

Briefing Note

Our ref 12491/03/MS/MS
Date 25 July 2018
To Milton Keynes Council
From Lichfields obo Berkeley

Subject Milton Keynes East: Revised Trajectory

- 1.1 At Day 5 of the Examination hearings on East of Milton Keynes, there was a discussion about the potential trajectory for housing delivery at the allocation.
- 1.2 Whilst the East of MK site does not make any contribution to the Plan:MK trajectory as submitted, it has been indicated by Berkeley and the Council that the site could deliver c.3,000 units by 2031 if the HIF bid was successful, based on first completions in 2021/22 and progressing at a rate of up to 300 dwellings per annum (Berkeley currently assume 295-298 dpa). This is based on there being at least two promoting house builders active on separate parts of the site (Bloor and Berkeley).
- 1.3 At the hearing, the Inspector requested a view from the Council on what a “no-HIF” trajectory for MKE would look like for the site. The ‘negative’ in this scenario should in reality be interpreted as being simply a delay arising from the time taken to securing alternative funding.
- 1.4 At the current time, based on the current transport evidence and in order to secure a comprehensive development strategy, it is assumed that, for plan-making purposes, some form of infrastructure investment will be required to facilitate the commencement of residential development on the site.
- 1.5 The current HIF funding pot is pursuant to the current Government spending review envelope to 2019/20, with its £2.3bn funding expected to be committed by March 2023¹. However, the Government has stated: “*We may decide, on the basis of the bids we receive, not to allocate all of the £2.3 billion in this wave. We may run another wave of funding in future with potentially different criteria.*”² The Chancellor of the Exchequer advised Parliament in March 2018 that the autumn 2018 Budget would set out the total public spending envelope for years beyond 2020. Then a full departmental Spending Review in 2019 will set out the departmental allocations across government covering the period 2021/22 to 2024/25.
- 1.6 The success of the Milton Keynes HIF bid in passing through to the co-development phase indicates that there is a better than reasonable prospect of securing resources for infrastructure to unlock housing from the current HIF fund, but even if it proved unsuccessful based on the more detailed business case submission (specific to this HIF cycle), the fact of it reaching co-development phase is a strong indicator that the Milton Keynes proposition was a sound one.
- 1.7 Under a “no-HIF” scenario, there is therefore a reasonable prospect within the next five years of Milton Keynes Council being able to access alternative sources of funding and these could be – but are not limited to – the following:

¹ This is later than the initial date of March 2021 given by Government in the initial HIF prospectus.

²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/625528/DCLG_Introduction_to_Housing_Infrastructure_WEB.pdf

- 1 Further rounds of HIF funding
- 2 Further alternative allocations of funding from Government to support housing growth in light of the Government’s ambition for 300,000 new homes per annum, and the recommendations of the NIC report; and/or
- 3 Funding allocations from other Government agencies, including Highways England and LEPs (e.g. Growth Deals).

1.8 On that basis, the “no-HIF” trajectory should reasonably assume success in securing investment at some point over the next five years to enable first completions on site from 2026/27 at a rate of 295dpa with five years of the current plan period to 2031 and total completions at just under 1,500. Other delivery assumptions (e.g. Bloor and Berkeley as the promoting housebuilders) would remain as per the “successful HIF-bid” scenario.

1.9 The position is summarised in Table 1.1 below.

Table 1 Alternative MKE Trajectories

Year	“Successful HIF Bid”	“No-HIF” ³
2020/21	0	0
2021/22	295	0
2022/23	295	0
2023/24	295	0
2024/25	295	0
2025/26	295	0
2026/27	298	295
2027/28	298	295
2028/29	298	295
2029/30	298	295
2030/31	298	295
Completions by end of current plan period	2,965	1,475

Source: Lichfields / Berkeley

1.10 This assumption would provide a sufficient window to secure funding whilst giving time for a review of the plan to identify alternative land supply or spatial strategy options to supplement the allocation of MKE in the event that further housing supply was needed for years 6+ from adoption.

³ The reference to “no-HIF” relates to the current HIF bid; future rounds of HIF may be available, and this scenario simply factors in the delay to secure the infrastructure funding