high for young people aged 20 to 24. This implies a weakening in labour market outcomes for residents in Milton Keynes despite growth in the numbers of jobs.

1.14 Over 70 per cent of the area’s employed residents have their work in Milton Keynes. It is the key employment destination. The detailed occupational profile of the area’s residents shows the significance of several lower paid service occupations. Over 30 per cent of residents’ jobs are found in just a few occupational sub-groups: Elementary administrative/service occupations (12 per cent), administrative (9 per cent); and sales/customer service (10 per cent). The occupational profile is reflected in the mix of qualifications among local residents. The proportion of working age residents with no qualifications exceeds the national average.

1.15 There is evidence of economic disadvantage among the residents of Milton Keynes. HMRC data on tax credits indicates that 18 per cent of children are in low income families. DWP data indicates that over 20,000 households in the area are in receipt of Housing Benefit, and that 17,000 working-age residents (10 per cent) are in receipt of working-age benefits.

Skills

1.16 Recent analysis developed for the Milton Keynes Skills Strategy provides a detailed evidence base on education and education outcomes in the area. This highlights recent improvements in the performance of primary schools and ratings from Ofsted of the area’s primary schools that are now above the national average. There is also evidence of improved attainment levels from secondary schools in Milton Keynes, although the percentage of pupils obtaining 5+ GCSE at A*-C remains below the English average and the results for most surrounding areas.

1.17 There has been a fall in the number of learners in further education in Milton Keynes although a large part of this can be explained by a smaller cohort in this age group. Within Milton Keynes, the academic results (for the 2013/14 year) were below the average for England but vocational results outperformed the national average. Milton Keynes also has a relatively high number of apprenticeships, with Milton Keynes College the largest provider of apprenticeships to local residents.

Land, infrastructure, and transport

1.18 Milton Keynes is relatively unusual within south eastern England in the responsiveness of supplying land to facilitate demand for the expansion of housing and commercial property. DCLG data indicates a housing dwelling stock of over 106,000 units in 2014; up by almost 18 per cent since 2004. Data from the Valuation Office Agency (VOA) for 2012 indicates that Milton Keynes had 620,000 square metres of retail floor-space, an increase of 23 per cent since 2004; over 690,000 square metres of office floor-space, a more modest increase of 7 per cent since 2004; and over 2.6 million square metres of industrial floor-space, also up by 7 per cent since 2004.
1.19 The relative responsiveness in supply means that Milton Keynes has lower prices in property costs relative to other areas of south eastern England. The average house price in Milton Keynes is £185,000 in 2015, compared to £247,000 for south east England. The VOA rateable value for retail space is £185 per square metre, a fraction of rates in comparable urban centres such as Swindon or Reading; and £88 per square metre for office space compares to £155 for England. The borough’s lower property prices are particularly significant given the relative advantages of transport connectivity. The DfT’s experimental connectivity indices scores Milton Keynes 0.84 for road connectivity, higher than comparable urban centres such as Bedford, Luton, or Reading. DfT data also ranks Milton Keynes highly in terms of rail connectivity. Rail passenger numbers at Milton Keynes Central reached 6.2 million in 2014.

1.20 Milton Keynes has been identified as one of four major growth areas in South-East England. As a result of this, Milton Keynes anticipates significant levels of new development. To ensure new development is both sustainable and successful and does not adversely impact on the quality of life or the level of services provided to existing occupants and visitors to Milton Keynes, a ‘Tariff’ was introduced to fund any new infrastructure that was required as a result of the new developments. For every residential unit built, the landowner pays a Tariff of £18,500 and commercial developers will pay approximately £260,795 per hectare. The Tariff was developed by Milton Keynes Development Partnership (MKDP).

Future prospects

1.21 The economic performance of Milton Keynes is interdependent with the wider national economy. Therefore, Milton Keynes grew through the wider growth of the 1990s and 2000s. It has continued to grow during the period of recession and subsequent slow growth since 2008; although the period since 2008 does suggest that this growth has not necessarily translated into increased average household incomes or employment outcomes for residents.

1.22 The near economic future for Milton Keynes is likely to be affected by some short-terms risks. Economic forecasts from the Office for Budgetary Responsibility indicate economic recovery – but recovery itself will pose challenges should the Bank of England look to raise interest rates. Data from the Council of Mortgage Lenders indicates there is over £9 billion of outstanding mortgage debt in Milton Keynes – and therefore rising interest rates could have a significant impact on mortgage repayments and disposable incomes in the area.

1.23 The ongoing challenges in public finances and the Government’s intentions to contain public expenditure over the 2015-2020 Parliament may also have impacts. For example, funding from central Government to Milton Keynes Council is on a trajectory to decrease from over £100 million in 2013 to little more than £60 million by 2018, a reduction that may affect local spending and local services. Similarly, decisions on Social Security spending and reductions in working-age benefits will impact upon the population of Milton Keynes.

1.24 Over the long term, it is envisaged that Milton Keynes will expand. The population projections from the ONS show a resident population of over 310,000 people by 2031 – a further 60,000 residents. This population is expected to be accompanied
by significant demographic change as the population becomes older – over 30,000 of the net growth in residents is likely to be of people aged over 65.

1.25 The future is mostly unknown. Changes in technology, patterns of trade, energy needs, and so on, may all provide different scenarios for the future development of Milton Keynes. Political decisions about land-use planning and the Green Belt around London; transport decisions about rail links and airport expansion; and plans for the location of new “Garden Cities” are all choices that may shape the relative attraction of Milton Keynes to business investors and potential residents in relation to the offer of competing cities.
2. Milton Keynes in Context

Chapter Summary

- Census data shows that the population of Milton Keynes increased from 67,000 in 1971 to 248,000 in 2011. Mid-year population estimates for 2014 suggest the population now stands at 259,200.

- BRES data shows there were almost 160,000 employees in Milton Keynes in 2014. This was the highest figures across the SEMLEP area and accounts for 20% of all employees in the LEP area.

- In 2011, employment in Milton Keynes was 8-times that recorded in 1931, at 123,000.

- Milton Keynes has a number of socio-economic assets including, the Open University, University Campus Milton Keynes (UCMK), Milton Keynes University Hospital, Centre:MK, Intu, Stadium:MK and the National Bowl.

- Milton Keynes is classified by the ONS as part of the super-group called “Suburban Traits”, the group called “Growth Areas and Cities”, and the sub-group called “Expanding Areas and Established Cities.

- Milton Keynes is also strategically located as part of London’s mega-city region that reaches through commuter links and trading links across much of southern and eastern England beyond Greater London.

- Data from the 2011 Census of Population shows that around 90,600 (including 12,600 home workers) of Milton Keynes residents live and work in the Borough, this equates to around 71% of working residents.

- Around 44,500 people commute daily into Milton Keynes for work. That is around 36% of the 122,500 jobs (Census 2011) in Milton Keynes.

2.1 In this section, Milton Keynes is set in its economic context. The current size and population of Milton Keynes and its emergence over the past five decades is considered alongside the area’s role and geographic links in the wider sub-regional economy and economy of southern England.

2.2 Throughout this economic assessment, unless stated otherwise, then “Milton Keynes” is the administrative geography of the local authority.

The emergence of Milton Keynes

Population

2.3 Milton Keynes is a major urban centre. The ONS Mid-Year Population Estimates report a population of 259,200 people in 2014. The population of the borough is similar to that of Newcastle-upon-Tyne (289,800 people in 2014), but higher than the population in Swindon (215,800 people), and Reading (160,800 people).
Size and area

2.4 Milton Keynes Borough has a total area of 30,800 hectares (308 sq. km). According to Census 2011, around 21% of the Borough’s area is built up and urban.

Figure 2.1 Map of the borough of Milton Keynes

Source: Crown Copyright

2.5 The urban area consists of the city of Milton Keynes incorporating the existing towns of Bletchley, Stony Stratford and Wolverton and some smaller settlements. Outside the city are three towns Newport Pagnell, Olney and Woburn Sands and some villages and minor settlements.
Historic population growth in Milton Keynes

2.6 At the start of the 20th century, the Milton Keynes population was just under 34,000 people. Following designation of Milton Keynes as a new town in the 1960s the Borough’s population almost doubled in a decade (from 67,000 in 1971 to 123,300 in 1981), growing to 248,800 (Figure 2.2) by the 2011 Census of Population.

![Figure 2.2 Population change in Milton Keynes 1901-2011](source: ONS Census of Population 1901-2011)

Jobs in Milton Keynes

2.7 The ONS Business Register and Employment Survey (BRES) is the key source for recent data on workplace jobs. BRES reports on full-time and part-time employees, but not self-employed workers. While the latest BRES data available is for 2014, it should be noted that these figures are provisional and subject to change at the point of the next data release in October 2016.

2.8 BRES reports that in 2014 (Figure 2.3), there were 159,300 employees in Milton Keynes. This was the highest figure across the South East Midlands LEP (SEMLEP). Milton Keynes has around 20% of all the employees across SEMLEP.

2.9 The total number of employees in Milton Keynes is higher than in other south-east urban local authority areas such as Reading (96,600) and Swindon (109,700) and is approaching that of core cities such as Newcastle-upon-Tyne (176,500).
Historic jobs growth of Milton Keynes

2.10 Like population, the numbers of jobs in Milton Keynes was relatively low before the area was designated as a New Town. Data from the Census of Population shows that the Borough had fewer than 14,000 people employed in 1931. Following the designation of Milton Keynes as a new town, total employment almost doubled to 52,300 in 1981. In 2011, employment in Milton Keynes was 8-times that recorded in 1931 at 123,000.
Socio-economic assets

2.11 Milton Keynes today is a substantial urban economy. As such it has developed a significant number of socio-economic assets, or “anchor institutions”. Anchor institutions are public and private sector assets that shape the character of towns and cities, contributing towards the development of the local economy. These affect the local economy through employment, purchasing, real estate and design, stimulating related industry, and shaping the brand of a city.

2.12 A headline mapping assessment of assets in Milton Keynes, drawing from desk-based research, shows it has key anchors in universities, hospitals, culture and museums, sports, leisure, and major ‘rooted’ private sector employers with a long-term presence in the area.

Table 2.1 Anchor institutions in Milton Keynes

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<td>Universities and Further Education</td>
<td>Open University headquarters</td>
<td>Distance learning and leading research institution. The MK campus employs around 1,200 full time academics.</td>
</tr>
<tr>
<td></td>
<td>University of Bedfordshire: University Campus Milton Keynes (UCMK)</td>
<td>Currently in its third year of operation at recently refurbished premises in central Milton Keynes. Range of undergraduate and postgraduate courses offered, with focus on business, computing, graphic design, journalism, education, health, and sport and physical education. Currently around 200 students on site, with the aim of growing numbers to 500 by 2017/18. Longer term aspirations for UCMK to evolve into a residential university for Milton Keynes.</td>
</tr>
<tr>
<td><strong>Hospitals</strong></td>
<td>Milton Keynes College</td>
<td>3,000 full time students</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Milton Keynes University Hospital</td>
<td>NHS Foundation Trust. University status through teaching with University of Buckingham.</td>
<td></td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td>The National Bowl</td>
<td>Outdoor venue for large scale events, accommodating 65,000 people.</td>
</tr>
<tr>
<td>Milton Keynes Theatre</td>
<td>Auditorium seats 1,400. One of the region’s leading live entertainment venues.</td>
<td></td>
</tr>
<tr>
<td>MK Gallery</td>
<td>Contemporary art centre.</td>
<td></td>
</tr>
<tr>
<td>The Stables</td>
<td>Music venue in village of Wavendon that hosts over 350 concerts and around 250 education events a year.</td>
<td></td>
</tr>
<tr>
<td>Chrysalis Theatre</td>
<td>Willen Park multi-function venue.</td>
<td></td>
</tr>
<tr>
<td><strong>Sports</strong></td>
<td>Stadium:MK</td>
<td>Stadium:MK holds a capacity of 30,500 and is home to MK Dons Football Club. Hosted games for Rugby Union World Cup.</td>
</tr>
<tr>
<td>Arena:MK</td>
<td>Arena:MK adjacent to Stadium:MK.</td>
<td></td>
</tr>
<tr>
<td><strong>Leisure</strong></td>
<td>Centre:MK</td>
<td>Major shopping centre</td>
</tr>
<tr>
<td>Intu Milton Keynes</td>
<td>Southwards extension of the shopping centre that opened in 2000.</td>
<td></td>
</tr>
<tr>
<td>Xscape</td>
<td>170m long indoor ski slope and indoor sky diving facility. Plus retail and leisure facilities.</td>
<td></td>
</tr>
<tr>
<td>Formula Fast</td>
<td>Indoor Karting centre: one of the biggest indoor circuits in UK.</td>
<td></td>
</tr>
<tr>
<td><strong>Examples of large private employers</strong></td>
<td>Mercedes Benz</td>
<td>UK HQ</td>
</tr>
<tr>
<td>Home Retail Group</td>
<td>UK HQ</td>
<td></td>
</tr>
<tr>
<td>Suzuki</td>
<td>UK HQ</td>
<td></td>
</tr>
<tr>
<td>Domino’s Pizza</td>
<td>UK HQ</td>
<td></td>
</tr>
<tr>
<td>Network Rail</td>
<td>HQ. Major relocation of 3,000 employees in 2012.</td>
<td></td>
</tr>
<tr>
<td>Mazars LLP</td>
<td>Large accounting firm.</td>
<td></td>
</tr>
<tr>
<td>John Lewis / Waitrose</td>
<td>Opened major distribution centre in 2009.</td>
<td></td>
</tr>
<tr>
<td>Santander</td>
<td>UK Head Office.</td>
<td></td>
</tr>
<tr>
<td>Volkswagen Financial Services</td>
<td>UK Head Office.</td>
<td></td>
</tr>
<tr>
<td>River Island</td>
<td>Distribution centre.</td>
<td></td>
</tr>
<tr>
<td>Red Bull Racing</td>
<td>Technical research and manufacture.</td>
<td></td>
</tr>
<tr>
<td>AG Barr</td>
<td>Production and distribution centre.</td>
<td></td>
</tr>
<tr>
<td>Prodrive</td>
<td>Works in the automotive, aerospace, marine sectors.</td>
<td></td>
</tr>
</tbody>
</table>
Wider Economy

Role of Milton Keynes

2.13 The ONS produces Area Classifications that build on Census 2011 data to cluster local authority districts into Super-groups, Groups, and Sub-groups based on the area’s mix of residential and workplace characteristics.

2.14 Milton Keynes is classified by the ONS as part of the super-group called “Suburban Traits”, the group called “Growth Areas and Cities”, and the sub-group called “Expanding Areas and Established Cities”. Figure 2.5 maps the sub-groups that are located in England’s south and the midlands.

2.15 The sub-group “Expanding Areas and Established Cities” therefore represents those local authority districts that are statistically most similar to Milton Keynes. There are 18 other districts in the sub-group – Bedford, Bradford, Broxbourne, Crawley, Dartford, Derby, Gravesham, Harlow, Ipswich, Medway, Northampton, Peterborough, Sandwell, Stevenage, Swindon, Thurrock, and Wolverhampton.

2.16 Among this sub-group, Bedford, Northampton, Peterborough, Stevenage, and Swindon provide relative proximity to Milton Keynes. Bedford, Northampton, and Swindon in particular provide effective benchmarks in terms of having a similar economic role, scale, and distance from London, to Milton Keynes.

Figure 2.5 ONS Area Classifications – “Expanding Areas and Established Cities” in England’s south and midlands

Source: ONS, Area Classifications, 2015; Contains Ordnance Survey Data © Crown copyright and database rights, 2015.
At a crossroads of different regions and counties

2.17 Milton Keynes is a Unitary Authority. Geographically, it is part of the county of Buckinghamshire.

2.18 The ONS/Eurostat “NUTS” classifications locate Milton Keynes within the ONS/Eurostat ‘South East’ NUTS 2 statistical region (also the former Government Office Region). But Milton Keynes also borders the statistical regions for both the East Midlands and the East of England. It is therefore not easy to pinpoint Milton Keynes within a specific “Region”.

2.19 The NUTS classifications give Milton Keynes its own NUTS 3 status (Figure 2.6). This helpfully means the ONS publishes a significant amount of economic data for the area. At the NUTS 2 tier, Milton Keynes is bracketed into the “Berkshire, Buckinghamshire and Oxfordshire” sub-region. But Milton Keynes borders two other NUTS 2 areas “Bedfordshire and Hertfordshire” and “Leicestershire, Rutland and Northamptonshire”. This implies Milton Keynes has a high inter-relationship with each of these areas.

Figure 2.6 Milton Keynes within the Buckinghamshire context (NUTS 2 / NUTS 3)


A part of South East Midlands LEP

2.20 During the formation of Local Enterprise Partnerships in 2010/11, Milton Keynes became part of SEMLEP (Figure 2.7). SEMLEP was approved by Government as
covering a geography that represents a functional economic area for this part for England. The geography of the SEMLEP area has a number of other LEPs bordering and overlapping it which shows how there are few clear economic ‘borders’ in such an inland and relatively accessible part of the country. SEMLEP consists of the following 11 local authorities: Aylesbury Vale District, Bedford Borough, Central Bedfordshire, Cherwell District, Corby Borough, Daventry District, Kettering Borough, Luton Borough, Milton Keynes, Northampton Borough and South Northants.

2.21 It illustrates how Milton Keynes is located within a wide and active economic area and so interacts with a number of Local Authority areas.

**Figure 2.7 Milton Keynes context within South East Midlands LEP**

2.23 Milton Keynes is also strategically located as part of London’s mega-city region that reaches through commuter links and trading links across much of southern and eastern England beyond Greater London. The map below, based on data of daily commuter flows from Census 2011, demonstrates the volume of radial travel flows to and from London, and also the orbital travel flows in between areas around London. This highlights that Milton Keynes has to be understood within its wider relationship with London and south-east England.

**Figure 2.8 Milton Keynes within England’s mega-city region**

![Map of commuter flows](source)

Source: ONS, Census of Population, 2011; Contains Ordnance Survey Data © Crown copyright and database rights, 2015

**Milton Keynes and its Economic Geography**

**Transport connections**

2.24 Milton Keynes is located within a context of access to major road and rail transport connections (Figure 2.9):

- The M1 motorway cuts through the middle of the local authority area with Junction 14 approximately 3 miles from Milton Keynes urban centre.
- The urban centre is also located approximately 30 miles east of the M40, which is reached by A-roads to junctions at Banbury and Bicester.
- Milton Keynes Central is also connected on north-south rail routes through the West Coast Mainline, south east to London Euston via Watford; and
Residents living and working in Milton Keynes

2.25 Data from the 2011 Census of Population shows that around 90,600 (including 12,600 home workers) of Milton Keynes residents live and work in the Borough, this equates to around 71% of residents (Figure 2.10). This is in line with other urban centres in the area.
2.26 The Census 2011 provides data on patterns of commuting to Milton Keynes and so illustrates how Milton Keynes draws its daily workforce from a much wider area. This shows that:

- Around 44,500 people commute daily into Milton Keynes for work. That is around 36% of the 122,500 jobs (Census 2011) in Milton Keynes. This is an increase from 2001, with Census 2001 figures showing almost 38,400 people commuted to Milton Keynes to work, which was equal to 31% of the 124,000 jobs at the time.

- Origin-destination analysis of where the 44,500 commuters in to Milton Keynes come from shows that over 8,100 (18%) come from neighbouring Central Bedfordshire, with a further 5,600 (13%) from neighbouring South Northamptonshire, and a further 4,900 people (11%) from neighbouring Aylesbury Vale. Over 40% of commuters to Milton Keynes live in these three neighbouring, largely rural, areas.

- The percentage of the working population that travel from three neighbouring areas ranges from 8-21%. South Northamptonshire witnesses the greatest out-commute, with 21% of the working age population commuting to Milton Keynes. The proportion of the working population commuting to Milton Keynes in both Aylesbury Vale and Central Bedfordshire is less at 8% and 9% respectively.

- The analysis also show that Milton Keynes has commuters travelling from other nearby urban centres such as Northampton (4,000 people), Bedford
(2,000) and Luton (1,400). But this is only around 3% to 8% of working age residents in these areas – Milton Keynes is less likely to draw its workforce from other urban centres.

Figure 2.11 Commuters to Milton Keynes, 2011

Residents commuting from Milton Keynes

2.27 The Census 2011 also provides data on patterns of commuting from Milton Keynes to other areas. This shows that:

- Around 27,900 people commute out of Milton Keynes on a daily basis for work. This shows Milton Keynes is a net importer of workers – in-commuting of 44,500 is almost 17,000 more than the number of out-commuters.

- Origin-destination analysis shows that of these out-commuters, around 4,100 people (15%) commute to neighbouring Central Bedfordshire, and 2,700 (10%) commute to Aylesbury Vale. A further 2,100 people (8%) commute to Northampton and another 2,100 (8%) to Bedford.

- The main destination for commuters from Milton Keynes is London - over 5,800 people (20% of out-commuters) go to boroughs within Greater London, in particular Westminster and the City of London.

Other links – retail patterns

2.28 Retail patterns also show connections between Milton Keynes and its surrounding areas. The Retail Capacity Study for Milton Keynes published in 2011 looked at retail connections between Milton Keynes, Northampton, Banbury, Aylesbury, Leighton Buzzard, Dunstable, Luton, Bedford and Kettering.

2.29 The image below looks at spend in comparison goods between Milton Keynes and the surrounding areas with estimates that:

- Local spend on comparison goods within Milton Keynes was £609 million and the total spend into Milton Keynes from surrounding areas was £245 million.

- There are retail connections with Northampton (£44 million from Northampton to Milton Keynes) and Leighton Buzzard (£54 million to Milton Keynes); Bedford to Milton Keynes (£33 million) and Luton to Milton Keynes (£38 million).
2.30 Housing Market Areas (HMAs) are another indicator that show connections with surrounding areas. There are no definitive definitions of HMAs. Guidance from DCLG suggests looking at commuting, house prices, and anecdotal information. As such, the definition of a housing market area can be fluid and change over time.

2.31 The diagram below shows definitions of the Milton Keynes housing market area from 3 different sources:

- Milton Keynes Council Strategic Housing Market Assessment 2008,
- Milton Keynes Council, Strategic Housing Market Assessment 2013 (based on 2010 research by the Centre for Urban and Regional Development Studies),
- Barton Wilmore, Luton & Milton Keynes Housing Market Area; Objective Assessment of Housing Need 2014.

2.32 The Housing Market Areas (Figure 2.14) vary in size and shape, but all show a strong connection between Milton Keynes and its immediate surrounding area.
The Housing Market Area developed for the 2014 Objective Assessment of Housing Need for Milton Keynes covers a wide area that includes Buckingham, Aylesbury, Luton, Milton Keynes and Bedford.

**Figure 2.14 Different housing market area definitions for Milton Keynes Borough**

![Map of housing market areas in Milton Keynes](source)


**Conclusions**

2.33 Milton Keynes is playing an increasingly important role within the wider sub-region. This chapter has demonstrated the importance of Milton Keynes as a source of employment within the South East Midlands, as a major centre for retail and as a key housing market area. Undoubtedly, its strategic location and connectivity have aided the growth of Milton Keynes but with this comes potential challenges. For example, there are potentially issues around commuting, both as workers commute from other areas to access employment in Milton Keynes, and as residents out-commute to London to secure potentially better paid, higher skilled positions. There is a need to be mindful of the transport, skills, housing and other infrastructure pressures that may arise from the continued growth of Milton Keynes.
3. Economic Overview

Chapter Summary

- In 2013, Milton Keynes produced over £9.7 billion of GVA. This was the highest across the SEMLEP area and represented around a fifth of total GVA within the SEMLEP area.

- The 2011 Census of Population provides the most robust survey of employment, although it is less timely. The Census 2011 estimates that in Milton Keynes there were 138,900 employment jobs in 2011. This is higher than the APS for 2015. The comparable 2011 figures for BRES and APS were 142,500 and 121,000 respectively.

- The high output for Milton Keynes reflects a high productivity rate. Data from the ONS’s Regional Economic Analysis for Sub-regional productivity shows that in 2013 Milton Keynes labour productivity was estimated as £59,600 GVA per filled job.

- This puts labour productivity in Milton Keynes higher than in Berkshire, Buckinghamshire and Oxfordshire, South East, England and the UK.

- Data for 2013 from ONS shows that Milton Keynes has an overall GDHI of £4.5 billion. Based on GDHI per head (i.e. total population of residents), Milton Keynes has a figure of just over £17,700.

- The GDHI per resident for Milton Keynes is significantly less than the surrounding regions of Bedfordshire and Hertfordshire (£20,138 / -12%) and Berkshire, Buckinghamshire and Oxfordshire (£20,660 / -14%); and less than that for England (£17,840 / -1%).

3.1 This section provides an overview of the economic headlines for Milton Keynes. That is Milton Keynes as a workplace and its measures of economic output, employment, and labour productivity. It is also Milton Keynes as a place to live and its measure of economic income, residential population, and income per resident.

Milton Keynes as a Workplace

Economic output

3.2 The ONS reports local economic output generated from workplace economic activity within an area using estimates of Gross Value Added (GVA). In 2013, Milton Keynes produced over £9.7 billion of GVA. This was the highest across the SEMLEP area and represented around a fifth of total GVA within the SEMLEP area.

3.3 The GVA produced within Milton Keynes is greater than that for comparable towns such as Bedford (£3.6 billion), Luton (£4.5 billion), and Swindon (£6.6 billion); and comparable to some of England’s core cities such as Liverpool (£10.6 billion) and Nottingham (£8.7 billion).
Workforce of Milton Keynes

3.4 There are different estimates of the size of the Milton Keynes workforce, depending on the source used and definitions of jobs. These differences can be significant and it is important to present different sources.

- The ONS’s BRES is based on employer ‘pay points’. It indicates that in 2014 there were 159,300 employee jobs in Milton Keynes. This increases to 161,700 employment jobs when adding a narrow definition of self-employment. In using BRES figures it is important to note that people ‘paid’ in Milton Keynes may not physically work in the area e.g. jobs registered with recruitment agents or mobile workers in logistics or construction.

- The Annual Population Survey (APS) is a survey of people that asks where they work. Sample sizes can be small in some local areas. The APS for the 12 months leading to March 2015 indicates a total of 123,400 employment jobs (including self-employed) in Milton Keynes.

- The 2011 Census of Population provides the most robust survey of employment, although it is less timely. The Census shows a much higher estimate with 138,900 employment jobs in 2011, than the APS does for 2015. The comparable 2011 figures for BRES and APS were 142,500 and 121,000 respectively.

Estimated labour productivity of Milton Keynes

3.5 The ONS brings together estimates for GVA and jobs to publish estimates of labour productivity as part of the ONS’s Regional Economic Analysis for Sub-regional productivity.

3.6 The high output for Milton Keynes reflects a high productivity rate. For example:

- Data from the ONS’s Regional Economic Analysis for Sub-regional productivity (Figure 3.1) shows that in 2013 Milton Keynes labour productivity was estimated as £59,600 GVA per filled job.

- This puts labour productivity in Milton Keynes higher than in Berkshire, Buckinghamshire and Oxfordshire, South East, England and the UK.

- This estimate of the labour productivity rate for Milton Keynes is significantly higher than the average for England (estimated at £48,900 GVA per filled job).
3.7 This relative labour productivity performance of Milton Keynes has remained consistent over time (Figure 3.2). In 2002, GVA per filled job in Milton Keynes was 26 per cent above the UK average while in 2013 it was 24% above the UK average.
Milton Keynes as a Residential Area

Gross disposable household income

3.8 The ONS publishes measures of Gross Disposable Household Income (GDHI) as the amount of money that all of the individuals in the household sector have available for spending or saving. GDHI is therefore a more relevant measure than GVA in understanding the spending power and potential economic wellbeing of residents in an area.

- Data for 2013 from ONS shows that Milton Keynes has an overall GDHI of £4.5 billion.
- Based on GDHI per head (i.e. total population of residents), Milton Keynes has a figure of just over £17,700 (Figure 3.3).
- The GDHI per resident for Milton Keynes is significantly less than the surrounding regions of Bedfordshire and Hertfordshire (£20,138 / -12%) and Berkshire, Buckinghamshire and Oxfordshire (£20,660 / -14%); and less than that for England (£17,840 / -1%). However, it is higher than comparator cities in the South of England such as Bristol (£16,442 / +7%) and Southampton (£14,013 / +26%).

Figure 3.3 GDHI per resident

Source: ONS, Gross Disposable Household Income at Current Basic Prices, 2013 (Based on NUTS3 areas)

Relative change in GDHI and spending power

3.9 Looking at past GDHI data from ONS indicates that in 2003, Milton Keynes had a total GDHI of almost £3 billion and GDHI per resident of £14,200. This is in 2003
prices and so unadjusted for inflation; but suggests a nominal increase in the spending power of the area’s residents.

3.10 But this increase in GDHI per resident is lower than the increase nationally. Between 2003 and 2013, GDHI per resident in England rose by 38% compared to 30% in Milton Keynes over the same period. This indicates that spending power and economic well-being in Milton Keynes has not kept pace with England as a whole.

### The difference between GVA and GDHI

The GVA produced in Milton Keynes is £9.7 billion. The GDHI for households in Milton Keynes is £4.5 billion. These are two very different measurements of the economy of Milton Keynes.

They measure different things:

- **GVA** captures the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

- **GDHI** is the amount of money that households have available for spending or savings. This is money left after expenditure associated with income, for example, taxes and social contributions, property ownership and provision for future pension income.

To understand the scale of this difference it is helpful to consider that GDHI is:

- The balance of primary income – that is primary income of households from compensation of (wages) and ownership of assets (rental incomes, private pensions etc.); minus primary uses (for example mortgage repayments, rent); plus

- The balance of secondary income – that is secondary incomes from: social benefits (state pensions, Jobseekers Allowance etc.) and other current transfers received (such as financial gifts, non-life insurance claims); minus total secondary uses (current taxes on income and wealth, social contributions etc.)

Much of GVA does not therefore go to households. For example: ONS national income estimates show how a little more than 50% is compensation to employees. A large share of GVA is operating surpluses (e.g. profits, rents and interest payments that do not support household income.)

GVA is a ‘workplace’ measure. The pattern of net commuting into Milton Keynes means that the earnings of commuters are supporting household incomes in other areas.
Conclusions

3.11 Levels of productivity in Milton Keynes, as measured by GVA, are amongst the highest in the country. Whilst this is a sign of a strong local economy, forthcoming chapters will demonstrate that it is not entirely clear what is driving the high levels of productivity. The chapter suggests that the benefits of high productivity levels are not necessarily being felt by residents of Milton Keynes. Gross disposable household incomes are below those in neighbouring counties and the rate of growth has failed to keep pace with the national level of growth. To ensure continued economic wellbeing, further consideration will need to be given to this.
4. Enterprise and Jobs

Chapter Summary

- ONS Business Demography records 11,950 active enterprises in Milton Keynes during 2014, an increase of 16% since 2009. This increase in the number of active enterprises is a little slower than the increase in comparator towns such as Northampton (17%) and Reading (19%).

- In Milton Keynes there were 1,955 new enterprise births and 1,205 deaths of enterprises in 2014. This equates to a net increase of 750 enterprises over the year.

- Milton Keynes business births made up 16% of active enterprises in 2014; this is higher than the national rate. Data shows that business deaths made up 10% of all active businesses in 2014. This is in-line with the national death rate.

- The data for the survival rates of new active enterprises in Milton Keynes between 2008 and 2014 show that five-year survival rates for enterprises in Milton Keynes is less than the average for England (41%).

- At the broadest level, Milton Keynes’ largest business sector by the number of businesses is the Professional, scientific and technical sector, with 2,260 business units. This accounts for 17% of businesses in Milton Keynes.

- Overall, the number of businesses in Milton Keynes (using the ONS UK Business: Activity, Size and Location dataset) increased by 2,230 units between 2010 and 2015. The ICT sector, with over 1,960 units locally shows a location quotient (LQ) that is twice that seen nationally. The computer programming, consultancy and related activities (SIC 62) and retail trade (SIC 47) together represent over 20% of all businesses in Milton Keynes.

- There are 116,000 full time employees (73% of employees) and 43,300 part time employees (27%). In 2014, around 80% of all employees in Milton Keynes were employed in the private sector.

- The mean number of weekly hours worked by all employees (including full-time and part-time) in Milton Keynes in 2015 was 34.3 hours. The median weekly hours worked by employees was 37.0 hours.

- Business density is concentrated heavily in the central Milton Keynes area bounded by the M1 motorway, and A421 and A5 major roads.

- ONS BRES 2014 shows how for employee jobs, that 27% (over 40,000 jobs) are concentrated in Campbell Park, which covers much of central Milton Keynes. A further 9% of jobs (over 15,000) are in neighbouring Bletchley and Fenny Stratford.

4.1 This section reviews enterprise and jobs in Milton Keynes. The area is considered in terms of the number of active enterprises, the birth rates and death rates of those enterprises, and the characteristics by size and sector. The people who
work in those enterprises and the scale and key characteristics of employment in Milton Keynes are also examined.

Assessing the size of the business base

4.2 The ONS produces two separate datasets which provide business and enterprise intelligence:

- **ONS Business Demography** – an annual release providing information on all businesses registered for VAT and PAYE which have been active at any point during the course of a certain year. This dataset records 11,950 active enterprises in Milton Keynes during 2014 (the latest year for which data has been released).

- **ONS UK Business Activity** – this also uses data from business records of VAT and PAYE registrations, but provides a snapshot of activity at a single point in the year (March). As a result, the figure for active enterprises (10,950 enterprises in Milton Keynes in 2015) is lower than that suggested by the ONS Business Demography Release.

- In addition to data on active **enterprises** (groups of legal units under common ownership), the ONS UK Business Activity dataset also provides information on the number of **local units** (an individual site in an enterprise). The latest data release suggests there were 10,950 enterprises and 13,150 local units in Milton Keynes in 2015. It should be noted that the previous Milton Keynes Local Economic Assessment Refresh used the ONS UK Business Activity dataset, citing a total of 11,150 **local units** in 2012.

- Both datasets are referred to within this chapter. As a rule, the Business Demography dataset is best used as a dynamic measure of year-on-year change (see paragraph 4.2), while the UK Business Activity dataset is better used as a snapshot in time to look at sectors and size (see paragraph 4.10 onwards).

Active Enterprises

Number of active enterprises

4.3 The ONS Business Demography dataset presents information on active enterprises (Figure 4.1). This dataset is produced from an extract of the Inter-Departmental Business Register (IDBR) of businesses registered for VAT and PAYE. It defines “active enterprises” as those that have been trading at any point during the year. The data is available in a consistent format from 2009.

4.4 ONS Business Demography shows than in 2014 that there were:

- Over 11,950 active enterprises in Milton Keynes.
- This is around 1,680 enterprises more than in 2009 (a 16.3% increase).
- This increase in the number of active enterprises is a little slower than the increase in comparator towns such as Northampton (17%), Reading (19%), Swindon (18%), and Luton (17%) over the same period.
### Birth and deaths of enterprises

4.5 Data from the ONS Business Demography (Figure 4.2) shows that in 2014 there were:

- 1,960 new enterprises in Milton Keynes.
- 1,210 deaths of enterprises in Milton Keynes.
- A net increase of 750 enterprises.

4.6 This data from ONS Business Demography shows that:

- Comparing business birth rates across different geographies is challenging as different areas have different business bases and population sizes. Business births per active enterprises is used for each local authority. This enables comparisons to be drawn across different geographies.
- Data for 2014 indicates that in Milton Keynes business births made up 16% of active enterprises in 2014, this is higher than the national rate (Figure 4.3).
- Comparatively, this is also higher than Bedford (13%) but it is lower than Luton (18%) and Northampton (20%).
4.7 The data for business deaths shows that:

- In 2014 there were 1,210 business deaths in Milton Keynes. This was 120 fewer de-registrations than in 2009.
- The 2014 figure represents 11% of all active businesses in Milton Keynes.
Given the high number of business births this represents a normal “churn” of businesses in Milton Keynes.

Business deaths as a proportion of active businesses in Milton Keynes is slightly above the national death rate. As for local comparators, it is higher than in Northampton (9%) and Bedford (10%), but lower than Luton (11%) (see Figure 4.4).

Figure 4.4 Business births and deaths as a % of active enterprises (Average 2009 – 2014)

Survival of new enterprises

4.8 The ONS Business Demography also provides data on the relative survival rates of newly born enterprises across different areas. Across the UK/England, 74% of new enterprises survive beyond two years; and 42% survive beyond 5 years. An enterprise is likely to have “died” because it ceased trading but it may also have merged or been acquired by another enterprise.

4.9 The data for the survival rates of new active enterprises in Milton Keynes between 2009 and 2014 (Table 4.1) show that:

- One year survival rates were over 94% for enterprises born in 2013.
- Around three-quarters of businesses survive the first two years with 75% of businesses born in 2012 surviving their first two years.
Table 4.1 Survival rates from birth of Milton Keynes businesses

<table>
<thead>
<tr>
<th>Year of registration</th>
<th>No of registrations</th>
<th>1 year</th>
<th>2 years</th>
<th>3 years</th>
<th>4 years</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,375</td>
<td>94.2%</td>
<td>75.3%</td>
<td>57.1%</td>
<td>46.5%</td>
<td>40.0%</td>
</tr>
<tr>
<td>2009</td>
<td>1,175</td>
<td>92.3%</td>
<td>74.5%</td>
<td>60.4%</td>
<td>48.5%</td>
<td>41.3%</td>
</tr>
<tr>
<td>2010</td>
<td>1,210</td>
<td>88.8%</td>
<td>73.6%</td>
<td>58.7%</td>
<td>48.3%</td>
<td>-</td>
</tr>
<tr>
<td>2011</td>
<td>1,360</td>
<td>93.0%</td>
<td>77.2%</td>
<td>60.7%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2012</td>
<td>1,375</td>
<td>92.0%</td>
<td>74.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2013</td>
<td>1,730</td>
<td>94.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: ONS Business Demography 2015

4.10 The five-year survival rate for enterprises in Milton Keynes is less than the average for England (41%). In relation to similar comparator areas, Milton Keynes is higher than Luton (38%) but lower than Reading, Swindon (43%) and Bedford (45%).

Figure 4.5 Five year business survival rates for businesses registered in 2009

Source: ONS, Business Demography, 2015

Businesses Activity and Size

Size of businesses

4.11 The ONS UK Business: Activity, Size and Location database is also derived from the IDBR and provides more detailed data on the characteristics of businesses by size and sector within local areas. But the data is not directly comparable to the ONS Business Demography for active enterprises. This is mainly because the definition used in Business Demography is of an active business based on activity at any time in the year, whereas UK Business: Activity, Size and Location is based on an annual snapshot at a point in time.

4.12 The difference in method results in varying estimations of the number of businesses in Milton Keynes – the UK Business: Activity, Size and Location
dataset suggests 9,950 enterprises in 2014, compared to the 11,950 active enterprises recorded by ONS Business Demography in 2014 (the latest year for which data is available).

4.13 The UK Business: Activity, Size and Location has been updated more recently: data for 2015 indicates there are 10,950 enterprises and 13,150 local units, a ten and twenty per cent increase from 2014 respectively.

4.14 Based on 2015 data for enterprises in Milton Keynes, it is possible to ascertain information on their size:

- The large majority of these are small businesses; 79% of businesses in Milton Keynes employed fewer than 4 people.
- This was comparable to the average seen across the SEMLEP area (at 79%) and the average seen nationally (77%), and comparable with most similar urban centres.
- A further 10% of businesses in Milton Keynes employ 5-9 people. This is similar to the average seen nationally.

Figure 4.6 Business size, 2015

Source: ONS, UK Business Counts – Enterprises, 2015
4.15 Among the 1,180 (11% of local units) enterprises that employ 10 or more workers in Milton Keynes, the ONS UK Business: Activity, Size and Location database estimates that:

- 910 enterprises employ 10 to 49 workers.
- 120 enterprises employ 50 to 99 workers.
- 80 enterprises employ 100 to 249 workers.
- 80 employ 250 workers and above.

**Businesses by industrial sector**

4.16 Analysis of the ONS UK Business: Activity, Size and Location database shows that:

- At the broadest level, Milton Keynes’ largest business sector by the number of businesses is the Professional, scientific and technical sector, with 2,260 business units. This accounts for around 17% of businesses in Milton Keynes, and shows a concentration (or location quotient – LQ) higher than that seen nationally.
- The wholesale and retail sector is another important sector locally with over 2,080 units, around 16% of businesses.
- Other important business sectors in Milton Keynes include activities related to transport and storage, administrative and business support services, and health.
- Overall, the number of businesses in Milton Keynes (using the ONS UK Business: Activity, Size and Location dataset) increased by 2,230 units between 2010 and 2015. There were however a few sectors that saw a decline over this period, including construction, accommodation and food services, and manufacturing.

4.17 The Location Quotient (LQ) is a measure of an industry’s employment distribution in a local area compared to a reference area’s distribution (usually nationally). An LQ equal to 1 indicates that employment distribution in a particular industry locally is similar to that in the reference area. An LQ greater than 1 indicates an industry with a greater share of the local area employment than is the case in the reference area. For Milton Keynes (Figure 4.7):

- The ICT sector, with over 1,960 units locally shows a location quotient (LQ) that is twice that seen nationally. Growth in the sector between 2010 and 2015 was high with 690 net additional units.
Table 4.2 Broad sector overview by business sectors in Milton Keynes, 2015

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total Units</th>
<th>% of Total</th>
<th>Change 2010-2015</th>
<th>LQ vs. England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, scientific and technical activities</td>
<td>2,260</td>
<td>17.2%</td>
<td>545</td>
<td>32%</td>
</tr>
<tr>
<td>Wholesale and retail trade; repair of motor vehicles and motorcycles</td>
<td>2,075</td>
<td>15.8%</td>
<td>170</td>
<td>9%</td>
</tr>
<tr>
<td>Information and communication</td>
<td>1,955</td>
<td>14.9%</td>
<td>690</td>
<td>55%</td>
</tr>
<tr>
<td>Administrative and support service activities</td>
<td>1,215</td>
<td>9.2%</td>
<td>265</td>
<td>28%</td>
</tr>
<tr>
<td>Construction</td>
<td>1,095</td>
<td>8.3%</td>
<td>35</td>
<td>3%</td>
</tr>
<tr>
<td>Human health and social work activities</td>
<td>770</td>
<td>5.9%</td>
<td>205</td>
<td>36%</td>
</tr>
<tr>
<td>Accommodation and food service activities</td>
<td>650</td>
<td>4.9%</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>550</td>
<td>4.2%</td>
<td>145</td>
<td>36%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>530</td>
<td>4.0%</td>
<td>20</td>
<td>4%</td>
</tr>
<tr>
<td>Other service activities</td>
<td>510</td>
<td>3.9%</td>
<td>30</td>
<td>6%</td>
</tr>
<tr>
<td>Real estate activities</td>
<td>420</td>
<td>3.2%</td>
<td>35</td>
<td>9%</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
<td>305</td>
<td>2.3%</td>
<td>55</td>
<td>22%</td>
</tr>
<tr>
<td>Education</td>
<td>300</td>
<td>2.3%</td>
<td>-5</td>
<td>-2%</td>
</tr>
<tr>
<td>Arts, entertainment and recreation</td>
<td>255</td>
<td>1.9%</td>
<td>15</td>
<td>6%</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>160</td>
<td>1.2%</td>
<td>15</td>
<td>10%</td>
</tr>
<tr>
<td>Public administration and defence; compulsory social security</td>
<td>75</td>
<td>0.6%</td>
<td>25</td>
<td>50%</td>
</tr>
<tr>
<td>Water supply; sewerage, waste management and remediation activities</td>
<td>20</td>
<td>0.2%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Electricity, gas, steam and air conditioning supply</td>
<td>5</td>
<td>0.0%</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: ONS, UK Business: Activity, Size and Location – Local Units, 2015
Figure 4.7 Comparison of broad business sectors in Milton Keynes with the national average, 2015

Source: ONS, UK Business: Activity, Size and Location – Local Units, 2015

Businesses by industrial sub-sector

4.18 A more detailed analysis of business units looking at industrial sub-sectors; i.e. 2-digit codes in the ONS’s Standard Industrial Classifications, for Milton Keynes shows:

- The importance of computer programming, consultancy and related activities (SIC 62) and retail trade (SIC 47) which together account for more than 2,800 business units locally. These together represent 21% of all businesses in Milton Keynes.

- Computer programming, consultancy and related activities (SIC 62) has a concentration that is more than twice that seen nationally (LQ 2.4) and has increased by more than 640 units (+60%) between 2010 and 2015.

- Head office activities (SIC 70) is another important sub-sector in the area, with around 1,080 units locally and a location quotient of 1.6.

- Other business sectors of relative importance in the area include employment activities (LQ 1.8) and postal and courier activities (LQ 1.7).

The top ten industrial sub-sectors (Table 4.3) of relative importance to Milton Keynes (as measured by location quotient) are highlighted in the table below.
along with some of the other most significant sub-sectors in the Milton Keynes economy. Those above the dashed line are the largest business sectors in terms of absolute numbers while the others are sectors that have either seen significant growth from 2010 and/or show important concentrations locally (i.e. LQ >1.0).

Table 4.3 Detailed (2-digit SIC) business sectors in Milton Keynes, 2015

<table>
<thead>
<tr>
<th>SIC Code</th>
<th>Description</th>
<th>Total Units</th>
<th>% of Total</th>
<th>Change 2010-15</th>
<th>LQ vs. England</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>Computer programming, consultancy and related activities</td>
<td>1,690</td>
<td>12.9%</td>
<td>635</td>
<td>60.2%</td>
</tr>
<tr>
<td>47</td>
<td>Retail trade, except of motor vehicles and motorcycles</td>
<td>1,105</td>
<td>8.4%</td>
<td>90</td>
<td>8.9%</td>
</tr>
<tr>
<td>70</td>
<td>Activities of head offices; management consultancy activities</td>
<td>1,070</td>
<td>8.1%</td>
<td>250</td>
<td>30.5%</td>
</tr>
<tr>
<td>43</td>
<td>Specialised construction activities</td>
<td>705</td>
<td>5.4%</td>
<td>50</td>
<td>7.6%</td>
</tr>
<tr>
<td>46</td>
<td>Wholesale trade, except of motor vehicles and motorcycles</td>
<td>620</td>
<td>4.7%</td>
<td>30</td>
<td>5.1%</td>
</tr>
<tr>
<td>56</td>
<td>Food and beverage service activities</td>
<td>610</td>
<td>4.6%</td>
<td>-5</td>
<td>-0.8%</td>
</tr>
<tr>
<td>82</td>
<td>Office administrative, office support and other business support activities</td>
<td>480</td>
<td>3.7%</td>
<td>100</td>
<td>26.3%</td>
</tr>
<tr>
<td>71</td>
<td>Architectural and engineering activities; technical testing and analysis</td>
<td>425</td>
<td>3.2%</td>
<td>115</td>
<td>37.1%</td>
</tr>
<tr>
<td>68</td>
<td>Real estate activities</td>
<td>420</td>
<td>3.2%</td>
<td>35</td>
<td>9.1%</td>
</tr>
<tr>
<td>45</td>
<td>Wholesale and retail trade and repair of motor vehicles and motorcycles</td>
<td>355</td>
<td>2.7%</td>
<td>60</td>
<td>20.3%</td>
</tr>
<tr>
<td>88</td>
<td>Social work activities without accommodation</td>
<td>300</td>
<td>2.3%</td>
<td>60</td>
<td>25.0%</td>
</tr>
<tr>
<td>69</td>
<td>Legal and accounting activities</td>
<td>290</td>
<td>2.2%</td>
<td>40</td>
<td>16.0%</td>
</tr>
<tr>
<td>49</td>
<td>Land transport and transport via pipelines</td>
<td>280</td>
<td>2.1%</td>
<td>80</td>
<td>40.0%</td>
</tr>
<tr>
<td>78</td>
<td>Employment activities</td>
<td>255</td>
<td>1.9%</td>
<td>70</td>
<td>37.8%</td>
</tr>
<tr>
<td>66</td>
<td>Activities auxiliary to financial services and insurance activities</td>
<td>155</td>
<td>1.2%</td>
<td>70</td>
<td>82.4%</td>
</tr>
<tr>
<td>52</td>
<td>Warehousing and support activities for transportation</td>
<td>120</td>
<td>0.9%</td>
<td>45</td>
<td>60.0%</td>
</tr>
<tr>
<td>61</td>
<td>Telecommunications</td>
<td>80</td>
<td>0.6%</td>
<td>10</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

Milton Keynes Business Survey 2014

Milton Keynes Council commissioned a survey of over 1,400 organisations in the area. This survey sample was structured to be representative by business size and sector and used a mix of face-to-face, telephone, and online methods.

The key themes were to understand what support and infrastructure the Council could provide to ensure business growth, including capturing information on skills and the workforce.

The headline weighted findings of the business survey were that:

- 43% of organisations said their performance had improved in the past 12 months; 44% said it had remained stable, and 13% said it had deteriorated. This indicates some stability on the local economy in 2014, in particular with larger organisations and firms in professional, scientific & technical services likely to say performance had improved.

- The outlook for the future was more positive, with 56% of organisations feeling their performance would improve and 39% saying it would remain stable.

- When asked about constraints on their business growth, 27% said there was nothing that constrained growth with a further 7% saying they did not know of anything.

- Among those mentioning constraints, attracting or retaining customers (12%), the economic climate (12%) and increasing competition (10%) were highlighted. Only 3% highlighted recruiting staff and only 1% highlighted a shortage of skills.

- Around 13% of organisations said they were considering relocating from their current premises over the next 2 or 3 years. Among those considering relocation, most envisaged that they would remain in Milton Keynes. Most said they would be seeking larger premises with the remainder seeking cheaper premises.

- Some 39% of organisations had recruited new staff in the last 12 months and 14% said they had experienced hard to fill vacancies. This figure was higher in organisations in accommodation & food services (22%) and the wholesale & retail trade (17%).

- All respondents were asked from a list, if they had found any skills difficult to obtain when recruiting staff. Most, 73% did not identify any skills as difficult to obtain. Among those that did, the skills identified were technical or practical skills, communication, advanced IT, and customer service.
Employee Jobs

Total employee jobs

4.19 The ONS BRES provides annual data on “employee jobs” at a local level based on pay-points. This is available in a consistent format from 2009. Therefore, the analysis here does not include people who are self-employed and work in Milton Keynes. But it does include people who are paid in Milton Keynes but whose work may actually be elsewhere – that may be significant in some sectors such as construction, logistics, and employment activities with recruitment agencies. Likewise, there are also some jobs where the work is in Milton Keynes but the employees’ pay points are elsewhere.

4.20 The analysis of employee jobs in ONS BRES shows that:

- Overall, there were over 159,300 employee jobs in Milton Keynes in 2014.
- The number of employee jobs increased from 139,900 in 2009, an increase of 19,500 employee jobs (+13.9%).

Part-time and full-time employee jobs

4.21 The ONS BRES provides a headline breakdown between full-time employees and part-time employees. This shows that:

- There are 116,000 full time employees (73% of employees) and 43,300 part time employees (27%).
- Overall full-time employee jobs increased by 14.4% between 2009 and 2014; whilst the increase in part-time employee jobs was slightly slower at 12.7%.
Employees by public and private sector

4.22 The ONS BRES now reports on the public and private sector. The public sector comprises central government, local government and public corporations. The private sector comprises companies, sole proprietors, partnerships and non-profit bodies. This can sometimes diverge from perceptions of public/private jobs; for example Further Education colleges and General Practitioner jobs are classed as private sector although most of their income is related to the public sector.

4.23 In 2014, around 80% of all employees in Milton Keynes were employed in the private sector (Figure 4.9). This proportion is much higher than the English average of 73.2%; and also higher than that for the SEMLEP area (75.9%) and comparator areas such as Reading (76.3%). It suggests a significant private sector employment base compared with many other parts of the country. This private/public employee ratio has remained constant in Milton Keynes in recent years.
Employees by industrial sector

4.24 Analysis of the Milton Keynes employee base for 2014 by different sectors (i.e. 1-digit Standard Industrial Classifications) shows that:

- Wholesale and retail (including motor vehicle repair) is the largest sector locally, with around 29,600 jobs. This comprises just fewer than 20% of employee jobs.

- Other important sectors in Milton Keynes include:
  - Administration and business support with 16,800 jobs (11%).
  - Professional, scientific and technical sector with 15,900 jobs (10%).
  - Transport and storage, with over 12,800 jobs (8%).
  - ICT with over 11,300 jobs (7%).
  - Education with 13,600 jobs (9%).
  - Health with 13,000 jobs (8%).

- Therefore, over two thirds of all employee jobs are concentrated in these broad sectors.

4.25 Among these larger broad sectors, transport and storage has a degree of concentration of employee jobs within Milton Keynes, relative to national average (see Table 4.4 and Figure 4.10). The sector’s percentage share of employee jobs is almost double the national average – the location quotient is 1.8.
4.26 Other broad sectors also have a relative concentration of employee jobs within Milton Keynes. These include:

- Finance and insurance with 9,000 jobs (LQ of 1.5).
- Other service activities with 5,100 jobs (LQ of 1.6).

### Table 4.4 Broad sector overview by employment sectors in Milton Keynes, 2014

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total Jobs</th>
<th>% of Total</th>
<th>Change 2009-2014</th>
<th>LQ vs. England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale &amp; retail (incl. repair of motor vehicles)</td>
<td>29,600</td>
<td>19%</td>
<td>+1,200 (+4%)</td>
<td>1.2</td>
</tr>
<tr>
<td>Admin &amp; business support</td>
<td>16,800</td>
<td>11%</td>
<td>+4,800 (+40%)</td>
<td>1.2</td>
</tr>
<tr>
<td>Professional, scientific &amp; technical</td>
<td>15,900</td>
<td>10%</td>
<td>+1,700 (+12%)</td>
<td>1.2</td>
</tr>
<tr>
<td>Education</td>
<td>13,600</td>
<td>9%</td>
<td>+600 (+5%)</td>
<td>0.9</td>
</tr>
<tr>
<td>Health</td>
<td>13,000</td>
<td>8%</td>
<td>+900 (+8%)</td>
<td>0.6</td>
</tr>
<tr>
<td>Transport &amp; storage</td>
<td>12,800</td>
<td>8%</td>
<td>+2,300 (+22%)</td>
<td>1.8</td>
</tr>
<tr>
<td>ICT</td>
<td>11,300</td>
<td>7%</td>
<td>+1,000 (+9%)</td>
<td>1.6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9,700</td>
<td>6%</td>
<td>+100 (+1%)</td>
<td>0.7</td>
</tr>
<tr>
<td>Finance &amp; insurance</td>
<td>9,000</td>
<td>6%</td>
<td>+3,100 (+53%)</td>
<td>1.5</td>
</tr>
<tr>
<td>Accommodation &amp; food</td>
<td>7,800</td>
<td>5%</td>
<td>+1,600 (+25%)</td>
<td>0.7</td>
</tr>
<tr>
<td>Other services</td>
<td>5,100</td>
<td>3%</td>
<td>+1,700 (+49%)</td>
<td>1.6</td>
</tr>
<tr>
<td>Public administration</td>
<td>5,100</td>
<td>3%</td>
<td>+900 (+22%)</td>
<td>0.7</td>
</tr>
<tr>
<td>Construction</td>
<td>4,000</td>
<td>3%</td>
<td>-500 (-11%)</td>
<td>0.6</td>
</tr>
<tr>
<td>Arts, entertainment &amp; recreation</td>
<td>3,600</td>
<td>2%</td>
<td>0</td>
<td>0.9</td>
</tr>
<tr>
<td>Real estate</td>
<td>1,600</td>
<td>1%</td>
<td>-100 (-6%)</td>
<td>0.6</td>
</tr>
<tr>
<td>Water supply, sewerage &amp; waste management</td>
<td>300</td>
<td>0%</td>
<td>+100 (+33%)</td>
<td>0.3</td>
</tr>
<tr>
<td>Energy generation</td>
<td>100</td>
<td>0%</td>
<td>+100 (100%)</td>
<td>0.1</td>
</tr>
<tr>
<td>Extraction</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Agriculture, forestry &amp; finishing*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>159,300</strong></td>
<td><strong>100%</strong></td>
<td><strong>19,500 (14%)</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

* The Business Register and Employment Survey does not fully report employment in the Agriculture, forestry and fishing sector. The Department for Environment, Food and Rural Affairs (Defra) monitors agricultural employment.


4.27 An analysis of the recent change in employee jobs shows that between 2009 and 2014 the growth sectors in Milton Keynes were:

- Administrative and business support, 4,800 additional jobs, a 40% increase
- Finance and insurance, 3,100 additional jobs, a 53% increase
- Transport and storage, 2,300 net additional jobs, a 22% increase.
4.28 Over the same period of 2009 to 2014, a couple of sectors saw a decline in jobs numbers:

- The largest number of job losses was in construction, with 500 fewer jobs, a fall of around 11%. An important caveat to this is that a high share of jobs in construction are self-employed and so not reported in BRES, and changes in employee job numbers can be distorted by workers switching between employee and self-employment status. Construction jobs are also relatively mobile and while employee pay-points are in Milton Keynes, the actual work may be elsewhere.

- The real estate sector also saw a small decline of around 100 jobs (minus 6%).

Figure 4.10 Comparison of broad employment sectors in Milton Keynes with national average, 2014

4.29 The ONS BRES data allows more detailed analysis (Table 4.5) of sectors and sub-sectors (i.e. 2-digit Standard Industrial Classifications) within the Milton Keynes economy. The table below highlights the top ten sub-sectors of relative advantage to Milton Keynes and other significant sub-sectors. This shows:

- The importance of both retail trade and wholesale trade as major employment sub-sectors, and wholesale trade has a high local concentration (and LQ of 1.5 times).
Sub-sectors that are largely public services to local people such as education (13,600 employees) are a major employer.

Sub-sectors with a relative concentration in Milton Keynes include:

- Warehousing and support activities related to transport (9,700 jobs, LQ of 3.7).
- Activities of head offices and management consultancy (8,800 employee jobs, LQ of 2.0).
- Computer programming (7,700 jobs, LQ 2.1).
- Financial service activities (6,100 jobs, LQ of 2.1).

### Table 4.5 Detailed (2-digit SIC) employment sectors in Milton Keynes, 2014

<table>
<thead>
<tr>
<th>SIC Code</th>
<th>Sector Description</th>
<th>Total Jobs</th>
<th>% of Total</th>
<th>change 2009-2014</th>
<th>LQ vs. England</th>
</tr>
</thead>
<tbody>
<tr>
<td>47:</td>
<td>Retail trade, except of motor vehicles and motorcycles</td>
<td>14,900</td>
<td>9%</td>
<td>-700 [-4%]</td>
<td>0.9</td>
</tr>
<tr>
<td>85:</td>
<td>Education</td>
<td>13,600</td>
<td>9%</td>
<td>+600 [5%]</td>
<td>0.9</td>
</tr>
<tr>
<td>46:</td>
<td>Wholesale trade, except of motor vehicles and motorcycles</td>
<td>10,000</td>
<td>6%</td>
<td>+1,200 [14%]</td>
<td>1.5</td>
</tr>
<tr>
<td>52:</td>
<td>Warehousing and support activities for transportation</td>
<td>9,700</td>
<td>6%</td>
<td>+4,400 [85%]</td>
<td>3.7</td>
</tr>
<tr>
<td>70:</td>
<td>Activities of head offices; management consultancy activities</td>
<td>8,800</td>
<td>6%</td>
<td>+1,800 [26%]</td>
<td>2.0</td>
</tr>
<tr>
<td>78:</td>
<td>Employment activities</td>
<td>7,800</td>
<td>5%</td>
<td>+2,000 [36%]</td>
<td>1.4</td>
</tr>
<tr>
<td>62:</td>
<td>Computer programming, consultancy and related activities</td>
<td>7,700</td>
<td>5%</td>
<td>+1,100 [18%]</td>
<td>2.1</td>
</tr>
<tr>
<td>64:</td>
<td>Financial service activities, except insurance &amp; pension funds</td>
<td>6,100</td>
<td>4%</td>
<td>+1,600 [37%]</td>
<td>2.1</td>
</tr>
<tr>
<td>45:</td>
<td>Wholesale and retail trade and repair of motor vehicles/cycles</td>
<td>4,600</td>
<td>3%</td>
<td>+600 [16%]</td>
<td>1.6</td>
</tr>
<tr>
<td>80:</td>
<td>Security, investigation activities</td>
<td>3,000</td>
<td>2%</td>
<td>+1,800 [148%]</td>
<td>2.6</td>
</tr>
<tr>
<td>94:</td>
<td>Activities of membership organisations</td>
<td>2,300</td>
<td>1%</td>
<td>+500 [29%]</td>
<td>1.7</td>
</tr>
<tr>
<td>61:</td>
<td>Telecommunications</td>
<td>1,900</td>
<td>1%</td>
<td>+300 [18%]</td>
<td>1.6</td>
</tr>
<tr>
<td>33:</td>
<td>Repair and installation of machinery and equipment</td>
<td>1,300</td>
<td>1%</td>
<td>+800 [163%]</td>
<td>2.2</td>
</tr>
<tr>
<td>95:</td>
<td>Repair of computers and personal and household goods</td>
<td>1,200</td>
<td>1%</td>
<td>+900 [262%]</td>
<td>4.3</td>
</tr>
<tr>
<td>63:</td>
<td>Information service activities</td>
<td>1,000</td>
<td>1%</td>
<td>-600 [-39%]</td>
<td>2.4</td>
</tr>
<tr>
<td>11:</td>
<td>Manufacture of beverages</td>
<td>300</td>
<td>0%</td>
<td>+100 [24%]</td>
<td>1.9</td>
</tr>
</tbody>
</table>

4.30 Among the sub-sectors, analysis shows high growth (Figure 4.11) in the number of employees in:

- Warehousing and support activities for transport, with 4,400 additional employee jobs in 5 years.
- Food and beverage services, with 1,400 additional employee jobs, and an increase of over 25%.
- Financial service activities with the creation of 1,600 additional employee jobs, and a concentration (in 2014) that was over twice that nationally.
- Computer programming and consultancy jobs with 1,100 additional jobs.

4.31 Among the sub-sectors, analysis shows significant declines (Figure 4.12) in the number of employees in:

- Postal and courier activities, with the loss of over 2,100 employee jobs. This may reflect statistical reclassifications of sub-sectors.
- Construction of buildings. This may reflect a slowdown in construction activity within the area but the high level of self-employment and mobile working within construction means that the data here tells a partial story.
- Information service activities with several hundred job losses which includes activities in data processing and new agencies.

Figure 4.11 Top 10 sectors with greatest employee jobs growth in Milton Keynes, 2009-2014

Cross-cutting sectors

4.32 The official statistical Standard Industrial Classifications are limited in terms of understanding how some sectors come together to create larger inter-related ‘cross-cutting’ sectors. Here SIC codes have been combined and there is some overlap between these cross-cutting sectors. Consideration is given to:

- Creative Industries – based on the official DCMS definition that brings together codes for advertising and marketing, architecture, film & TV, publishing, and Arts.
- Knowledge-based Services – founded on The Work Foundation definition that brings together codes for clerical, technical, IT, management consultancy and R&D professions. This is a much more defined definition than the broad-brush ‘knowledge economy’ presented in an earlier Milton Keynes economic strategy.
- Science and Technology – based on the official ONS classification that brings together codes for digital technology, life sciences & healthcare, publishing & broadcasting and scientific technological manufacture & services.
- Low Carbon – based on a Regeneris model which classifies SIC codes into sub sectors and uses assumptions to attribute a proportion of low carbon jobs to each. This includes primary sectors which attribute 100% to low carbon employment, including environmental consulting, green infrastructure and water supply & treatment.
4.33 The ONS BRES data of employment for these cross-cutting (see Table 4.6) sectors shows that:

- Milton Keynes has a relative advantage in creative industries and slight employment growth in this area.
- Milton Keynes has had slight growth in knowledge based services, although this is a relative advantage for the area.
- Activities in science and technology in the area have a similar concentration to England as a whole; but this has been an area of considerable jobs growth in recent years.
- The low carbon sector is not a relative advantage for employment in Milton Keynes and the number of jobs appears to have increased only slightly in recent years.
- Therefore in terms of comparison to other areas, Milton Keynes has an above average presence in creative industries, knowledge-based services, and science and technology.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total Employees</th>
<th>% of Total</th>
<th>Change 2009-2014</th>
<th>LQ vs. England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creative Industries</td>
<td>8,700</td>
<td>5%</td>
<td>+1,500</td>
<td>+21%</td>
</tr>
<tr>
<td>Knowledge-based Services</td>
<td>19,200</td>
<td>12%</td>
<td>+1,500</td>
<td>+8%</td>
</tr>
<tr>
<td>Science and Technology</td>
<td>32,800</td>
<td>21%</td>
<td>+2,500</td>
<td>+8%</td>
</tr>
<tr>
<td>Low Carbon</td>
<td>2,600</td>
<td>2%</td>
<td>+200</td>
<td>+8%</td>
</tr>
</tbody>
</table>


Tourism sectors

4.34 Destination:MK are currently undertaking analysis of the size of the tourism sector and visitor economy of Milton Keynes. Estimates produced by Visit England for 2014 point to over 7 million visits per year to Milton Keynes consisting of over 6.6 million days and around 400,000 overnight visits, summing to an estimated £340 million of tourism spending.

4.35 According to the Destination:MK Study, the top three categories people believe to fit Milton Keynes are visiting nice restaurants and eating good food (42%), visiting nice bars, pubs and enjoying the nightlife and (32%) and visiting attractions (29%).

4.36 The most commonly visited attraction in Milton Keynes based on the survey was centre:MK (91%), followed by Xscape (83%) and Intu Midsummer Place (72%).

4.37 In 2013, the ONS published an analysis of the economic impact of tourism at sub-regional levels. This estimated that in 2012, 11,100 jobs in Milton Keynes were in tourism industries. This summed up jobs in accommodation, restaurants, and visitor attractions – some of which may meet local demand. This amounts to around 7.6% of jobs in the area as tourism related, which is less than the 10% figure for the country as a whole.
Employee Wages and Hours

Average workplace wages

4.38 The ONS Annual Survey of Hours and Earnings (ASHE) provides data down to a local level on wages and hours worked – although sample size challenges means that analysis cannot be broken down into sector or occupations in local areas. This is “workplace” data and so is about employees that work in Milton Keynes irrespective of where they live.

4.39 The ONS ASHE data for gross weekly earnings per worker (Figure 4.13) in Milton Keynes shows that in 2014:

- Gross mean weekly earnings were £542.
- Gross median weekly earnings were lower at £447.
- Both gross mean and median earnings were higher in Milton Keynes than for the wider SEMLEP area with £510 gross mean weekly earnings and £428 gross median weekly earnings.
- Workplace-based earnings in Milton Keynes were also higher than the national averages, of £510 gross mean weekly earnings and £422 gross median weekly earnings.
- But workplace-based earnings in Milton Keynes remain much lower than those in London of £632 gross mean weekly earnings and £521 gross median weekly earnings.

Figure 4.13 Gross weekly mean and median earnings, 2014

4.40 Average workplace earnings in Milton Keynes have experienced a small fall in recent years. Over 2013 to 2014, there was a decline of 0.7% for gross mean
weekly earnings, and a decline of around 1.7% in gross median weekly earnings in 2013. These annual changes must be considered cautiously given the size of the sample of the local workforce – but this indicates that earnings in Milton Keynes are not rising.

4.41 The weak trends in wage growth echoes trends in the national economy; but may also echo the sector composition within Milton Keynes. Some of the sectors in which Milton Keynes has a relative concentration – such as in information & communication, professional & technical activities – are sectors where ASHE data shows pay restraint in recent years.

Average workplace hours

4.42 ONS ASHE also provides data on workplace hours at local level (Figure 4.14). This reports that:

- The mean number of weekly hours worked by all employees (including full-time and part-time) in Milton Keynes in 2015 was 34.3 hours. This represented a small decline on the previous year.
- The median weekly hours worked by employees in Milton Keynes in 2014 was 37.0 hours.
- The mean number of weekly hours worked by employees in Milton Keynes in 2014 were slightly higher than that for the SEMLEP area (33.9 hours) and above the national average (33.2 hours). The mean number of hours worked in Milton Keynes is also higher than the London average (33.7 hours).
- Median weekly hours worked by employees in Milton Keynes in 2014 (37.0 hours) were along the lines of median weekly hours worked by people in the SEMLEP area (37.2 hours), but about 1 hour more than the median weekly hours worked in London (36.1 hours).
- The mean number of hours worked in Milton Keynes by full-time employees fell a little over 2008 to 2015 (39.5 hours to 38.8 hours) while median hours remained steady at 37.5 hours. This suggests that there is not a demand for workers to put in longer hours, which combined with limited wage growth suggests that there is not a shortage of labour.
Figure 4.14 Paid hours worked for all employee jobs

Source: ONS, Annual Survey of Hours and Earnings, 2014

Geography of enterprise and jobs

Business density

4.43 Information from the Inter-Department Business Register (IDBR) provides postcode level location data-point for nearly 10,000 enterprises registered within Milton Keynes. This shows that in Milton Keynes (Figure 4.15):

- Business density is concentrated heavily in the central Milton Keynes area bounded by the M1 motorway, and A421 and A5 major roads.
- There is a significant concentration of business activity neighbouring the central Milton Keynes area, for example around Bletchley to the south.
- Business density is less concentrated outside of the main urban area but there are pockets of density elsewhere, for example in market towns such as Olney, and in proximity to the M1 at towns such as Newport Pagnell.

4.44 ONS BRES 2014 shows how for employee jobs, 27% (over 40,000 jobs) are concentrated in one electoral ward, Campbell Park (using pre-2014 boundaries) which covers much of central Milton Keynes. A further 9% of jobs (over 15,000) were in neighbouring Bletchley and Fenny Stratford.

4.45 Filtering the IDBR data to large businesses only (250+ employees) shows the concentration of activity within central Milton Keynes and its neighbouring urban areas. Large businesses are more likely to be in close proximity to the railway station and main urban centre, indicating the importance of transport connectivity. In particular, the location of logistics and warehouses in the borough shows the importance of connectivity to major roads.
Figure 4.15 Business Density within Milton Keynes

Source: Inter Departmental Business Register (Note - one dot equals one postcode with at least one business located there).

4.46 Grouping SIC codes to represent broad sector groups demonstrates concentrations and patterns of uses. Mapping consumer services, business services and transport and logistics business density shows (Figure 4.16):

- Significant proportion of businesses located within urban areas.
- Concentration of consumer services around central Milton Keynes and nearby towns such as Stony Stratford, Olney and Bletchley. The greater density in the Borough’s central business areas suggest businesses serve the wide area of the Borough, with smaller concentrations indicating service provision for local resident populations.
Conclusions

4.47 This chapter has demonstrated the entrepreneurial spirit of Milton Keynes. Business births continue to increase and as a proportion of active enterprises, the start-up rate is above the national average. However, the survival rate of new businesses is slightly below average. This would seem to suggest the need for greater focus on supporting businesses through their infancy. With almost 90% of businesses employing fewer than ten people, small businesses are key to the success of the local economy and need to be supported. The chapter has also shown the breadth of industry within Milton Keynes, a strength in that the area is not dependent on one or two key sectors. Professional, scientific and technical activities; wholesale and retail trade; and ICT have seen significant growth recently and it is important to ensure that appropriate skills, premises and infrastructure are in place to support the continuing growth of these and other sectors.
5. **Resident Population**

**Chapter Summary**

- The 2014 mid-year population estimate for Milton Keynes was 259,200 people. Over ten years to 2014, the population in Milton Keynes increased by around 39,700 people, over 18%.

- Over 70,000 people (27.2%) were aged 0-19 years. This means that Milton Keynes is much younger than England overall. Conversely, Milton Keynes has an over 70 population of 21,000 people (8.1%). This is one of the lowest proportions for a local authority in England outside of London.

- Over 168,000 people were aged 16-64. There were 61,300 people in the 30-44 age cohort.

- Around 80% of the Milton Keynes population was White. Ethnic diversity is greater than in England as whole, with 9% of the population Asian/Asian British, 7% Black/African/Caribbean and 3% mixed/multiple ethnic groups.

- Birth/death rates have changed over the past 10 years. In 2004, there were 14.4 births per 1,000 residents compared to 14.7 per 1,000 in 2014. There were 7.2 deaths per 1,000 residents in 2004 compared to 6.2 per 1,000 residents in 2014.

- Over the past 10 years, the absolute number of domestic in-migrants and out-migrants has remained relatively steady (in the range of 9,000 to 11,000) with small but positive levels of net in–migration for most of the decade.

- Over the past 10 years, the absolute numbers of international migrants have ranged from 1,000 to 3,000 per year. For most of these years, international in-migration was greater than international out-migration.

- Economic inactivity stood at 20.3% (34,000 residents out of the 167,000 working-age population) in 2014/15. Economic inactivity was higher across the SEMLEP area (21.4% of working-age residents) and England (22.4%).

- There were around 350 NEET 16 to 18 year olds in 2014 representing around 4% of all 16-18 year olds in the area. When benchmarked against a number of comparator areas, the proportion of NEETs is comparatively low.

- 27,000 (21%) are in professional occupations and a further 21,000 (17%) in associate professional & technical occupations. These are higher shares than the average for England. Some 10,000 (8%) are in the occupation of managers, director & senior official, less than the average for England (10%).

- The new Indices of Multiple Deprivation rank Milton Keynes 129th out of 326 local authority districts in England in terms of the proportion of LSOAs within the 10 per cent most deprived (where 1st is the most deprived.)

- Around 17,000 (10.2%) of Milton Keynes’ resident population aged 16 to 64 received benefits at the end of 2014.
This section reviews the demographics of the residential population of Milton Keynes. It considers the area in terms of its population, and patterns of births, deaths, and migration. The section then considers evidence about the economic characteristics and labour market outcomes of residents in Milton Keynes.

## Population

### Population estimates

The ONS produces an annual Mid-Year Estimate of population (Figure 5.1). The headlines from this are that:

- The 2014 mid-year population estimate for Milton Keynes was 259,200 people.
- Over ten years to 2014, the population in Milton Keynes increased by around 39,700 people or 18.1%; equating to an increase of around 4,000 people (about 1.7%) each year.
- The increase in population in Milton Keynes over 2004-14 was higher than the average growth seen across the SEMLEP area (+12.2%), and more than twice the growth seen in England (+8.2%).
- The population size of Milton Keynes is larger than nearby towns (as defined by local authority boundaries) such as Luton (210,900), Bedford (163,900), and Northampton (219,500).

### Figure 5.1 Population change, 2004-14 (2004 = 100.0)

![Population Change Chart](image)

Source: ONS, Mid-Year Population Estimates, 2004-14

### Population by geography

The population of Milton Keynes is heavily concentrated within the main urban conurbation of Milton Keynes. For example, the Census 2011 suggests that:

- On average, Milton Keynes has a little over 800 residents per square kilometre (i.e. approximately 250,000 residents over 308 square kilometres.)
• A large share of resident population is concentrated within urban residential areas in the south of the borough and to the south of the main urban centres city. This includes neighbourhoods (using Census 2011 ward definitions) such as Denbigh, Whaddon, Furzton, and Emerson Valley where the resident population is over 3,500 people per square kilometre and represents up to 18 per cent of the borough’s population.

• A high share of resident population is within residential areas to the south-east of the centre and typically associated with the Bletchley area, such as Bletchley & Fenny Stratford and Eaton Manor with over 1,500 people per square kilometre and almost 9 per cent of the borough’s population.

• The areas to the north of the centre, namely Bradwell, Stantonbury, Linford North and Linford South are also areas of high population density of over 1,500 to 4,000 residents per square kilometre and home to 16 per cent of the borough’s population.

• Newport Pagnell is also a key population centre within the borough, with population density of over 2,000 residents per square kilometre and accounting for over 6 per cent of the borough’s population.

Population profile by gender and age

5.4 The ONS estimates also break down the age profile of the resident population in Milton Keynes for 2014. This finds that:

• Some 49.5% of the Milton Keynes population was male and 50.5% were females. This indicates a subtle but significant change – in 2004, 50.1% were male and 49.9% female as the female population increased faster.

• Over 70,000 people (27.2%) were aged 0-19 years old. This means that Milton Keynes is much younger than England overall (23.7% aged 0-19). Indeed, the high proportion of 0-19 years olds ranks Milton Keynes among England’s local authority areas with a high proportion of young people. Its population is among the youngest in the country.

• Conversely, Milton Keynes has an over 70 population of 21,000 people (8.1%). Outside of Greater London, this is one of the lowest proportions of the population aged over 70 among England’s local authorities.

• Over 168,000 people were aged 16-64. There were 61,300 people in the 30-44 age cohort.

5.5 The growth of Milton Keynes’ population over 2004 to 2014 (of 18.1%) shows different characteristics across age groups (Figure 5.3):

• The population aged between 0-9 years increased from around 30,000 in 2004 to nearly 40,000 in 2014; a sharp increase of 33%, and a rise from 13.6% of residents to 15.3%.

• But the population of young people aged 10-19 increased scarcely at all – at a little under 31,000 residents in both 2004 and 2014.

• In the 20-29 age group, the population increased slowly, from under 30,000 in 2004 to a little more than 31,000 in 2014, growth of less than 5%; and so the share of population fell from 14% to 12%.
In contrast, the population growth was more concentrated in older working-age groups, the 40-49 age group increased by 15% (from 33,000 to 38,000) and the 50-59 age group by 16% (from 27,000 to nearly 32,000) over 2004 to 2014.

This indicates that the population of Milton Keynes is becoming, on average, much older. Growth in the 60-69 age group was 60% over 2004 to 2014 – rising from only 7% of residents to nearly 10%.

5.6 The figure below presents the changing population and age profile of Milton Keynes using a population pyramid. This demonstrates the increasing population among older age groups, and the much slower growth among younger adult age groups, especially men. This may indicate that Milton Keynes is not attracting or retaining younger working-age people.

Figure 5.2 Population pyramid for Milton Keynes, 2004 & 2014


Population profile by ethnicity

5.7 The 2011 Census of Population asked detailed questions on the ethnicity of residents (Table 5.1). This showed that in Milton Keynes in 2011:

- Around 80% of the Milton Keynes population was White – this is less than that for the wider SEMLEP area and for England as a whole.
- Milton Keynes has more ethnic diversity than England as a whole. The population was 9% Asian/Asian British, 7% Black/African/Caribbean and 3% mixed/multiple ethnic groups.
- The Asian/Asian British ethnic group includes people whose stated ethnic background is Indian (3.3%), Pakistani (1.5%), Chinese (1.1%) and other Asian (2.5%).
Table 5.1 Ethnic mix, 2011

<table>
<thead>
<tr>
<th></th>
<th>Milton Keynes</th>
<th>SEMLEP</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>White (incl. English, Welsh, Scottish, Northern Irish, British, Irish, Gypsy and other white)</td>
<td>80.0%</td>
<td>84.6%</td>
<td>85.4%</td>
</tr>
<tr>
<td>Mixed/multiple ethnic group</td>
<td>3.3%</td>
<td>2.6%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Asian/Asian British</td>
<td>9.2%</td>
<td>8.4%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Black/African/Caribbean</td>
<td>6.9%</td>
<td>3.8%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Other ethnic group</td>
<td>0.6%</td>
<td>0.6%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

Source: ONS, Census of Population, 2011

5.8 The ethnic profile of the 2011 Census pointed to a clear change from the profile of the 2001 Census in which the White ethnic group formed 90% of the population, and so had declined by 10 percentage points over ten years. The increase was mostly in the Asian/Asian British ethnic group which climbed from a share of 3.7% in 2001.

Birth and death rates

5.9 The ONS publishes data on births (by local area of residence for the mother) and deaths (by local area of residence). This data for Milton Keynes shows that in 2014:

- There were 3,800 births (i.e. 14.7 births per 1,000 residents).
- 1,600 deaths (i.e. 6.2 deaths per 1,000 residents).
- Net natural change of 2,200 additional people (8.5 per 1,000 people).

5.10 These birth/death rates have changed over the past 10 years. In 2004, there were 3,200 births (14.4 births per 1,000 residents) and 1,600 deaths (7.2 deaths per 1,000 residents). This means that there has been a slight increase in the birth rate in Milton Keynes and a significant decrease in the death rate.

Migration

5.11 The ONS Mid-Year Population Estimates provide data with which to assess patterns of migration of residents to and from Milton Keynes. This is presented using estimates of both domestic migration (movement of people between UK local authority areas) and international migration (estimates of immigrants from and emigrants to other countries).

5.12 The estimates for domestic migration (Figure 5.3) in 2014 for Milton Keynes show:

- 11,100 domestic in-migrants moved into the area (43.0 per 1,000 residents).
- 10,500 domestic out-migrants moved from the area (40.6 per 1,000 residents).
- This equals domestic net migration for Milton Keynes of around 600 additional residents.

5.13 Over the past 10 years, the absolute number of domestic in-migrants and out-migrants have remained relatively steady (in the range of 9,000 to 11,000) with
small but positive levels of net in–migration for most of the decade. As the overall resident population has increased over this time, it means the rates (per 1,000 residents) of domestic migration have decreased a little.

**Figure 5.3 Domestic migrants into and out of Milton Keynes, 2004-2014**

![Graph showing domestic migrants into and out of Milton Keynes, 2004-2014.](image)


5.14 The estimates for international migration in 2014 for Milton Keynes show (Figure 5.4):

- 2,200 international in-migrants moved to the area (8.5 per 1,000 residents).
- 1,500 international out-migrants moved from the area (7.5 per 1,000 residents).
- This equals international net migration for Milton Keynes of around 700 additional residents.

5.15 Over the past 10 years, the absolute numbers of international migrants have ranged from 1,000 to 3,000 per year. For most of these years, international in-migration was greater than international out-migration. As the overall resident population has increased over this time, it means the rates (per 1,000 residents) of international migration have decreased.
Figure 5.4 International migrants into and out of Milton Keynes, 2004-2014


Components of population change

5.16 Figure 5.5 shows the components of change for the population of Milton Keynes from 2004 to 2014. Overall, natural change (i.e. births – deaths) is the driver for change. Patterns of domestic migration are now more significant than patterns of international migration. In 2005, Milton Keynes experienced its greatest population increase in international migration. One possible reason for this is based on the accession of the A8 (Czech Republic, Poland, Hungary, Slovakia, Slovenia, Estonia, Latvia and Lithuania) countries to the EU in 2004.
Figure 5.5 Components of population change for Milton Keynes, 2004-2014


Labour Market Outcomes

Employment rates

5.17 The ONS Annual Population Survey is the key source of data for labour market outcomes for Milton Keynes’ resident population. A key labour market outcome is the employment rate of the working age (16-64) population. The employment rate is those who are in full-time, part-time, or self-employment (Figure 5.6). In 2014/15:

- The employment rate for Milton Keynes was 73.8%. That is 123,000 residents out of a working–age population of 167,000.
- This was a little lower than the average for the SEMLEP area (74.2%), but higher than the England average (72.9%).

5.18 Comparable data from 2004/05 indicates that the employment rate in Milton Keynes was 78.8%. This points to a decline of 6.3 percentage points. This reflects a sharp fall in the employment rate from 2008/09 to 2010/11 which has not recovered.

5.19 This decline in the Milton Keynes employment rate is only partly reflected across the SEMLEP area (where the employment rate declined by 2.2 percentage points). England’s employment rate, although lower than that in Milton Keynes, has remained relatively consistent over this time and recovered from a small dip between 2008/09 and 2012/13. This indicates that there has been a weakening in the borough’s labour market outcomes since 2008/09 relative to other areas.
5.20 The ONS Annual Population Survey (APS) also breaks down the composition of residents in full-time and part-time employment (both as employees and self-employed). The results for 2014/15 show:

- 77% (95,000) were full-time.
- 22.5% (28,000) were part-time.
- The proportion of full-time to part-time employment in Milton Keynes between 2004/05 and 2014/15 remained constant.

5.21 The ONS Annual Population Survey also shows that around 9% of residents in employment are self-employed. Self-employment increased between 2004/05 and 2014/15 from 8% (12,000) to 9% (15,100). The increase in self-employment started gathering pace in 2011/12 (Figure 5.7).
Economic inactivity and unemployment

5.22 The APS is also the key source of data on those who are not in employment, whether because they are economically inactive, or unemployed. Economic inactivity refers to the proportion of the working-age population that no longer participate in the labour market (that is they are not working and they are not actively seeking work). This can be the result of several possibilities, including people deciding to take up a carer’s role. This may also include people who have fallen out of the labour force, due to being unable to find employment. Unemployment refers to the proportion of the working-age population who have actively sought work in the previous 4 weeks and are available to enter work.

5.23 The data for economic inactivity in 2014/15 for Milton Keynes shows that:

- Economic inactivity stood at 20.3% (34,000 residents out of the 167,000 working-age population); of which:
  - 22,000 were female residents and 12,000 were male residents.
  - Over 10,000 were looking after the family or home, of which almost all were female.
  - Over 8,000 were inactive students.
  - Almost 8,000 were long-term sick and
  - Over 4,000 were working-age retired.
- Economic inactivity was higher across the SEMLEP area (21.4% of working-age residents) and across England (22.4%).
- The increase in economic inactivity in Milton Keynes over the period 2004/05 to 2014/15 was high (Figure 5.8). Economic inactivity increased from 25,000 residents to 34,000, and from 17% to 20%, an increase of 3 percentage points. This increase was much greater than for the wider area.
or for England as a whole where the share of economic inactivity fell over the same period.

Figure 5.8 Economic inactivity, 2004/05 – 2014/15

5.24 The data for unemployment in 2014/15 for Milton Keynes (Figure 5.9) shows that:

- The unemployment share in Milton Keynes stood at 7.4% of working-age residents (10,000 people).
- The unemployment share in Milton Keynes is therefore high compared to 5.6% across the SEMLEP area, and 6.0% for England.
- Over the period 2004/05 to 2014/15, the share of unemployment in Milton Keynes increased from 5.2%, an increase of 2.2 percentage points.

### Claimants of Jobseekers Allowance (JSA)

5.25 The latest JSA claimant figures show that the claimant rate for Milton Keynes (1.4%) is similar to the national average (1.5%). The total number of claimants in November 2015 was 2,316 which is the lowest it has been since 2004 (Figure 5.10).

5.26 Due to Government changes and re-organisation of the welfare system, JSA claimant data should be treated with caution. A number of additional unemployment benefits are also available under the Universal Credit scheme and unemployment may be underestimated when based on claimants of Job Seekers Allowance alone.
Young people

5.27 The evidence of labour market outcomes nationally over the past decade has raised particular issues around challenges for young people entering the labour market. There have been high rates of unemployment among the 16-24 years age cohort and high levels of NEET (Not in Employment Education or Training) among the 16-19 years age cohort.

5.28 The APS results for Milton Keynes in 2014/15 (Figure 5.11) show that:

- Around 20% (3,800) of young adults aged 16-24 are unemployed in Milton Keynes. This is a high share compared to 16% for England.
- Of those aged 16-24 who are unemployed in Milton Keynes, 32% (1,200) are 16-19 years and 68% (2,600) 20-24. Unemployment is a particular challenge for young people age 20-24 years in Milton Keynes (19.4% unemployed compared to 12.5% nationally).
- The unemployment situation for young people aged 16-19 in Milton Keynes is not as challenging as it is nationally (21.2% unemployed compared to 24.8% nationally) and has decreased by 10 percentage points since 2012/13 (from 30%).
5.29 A young person that is not in education, employment or training is usually referred to as a NEET. Data on the local incidence of NEETs is published by the Department for Education (DfE). A person is considered to be in education or training if they:

- are doing an apprenticeship.
- are on a Government employment or training programme.
- are working or studying towards a qualification.
- have had job-related training or education in the last four weeks or
- are enrolled on an education course and still attending or waiting for term to (re)start.

5.30 Not all 16-18 year old unemployed people are NEETs, and not all people who fall under the NEET classification are unemployed\(^1\). The data for Milton Keynes (Figure 5.12) in 2014 shows that:

- There were around 350 NEET 16 to 18 year olds representing around 4% of all 16-18 year olds in the area. When benchmarked against a number of comparator areas, the proportion of NEETs in Milton Keynes is comparatively low.

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\(^1\) The unemployment rate is a measure of those who are out of work, but have looked for work in the past month and are able to start in the next two weeks. Someone who is NEET may be actively seeking work and would therefore be counted as unemployed. However, they may not be actively seeking work and may have left the labour market; this could be due to caring responsibilities, health conditions etc. Those who are not actively seeking employment would be considered as economically inactive rather than unemployed. The NEET figures would include both the unemployed (those seeking work) and those who are not seeking work (the economically inactive).
The proportion of NEETs aged 16-18 years old in Milton Keynes has decreased since 2012, where around 5% of all 16-18 year olds in the area were classified as NEETs.

Figure 5.12 Proportion of 16 to 18 year olds that are not in education, employment or training, 2014

Older workers

5.31 National trends in the labour market over the past decade also point to the changing role of older workers (both in the 50-64 working age group and over 65s) with rising employment rates, partly as a result of changes in retirement age but also a greater dependence on older workers in Milton Keynes.

5.32 Data from the APS on unemployment among older workers (Figure 5.13) shows:

- The unemployment share for people aged 50 and over in Milton Keynes is higher than the average across the SEMLEP and nationally.
- Overall unemployment for people aged 50 and over has increased from 1.5% in 2004/05 to 5.9% in 2014/15.
- Unemployment for people aged 50 and over dipped below the sub-regional and national averages in 2008/09, but peaked at 7.5% in 2009/10. Despite a slight fall since then, the unemployment rate for people aged 50 and over remains higher than it was 10 years ago, and higher than the averages seen at the sub-regional and national levels.
Figure 5.13 Change in unemployment rate for people aged 50 and over, 2004/05 to 2014/15


Gender

5.33 Data from the APS also shows evidence on the balance of participation in employment between men and women living in Milton Keynes. The APS shows that:

- In 2014/15, the employment rates for working age men in Milton Keynes was 78% and for working age women it was lower at 69.5%.
- Some 90% of men in employment worked full-time; among women in employment the rate was 63%.
- The decline in the employment rate in Milton Keynes since 2008 has affected both men and women – but the fall was sharper among men with a decline from 86% to 78%.

Occupations and qualifications

Broad occupational groups

5.34 The ONS APS also provides data on the occupations (defined using 1-digit Standard Occupational Groups) of residents in Milton Keynes (Figure 5.14). The APS for 2014/15 shows that among Milton Keynes’ 127,000 employed residents:

- Some 27,000 (21%) are in professional occupations and a further 21,000 (17%) in associate professional & technical occupations. These are higher shares than the average for England and imply a relative concentration of higher level jobs. Some 10,000 (8%) are in the occupational group of
managers, director & senior official and this is less than the average for England (10%).

- Some 16,000 (13%) are in elementary occupations. This is much higher than the average of England and implies the area has a relative concentration in some lower tier occupations. Similarly, Milton Keynes has 12,000 (10%) of employed residents working in sales occupations, which is higher than the national average.

Figure 5.14 Occupations for residents in employment, 2014/15


Detailed occupational groups

5.35 The APS for 2014/15 allows for exploration of occupational groups at a local area in more detail (using 2-digit Standard Occupational Classifications). Allowing for some limitations around the sample size of survey, this gives a much sharper picture of the occupational mix of residents in Milton Keynes. The diagram below illustrates the area’s largest sub-occupation groups (those with at least 3% of residents’ jobs) and which matter relatively more for the area. In terms of what the area’s working population do for work (Figure 5.15), it shows:

- A high share of employed residents in Milton Keynes (12%) are in elementary administrative & service occupations. This includes a range of entry-level jobs in administration (office assistants, postal workers), cleaning, security (guards, parking enforcement), sales (shelf-fillers), and basic services (bar staff, kitchen porters, waiters etc.). This compares to 9% for England and shows the significance of basic services in Milton Keynes.

- Milton Keynes also has a high share of employed residents (10%) in business and public services associate professions. This includes jobs in law (legal clerks, compliance officers), finance (insurance under-writers, analysts, accounting technicians), sales and marketing (procurement officers, sales consultants), estate agency, and events. This compares to 8% for England and shows the relative significance of support/transactional services in Milton Keynes.
National Vocational Qualifications

5.36 The framework of National Vocational Qualifications (NVQs) is used to indicate levels of educational qualifications within the workforce. For example, in England NVQ level 1 approximates to one GCSE at grade D-G, level 2 to one GCSE at A*-C, level 3 to A levels at A*-C, level 4 to higher education, and level 5 to post-graduate qualifications.

5.37 The ONS APS 2014/15 provides data on the NVQ levels of working-age residents (employed and not employed) in Milton Keynes (Figure 5.16). Overall qualification levels in Milton Keynes are broadly similar to the national average, however some minor variations skew Milton Keynes slightly towards the lower level qualification groups:

- The proportion of working-age residents with no qualifications slightly exceeds the average seen nationally. This group represents 10% of working age residents in Milton Keynes.
- In terms of residents with lower level qualifications only (NVQ 1 or NVQ 2), Milton Keynes shows a higher proportion than that seen nationally.
- The proportion of residents with NVQ4 or higher in Milton Keynes is slightly below the national average at 35% of residents compared to 36% nationally.
5.38 The new English Indices of Deprivation were published by the Department for Communities and Local Government in October 2015, therefore providing a timely input into the Local Economic Assessment for Milton Keynes. The indices measure relative levels of deprivation in almost 33,000 small areas or neighbourhoods called Lower-layer Super Output Areas (LSOAs) in England by combining and ranking indicators for domains such as employment and income, health, education and skills, crime, housing, and living environment.

5.39 The new indices indicate that Milton Keynes ranks 129th out of 326 local authority districts in England in terms of the proportion of LSOAs within the most 10 per cent deprived (this measure ranks Middlesbrough 1st as most deprived). The rank for Milton Keynes compares with Bedford (134th), Luton (109th), and Northampton (76th) in that these urban centres in the south east and midlands do not record the depth of deprivation found in some major cities, deindustrialised northern towns, or seaside towns.

5.40 Within Milton Keynes, among the borough’s 152 LSOAs:

- 9 are in the 10 per cent most deprived in England.
- 12 are in the 10-20 per cent most deprived.
- 10 are the 20-30 per cent most deprived.
- 12 are in the 30-40 per cent most deprived, and
- 12 are in the 10 per cent least deprived nationally

5.41 Changes in data sources, methods, weighting, and LSOA boundaries, mean that the English Indices of Deprivation of 2015 is not directly comparable with that of 2010 or earlier years. However, past analysis by the Milton Keynes Observatory shows that in 2010, among the borough’s 139 LSOAs, 7 were within the 10 per
cent most deprived in England, 11 in the 10-20 per cent, and 9 in the 20-30 per cent group. This implies some consistency in share of the borough’s neighbourhoods that are relatively deprived on these indices.

**Figure 5.17 English Indices of Deprivation: Rankings of Areas in Milton Keynes**

The most deprived neighbourhoods/LSOAs in Milton Keynes, as presented in the map above, are found close to the city centre, to the south of the borough around Bletchley and Water Eaton, and to the west of the centre around parts of Wolverton.

**Working age benefit claimants**

The Department for Work and Pensions (DWP) publishes official statistics on benefit claimants. The data on the number of working-age benefits claimants (this is working age people who are claiming one or more key DWP benefits\(^2\)) provide an indication of disadvantage among the residents of Milton Keynes (Figure 5.18). This shows that:

- Around 17,000 (10.2%) of Milton Keynes’ resident population aged 16 to 64 received benefits at the end of 2014.

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\(^2\) Bereavement Benefit, Carer’s Allowance, Disability Living Allowance, Employment and Support Allowance, Incapacity Benefit/Severe Disablement Allowance, Income Support, Jobseeker’s Allowance, Widow’s Benefit
• This proportion is slightly higher than the average seen across the SEMLEP area (9.7%), but lower than the English average (12.1%).
• Overall, the proportion of Milton Keynes’ population aged 16 to 64 accessing benefits has remained relatively stable since 2005 (10.7% in 2005). This change has largely tracked the trends for England as a whole.

Figure 5.18 Proportion of working age residents claiming benefits, end-of-year 2005-2014

Source: Department of Work & Pensions, 2014

Working Tax Credits and Child Tax Credits

5.44 HM Revenue and Customs (HMRC) publishes geographical statistics on Working Tax Credit and Child Tax Credit. The Working Tax Credit provides support for people on low incomes, and the Child Tax Credit provides income related support for children and for qualifying young people aged 16-19.

5.45 The HMRC data for Milton Keynes shows that for 2013/14 there were:
• 18,900 families in receipt of tax credits.
• 13,100 families in-work and 5,800 families out of work.
• 9,400 families receiving in-work Working Tax Credit of which 8,100 had children (and so also receiving Child Tax Credits).
• 5,600 families receiving Tax Credits that were in-work lone parents.
Acute housing need

5.46 A concern raised though consultation with officials in Milton Keynes was around challenges of rising homelessness in the area. The Council’s work as part of the Strategic Housing Market Assessment drew from DCLG Local Authority Homelessness Data to show that:

- The borough, in late 2015, had around 300 households in temporary accommodation;
- Between April and December 2015, there were over 900 claims for homelessness in the area, up from a low of 200 in 2008/09.

Child poverty measures

5.47 Another indicator of disadvantage is child poverty. Data on measures of child poverty is published by DWP. This defines child poverty as children in low income families measured by the proportion of children living in families in receipt of out-of-work (means-tested) benefits or in receipt of tax credits where their reported income is less than 60 per cent of UK median income.

- Data about the number of children under the age of 16 who come from low income families (Figure 5.19) shows that 18.3% of children in Milton Keynes are in low income families.
- This percentage is slightly below the average seen for England (19.2%), but higher than the average across the SEMLEP area (14.5%).
- Milton Keynes’ proportion of children under 16 from low income families is similar to that of other comparator areas such as Reading (18.8%), Luton (22.1%) and Bristol (23.1%).
Figure 5.19 Percentage of children aged under 16 in low income families, 2012

Source: HM Revenue & Customs, Personal tax credit statistics
There is a close relationship between quality of life factors and the economic vitality of an area: societal disadvantage can impact directly on economic activity and participation, while wider factors such as crime and housing play an important role in making an area attractive or otherwise to residents and employees.

The Milton Keynes Social Atlas produced by Milton Keynes Intelligence provided a comprehensive snapshot (as of 2013) of quality of life factors, covering social and community issues such as crime, and health and disabilities. The Social Atlas found that although Milton Keynes as a whole is relatively affluent, there are a number of groups of residents who experience disadvantage across one or more categories. The categories explored in the Social Atlas include:

- **Income**: The rate of housing or council tax claimants grew to a high of 237.3 per 1,000 dwellings in 2010, although this then fell slightly over the next three years to 226.4.

- **Education**: Around one-fifth of Milton Keynes' children live in poverty (2011), a similar proportion to the national level, but above the south east England level (15%). The rate of children claiming free schools meals, also a proxy for poverty, increased from 116.1 per 1,000 pupils in 2009 to 145.1 in 2012, before declining slightly in 2013 (135.5).

- **Older People**: The proportion of state pensioners claiming pension credit in Milton Keynes is comparable to the national level, with 21% of pensioners claiming pension credit in 2012.

- **Crime**: Milton Keynes has above average rates of crime, although this is likely to partly reflect its urban characteristics. The number of burglary offences was 7.3 per 1,000 households compared to 6.7 for south east England. There were 0.9 robbery offences per 1,000 population (2012/13) compared to 0.4 for south east England. There were 11.4 crimes where violence was committed against a person per 1,000 population compared to 9.7 for south east England.

- **Health**: The average life expectancy in Milton Keynes for 2007-2011 was 80.2 years. Male life expectancy in Milton Keynes at birth is 78.7 years compared to 80.3 years for south east England. Likewise female life expectancy is slightly lower than the regional level, being 82.5 years in Milton Keynes compared to 83.8 years for south east England. Mortality rates from circulatory diseases and cancer are also higher than the regional level.

- **Community** – Milton Keynes has a slightly lower proportion of residents volunteering at least once a month compared to regionally and nationally, with 23% of residents volunteering at least once a month in 2008 compared to 25% across the South East.

Further (and more detailed) information can be found within the Social Atlas, available on the Milton Keynes Intelligence Observatory website.
Conclusions

5.48 Milton Keynes has experienced significant population growth over recent years, particularly within the very young (0-9 years); the older working age population (40-49 and 50-59) and the over 60s. These trends will have implications for areas such as schooling and education provision, health care and, in relation to an ageing workforce, skills and employment.

The chapter has also highlighted a number of challenges relating to the local labour market. Whilst growth in the number of jobs is high, employment rates have struggled to return to pre-recession levels. Similarly, whilst JSA claimant rates are low and continuing to fall, economic inactivity has risen over the past ten years. A significant number of people in Milton Keynes are recorded as long-term sick and as looking after the family or home. With welfare reform, there is an increased need to support such individuals into employment, which will require intensive support and work with the individual and employers alike.
6. **Skills: Schools, Colleges, Higher Education and Workforce**

**Chapter Summary**

- In 2014 around 79% of pupils in Milton Keynes achieved Level 4 or above in reading, writing and maths, marginally exceeding the England average attainment of 78%.

- Performance across primary schools in Milton Keynes has been improving since 2011 (Figure 6.1), with a 12 percentage point increase in the proportion of pupils achieving Level 4 or above in reading, writing and maths in Milton Keynes between 2011 and 2014.

- Pupil attainment data for 2014 suggests around 49% of pupils in Milton Keynes achieved five or more A* - C GCSEs (or equivalent) including English and Maths, compared to 53% across England.

- Around 88% of pupils remained in a sustained education destination in Milton Keynes after Key Stage 4, equivalent to the proportion nationally.

- Approximately 10% of Key Stage 4 students in Milton Keynes did not progress to an education or employment/training destination a year within finishing compulsory education.

- Despite below average performance for academic achievement at Key Stage 5 in Milton Keynes, Key Stage 5 vocational results outperformed those nationally.

- Overall there has been a decline in the number of starts in Further Education amongst learners in Milton Keynes. This is a fall of around 7,090 starts from the 2011/12 academic year, equivalent to a 23% decline in starters.

- Milton Keynes had a strong number of apprenticeship starts over the 2013/14 academic year with 1,810 apprenticeship starts, in absolute terms the third highest when benchmarked against comparative areas.

6.1 This section provides an overview of the analysis undertaken as part of the development of the Milton Keynes Skills Strategy. It considers Primary Education, Secondary Education, Further and Higher Education, as well as wider workforce skills issues.

**Primary Education**

6.2 In total there are 95 state-funded primary schools and 4 independent primary schools in Milton Keynes providing education for children aged between 4 and 11 years. Out of the state-funded schools, there are 13 academy schools and 5 special schools for children with SEND (Special Educational Needs and Disability) providing primary provision (Table 6.1).

6.3 A number of characteristics across primary schools in Milton Keynes are dissimilar to the national average and give an indication of the support needs for
primary school pupils. Compared to the national average, there is a relatively high percentage of pupils with English as a second language in Milton Keynes, which highlights the need to ensure that the necessary support is available for these pupils. In contrast, there is a relatively low proportion of pupils eligible for free school meals in Milton Keynes. Free school meals are available to children in full time education whose parent/ guardian are recipients of certain benefits (largely income related) and is used as a proxy for educational disadvantage.

Table 6.1 Milton Keynes Primary School Characteristics, 2013/14

<table>
<thead>
<tr>
<th>Primary</th>
<th>Number of pupils on roll</th>
<th>Percentage of pupils with SEN with statements or on School Action Plus</th>
<th>Percentage of pupils with English not as a first language</th>
<th>Percentage of pupils eligible for free school meals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milton Keynes (state-funded)</td>
<td>24,777</td>
<td>7.2%</td>
<td>24.9%</td>
<td>13.5%</td>
</tr>
<tr>
<td>England (state-funded)</td>
<td>4,416,708</td>
<td>7.7%</td>
<td>18.7%</td>
<td>18.0%</td>
</tr>
</tbody>
</table>

Source: Department for Education

6.4 In 2014 around 79% of pupils in Milton Keynes achieved Level 4 or above in reading, writing and maths, marginally exceeding the England average attainment of 78%; and Milton Keynes has outperformed England in every year since 2012. The proportion of pupils achieving Level 5 or above in Milton Keynes also exceeds the England average at 25% compared to 24% nationally.

6.5 Performance across primary schools in Milton Keynes has been improving since 2011 (Figure 6.1), with a 12 percentage point increase in the proportion of pupils achieving Level 4 or above in reading, writing and maths in Milton Keynes between 2011 and 2014. The most recent performance data suggests an ongoing improvement in Early Years Foundation, Key Stages 1 and 2.

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3 https://www.gov.uk/apply-free-school-meals

4 Most 11 year olds are expected to achieve Level 4 or above by the end of KS2

5 Data released 15th October, 2015.
6.6 The average point score per pupil\(^6\) across Milton Keynes (residency based) currently stands at 29 points, marginally exceeding the SEMLEP and England averages (28.6 and 28/7 respectively) and the 4\(^{th}\) highest of all comparative areas.

6.7 Figure 6.2 illustrates the percentage of pupils (residency based) achieving the expected level in reading, writing and maths at Key Stage 2 in Milton Keynes and comparative areas.

6.8 Performance in Milton Keynes marginally exceeds the SEMLEP and England average, however Milton Keynes has a middling performance when compared to comparative areas, with 79% of pupils achieving their expected level in English,

\(^6\) For all eligible pupils based on writing teacher assessment and reading and maths test results.
maths and writing in 2014. This is exceeded by the proportion across a number of areas, such as South Northamptonshire (83%), and Dacorum (82%).

6.9 State-funded primary schools in Milton Keynes are well rated by Ofsted, with 85% rated as ‘Outstanding’ or ‘Good’ and the remaining 15% rated as ‘Requires Improvement’. This compares to 82% rated as ‘Good’ or ‘Outstanding’ across England. There are no primary schools in Milton Keynes rated as ‘Inadequate’. Full details of the Ofsted ratings for Milton Keynes schools may be found in the Skills Strategy Evidence Base Report.

**Secondary Education**

6.10 In total there are 18 state-funded secondary schools and 1 independent school in Milton Keynes providing education for those aged between 11 and 16. Out of the state-funded secondary schools 9 are academy schools and 5 special schools for children with SEND (Special Educational Needs and Disability) provide secondary provision.

6.11 Milton Keynes has a greater proportion of pupils with English not as a first language than the national average and a lower percentage of pupils eligible for free school meals than the national average.

<table>
<thead>
<tr>
<th>Table 6.2 Milton Keynes Secondary School Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>School area</strong></td>
</tr>
<tr>
<td>Milton Keynes (secondary state-funded)</td>
</tr>
<tr>
<td>England (secondary state-funded)</td>
</tr>
</tbody>
</table>

Source: DfE School and College Performance tables, 2014

6.12 Figure 6.3 illustrates the percentage of pupils in the years 2011 to 2014 obtaining five or more GCSEs at Grade A*-C (or equivalent) including English and Maths in Milton Keynes. This level is often a requirement for students wanting to undertake A-Levels or BTEC qualifications at a sixth form college or further education institution. English and Maths qualifications at GCSE level are often essential for both those wanting to enter further and higher education, but also those wanting to start employment after completing their GCSEs.

6.13 Pupil attainment data for 2014 suggests around 49% of pupils in Milton Keynes achieved five or more A*-C GCSEs (or equivalent) including English and Maths, compared to 53% across England. Milton Keynes has performed below the England average for its secondary education attainment in almost every year since 2011 (except 2013).
6.14 Due to a change in methodology between 2013 and 2014, 2014 secondary school results are not directly comparable with previous years. Attainment levels at GCSE level increased between 2011 and 2013. These changes are due to the review of vocational education recommendations\(^7\) and performance measures for early point of entry pupils\(^8\).

Figure 6.3 Percentage achieving 5+ A*-C GCSEs (or equivalent) including English and Maths GCSEs

![Graph showing percentage achieving 5+ A*-C GCSEs over years](image)

Source: DfE School and College Performance tables, 2014

6.15 Analysis of performance in Milton Keynes against comparable areas also highlights below average pupil attainment in 2014. Milton Keynes is currently ranked towards the bottom of the chart (Figure 6.4) for its % of secondary education students (residency based) achieving five or more GCSEs at Grade A*-C across both measures.

\(^7\) Professor Alison Wolf’s Review of Vocational Education Recommendations which; restrict qualifications counted, prevent any qualification from counting as one larger GCSE and cap the number of non-GCSEs included in the performance measures at two per pupil.

\(^8\) An early entry policy to only count a pupil’s first attempt at a qualification.
6.16 The average number of GCSE points achieved per pupil gives a broader measure of pupil attainment, where a ‘C’ Grade at GCSE equals 60 points.

6.17 Against this measure Milton Keynes is performing comparably strong, with an average of 375 GCSE points attained per pupil during the 2013/14 academic year, compared to 372 across the SEMLEP area and 366 England average. Aylesbury Vale, South Northamptonshire and Reading are however currently exceeding performance across Milton Keynes.

6.18 Milton Keynes’ comparably strong performance against this measure may be a result of many schools in Milton Keynes putting their less academic pupils through vocational qualifications that are not in the academic group measures, but give qualifications and points at this level. This means pupils who might otherwise leave with few or no qualifications get a reasonable level of qualification. It could also suggest that a number of A*-C students are achieving towards the higher end of the bracket (A*), hence boosting Milton Keynes’ overall average number of GCSE points per pupil.

6.19 In total there are 12 mainstream state-funded secondary schools in Milton Keynes. The area’s state-funded secondary schools are well rated by Ofsted, with 75% rated as ‘Outstanding’ or ‘Good’, compared to 73% across England. The remaining 25% of schools in Milton Keynes are rated as ‘requires improvement’. There are no secondary schools in Milton Keynes rated as ‘inadequate’. Full details of Ofsted ratings for secondary schools in Milton Keynes can be found in the Milton Keynes Skills Strategy Evidence Base report.
6.20 According to the Income Deprivation Affecting Children Index (IDACI)\(^9\) all three of the secondary schools that are rated as 'Requires Improvement' in Milton Keynes are rated amongst the most deprived 40% of schools nationally. This reiterates the wider challenges linked to deprivation in Milton Keynes.

**Destinations**

6.21 Table 6.3 illustrates the proportion of young people from the 2011/12 cohort of 16 year olds progressing to an educational or employment/training destination within a year after they finish compulsory schooling. Overall around 90% of pupils remained in education or went to an employment/training destination after Key Stage 4, 1 percentage point below the national average. From 2012/13, the policy of raising the participation age applies - pupils who left year 11 in summer 2013 had to continue in education or training for at least another year until June 2014, and pupils who left year 11 in summer 2014 or later have to continue until at least their 18th birthday.

<table>
<thead>
<tr>
<th>Area</th>
<th>Number of pupils</th>
<th>Overall education or employment/training destination</th>
<th>Total in a Sustained Education Destination</th>
<th>Sustained Education Destination</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Further education college</td>
</tr>
<tr>
<td>Milton Keynes (state-funded)</td>
<td>2,760</td>
<td>90%</td>
<td>88%</td>
<td>25%</td>
</tr>
<tr>
<td>England (state-funded)</td>
<td>561,800</td>
<td>91%</td>
<td>88%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Source: DfE School and College Performance tables, 2014 Note: Individual Sustained Education Destination fields may not add up as there are a small number of students who were identified in more than one destination

6.22 Around 88% of pupils remained in a sustained education destination in Milton Keynes after Key Stage 4, equivalent to the proportion nationally. Of those that remained in sustained education, there is a lower proportion of pupils going to further education colleges or joining apprenticeships in Milton Keynes than the national average and a higher proportion joining sixth form schools/colleges. Only 4% progressed to an apprenticeship which is slightly below the national average (5%).

6.23 In total approximately 10% (276) of Key Stage 4 students in Milton Keynes did not progress to an education or employment/training destination a year within finishing compulsory education. Of this figure, around 2% (55) of all pupils in Milton Keynes were recorded as NEET (Not in Education, Employment or

\(^9\) Department for Communities and Local Government, English Indices of Deprivation, 2010
Training), 6% (166) were recorded as ‘destination not sustained’ (they did not have continuous participation in Key Stage 4 education) and 2% (55) were not captured in the data. The ‘unknown’ figure therefore constitutes 8%. This is similar to comparable benchmark areas which range between 7-9%.

**Further Education**

6.24 Further Education includes learners who are studying a course in a FE college, with a training provider or within their local community; and employees undertaking an Apprenticeship or other qualification in the workplace. In total there were 15,670 individual learners participating in government funded further education at some point over the 2013/14\(^{10}\) academic year.

6.25 The number of individual learners in Milton Keynes has been declining since 2011/12\(^{11}\). This is likely to have been influenced by a range of factors including demographic change, a declining further education budget, introduction of advanced learning loans and the prolonged impact of the recession on employer training budgets.

![Figure 6.5 Milton Keynes Further Education and Skills Participation by academic year](image)

Since 2011/12 there has been a fall in learner participation

6.26 Table 6.4 outlines the number of starts, achievements and the indicated success rate\(^{12}\) (estimated by calculating the number of achievements divided by the number of starts in a given period) across the different further education learning streams in Milton Keynes in 2013/14. The estimated further education and skills success rate in Milton Keynes was 76% in 2013/14, with particularly high success

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\(^{10}\) Count of the number of learners that participated at any point during the year- learners undertaking/ achieving more than one course will only appear once.

\(^{11}\) Figures for 2011/12 onwards are not directly comparable to earlier years as Single Individualised Learner Record (ILR) data collection was introduced leading to the removal of duplicate learners from more than one provision type

\(^{12}\) Note: This calculation does not capture the overall success rate= (number of funded programmes that have been achieved in a given period/ number of funded programmes that have finished in a given period)*100, due to data limitations.
rates across workplace (122%\textsuperscript{13}) and community learning (97%) provision, and lowest amongst apprenticeship (55%) provision.

<table>
<thead>
<tr>
<th>Provision type</th>
<th>Starts</th>
<th>Achievements</th>
<th>Est. Success rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticeships</td>
<td>1,810</td>
<td>1,000</td>
<td>55%</td>
</tr>
<tr>
<td>Community Learning</td>
<td>3,270</td>
<td>3,170</td>
<td>97%</td>
</tr>
<tr>
<td>Education and Training</td>
<td>20,620</td>
<td>15,180</td>
<td>74%</td>
</tr>
<tr>
<td>Workplace Learning</td>
<td>340</td>
<td>420</td>
<td>122%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>26,050</td>
<td>19,770</td>
<td>76%</td>
</tr>
</tbody>
</table>

Source: ILR

School and College Performance (16-18 years)

6.27 The majority of young people (88% according to DfE\textsuperscript{14}) continue to participate in non-compulsory education at age 16-18 (partly reflecting the raising of the participation age) and go on to study advanced level qualifications such as A-levels or vocational qualifications in schools or colleges. There are a total of 18 state-funded schools/colleges and 1 independent school in Milton Keynes providing education for 16 – 18 year olds.

6.28 Out of the 15,670 individual learners participating in government funded further education at some point over the 2013/14 academic year, 3,430 (22%) were aged 16-18.

6.29 Table 6.5 outlines Key Stage 5 academic results over the 2013/14 academic year. Overall performance in Milton Keynes at Key Stage 5 is below the national average, with 68% of academic students achieving three or more A-Levels at grades A*-C, 10 percentage points below the achievement rate nationally.

<table>
<thead>
<tr>
<th>Schools and colleges</th>
<th>Average point score per A-Level entry</th>
<th>% of academic students achieving (or equivalent)</th>
<th>3+ A-Levels at A*-C</th>
<th>2+ A-Levels A* - E</th>
</tr>
</thead>
<tbody>
<tr>
<td>England - state funded</td>
<td>211.2</td>
<td>78%</td>
<td>92%</td>
<td></td>
</tr>
<tr>
<td>Milton Keynes - state funded</td>
<td>204.6</td>
<td>68%</td>
<td>87%</td>
<td></td>
</tr>
</tbody>
</table>

Source: DfE School and College Performance tables, 2014

6.30 Despite below average performance for academic achievement at Key Stage 5 in Milton Keynes, Key Stage 5 vocational results outperformed those nationally.

\textsuperscript{13} The success rate exceeds 100% as achievement data also captures learning aim/ apprenticeship framework achievements that may have started in previous year.

\textsuperscript{14} Department for Education, FE participation statistics, 2015
Around 49% of vocational students in Milton Keynes achieved at least three substantial vocational qualifications in 2013/14 compared to 47% nationally.

### Table 6.6 Key Stage 5 Vocational Results 2013/14

<table>
<thead>
<tr>
<th>Schools and colleges</th>
<th>Average point score per vocational entry</th>
<th>% of vocational students achieving at least 3 substantial vocational qualifications</th>
<th>% of vocational students achieving at least 2 substantial vocational qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>England - state funded</td>
<td>216.6</td>
<td>47%</td>
<td>66%</td>
</tr>
<tr>
<td>Milton Keynes - state funded</td>
<td>216</td>
<td>49%</td>
<td>73%</td>
</tr>
</tbody>
</table>

Source: DfE School and College Performance tables, 2014

### Education, Training & Apprenticeships

6.31 In this section education and training has been defined by the provision of FE courses, community learning courses and workplace courses. Apprenticeships are considered separately later in the chapter.

6.32 Overall there has been a decline in the number of starts in Further Education amongst learners in Milton Keynes (Table 6.7). According to 2013/14 learner based analysis there were 24,240 further education starts amongst Milton Keynes residents. This is a fall of around 7,090 starts from the 2011/12 academic year, equivalent to a 23% decline in starters.

6.33 A large proportion of this decline in starts is within the 16-18 age group, which shrunk by -44% or -5,350 since 2011. Overall the majority of starts in 2013/14 (62%) were adult education learners (age 19+).

### Table 6.7 Learner Based: Starts by age and year

<table>
<thead>
<tr>
<th>Age</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>Change 2011-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 16</td>
<td>700</td>
<td>420</td>
<td>370</td>
<td>-48%</td>
</tr>
<tr>
<td>16-18</td>
<td>12,050</td>
<td>11,250</td>
<td>6,700</td>
<td>-44%</td>
</tr>
<tr>
<td>19+</td>
<td>18,570</td>
<td>18,710</td>
<td>17,170</td>
<td>-8%</td>
</tr>
<tr>
<td>Total</td>
<td>31,330</td>
<td>30,370</td>
<td>24,240</td>
<td>-23%</td>
</tr>
</tbody>
</table>

Source: ILR

6.34 Analysis of delivery based education and training starts reveals a similar message to that of learner based data, with an overall decline in starts for education and training courses delivered in Milton Keynes.

6.35 A large proportion of the reduction in starts is within Level 1 qualifications, equivalent to -1,610 or around 23% of the decline in starts. The largest proportionate decline in starts was within the higher level qualifications group, equivalent to a decline of -85%, however a lower -110 number of starts underpins this (Table 6.8).
Table 6.8 Learner Based: Starts by NVQ Level and year

<table>
<thead>
<tr>
<th>NVQ Level</th>
<th>2011/12</th>
<th>2013/14</th>
<th>Change 2011-14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Starts</td>
<td>% of total</td>
<td>Starts</td>
</tr>
<tr>
<td>Entry level</td>
<td>3,960</td>
<td>13%</td>
<td>3,540</td>
</tr>
<tr>
<td>Level 1</td>
<td>8,170</td>
<td>26%</td>
<td>6,560</td>
</tr>
<tr>
<td>Level 2</td>
<td>6,340</td>
<td>20%</td>
<td>5,860</td>
</tr>
<tr>
<td>Level 3</td>
<td>3,650</td>
<td>12%</td>
<td>3,040</td>
</tr>
<tr>
<td>Level 4</td>
<td>250</td>
<td>1%</td>
<td>310</td>
</tr>
<tr>
<td>Level 5</td>
<td>20</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>Higher level</td>
<td>130</td>
<td>0%</td>
<td>20</td>
</tr>
<tr>
<td>Not applicable</td>
<td>8,800</td>
<td>28%</td>
<td>4,900</td>
</tr>
<tr>
<td>Grand Total</td>
<td>31,330</td>
<td>100%</td>
<td>24,240</td>
</tr>
</tbody>
</table>

Source: ILR

6.36 Comparative analysis of the number of learning aims being carried out by learners resident in Milton Keynes and the overall number of learning aims being delivered in Milton Keynes (including learning aims being carried out by learners from outside Milton Keynes) gives an indication of travel to learn patterns in Milton Keynes. In 2013/14, Milton Keynes residents started 24,240 education and training learning aims, compared to 24,660 learning aims being delivered in Milton Keynes. This suggests that in net-terms there is a very small net in-flow of learners travelling into Milton Keynes to study.16

6.37 Milton Keynes College is the largest education and training provider in the area delivering more than twice the number of education and training learning aim starts than any other provider. In 2013/14 Milton Keynes residents started 11,620 learning aims at Milton Keynes College and in total there were 15,510 learning aims started at Milton Keynes College (including learners from outside of Milton Keynes). This suggests that a number of learners based outside of Milton Keynes are travelling into Milton Keynes to study at the college.

Table 6.9 Education and Training overall headline success rate figures by age, 2013/14

<table>
<thead>
<tr>
<th>Age</th>
<th>Learner Local Authority</th>
<th>Overall Retention Rate</th>
<th>Overall Success Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-18</td>
<td>Milton Keynes</td>
<td>86%</td>
<td>74%</td>
</tr>
<tr>
<td>19+</td>
<td>Milton Keynes</td>
<td>93%</td>
<td>86%</td>
</tr>
<tr>
<td>All Age</td>
<td>Milton Keynes</td>
<td>91%</td>
<td>82%</td>
</tr>
</tbody>
</table>

Source: ILR

15 Qualifications achieved outside of the notional NVQ qualifications

16 The overall net flow figure of (+420) describes learner flows across all Milton Keynes residents and providers. This figure, whilst positive, illustrates that there will be a number of learners leaving MK in order to study. Taking providers in turn it is clear that MK College has a wide catchment attracting a number of non MK residents to study.
6.38 The overall education and training success rate in Milton Keynes (Table 6.9 and Figure 6.6) is similar to that across the SEMLEP area, however it is lower than the rate nationally and across a number of comparator areas such as Swindon.

Figure 6.6 Education and training success rates (%) (Learner Based) Milton Keynes and comparative areas, 2013/14

![Graph showing education and training success rates](image)

Source: Skills Funding Agency based on ILR

6.39 Despite a decline (-7,500) in the number of education and training learners in Milton Keynes since 2011/12, the overall success rate has slightly increased by 2% points since 2011/12 or 7% points since 2010/11. Figure 6.7 illustrates recent trends in the overall success rate in Milton Keynes between 2010/11 and 2013/14.

Figure 6.7 Education and Training Success Rate (learner based) 2010/11-2013/14

![Graph showing education and training success rates](image)

Source: ILR
Apprenticeships

6.40 Apprenticeships are paid jobs that incorporate on and off the job training leading to nationally recognised qualifications. In total there were around 1,280 apprenticeship learners in Milton Keynes over the 2013/14 academic year.

Starts: overall by age, gender, sector and level

6.41 Milton Keynes had a strong number of apprenticeship starts over the 2013/14 academic year with 1,810 apprenticeship starts, in absolute terms the third highest when benchmarked against comparative areas. However this was down around 500 (or -21%) on the previous academic year. This can be largely attributed to the impact of the introduction of Advanced Learning Loans, a policy later reversed in its application to Apprenticeships because of the impact it was having on take-up. Apprenticeships starts were also down nationally (England) by around -14% between 2012/13 and 2013/14.

Figure 6.8 Apprenticeship starts in Milton Keynes (Learner Based) and comparative areas, 2013/14

Source: Skills Funding Agency based on ILR

6.42 Between 2012/13 and 2013/14 the drop in the number of apprenticeship starts is largely accounted for by a reduction in the number of Advanced Apprenticeship starts, dropping by -400 starts and accounting for 32% of all starts in 2013/14 compared to 42% in 2012/13. This reduction is likely to be largely down to the proposed introduction of Advanced Learning Loans for Level 3+ provision for learners aged 24+. It is too early to comment on the impact of a number of recent initiatives, such as a number of degree level apprenticeship standards being delivered via the trailblazer programme and at local universities.

6.43 Table 6.10 below outlines the split of apprenticeship starts by qualification level for 2012/13 and 2013/14. The proportions of apprenticeship starts by qualification type in Milton Keynes are similar to that across a number of comparative areas such as Bedford and Cherwell (Figure 6.8).
Table 6.10 Apprenticeship starts by level 2012/13 and 2013/14

<table>
<thead>
<tr>
<th>Apprenticeship Level (Qualification)</th>
<th>2012/13</th>
<th></th>
<th>2013/14</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Higher Level (level 4 &amp; 5)</td>
<td>46</td>
<td>2%</td>
<td>31</td>
<td>2%</td>
</tr>
<tr>
<td>Advanced Level (level 3)</td>
<td>975</td>
<td>42%</td>
<td>578</td>
<td>32%</td>
</tr>
<tr>
<td>Intermediate Level (level 2)</td>
<td>1,299</td>
<td>56%</td>
<td>1,204</td>
<td>66%</td>
</tr>
<tr>
<td>None/ Not App/Known</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,320</td>
<td>100%</td>
<td>1,814</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: ILR

6.44 Figure 6.9 illustrates the number of apprenticeship starts in Milton Keynes by provider and apprenticeship level in 2013/14. Milton Keynes College is the largest provider of apprenticeships to Milton Keynes residents, with the majority of these at intermediate level. Bedford College is the largest provider of advanced and higher apprenticeships (combined) for Milton Keynes learners, with 70 apprenticeship starts across both levels in 2013/14.

Figure 6.9 Apprenticeship starts by provider and level 2013/14 (Learner Based)

Source: ILR

6.45 Of the 1,810 apprenticeship starters in Milton Keynes in the 2013/14 academic year, 1,390 (77%) were aged 19 and above. Figure 6.10 illustrates the growing number of apprenticeship starters in the 25+ age cohort in recent years.
6.46 In 2013/14 most of the 1,810 apprenticeship starts in Milton Keynes were commenced by females, representing 53% of all apprentice starts, compared to 46% of starts by males. The gender differentials by sector are significant:

- The business, administration and law sector had the most apprenticeships starts in 2013/14 with around 630 new starters; the majority of these (62%) were females.
- The retail and commercial enterprise sector has the second largest number of starters in Milton Keynes with around 380, 55% of these were female.
- The engineering and manufacturing sector had around 310 starts, with 85% of these male.

6.47 Analysis of delivery based apprenticeships by sector and gender reveals a similar break down, however the engineering and manufacturing technologies sector is
the second largest delivery sub sector with around 430 apprenticeships being delivered.

6.48 Figure 6.12 illustrates the number of apprenticeship starts in the area’s four largest sub-sectors from 2005 to 2014. The business, administration and law sector has captured the largest number of apprenticeship starts in every time period, accounting for 35% (630) of all starts in 2013/14. The engineering and manufacturing technologies sub-sector is the only sub-sector which has experienced steady growth in its number of starts since 2009/10, with all other sectors experiencing a decline in starts over recent years.

6.49 Figure 6.13 illustrates the growth rate (2005/06 to 2013/14) in apprenticeship starts across Milton Keynes’ four largest sub-sectors against the national average. Across all sectors the total growth rate in apprenticeship starts in Milton Keynes (+141%) is below the England average (+152%), however the rate of growth in starts within engineering and manufacturing technologies, and health, public services and care exceeds the England average.
Success Rates

6.50 Qualification success rates (QSR) are an important measure of assessing provider performance and quality within government supported education and skills. The QSR measures the proportion of apprenticeship learning aims that are successfully completed over the period. Despite a strong portfolio of apprenticeship starts, Milton Keynes had the lowest apprenticeship success rate of 59% over the 2013/14 academic year (Figure 6.14).

Source: Skills Funding Agency based on ILR
Destinations

6.51 The Skills Funding Agency provides data on apprenticeship destination choices. Learner destination data is split by employment rate and learning rate and provides a measure of whether a learner gained a positive destination after completing their FE course and the resulting Learning and Employment Rates. Data is split by young apprentices (16-18 years) and adult apprentices (19+ years).

6.52 Overall both employment and learner benefits were greatest amongst youth apprentices (age 16–18 years). Adult apprentices were however more likely to enter higher education following their apprenticeship (12% of adult apprentices compared to 0% of youth apprentices) and were also more likely to experience improved career prospects (60% of adult apprentices compared to 20% of youth apprentices). Learner and employment rate destination data for Milton Keynes College (the largest local provider of apprenticeship courses) is presented in Figure 6.15.

Figure 6.15 Milton Keynes College learner destination data, 16-18 years and adult (age 19+) apprentices

Conclusions

6.53 Educational performance in Milton Keynes is improving. Performance within primary schools exceeds SEMLEP and national averages and although this is not yet matched by GCSE or A-level attainment, the signs are promising. It is crucial that efforts to maintain and further enhance these improvements continue, particularly given the impact of schooling on an individual’s future employment prospects, the ability of businesses to draw on a supply of young people with the skills they need, and wider economic and social wellbeing. Disappointingly, there has been a fall in the number of learning starts recently and whilst the numbers beginning apprenticeships are comparatively high, the numbers completing are low. Methods of encouraging participation in future learning and support for existing learners need to be adopted. This could include greater work with employers to encourage more support for workforce development, more flexible learning opportunities (including online learning) and greater mentoring of students.
7. **Land, Property and Transport**

**Chapter Summary**

- In Milton Keynes, the dwelling stock stood at 106,100 units in 2014.
- Data on the change in Milton Keynes’ dwelling stock shows that it had increased by 18% since the year 2004, with 16,400 more dwellings (up from 90,090).
- This 10-year growth in dwelling stock of 18% compares with growth of 8% of England as a whole.
- 81.3% of dwelling units were privately owned (either owned or privately rented), 10.7% were local authority owned and 8% were owned by a private registered provider.
- There were 1,300 housing starts in 2014/15; over 75% were private; and almost all of the rest were started by housing associations.
- The mean house price in Milton Keynes was £184,900 in June 2015, compared to £247,400 across South East England. House prices in Milton Keynes are closer to the average for all England & Wales of £181,600. House prices in Milton Keynes are much lower than the average for South East England.
- In Milton Keynes, the average house price was 8.5 times the average salary, this ratio indicates that Milton Keynes is relatively affordable in comparison to London and to other nearby parts of south east England.
- Milton Keynes has a road connectivity score of 0.84, this is higher than that for other comparator areas, such as Luton (0.82), Reading (0.73), or Swindon (0.72).
- Train passenger numbers for Milton Keynes Central station have increased by almost 65% within ten years from 3.8 million in 2004/05. This increase in total passenger numbers was higher than stations in surrounding towns over the same period such as Northampton (50% growth), Luton (12%), Bedford Midland (25%), St Albans City (34%) and Reading (18%).
- Milton Keynes has an access to rail connectivity score of 0.42. This is lower than some comparator areas such as Reading (0.46) but higher than Luton (0.32), or Swindon (0.32).

7.1 This section presents evidence around land, property, and transport infrastructure in Milton Keynes.

**Land**

Land-use change and land prices

7.2 There is little data published on land-use for local authority areas. DCLG previously published land-use change statistics, namely looking at dwellings built on previously developed land. Over 2008 to 2011, about 20% of all new dwellings
built in Milton Keynes were on previously developed land. This is a low proportion and reflects the area’s history as a New Town settlement.

7.3 Similarly, there is no official data published on land prices for local authority areas. This is a barrier in benchmarking the value of and productivity of land in Milton Keynes compared with other areas. The information that is available is:

- The most recent Valuation Office Agency (VOA) Property Market Report was published in 2011. This did not include Milton Keynes within its sample of areas for residential or commercial land values. It did show the wide variation in land prices for residential development across areas close to Milton Keynes. For example, small residential sites in Oxford were valued at £5.2 million per hectare, compared to £2.5 million in Aylesbury, £1.6 million in Luton, and £1.35 million in Northampton.

- Some commercial estate agencies track land values and publish results by region but not by local area. For example, Savills UK Farmland Market (July 2015) reports that land prices (prime arable values) in South East England increased from £5,000 per acre (£12,350 per hectare) in 2008 to over £10,000 per acre (£24,700 per hectare) in 2015. This increase in land prices indicates a growing demand for land, but not for agricultural use.

- Land marketing sources such as UK Land and Farms advertise land and farmland for sale across Buckinghamshire. Land (without existing properties) in Buckinghamshire that is for sale as of October 2015 averages almost £12,000 per acre (£29,640 per hectare) which reflects the prices reported by Savills.

7.4 Milton Keynes Council, in 2007, introduced the “Milton Keynes Urban Development Area Tariff”. The ‘Tariff’ is an approach to capture the gain from the increase in land values resulting from new development as an amount of money per residential unit, or per hectare of employment development, that is payable by owners of land within Milton Keynes’ Urban Development Area (UDA). The UDA covers land to the north, east and west of the City where future expansion will, or is likely to take place. As of 2007, for every residential unit built, the landowner will pay a Tariff of £18,500, and for commercial developments a Tariff of approximately £260,000 per hectare. This means that landowners and developers in the UDA will provide over £310 million towards infrastructure. However, it should be noted that under new legislation the tariff cannot be enforced on future developments to the same extent as it has been previously.
Milton Keynes: Employment Land Review and Economic Growth Study (November 2015)

Milton Keynes Council and the Milton Keynes Development Partnership appointed GVA to undertake an employment land study for the borough. The purpose was to establish the likely level of job growth in Milton Keynes up to 2031 and assess the implications for employment land in accommodating the anticipated growth.

The study focused more closely on the qualitative needs and approach to property rather than the quantitative amount of employment land. The study provides no information on land prices as an indicator of demand for, and supply of, employment land.

The study estimates, based on Experian employment forecasts, that Milton Keynes will require 124 hectares (306 acres) of employment land, of which offices (17%), other business space (7%), warehouses (76%). This indicates demand for land for warehousing use.

The study assessed 980 hectares of existing employment land, 37 hectares of proposed sites, and 159 hectares of potential sites. It concluded that in quantitative terms, there is sufficient land supply in Milton Keynes, but not qualitatively. Many existing, proposed, and potential sites are not in prime geographical locations, most notably for logistics based employment. The study suggests that Milton Keynes has an over-supply of 1970’s office stock that is no longer fit for purpose.

The study recommends:
- Allocation of additional land at M1 corridor for logistics occupiers.
- Increase Grade A office space.
- Changing vacant employment sites to residential and mixed-use.
- Comprehensive redevelopment of some existing employment areas.
- Incorporate employment uses into allocations around the main built-up area to allow new forms of workspace.

Homes

Dwelling stock

7.5 DCLG publishes annual data on the total dwelling stock across local areas. In Milton Keynes, the dwelling stock stood at 106,100 units in 2014.

7.6 Data on the change in Milton Keynes’ dwelling stock shows that it had increased by 18% since the year 2004, with 16,400 more dwellings (up from 90,090).

7.7 This 10-year growth in dwelling stock of 18% compares with growth of 8% of England as a whole. It ranks Milton Keynes as having the highest percentage growth in England’s local authority areas outside of London, and second only to Tower Hamlets (growth of 29%).
7.8 The data also provides information on the tenure characteristics of this dwelling stock, for example:

- 81.3% of dwelling units were privately owned (either owned or privately rented).
- 10.7% were local authorities owned.
- 8% were owned by a private registered provider.
- The dwelling stock owned by the local authority has declined, falling from 13,700 local units (15.5%) in 2000 to 11,300 units (10.7%) in 2014.
- Private tenure in Milton Keynes is largely in line with the average for England (82.3%).

Milton Keynes Council Strategic Housing Market Assessment 2013

Milton Keynes Council commissioned a Strategic Housing Market Assessment to assist in the development of housing strategy.

It reported that for the existing dwelling stock in Milton Keynes:

- The dwelling type profile is largely similar to that of South East and England, with a similar share of semi-detached homes (21%); but with more detached (25%) and terraced (30%) houses, and fewer flats (17%) and bungalows (8%);
- The new town status of the borough shapes the age mix of dwellings. As of 2012, less than 10% of homes were built before 1944 compared to almost 40% for England as a whole. Some 46% of homes in Milton Keynes were built between 1973 and 1992; and 30% since 1993.
- The main form of housing tenure in Milton Keynes continues to be owner occupation at 64% of properties in 2011, but this is down from 71% in 2001; while private rental increased to 18% from 9% over the same period, showing significant shifts in tenure mix.

Housing starts and completions

7.9 DCLG also provides the official data comparable across local districts on housing starts and completions for Milton Keynes (Figure 7.1). This shows (rounded to the nearest 100) that:

- There were 1,300 housing starts in 2014/15; over 75% were private; and almost all of the rest were started by housing associations.
- There were under 1,100 dwelling completions in Milton Keynes in 2014-15. Milton Keynes Council report that the figure was over 1,400 and so that housing completions were higher than DCLG statistics show.
- Annual housing starts/completions of 1,000 to 1,500 have been the norm since 2008/09. This is much lower level than starts/completions of 1,800 to 2,500 over 2005/06 to 2007/08.
House prices

7.10 The Land Registry is the key source of house price data for local authority areas. It records prices paid on completion of all house sales. The mean average house price in Milton Keynes was £184,900 in June 2015, compared to £247,400 across South East England. House prices in Milton Keynes are closer to the average for all England & Wales of £181,600 (Figure 7.2). Local consultations suggest the method used by the Land Registry (which for robustness bases its results on houses sold twice in the past 20 years) may underestimate house prices in Milton Keynes and elsewhere.

7.11 House prices in Milton Keynes are much lower than the average for South East England; but the change in house prices has followed a similar pattern. House prices in Milton Keynes more than trebled since January 1995 (i.e. by a factor of 3.21 times). This is in line with the changes seen across the South East of England (3.45), and higher than the average growth seen across England and Wales over the same period (2.92).
Number of property transactions

7.12 The Land Registry also provides data on property transactions which indicate the scale of activity in the market (Figure 7.3). This shows that:

- In the 12 months to March 2015 there were 4,400 property transactions in Milton Keynes.
- The number of transactions in Milton Keynes has been in the high 3,000s/low 4,000s since 2008/09, just after the start of the recession.
- Prior to the recession, the volume of property transactions in Milton Keynes was higher than 6,000 transactions annually.
- The overall number of property transactions in Milton Keynes grew steadily until the end of 2004 when it experienced a slight dip. The volume of property transactions continued on an upward trajectory until 2007, when the overall volume declined.
- Growth in the volume of property transactions in Milton Keynes has been higher than that seen across the South East and England and Wales.
Affordability

7.13 Combining information on house prices (Land Registry) and the annual earnings of residents (ONS ASHE) enables a ratio of affordability to be calculated. Analysis by ONS Digital published in August 2015 found that:

- In Milton Keynes, the average house price was 8.5 times the average salary.
- This ratio indicates that Milton Keynes is relatively affordable in comparison to London and to other nearby parts of south east England. For example, in neighbouring South Northamptonshire (10.9), and Aylesbury Vale (10.2).
- But the ratio indicates that Milton Keynes is more expensive than some nearby comparator areas such as Luton (7.9), Northampton (7.4), and similar to Bedford (8.6).

Commercial Property

7.14 The VOA provides experimental statistics for local authority areas on the floorspace for commercial property and its estimated rateable value. This includes floorspace for retail, office and industrial use.

Retail floorspace

7.15 The VOA data for retail floorspace shows that:

- In 2012, Milton Keynes Borough had 620,000 m² of retail floorspace.
Retail floorspace in Milton Keynes was up from 505,000m² in 2004 – an increase of 23% over 2004-2012. Much of this expansion occurred over 2005 to 2007.

In comparison, retail floorspace increased by around 3% over 2004 to 2012 for England as a whole, and 5% for South East England. Milton Keynes had the largest expansion in retail floorspace among local authorities outside of London.

7.16 The VOA estimates (Figure 7.4) for the rateable value/m² show that:
- The rateable value for retail floorspace for Milton Keynes for 2012 was £185 per m².
- The rateable value in Milton Keynes is higher than the national average (at £150 per m²) and the average across the SEMLEP area (at £144 per m²).
- Rateable value for other comparator areas, including Bristol (£1,101 per m²), Reading (at £533 per m²) and Swindon (£502 per m²) is higher.

Figure 7.4 Retail floorspace change in Milton Keynes, 2004 to 2012

Source: VOA, Table 2.3: Retail, Administrative Areas in England and Wales, Floorspace

Office floorspace

7.17 The VOA data for office floorspace (Figure 7.5) shows that:
- In 2012, Milton Keynes had 691,000 m² of office floorspace.
- The supply of office floorspace has expanded. Office floorspace in Milton Keynes was up from 646,000m² in 2004 – an increase of 7%, 45,000m² over 2004-2012.
- In comparison, office floorspace also increased by around 7% over 2004 to 2012 for England as a whole and 2% for south east England.
• Some of the most substantial increases in office floorspace in southern England were in urban local authorities around Greater London such as Slough (up 12%) and Stevenage (up 24%) and potential competitors to office markets in Milton Keynes.

7.18 The VOA estimates for the rateable value /m² show that:
• The rateable value for office floorspace for Milton Keynes for 2012 was £88 per m².
• The rateable value in Milton Keynes is therefore much lower than the average for England (at £155 per m²) and lower than the average across south east England (at £114 per m²).
• This supports the notion of Milton Keynes having a more affordable office market when compared to other nearby locations (including London where the rateable value for office space is £280 per m²).

Figure 7.5 Office floorspace change, 2004-12

![Office floorspace change, 2004-12](source: VOA, Table 3.3: Offices, Administrative Areas in England and Wales, Floorspace, 2004-2014)

Industrial floorspace

7.19 The VOA data for industrial floorspace (Figure 7.6) shows that:
• In 2012, Milton Keynes had 2,637,000 m² of industrial floorspace.
• The supply of industrial floorspace has increased steadily. Industrial floorspace in Milton Keynes was up from 2,443,000m² in 2004 – an increase of 7% over 2004-2012.
• In comparison, industrial floorspace decreased by around 5% over 2004 to 2012 for England as a whole.
7.20 The VOA estimates for the rateable value /m² show that:

- The rateable value for industrial floorspace for Milton Keynes for 2012 was £42 per m².
- The rateable value in Milton Keynes is higher than the average for England (at £37 per m²) and lower than the average across the SEMLEP area (at £45 per m²).
- The rateable value of industrial floorspace in Milton Keynes is therefore lower than in comparator areas such as Reading (£59 per m²).

Figure 7.6 Industrial floorspace change, 2004-2012 (2004 = 1.00)

Source: VOA, Table 4.3: Industrial, Administrative Areas in England and Wales, Floorspace, 2012

**Transport**

7.21 This section looks at transport in Milton Keynes and draws on data to assess road connectivity and traffic, rail and rail-use, bus use, and wider connectivity to airports.

Traffic counts

7.22 The Department for Transport (DfT) provides counts of the annual volume of traffic of the roads on Milton Keynes (based on 36 count points). This shows:

- A traffic count of 859,800 vehicles in 2014.
- This was an increase of around 9% over 2000 figures (i.e. an increase of 0.6% annually).
The diagram below shows that traffic counts did not grow during the 2000s and dropped from 2009 to 2011 (down to 779,800 vehicles on the area’s roads); but have climbed since then.

Figure 7.7 Annual volume of traffic in Milton Keynes, 2000 to 2014

Source: Department for Transport,

Road connectivity

7.23 The DfT has produced experimental transport statistics including a measure of road connectivity for local authority areas. This provides an indicator of Milton Keynes’ relative road connectivity (a weighted connectivity indicator for travel to major road junctions by morning peak traffic in 2013). The indicator works on a scale of 0-1 in which Warwickshire has the highest score (0.97, indicative of the county’s place in England’s motorway network) and Cornwall the lowest (0.26). The indicator shows that:

- Milton Keynes has a road connectivity score of 0.84.
- This is higher than that for other comparator areas, such as Luton (0.82), Reading (0.73), or Swindon (0.72).
- The relatively high score is shaped by data that around a third of the population in Milton Keynes is within a 15 minutes’ drive from a major road junction. All of the area’s population is within a 30 minutes’ drive (at most) from a major road junction.
Rail passengers

7.24 Milton Keynes Central is the area’s central train station and serves the town. Bletchley station serves the population around the urban area towards the south of the borough, and Wolverton station to the north. DfT provides data that:

- Around 200,000 people live within 30 minutes by public transport from Milton Keynes Central.
- Around 600,000 people live within 30 minutes’ drive from Milton Keynes Central.

7.25 DfT data for 2013/14 shows (Figure 7.8) that there were 6.29 million passenger flows in to and out of Milton Keynes Central station. This represents:

- An increase in passenger numbers for Milton Keynes Central station of almost 65% within ten years – from 3.8 million in 2004/05.
- This increase in total passenger numbers was higher than stations in surrounding towns over the same period such as Northampton (50% growth), Luton (12%), Bedford Midland (25%), St Albans City (34%) and Reading (18%).

Figure 7.8 Total passengers for Milton Keynes Central station, 2004/05 to 2014/15

7.26 The DfT has produced experimental transport statistics including a measure of travel to rail station connectivity for local authority areas. This provides an indicator of relative rail connectivity (a weighted connectivity indicator for travel to rail stations at morning peak in 2013). The indicator works on a scale of 0-1 in which Westminster has the highest score (1.00 indicative of central London’s rail network) and Cornwall the lowest (0.13). The indicator shows that:

- Milton Keynes has an access to rail connectivity score of 0.42
- This is lower than some comparator areas such as Reading (0.46) but higher than Luton (0.32), or Swindon (0.32).
Bus passenger journeys

7.27 Data from the Department for Transport shows (Figure 7.9) that in 2012/13 there were 9.8 million passenger journeys on local bus services in Milton Keynes:
• This was an increase of 1.6 million passenger journeys (or 20%) over the area’s figures for 2009/10.
• Comparatively, Milton Keynes grew in terms of bus passenger numbers. Nearby local comparators such as Luton and Central Bedfordshire saw a decrease (down 9% and down 5%) over the same period. Other areas saw growth such as Bedford (+3%), Reading (+7%), and Northampton (+12%) but not to the same rate as seen in Milton Keynes.

Figure 7.9 Bus passenger numbers, 2013/14

Airport connectivity

7.28 Milton Keynes is located close to a number of airports, many of which are of national importance. The distances from Milton Keynes to:
• Heathrow Airport, 64km.
• Luton, 30km.
• Birmingham International, 83km.
• Gatwick Airport, 104km.
• Stansted, 69km.

7.29 Data from DfT shows that Luton Airport is within 60 minutes using public transport and a further three airports are within 120 minutes using public transport.
7.30 Travel times to airports decrease considerably when travelling by car. DfT reports that there is one airport within 60 minutes’ drive and no fewer than 9 airports within 120 minutes’ drive from Milton Keynes.

7.31 The DfT has produced experimental transport statistics including a measure of travel to airports connectivity for local authority areas. This provides an indicator of relative airport connectivity (a weighted connectivity indicator for travel to airports, 2013 morning peak). The indicator works on a scale of 0-1 in which Hillingdon has the highest score (1.00 as home to Heathrow) and Cornwall the lowest (0.20). The indicator shows that:

- Milton Keynes has an access to airports connectivity score of 0.58
- This is similar to comparator areas such as Reading (0.57), higher than Swindon (0.47) but lower than Luton (0.85, with its own airport).

**A Transport Vision and Strategy for Milton Keynes, Local Transport Plan 3 - 2011 to 2031**

The current Local Transport Plan for Milton Keynes was submitted in 2011 and sets out the borough’s programme for transport.

Recent progress delivering transport improvements includes:

- Electric Bus launch – first in the country – 8 electric buses, remotely charged capability.
- Completion of Better Bus Fund – making public transport an attractive proposition.
- A421/ Kingston £10m+ Pinch Point Funded schemes – construction work has started.
- Driverless Pods – leading on innovation and technology, currently in trial.
- World Cyclo cross event – first in UK outside Europe held on 29th Nov 2014.
- Launch of Smartgo – Business led solutions for Smarter Travel / Sustainable Travel options.
- Plugged in Places – Milton Keynes was one of the first towns to lay plans for 1,000 electric vehicles on the road.
- The PlatinumMK 300 bus service as the main link between the Coachway and Park & Ride facility at Junction 14 with Central Milton Keynes and the Rail Station.
- Electric Vehicles rapid charge units – compliments the already 180+ installed electric car charging points.
- East West Rail Project - Progress on plans for “East West Rail” to establish a strategic railway connecting East Anglia with Central, Southern and Western England. This would connect Milton Keynes Central via Bletchley to Oxford and Bedford.
- Improved Bletchley Station and pedestrian area aiming to create jobs and attract investment.
• A421 Dualling from J13 to MK - Funding secured to dual the A421 from J13 M1 through to Milton Keynes from 2015 onwards.

• Work collaboratively with other local authorities, LEPs and partners to deliver better outcomes for the people of Milton Keynes and surrounding areas, e.g. A428 /A421 Alliance, East West Rail and Transport Systems Catapult.

• Smarter Choices - In 2015, launch of Smart Parking's SmartPark solution in Milton Keynes with the installation of 300 SmartEye sensors in several of the area’s car parks. It allows better monitoring of car park usage and under-utilised parking bays.

• Highways and Traffic Management - £17 million of road investment to ease congestion at ‘bottleneck’ areas including the A421 and Kingston roundabout. Work began in 2014.

• Technology – Working with the Transport Systems Catapult to pilot first UK trial of automated vehicle technology in public pedestrianised spaces.

**Broadband**

7.32 Ofcom, the regulator for communication industries, provided an assessment of fixed broadband connectivity by local authority in 2013. This ranked Milton Keynes relatively high among UK local authorities in terms of fixed broadband, and overall among the first rank for overall broadband. Milton Keynes scores particularly well for the take-up rate of premises with broadband.

<table>
<thead>
<tr>
<th>Table 7.1 Ofcom indicators of local broadband connectivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result</td>
</tr>
<tr>
<td>Average modem sync speed (Mbit/s)</td>
</tr>
<tr>
<td>Superfast availability</td>
</tr>
<tr>
<td>Average take-up</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Ofcom
7.33 However, insight from Milton Keynes Council suggests that the Ofcom figures are likely to over represent the numbers of households that receive superfast broadband.

**Superfast Broadband in Milton Keynes**

The council is working in partnership with neighbouring councils, Central Bedfordshire, Bedford Borough and Luton Borough, to extend fibre coverage across Milton Keynes. The programme is known as Broadband Delivery UK (BDUK) Programme.

Milton Keynes Council is investing £2.7 million of council money, along with additional funding received from Central Government, to achieve the maximum possible rollout of fibre to homes and businesses.

Under current projects, Milton Keynes will provide fibre broadband availability to approximately 98% of addresses. The current projects will run until around 2018/2019.

The fibre rollout is split into two phased projects but the council continues to seek additional funding to achieve further coverage in the future to reach the target of 100% coverage across the borough.

**Conclusions**

7.34 The growth in housing stock in Milton Keynes has been amongst the highest, yet the rates of housing starts and completions remain much lower than before the recession. At the same time, the volume of property transactions has been higher than nationally and the increase in house prices has exceeded national increases. This potentially creates issues over the availability and affordability of housing. In relation to commercial premises, Milton Keynes is more affordable than many comparator areas, but more expensive than some neighbouring authorities. Whilst this is potentially an advantage for inward investors and expanding businesses, it does suggest lower returns for developers which could act as a disincentive to further commercial development. And it is not just about the quantity and price, suitable premises have to be available that match the needs and expectations of businesses from a range of sectors.

As the chapter has demonstrated, Milton Keynes already benefits from strong transport connectivity. With a number of transport improvements already delivered or underway, and with further developments particularly around low emission vehicles, Milton Keynes has the potential to enhance its accessibility and to lead the way in future transport technologies.
8. Future prospects

8.1 This section looks to the future and explores growth prospects for the economy of Milton Keynes. It examines scenarios both in terms of resilience to near-term risks, and the longer term future. It references sources including household and economic forecasts and projections.

Preparing for the future of Milton Keynes

8.2 The MK Futures 2050 Commission has been initiated by Milton Keynes Council as an ambitious project to explore potential long-term futures. The Commission recognises the fact that it is approaching 50 years since the New Town Designation for Milton Keynes and looks to its future as a UK city. The Council has appointed a group of Commissioners and external experts with a strong connection to Milton Keynes and the region, to provide wider perspectives, knowledge and external challenge. As part of the project, there will be a programme of engagement with a full range of residents and communities from Milton Keynes. The Commission’s recommendations will be reported to Council in July 2016.

8.3 This process complements the extensive work being done to prepare the new Local Plan for the Borough, Plan:MK. Milton Keynes Council is preparing Plan:MK to decide how much new development is needed and where it should go and include detailed policies that will be used when making decisions on planning applications. Plan:MK will review and replace the policies in the existing Local Plan which was adopted in 2005, and also review and replace the Core Strategy which was adopted in 2013.

8.4 Other work that is being progressed include recent publications such as the Regeneration Strategy (RegenerationMK 2030) and also the Destination Management Plan to boost Milton Keynes as a destination for visitors.

RegenerationMK 2030 – A Regeneration Strategy for Milton Keynes

Milton Keynes Council launched a regeneration strategy with an ambitious vision to transform the life prospects of the most deprived residents and £2 million of resources are secured to deliver local projects and support communities. The Strategy identifies that within Milton Keynes, economic success and job creation are not experienced by all residents, with some significant poverty, low incomes, and consequences for physical and mental health.

The RegenerationMK Strategy looks to the future of Milton Keynes in terms of three strategic priorities:

1. People – work in neighbourhoods to build skills, confidence, and knowledge in community groups, anchor organisations, and local leaders.

2. Place – focus investment on priority neighbourhoods (identified by Indices of Deprivation) to deliver mixed tenure development and physical regeneration.
3. Prosperity – aim to tackle the root causes of poverty by improving access to employment and increasing income levels.

**Destination:MK - Destination Management Plan 2014-2024**

The Destination Management Plan is an action plan for the Milton Keynes visitor economy. The Plan sets out goals around the following themes:

1. Enhance the Visitor Experience – investment into improving highways, the “Redway” cycling network; and the refurbishment of Milton Keynes Central station. Other developments include a Destination Milton Keynes website and a City Visitor Information Centre.

2. Strengthen partnerships with local businesses - championing great things about the City, so that consumer confidence in MK will be increased and the visitor economy can thrive.

3. Sport, Arts, Heritage and Leisure – an aspiration to become an International Sporting City. MK hosted three games of the 2015 Rugby World Cup. New sporting developments include the development of MK Dons training facilities.

4. Image enhancement and marketing – roll out the “Amazing MK” brand.

5. Education – aim to deliver a residential university to MK; with impacts on the visitor economy through visiting friends and relatives and providing a student workforce for leisure activities, attractions and accommodation providers.

**Resilience to Near-term Risks**

8.5 The prospects for Milton Keynes over the next 3-5 years will be shaped by developments in the wider macro-economy. Below, the potential implications upon Milton Keynes of immediate risks from the UK economy and its monetary policy and fiscal policy are considered.

**Uncertain growth in the UK economy**

8.6 The Office for Budget Responsibility (OBR) provides its Economic and Fiscal Outlook to the UK Government (Figure 8.1). The UK economy, as measured by GDP, contracted sharply in 2008/09. It took until the second quarter of 2015 for the UK’s GDP per head to recover to its 2008 levels – indicating the challenges of economic recovery and how the UK’s economic growth remains below its long-term trends.

8.7 The OBR’s forecasts for 2015 to 2020 point to a central forecast of more stable (and normal) growth in GDP each year of 2.4%. But the OBR allows for considerable uncertainty around this. As shown in the ‘fan chart’ from the OBR, there are risks that the UK economy may move towards low growth or recession, but also possibilities of much higher rates of growth.
8.8 The OBR therefore allows for considerable uncertainty around economic forecasts. In July 2015, the OBR in particular highlighted uncertainty associated with instability in the Euro area. By August 2015, economic concerns had moved towards market instability in China.

8.9 With such uncertainty around forecasts for the UK economy, this also implies a need to be cautious of any short-term forecasts for the economy of Milton Keynes.

Risks of interest rate rise

8.10 The Bank of England’s Monetary Policy Committee (MPC) sets monetary policy in order to meet the national inflation targets in a way that helps to sustain growth and employment. The Bank of England sets the Bank Rate of interest that in turn influences interest rates for mortgages and loans for people across the country. The Bank Rate has remained unchanged at 0.5% since 2008; but the Governor of the Bank of England indicated that the Bank Rate may begin to rise during 2016 or 2017.

8.11 A change in interest rates would have implications for residents and businesses in Milton Keynes. For example, the evidence presented on housing in Milton Keynes point to the area’s high level of private housing. This implies that residents in Milton Keynes could be affected by a rise in interest rates through higher mortgage repayments, affecting disposable incomes and spending in the local economy.

8.12 Data from the Council of Mortgage Lenders shows that in the final quarter of 2014:

- The value of outstanding residential mortgage loans for Milton Keynes stood at £9.12 billion.
- Based on the assumption (from 2011 Census) that around 40% of Milton Keynes households (44,900 in 2014 held a mortgage), this indicates
average outstanding mortgage debt per household in Milton Keynes of £205,000.

- Therefore, it can be estimated that an increase in mortgage rates of just 1 percentage point could increase the average mortgage repayments for mortgaged households by £2,000 per year; and increase total mortgage interest repayments from Milton Keynes residents by over £90 million per year.

Figure 8.2 Proportion (%) of households with a mortgage

<table>
<thead>
<tr>
<th>Location</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milton Keynes</td>
<td>42%</td>
</tr>
<tr>
<td>Swindon</td>
<td>41%</td>
</tr>
<tr>
<td>Dacorum</td>
<td>36%</td>
</tr>
<tr>
<td>Reading</td>
<td>34%</td>
</tr>
<tr>
<td>Bristol, City of</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: ONS, Census of Population, 2011

Public sector funding reductions

8.13 Following the General Election of May 2015 and the Summer Budget, the Government committed to reduce the Public Sector Borrowing Requirement to a surplus by 2019/20. This marks a continuation of the reductions in public sector spending begun over 2010-2015 and further Government decisions that bear down more heavily on public spending, including in-year cuts to spending by Government Departments.

8.14 The spending reductions have had particular effects upon central government funding to local government, with significant reductions to funding provided to local authorities. Analysis from Budget Books for Milton Keynes (Figure 8.3) shows that:

- There have been significant reductions in Government funding (through Revenue Support Grant Formula Grant, and other grants) from 2010, reducing the local authority’s income from Government from over £100 million in 2010 to less than £90 million in 2015 (unadjusted for inflation).
Further reductions, of up to 35%, are forecast to continue over 2015 to 2018. The local authority’s income from central government will be below £60 million.

The composition of funding will also have changed significantly by 2018 with lower dependence on Government funding through 50% business rates retention.

Figure 8.3 Central government funding to Milton Keynes Council

8.15 A second theme of significant change in Government spending that will affect local areas such as Milton Keynes is expenditure on Social Security payments for working-age people. Data from DWP indicates that between 2010/11 and 2019/20 for the UK as a whole (Figure 8.4), working age benefits will fall from £55 billion to £51.7 billion in real terms (adjusted for inflation).
8.16 Earlier analysis shows that 10% (17,000) of working-age residents in Milton Keynes are in receipt of benefits (this is working age people who are claiming one or more key DWP benefits\textsuperscript{17}). A significant number of residents in Milton Keynes will be affected by reductions and caps in benefit payments. Local data from DWP (Census output area data on workless benefit claimants) show that as of February 2015 this includes:

- Over 2,900 claimants of Jobseekers Allowance.
- Over 8,100 claimants of Employment Support Allowance.
- Over 2,100 on forms of income support (e.g. lone parents).

8.17 Earlier commentary on Tax Credits pointed to almost 19,000 families in Milton Keynes in receipt of Tax Credits. On average, these Tax Credits in the area have an average value of £7,000 per year to in-work families and £6,300 per year to out-of-work families. The Government reversed proposals that Tax Credits would start to be withdrawn once a family earned above £3,850 rather than £6,420 per year. Analysis for the Institute of Fiscal Studies had estimated that many low income families would lose tax credits to a value of upwards of £1,000 each year. This could therefore have had an impact in Milton Keynes of over £19 million loss of income among disadvantaged residents. As Tax Credits are phased out and

\textsuperscript{17} Bereavement Benefit, Carer’s Allowance, Disability Living Allowance, Employment and Support Allowance, Incapacity Benefit/ Severe Disablement Allowance, Income Support, Jobseeker’s Allowance, Widow’s Benefit
replaced by Universal Credit, forecasts from the Office of Budget Responsibility imply that this loss of income will instead occur over 2018 to 2020\textsuperscript{18}.

**Future Change**

8.18 Over the long-term there are clear trends shaping Milton Keynes in terms of demographic change and industrial change. These are considered below, alongside potential ‘shocks’ to these trends in terms of new infrastructure and major policy decisions.

**Long term population growth**

8.19 The population of Milton Keynes has grown rapidly since its designation as a New Town in the 1960s and has continued to grow rapidly over the past decade. Analysis has shown how much of this is now natural population growth with an ageing population and a high share of children, rather than high rates of net immigration.

8.20 The total population of Milton Keynes is therefore projected to continue to grow (Figure 8.5). Two projections that run up to the year 2031 have been assessed – official Sub-National Population Projections (SNPP) from the ONS and those from the East of England Forecasting Model (EEFM) developed by Oxford Economics. Both show very similar population growth, rising from 252,400 residents in 2012. And for 2031:

- The ONS SNPP projects a population of 311,500 by 2031.
- The EEFM project a slightly larger population of 321,400.

\textsuperscript{18} OBR (December 2015), Supplementary forecast information release: Tax credits costings
Ageing population

8.21 The two sets of population projection both expect that that the population increase will be concentrated in the older age groups (Figure 8.6). The ONS SNPP projects that between 2015 and 2035:

- The number of people age under 16 will increase by around 5,500 (+9%), whereas the number of people aged 16 to 29 will increase by around 7,600 people (+18%).
- More than half of the increase in population between 2015 and 2035 will be in older age groups, i.e. people aged 65 and over.
- The number of people aged 65 and over is expected to (almost) double over this period from 33,900 people in 2015 to 65,000 people in 2035.
- The number of people aged 30-44 is expected to remain unchanged.
Projected employment growth

8.22 The EEFM also provides employment projections for Milton Keynes (Figure 8.7). These employment projections are a total of employee jobs and self-employed jobs\(^\text{19}\). The EEFM forecast that by 2031:

- Total employment in Milton Keynes will increase to 203,900 jobs, an increase of 19% (32,900 jobs) over 2015 figures.
- Employment in Milton Keynes is projected to grow at a faster rate than that seen in the SEMLEP area, and England overall.
- The increase in employment is expected to be as a result of older people staying in employment for longer and a higher economic activity rate by 2031 partly as a result of increases in the pension age.

\(^{19}\) Note: Measure of jobs, not people. Some people will have more than one job
8.23 Employment projections for Milton Keynes show that the most significant increases will be in education and health, professional services, business services and employment activities, wholesale, and the ICT and communication sector. There will also be growth across a number of other sectors, including the retail, arts & entertainment and construction sectors (Figure 8.8).

8.24 There are also a number of sectors in Milton Keynes where the number of jobs is expected to decline over the next 15 years, these include the manufacturing sector (particularly manufacturing of transport equipment, general, chemicals, electronics and metals), agriculture, water and energy, and publishing and broadcasting sectors.

Implication of jobs growth and population growth

8.25 The population projections from ONS and the employment projections from private forecasters developed independently, and so forecast jobs numbers are not constrained by forecast population numbers; and likewise forecast population numbers are not constrained by forecast job numbers. But taken together, these imply that the number of jobs in Milton Keynes is projected to increase faster than the number of working age residents. The projections presented above approximate to almost 33,000 additional jobs and under 20,000 additional working-age (16-64 years) residents over 2015 to 2031.

8.26 The gap between additional jobs and additional working-age residents implies that some combination of increased employment rates for working-age residents, increased employment participation of residents over the age of 64, and increased patterns of commuting into Milton Keynes from surrounding areas is likely.

Key infrastructure projects

8.27 The forecast trends for jobs and population growth in Milton Keynes all reflect an element of business-as-usual. However, there are key major infrastructure projects – both within Milton Keynes and elsewhere – that change the relative costs and benefits of locating in Milton Keynes and so have a knock on effect on expected trends.

8.28 The table below considers some of those infrastructure projects that have emerged through consultations and wider research.
<table>
<thead>
<tr>
<th>Major Infrastructure</th>
<th>Example</th>
<th>Implications for Milton Keynes forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>Dualling of the A428 to create a continuous ‘expressway’ from Cambridge to Bedford and Milton Keynes</td>
<td>Likely. Improve travel times between MK and main urban centres to east. Improve MK as logistics and employment centre but may also widen commuter area.</td>
</tr>
<tr>
<td>Roads</td>
<td>Extending A428 expressway from Milton Keynes to Oxford</td>
<td>Possible. Currently only under review. Improve travel time between MK and main urban centres in west. Improve MK as logistics and employment centre but may also widen commuter area.</td>
</tr>
<tr>
<td>Roads</td>
<td>Dualing of a stretch of the A421</td>
<td>Likely. Dual carriageway access from Milton Keynes to Bedford, improving access to the M1 for users and distribution centres. This work is estimated to create 2,500 new jobs and 2,900 homes.</td>
</tr>
<tr>
<td>Railways</td>
<td>East-West Rail Link – reopen rail routes via Bletchley east to Bedford and west to Oxford.</td>
<td>Possible. Currently at consultation. Open rail connectivity for new commuter links and wider travel. Improve MK as commuter destination so potential to attract new employers and jobs. But also boost attraction of other towns such as Bedford. Substitute road travel.</td>
</tr>
<tr>
<td>Railways</td>
<td>‘Fixing the Links’ at Bletchley</td>
<td>Certain. The proposed East-West Rail link, which is routed through Bletchley, has re-kindled interest in potential links with, and improvements to, Bletchley Railway Station. East-West Rail will place Bletchley at the intersection of strategic east-west and north-south rail routes linking key centres of economic activity. The western section of this route, extending between Oxford and Bedford (via Bletchley), is scheduled to become operational in 2019.</td>
</tr>
<tr>
<td>Railways</td>
<td>High Speed 2</td>
<td>Possible but long term. HS2 not stopping at MK – risk of reducing MK significance relative to Birmingham and cities on HS2 route. But may increase north/south rail commuting capacity for MK.</td>
</tr>
</tbody>
</table>
Major Infrastructure | Example | Implications for Milton Keynes forecasts
---|---|---
Waterways | MK Bedford Waterway | Probable. Some environmental and tourism benefits and tourism jobs.
Airports | Luton Airport expansion | Probable. Increase air connectivity for south east Midlands which benefits economy of MK. But favour attractiveness of Luton as competitor area.
Airports | Heathrow / Gatwick expansion | Uncertain depending on Government decisions. Favour economic expansion of west London / M4 corridor (Heathrow) or south London / Crawley (Gatwick) as competitor areas to MK.
Ports | London Gateway / Essex | Certain but success and impact not yet clear. UK largest port and distribution park. First phased opened 2013. Compete with MK and Midlands as potential to shift logistics and supply chains to Essex.

Horizon scanning

8.29 The forecasts on employment and population are largely based on time-series models and assumptions based on established trends. Such forecasts must be considered carefully and may not be well-placed to deal with the consequences of economic shocks (such as the financial crisis in 2008). Therefore, there is scope for those preparing for the future of Milton Keynes to develop approaches using foresight and horizon-scanning, and to test this against existing forecasts.

8.30 The table below explores some of the key future themes used by bodies such as the Government’s Horizon-Scanning programme team and considers what these mean for some of the population and employment forecasts for Milton Keynes.

8.31 These examples are illustrative and selective and point to the complexity of testing for forecasts and projections for people and jobs in Milton Keynes. This goes beyond the scope of the Local Economic Assessment but points to the risks, challenges and opportunities in developing the future economic strategy for Milton Keynes.
### Table 8.2 Horizon Scanning and Implications for Milton Keynes

<table>
<thead>
<tr>
<th>Future Theme</th>
<th>Example</th>
<th>Implications for Milton Keynes forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy: rapid fall in energy costs</td>
<td>Forecasts may depend on assumptions about sustained energy prices. Recent shocks of fall in oil prices, and fall in European wholesale prices in electricity markets.</td>
<td>Would favour more energy intensive production than forecast and more rapid growth in transport. Favour growth in sectors such as manufacturing and logistics, and favour suburban population growth in areas such as Milton Keynes.</td>
</tr>
<tr>
<td>Technology: Growth of Big Data and Internet of Things</td>
<td>Impact of new technologies now widely understood. Falling costs of information already observed in media, travel agency etc.</td>
<td>Decline in information costs reduced need for intermediate transaction and process jobs. Many of business service occupations in Milton Keynes at intermediate phases (e.g. in sales, support services). Maybe less demand for such jobs. MK:Smart initiative set up to anticipate impacts of data change on MK.</td>
</tr>
<tr>
<td>Population growth: Larger than forecast international migration.</td>
<td>UK population growth over past decade much higher than forecasts expects. Trends in net inward international migration remain high despite Government policy.</td>
<td>May significantly underestimate future UK population growth, in particular growth in London and south-east England. Milton Keynes population projections may be underestimates which would mean greater demand for housing and local amenities.</td>
</tr>
<tr>
<td>Global trade: Reversal in trade growth.</td>
<td>Recent declines in world trade relative to world output. Changes pattern of globalisation of past decades.</td>
<td>Raises uncertainty about employment forecasts across sectors and occupations. May point to fewer export oriented business service jobs.</td>
</tr>
<tr>
<td>Policy: Changes in land-use policies</td>
<td>Increased pressures on housing in London and south-east England through population growth and demand for space. Policy pressures on land-use for London Green-belt.</td>
<td>Growth of Milton Keynes and other urban centres around London partly result of policy of urban containment of Greater London. Shift in policy to allow London growth (or rapid growth of new Garden Cities) would change Milton Keynes role and reduce growth prospects.</td>
</tr>
<tr>
<td>International relations</td>
<td>Referendum on UK membership of the European Union.</td>
<td>Uncertain implications of ‘Brexit’ and how a new relationship with Europe would affect patterns of international trade. Investment, and migration. But implications for business mix and population change in Milton Keynes.</td>
</tr>
</tbody>
</table>
### Strengths, weaknesses, opportunities and threats

8.32 The Milton Keynes Core Strategy (July 2013) presented a SWOT analysis for the future of Milton Keynes. In light of the evidence and consideration of future prospects presented in this Local Economic Assessment, the SWOT is revisited and refreshed below.

Table 8.3 SWOT - The Future of Milton Keynes

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A strategic location – in particular as part of the ‘London mega-city region’ and north/south links for road and rail.</td>
<td>• Strategic location weakened by existing east-west rail and road links cause poor connectivity.</td>
</tr>
<tr>
<td>• Interdependent with surrounding areas; through commuting patterns, housing, retail and transport links</td>
<td>• Below average Gross Disposable Household Income (only (£17,000 per resident) compared to neighbouring areas and south east England.</td>
</tr>
<tr>
<td>• Employment growth and particular strengths in concentration of associate professional and technical occupations.</td>
<td>• High unemployment for young people aged 20 to 24.</td>
</tr>
<tr>
<td>• High workplace labour productivity; GVA per filled job of £59,600 per year</td>
<td>• Population growth highly skewed – currently a young demography but very weak growth in number of young people aged 20-30 that shape today’s entry-level workforce</td>
</tr>
<tr>
<td>• High rate of business ‘births’ each year coupled with 40% survival over 5 years.</td>
<td>• Higher proportion of working age residents with no qualifications than national average</td>
</tr>
<tr>
<td>• Above average employment rate of working age population (74%) despite fall from high of over 80%.</td>
<td>• High rates of economic disadvantage among residents; 18% children in low income families, 20,000 housing benefit, 17,000 working age residents (10%) in receipt of working-age benefits.</td>
</tr>
<tr>
<td>• Good supply of land to facilitate expansion of housing and commercial property; e.g. housing stock increase 25% since 2000</td>
<td>• Low average house prices relative to parts of south east England – but challenges of affordability in terms of local incomes.</td>
</tr>
</tbody>
</table>
### Opportunities

- High existing population growth and prospects of sustained high growth.
- Potential of infrastructure investments in east-west connectivity of both road and rail.
- Lower house prices and housing expansion relative to London and much of south-east England.
- Employment projected to increase at faster rate than other SEMLEP area and nationally.
- Employment opportunities and low average house prices provide an opportunity to attract a greater base of young people.
- The continued growth of London and the South East increases opportunities for Milton Keynes to benefit from spill over effects.
- Increasing office rents in London and other comparator locations encourages businesses to relocate premises to Milton Keynes.
- The Council’s regeneration plans for Milton Keynes offer opportunities to improve places and prospects.

### Threats

- Uncertain economic outlook means cannot assume high economic growth within MK.
- Low house prices and commercial rents relative to south east but less price competitive relative to some other nearby centres (e.g. Northampton, Luton)
- Rise in interest raise would have considerable impact, given the £9 billion outstanding mortgage debt.
- Decrease in central government funding could impact upon local spending and services.
- Reductions in social security benefit payments tax credits likely to reduce income among low pay groups and reduce consumer spending in MK economy.
- Population projections demonstrate significant demographic change as population becomes older, and absence of younger entry-level workers.
- Difficulties in attracting skilled workers to live or work in Milton Keynes.
**Conclusions**

8.33 There is no doubt that these are exciting times. With high levels of population and employment growth, the launch of ambitious regeneration plans and consultation underway on the location of new development, Milton Keynes is approaching its 50 years as a new town on a high. However, Milton Keynes is not immune to the impact of national change and policy, including changes in interest rates, public sector funding reductions and international downturns. Furthermore, this is an ever-changing political, technological and economic environment; developments with devolution, for example, will have a significant impact on the political and economic environment in which Milton Keynes operates. Resilience, flexibility and adaptability are key.

Local forecasts suggest further growth in the population and in employment. Again, whilst positive, this too creates challenges. The number of over 65 year olds is expected to double between 2015 and 2035; whilst the number of people aged 30-44 is expected to remain unchanged. This will lead to an increase in demand for some support services and limited growth in the younger working age group will have implications on the ability of businesses to recruit local people. The employment sectors anticipated to see the greatest growth are in education and health, professional services, business services and employment activities, ICT and communications. Ensuring local people are equipped with the skills needed in these growing sectors, and ensuring the availability of appropriate premises and infrastructure will be essential in ensuring the continued economic success of Milton Keynes.