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Executive Summary

1 The Borough of Milton Keynes is located between London and Birmingham and in the Oxford to Cambridge arc, one of the most important areas for education, research and development and high technology activities in the UK. It sits at the centre of the South East Midlands Local Enterprise Partnership (SEMLEP) area.

2 The MK economy is one of the fastest growing and most dynamic economies in the UK. Pre-recession from 1998/1999 to 2008/2009 the number of jobs in Milton Keynes increased by over 29,600 jobs (26.2%), an average of around 2,700 jobs per annum. The recession, from 2008/2009 to 2009/2010 reduced the total number of jobs in Milton Keynes by around 5,380, reducing the average increase in the number of jobs, over the period from 1998 to 2010, to around 2020 jobs per annum.

3 Economic development in Milton Keynes has been characterised by structural change with manufacturing shrinking and the service sector growing in importance both in terms of numbers of businesses and people employed. Milton Keynes is overwhelmingly a service-based economy dominated by jobs in banking finance and insurance and the wholesale and retail trade. The jobs that are being created in the MK economy usually require skills and training so improving the skills and training of the population is crucial to enhancing people’s opportunities to participate in the labour market.

4 Milton Keynes is a major centre for the knowledge economy and creative industries. It had the highest number of employees involved in knowledge-based activities in the South East of England. In 2007 some 49,200 people around 35.4% of all employees worked in knowledge based industries. Reading and Brighton by contrast had 41,600 and 37,500 employees in knowledge-based activities.

5 Milton Keynes is an importer of workers; it has more jobs than working age residents, resulting in net inward commuting into the Borough. In the 2001 census a net 16,000 people commuted into Milton Keynes to work (over 38,000 in and over 22,000 out) but by 2008 an Office of National Statistics (ONS) survey on commuting suggested net in-commuting had increased to 35,000 (53,000 in and 18,000 out).

6 The majority of in-commuters to Milton Keynes are from Northamptonshire (19,190) Bedfordshire including Luton (17,860) and Buckinghamshire (9,420). Information from the 2001 Census suggests the majority of in and out-commuters are skilled workers. These figures emphasise Milton Keynes plays an important role as a growth area providing jobs for a large number of workers particularly from Northants and Beds, who if they did not commute into the city would have to commute elsewhere to access employment opportunities.

7 Milton Keynes has a large stock of employment land (195.6 ha) available for development, the vast majority of which is located within the city. The land available for development largely reflects existing employment allocations in the Local Plan adopted in 2005.

8 Because Milton Keynes is dominated by private sector firms rather than the public sector, cities like Milton Keynes are considered by the think tank Centre for Cities to be better placed for a private sector led recovery and better insulated from the economic impact of reductions in public spending.

9 The revised pre-submission Core Strategy (CS) set out a clear vision and strategy for the growth of Milton Keynes up to 2026 which supports its existing business sectors and positively plans for the location and expansion of knowledge and high technology industries.

10 Until it is abolished, the South East Plan clearly identifies MK as a growth area, a regional hub and focus for major employment, housing and other forms of development. It also refers to an approximate 1:1 ratio between new jobs and homes proposed for the growth areas within the sub-region but reiterates that this is not a development control tool to constrain development.
11 The Milton Keynes Employment Land Study (ELS) May 2007 reassessed the supply of employment land in MK taking account of employment sites in the adopted Local Plan. It identified two scenarios for the future direction of Milton Keynes. The scenario selected, scenario 2, is predicated on attracting a higher level of skilled jobs into the city relative to the total numbers of new jobs and adopts a higher level of jobs growth at 1.5 jobs per dwelling. Not all the 1.5 jobs per dwelling are generated by the direct development of land allocated for employment uses; around 0.68 of a job per dwelling is expected to be generated in local services as a result of population increases following the delivery of 28,000 homes over the plan period. On the basis, that 28,000 dwellings are provided in the Borough over the period 2010-2026 to meet a 1.5 jobs per dwelling ratio, the number of jobs required is 42,000, around 2,625 jobs per annum.

12 Scenario 2 explicitly seeks to develop the knowledge economy by focusing future growth on office/high technology floorspace in future and relying less on warehousing and logistics activity than in the past. A dilemma highlighted in the ELS was that a balance needed to be struck between the city centre: Central Milton Keynes (CMK) and out of centre office/technology locations, which acknowledges that out of centre locations will be required to accommodate economic growth, but CMK is the favoured location and priority for development. The authors of the ELS recommended a policy of explicitly favouring CMK using a threshold size for office developments and criteria based policy with a presumption in favour of CMK. The Core Strategy broadly follows option 2 recognising CMK is the primary focus for the development of additional office floorspace within the Borough.

13 The Core Strategy identifies the locations where planning permission will be granted for employment development and identifies a number of key projects to help develop and grow the Milton Keynes economy including:-

- The expansion of further and higher education including the University Centre Milton Keynes (UCMK)
- The development of knowledge related businesses, including new science parks and the Science and Innovation initiative (formerly the Technopole)
- Improved broadband/high-speed internet access across the whole Borough

14 Sufficient employment land is available if developed to create jobs for the numbers currently unemployed and for the growth of the Borough resident labour force, which is forecast to increase from 127,560 in 2010 to 143,629 people in 2026. This is an increase of around 16,000 people or about 1,000 people per annum over the period from 2010-2026. If all remaining employment land in the Borough was developed by 2026, for the purposes it is currently allocated for, the estimated jobs potential of that land is between 22,165 and 38,109 jobs. Additional jobs will come from the growth of jobs in CMK and from local services. Even on more cautious assumptions the amount of employment land within Milton Keynes is sufficient to cater for the increase in the labour force and provide jobs for the numbers unemployed.
1 Introduction

1.1 This technical paper is published to help justify and explain the approach taken by the Council to employment matters in the revised proposed submission version of the Core Strategy (October 2010). It draws on information and data from published sources providing a background and context for the Council’s employment policies. It describes and outlines:

- The background to the Milton Keynes economy
- The key features of the Milton Keynes economy
- The wider policy context
- The Core Strategy key policy objectives, spatial vision and employment policies
- Key projects and proposals
- Some key issues raised by objectors and the Council’s response
- The appendices to this report explain how the jobs potential of employment land in Milton Keynes has been calculated using different assumptions and why digital technology in Milton Keynes is poor.

1.2 Employment uses in this paper refer to the B1, B2 and B8 use classes of the Town and Country Planning (Use Classes Order 1987) as amended unless otherwise stated.

1.3 The term Borough refers to the Milton Keynes Council (MKC) administrative area.

1.4 Central Milton Keynes (CMK) refers to the area between the West Coast Main Railway Line (WCML) and the Grand Union canal and between H5 Portway and H6 Childs Way. It includes Campbell Park.
2. Background

2.1 Figure 1 'Milton Keynes Regional Context' illustrates that the Borough of Milton Keynes is located between London and Birmingham and in the Oxford to Cambridge arc, one of the most important areas for education, research and development and high technology activities in the UK. Both the Open University and the University Centre Milton Keynes (UCMK) are located within the city and there are two universities located nearby, Cranfield University and Buckingham University.

2.2 Milton Keynes (MK) has good transport links to London, the Midlands, the north of England and Scotland. It is served by the West Coast Main Line and the A5, both of which pass through the city and junctions 13 and 14 of the M1 motorway, to the east of the city.

2.3 East–west links are provided by the A421 and the existing Bletchley to Bedford railway line.

2.4 Figure 2 'Key Economic Geography of Milton Keynes and its Sub-Regional Context' illustrates Milton Keynes Council sits at the centre of the South East Midlands Local Enterprise Partnership (SEMLEP) with other local authorities and partners in Bedfordshire, Northamptonshire, Cherwell District Council in Oxfordshire, Dacorum Borough Council in Hertfordshire and Aylesbury Vale District Council in Buckinghamshire. (Source Milton Keynes Local Economic Assessment (MK LEA) January 2011 para 2.5, p.15)

2.5 The original Master Plan for Milton Keynes (The Plan for Milton Keynes 1970) sought to create the framework for a self contained settlement with jobs and population broadly in balance. The intention was to avoid the dominance of either out-commuting, which would result in the character of a dormitory town, or in-commuting; and to create the widest possible range of employment opportunities.

2.6 The original Master Plan for Milton Keynes also dispersed employment land across the city as a key principle, to give people the opportunity to live close to their place of work, and to spread peak hour traffic flows more evenly. The location of the employment areas was critical to the operation of the grid roads and avoiding traffic congestion, because they were one of the main generators of peak hour traffic. However, the down side to the city’s dispersed employment pattern is that it is much more difficult to provide fast, frequent and viable public transport services than if employment were concentrated in fewer locations.

2.7 Central Milton Keynes was the exception to the policy of dispersion, planned as the main focus of city activity; it would serve 250,000 city residents and people in the surrounding area. (Source: The Plan for Milton Keynes 1970, Volume 1, para 146, p.41.)

2.8 The original Master Plan allocated around 800 ha of land for employment (excluding CMK). A further 200 ha were identified as ‘reserve sites that could be used for employment or other purposes.’ The Master Plan assumed that 46,000-67,000 people would be employed on the designated employment areas at a density of 70-81.5 jobs per hectare (ha). This is addressed in the Employment Land Study. Remaining jobs would be in CMK or at schools; health centres, hotels or local shops.

2.9 The stock of employment land within the Borough was increased in 2005, following the adoption of the Milton Keynes Local Plan, with fresh allocations of employment land at locations such as the Northern, Western and Eastern Expansion Areas.

2.10 In 2005, the city had 260.3 ha of vacant land available for employment development. (Source: Local Plan Table E1, p.152) The Core Strategy (October 2010) document highlights that in April 2010, the total amount of vacant employment land available for development within the Borough was 195.6 ha (Source Core Strategy, table 5.4, p.27-28). The vast majority of this land around 194.3 ha (over 99%) is in the city. (These figures of 195.6 ha and 194.3 ha exclude sites under one ha and sites in CMK.) From 2005 to 2010 some 66 ha of land has been developed in the city (260.3-194.3=66) around 13.2 ha per annum. At this rate of development, the stock of employment land in the city would be exhausted in 2024. (194.3/13.2=14.7 years).
2.11 The vast majority of available employment land in 2010 is allocated for mixed ‘B’ Use Class development

- B1/B2/B8 uses 87.2 ha
- B2/B8 uses 74.3 ha
- B1/B2 uses 17.0 ha
- Largely B1 uses 14.6 ha
- B1/B8 uses 2.5 ha

2.12 The stock of employment land in the Borough available for development largely reflects existing employment allocations in the Local Plan adopted in 2005. No new large-scale strategic allocations of employment land are proposed in the Core Strategy. However, employment allocations in the Strategic Reserve Areas (SRAs) will come forward over the plan period when a Development Framework for the SRAs is prepared and there may be additional employment allocations in rural settlements, when the Allocations Development Plan Document (DPD) is prepared.
2. Background

Figure 1 Milton Keynes Regional Context

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Figure 2 Key Economic Geography of Milton Keynes and its Sub-Regional Context
3 Key Features of the Milton Keynes Economy

- The Milton Keynes Council area is one of the fastest growing economies in the UK. Between 1995 and 2008, the size of the Milton Keynes economy in terms of Gross Value Added (GVA), the value of goods and services produced in the Milton Keynes economy, increased from £2.9 billion to £6.9 billion an increase of 138%, making it one of the top ten sub-regional economies in the South East. This is faster growth than in the South East region and in England where growth was 107% and 99% over the same period (Milton Keynes Local Economic Assessment (MK LEA) January 2011, para 4.1, p.32-33).
- From 1998 to 2008 Milton Keynes was the fastest growing city in the country, in terms of population increase. (Centre for Cities, Cities Outlook 2010, p.43)
- The majority of job growth within the Borough since the designation of the New Town has taken place within the city. In 1967, there were an estimated 21,350 jobs within the Borough by 2008 the number of full and part time jobs had grown to around 142,620.
- The urban-rural distribution of jobs between the city and the rural area in 2008 was 129,728 employees (91%) in the city and 12,892 (9%) in the rural parts of the Borough. (MK LEA p.17)
- The biggest centre for employment within the Borough is Central Milton Keynes; approximately 39,000 people worked there in 2008, over one quarter (27.3%) of all employees in the Borough. (MK LEA p.79)
- A significant feature of the Milton Keynes economy is that it has more jobs than working age residents, resulting in net inward commuting into the Borough. In the 2001 census a net 16,000 people commuted into Milton Keynes to work (over 38,000 in and over 22,000 out) by 2008 an Office of National Statistics (ONS) survey on commuting suggested net in-commuting had increased to 35,000 (53,000 in and out-commuting had reduced to 18,000). These figures suggest over a third of those who work in Milton Keynes in 2008 commuted in from surrounding areas (Sources: 2001 Census data and MK LEA, para 2.2, p.12-13) [N.B Data from the 2011 Census to verify travel to work flows will not be available for a number of years.]
- In–commuters to Milton Keynes are mostly from Northamptonshire (19,190), Bedfordshire including Luton (17,860) and Buckinghamshire (9,420). (MK LEA p.13)
- At the time of the 2001 Census, about 60% of the in-commuters to Milton Keynes were skilled workers such as managers, professionals and those in technical occupations. Over 62% of out-commuters from MK were in the same three groups. (MK LEA p.8) The commuting figures highlight the importance of skills and training, if individuals are to access the jobs available in Milton Keynes.
- In line with national and regional trends, the economy in Milton Keynes over the past decade from 1998 to 2008 has been characterised by structural change with manufacturing shrinking and the service sector growing in importance both in terms of numbers of businesses and jobs.
- Milton Keynes is overwhelmingly a service-based economy dominated by jobs in banking finance and insurance (42,980 jobs, 30.1% of the workforce) and the wholesale and retail trade (37,312 jobs, 26.2%). Jobs in manufacturing and construction account for around 8% and 2.5% of total jobs. (See Table 3.1 ‘Changes in the number of full and part-time jobs by sector in Milton Keynes 1998-2008.Work based employment.’ below)
- Because its economy is dominated by private sector firms rather than the public sector, cities like Milton Keynes are considered by the think tank Centre for Cities to be better placed for a private sector-led recovery and better insulated from cuts in public spending. (Centre for Cities, Cities Outlook 2011, p.37)
- Milton Keynes has one of the largest numbers of businesses of any local authority area in the South East, 10,971 businesses in 2008. (MK LEA p.17)
- A key feature of Milton Keynes is that it is dominated by micro businesses; in 2008 over 83% of businesses in Milton Keynes employed between 1 and 10 employees and only about 1% of local businesses have more than 200 employees, but these large companies employ over a third (36%) of the work force. (MK LEA p.19)
- Among the biggest employers in Milton Keynes are the Open University, Santander, GE Healthcare, the Home Retail Group better known as Argos and Homebase, Volkswagen UK, Mercedes Benz, River Island, Milton Keynes Council & the NHS.
- The skills levels of the working age population in Milton Keynes as measured by qualifications are improving. In 2009, 34% of the working age population was qualified to NVQ4 level compared to 33% in the South East.
3. Key Features of the Milton Keynes Economy

and 30% in England. The proportion of the population without qualifications in MK in 2009 was 9.3%, higher than in the South East at 9.1% but lower than in England 12.3%. (MK LEA p.48)

- Unemployment levels (in terms of claimant count in MK) rose from 2% in May 2008 to a high of 4.8% in May 2009. However, since May 2009 unemployment has been gradually falling to 5,874 (3.7%) in January 2011. The MK rate of 3.7% is the same as the UK rate but higher than the South East rate of 2.5%. However, young people (under 24 years of age) made up 21.1% of the unemployed in MK in January 2011.

- Employment growth in Milton Keynes is currently being driven by the ‘Other Business Activities’ sub-sector within the Banking and Finance sector. This has provided over 50% of jobs since January 2009 (72.5% in January 2011). This sub-sector includes services such as Business & Management Consultancy, Legal & Accountancy Services, Labour Recruitment & Provision of Personnel, Software Consultancy & Supply, etc.

- According to information provided by Invest in Milton Keynes the amount of vacant office floorspace, mainly within the Borough but extending to areas with an MK postcode outside it, is estimated to have increased from about 138,430 sq.m (1.49 million sq feet) in November 2009, around 22.9% of the total stock of office floorspace, to 144,930 sq.m (1.56 million sq feet) some 24.1% of the total stock in September 2010. The amount of vacant industrial floorspace has also increased over this period. From around 362,320 sq.m (3.9 million sq feet) 11.4% of the total stock of industrial floorspace in November 2009 to over 390,190 sq.m (4.2 million sq feet) 12.3% of the total stock of industrial floorspace in September 2010.

Table 3.1 Changes in the number of full and part-time jobs by sector in Milton Keynes 1998-2008. Work based employment.

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. of jobs in 1998 as a % of total jobs in year</th>
<th>No. of jobs in 2008 as a % of total jobs in year</th>
<th>Change in nos. of jobs 1998-2008</th>
<th>% change in job nos. 1998-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking, Finance and Insurance*</td>
<td>25,368 (22.5%)</td>
<td>42,980 (30.1%)</td>
<td>17,612</td>
<td>69.4%</td>
</tr>
<tr>
<td>Wholesale &amp; Retail Trade</td>
<td>34,984 (31%)</td>
<td>37,312 (26.2%)</td>
<td>2,328</td>
<td>6.7%</td>
</tr>
<tr>
<td>Transport &amp; Communications</td>
<td>8,009 (7.1%)</td>
<td>12,917 (9.1%)</td>
<td>4,908</td>
<td>62%</td>
</tr>
<tr>
<td>Public Administration*</td>
<td>18,508 (16.4%)</td>
<td>27,013 (18.9%)</td>
<td>8,505</td>
<td>68.5%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>17,975 (15.9%)</td>
<td>11,230 (7.9%)</td>
<td>-6,745</td>
<td>-37.5%</td>
</tr>
<tr>
<td>Other Services</td>
<td>5,220 (4.6%)</td>
<td>7,361 (5.2%)</td>
<td>2,141</td>
<td>41%</td>
</tr>
<tr>
<td>Construction</td>
<td>2,715 (2.4%)</td>
<td>3,425 (2.4%)</td>
<td>710</td>
<td>26.2%</td>
</tr>
<tr>
<td>Agriculture*</td>
<td>213 (0.2%)</td>
<td>382 (0.3%)</td>
<td>169</td>
<td>79.3%</td>
</tr>
<tr>
<td>Total</td>
<td>112,992</td>
<td>142,620</td>
<td>29,628</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

Source: National Statistics Annual Business Inquiry

* Notes
1) Figures for Banking, Finance & Insurance also include professional, scientific, administrative, information and real estate activities.
2) Figures for public administration also include jobs in education, health and social work.
3) Figures for agriculture also include jobs in forestry, fishing, energy, water and quarrying.
4) Percentages may not add up to 100% due to rounding.
Table 3.2 ‘Changes in the number of jobs in the Borough of Milton Keynes 1998-2010’ shows how the number of jobs in Milton Keynes has changed from 1998 to 2010 and annual changes in the number of jobs in the Borough. It demonstrates how dynamic the Milton Keynes economy is. This table shows that in four years of this period there was a net reduction in the number of jobs. Despite this in the eleven years from 1998/99 up to 2008/2009 (pre-recession) the number of jobs in the Borough grew very strongly by around 29,600 jobs, an average of around 2,700 jobs per annum.

3.2 Table 3.2 ‘Changes in the number of jobs in the Borough of Milton Keynes 1998-2010’ also illustrates the effects of the recession, which Milton Keynes has not been immune from. In 2009/2010 job losses were particularly severe at 5,380 jobs. The effect of the recession has been to reduce jobs growth over the period from 1998 to 2010 to 24,247, an average of around 2,020 jobs per annum.
### Table 3.3 Office completions within and outside Central Milton Keynes 2006-2010 in square metres

<table>
<thead>
<tr>
<th>Year</th>
<th>B1(a) Office Completions within CMK (sq.m)</th>
<th>B1(a) Office Completions outside CMK (sq.m)</th>
<th>Total Completions (sq.m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>5,010</td>
<td>19,332</td>
<td>24,342</td>
</tr>
<tr>
<td>2007/08</td>
<td>0</td>
<td>19,402</td>
<td>19,402</td>
</tr>
<tr>
<td>2008/09</td>
<td>465</td>
<td>11,094</td>
<td>11,559</td>
</tr>
<tr>
<td>2009/10</td>
<td>20,190</td>
<td>11,106</td>
<td>31,296</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,665 (29.6%)</strong></td>
<td><strong>60,934 (70.4%)</strong></td>
<td><strong>86,599 (100%)</strong></td>
</tr>
<tr>
<td><strong>Annual Average</strong></td>
<td><strong>6,416 sq.m</strong></td>
<td><strong>15,234 sq.m</strong></td>
<td><strong>31,296 sq.m</strong></td>
</tr>
</tbody>
</table>

Source: Milton Keynes Intelligence figures

3.3 Table 3.3 ‘Office completions within and outside Central Milton Keynes 2006-2010 in square metres’ illustrates that from 2006 to 2010 nearly 86,600 sq.m of office floorspace was constructed in the Borough. Around 30% of it was constructed within CMK and 70 % outside it. This is due to the widespread availability of land outside CMK for office development, much of it with planning consent. The amount of office floorspace completed in CMK over the four years from 2006 to 2010 has averaged over 6400 sq.m; completions outside CMK have averaged over 15,230 sq.m over the same period. The big completion in 2009/2010 in CMK reflects the completion of the Pinnacle building in Midsummer Boulevard.

3.4 The largest office development currently under construction in the Borough is the Network Rail Headquarters building on the site of the former National Hockey stadium between Eldergate and Grafton Gate in CMK. The building is approximately 38,000 sq.m in size and is expected to accommodate some 2,500-3,000 employees when it opens in 2012.

3.5 There are some substantial office commitments in CMK. Outline planning permission has been granted in Campbell Park under application reference number 04/00586/OUT for major mixed use development including new marinas, live-work units & residential development totalling 307,697 sq.m (2,368 dwellings) retail development and a 127,000 sq.m of B1 office development etc. Part of this development in Campbell Park has already started, largely for new dwellings, under ref 06/02039/REM.

3.6 Additionally, outline planning permission has been granted in CMK under application number 04/00028/OUT for the development of a new residential quarter to comprise residential (1,960 units), and 8,350 sq m of B1 office floorspace and A1, A2, A3, B1, D1 (7,720 sq m), a primary school, community centre and public open space with associated roads and landscaping, at Block B4 bounded by Avebury Boulevard, Childs Way, Witan Gate and Grafton Gate and part Block B3 by Avebury Boulevard, Central Milton Keynes.

**Summary**

- The MK economy is one of the fastest growing and most dynamic economies in the UK. From 1998/1999 to 2008/2009 the number of jobs in Milton Keynes increased by over 29,600 jobs (26.2%), an average of around 2,700 jobs per annum. Despite its rapid growth Milton Keynes has not been immune from the effects of the recession. From 2008/2009 to 2009/2010 the total number of jobs in Milton Keynes is estimated to have fallen by around 5,380. This fall reduced the average increase in the number of jobs, over the period from 1998 to 2010, to around 2,020 jobs per annum. Unemployment levels (in terms of claimant count in MK) rose from 2% in May 2008 to a high of 4.8% in May 2009, but since May 2009 unemployment has been gradually falling reaching 5,874 (3.7%) in January 2011.
3. Key Features of the Milton Keynes Economy

- Economic development in Milton Keynes has been characterised by structural change with manufacturing shrinking and the service sector growing in importance both in terms of numbers of businesses and people employed. Milton Keynes is overwhelmingly a service-based economy dominated by jobs in banking finance and insurance and the wholesale and retail trade. Jobs in manufacturing and construction account for around 8% and 2.5% of total jobs. The jobs that are being created in the MK economy usually require skills and training so improving the skills and training of the population is crucial to enhancing people's opportunities to participate in the labour market.

- Milton Keynes is an importer of workers; it has more jobs than working age residents, resulting in net inward commuting into the Borough. In the 2001 census a net 16,000 people commuted into Milton Keynes to work (over 38,000 in and over 22,000 out) but by 2008 an Office of National Statistics (ONS) survey on commuting suggested net in-commuting had increased to 35,000 (53,000 in and 18,000 out). The majority of in-commuters to Milton Keynes are from Northamptonshire (19,190) Bedfordshire including Luton (17,860) and Buckinghamshire (9,420). Information from the 2001 Census suggests the majority of in and out-commuters are skilled workers. These figures highlight Milton Keynes plays an important role providing jobs for a large number of workers particularly from Northants and Beds, who if they did not commute into the city would have to commute elsewhere to access employment opportunities.

- Milton Keynes has a large stock of employment land (195.6 ha) available for development, the vast majority of which is located within the city. The land available for development largely reflects existing employment allocations in the Local Plan adopted in 2005.

- Milton Keynes has one of the largest numbers of businesses of any local authority area in the South East. The majority of these businesses (83% in 2008) are micro businesses, employing between 1 and 10 employees. About 1% of local businesses have more than 200 employees, but these large companies employ 36% of the workforce. Because Milton Keynes is dominated by private sector firms rather than the public sector, cities like Milton Keynes are considered by the think tank Centre for Cities to be better placed for a private sector led recovery and better insulated from the economic impact of reductions in public spending with a high potential to create private sector jobs.
4 The wider policy context

Planning Policy Statement 4 (PPS4)

4.1 PPS4 sets out the Government’s objectives for prosperous economies; these include:

9. The Government’s overarching objective is sustainable economic growth\(^1\).

10. To help achieve sustainable economic growth, the Government’s objectives for planning are to:

- Build prosperous communities by improving the economic performance of cities, towns, regions, sub-regions and local areas, both urban and rural
- Reduce the gap in economic growth rates between regions, promoting regeneration and tackling deprivation
- Deliver more sustainable patterns of development, reduce the need to travel, especially by car and respond to climate change
- Promote the vitality and viability of town and other centres as important places for communities.

4.2 In planning for sustainable economic growth, summarising the key points of PPS4, policy EC2 advises that local planning authorities should ensure their development plan:

- Sets out a clear economic vision and strategy for their area, which positively and proactively encourages sustainable economic growth
- Supports existing business sectors, taking account of whether they are expanding or contracting and, where possible, identifies and plans for new or emerging sectors likely to locate in their area. However, policies should be flexible enough to accommodate sectors not anticipated in the plan and allow a quick response to changes in economic circumstances
- Positively plans for the location, promotion and expansion of clusters or networks of knowledge-driven or high technology industries.
- Makes the most efficient and effective use of land, prioritising previously developed land which is suitable for re-use and … reflects the different locational requirements of businesses
- Identifies, protects and promotes key distribution networks, and locates or co-locates developments which generate substantial transport movements in locations that are accessible …avoiding congestion and preserving local amenity as far as possible
- Plans for the delivery of the sustainable transport and other infrastructure needed to support their planned economic development and, where necessary, provides advice on phasing and programming of development
- Identifies a range of sites, to facilitate a broad range of economic development, including mixed use. Existing site allocations should not be carried forward from one version of the development plan to the next without evidence of the need and reasonable prospect of their take up during the plan period. If there is no reasonable prospect of a site being used for the allocated economic use, the allocation should not be retained, and wider economic uses or alternative uses should be considered
- Encourages new uses for vacant or derelict buildings, including historic buildings

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\(^1\) Growth that can be sustained and is within environmental limits, but also enhances environmental and social welfare and avoids greater extremes in future economic cycles.
4. The wider policy context

- Facilitates new working practices such as live/work

**Regional Spatial Strategy: The South East Plan (May 2009)**

4.3 Whilst it is clear that the Government proposes to abolish regional policy (The Housing Technical Paper addresses the impact of that change on housing issues), at the time of writing this paper the South East Plan remained part of the statutory development plan but its life is limited.

4.4 The South East Plan key diagram and diagram MKAV1 identifies Milton Keynes as

- A growth area,
- A regional hub (policy SP2) a focus for major retail, employment, housing, and infrastructure investment
- A centre for significant change (policy TC1)

4.5 The South East Plan key diagram also identifies Milton Keynes as a “diamond” for investment & growth. The Milton Keynes and Aylesbury Vale sub-region is a focus for growth and regeneration (Policy SP1) for the period from 2006 to 2026.

4.6 Policy MKAV2 is the spatial framework policy for the Milton Keynes Growth area. The level of housing development is to be monitored against an increase in employment of 44,350 jobs over this period, an average of around 2,218 jobs per annum. Key locations for employment are identified as CMK, Bletchley, Wolverton and Newport Pagnell and some locations within new urban extensions at focal points on the public transport system. The policy refers to there being sufficient planned employment supply in MK to meet forecast demand to 2016. Both quantitative and qualitative aspects of supply and demand for employment land will be kept under review, to ensure provision of a range of types and sizes of premises to meet the needs of the economy, and that land no longer required for employment purposes is considered for other use.

4.7 The text to the policy (para 23.7 p.261) refers to the intention to seek an approximate 1:1 ratio between new jobs and new dwellings proposed for the growth areas within the sub-region in order to secure no net change in overall net out-commuting in line with the objectives of the MKSM strategy. “It is not a development control tool to constrain development.” The new jobs figures featuring in the policies for Milton Keynes and Aylesbury Vale “are significantly above the employment growth trend and are a reference point for monitoring. They are subject to review and are not intended to constrain economic development.”

4.8 The Core Strategy has a higher job to homes ratio of 1.5 jobs per dwelling than the approximate 1:1 ratio in the South East Plan. The origin of this figure is discussed in more detail in the text on the Milton Keynes Employment Land Study, May 2007. The Council has responded to concerns raised by objectors that this figure could result in further in-commuting in its response on objector points 2 and 6.

**The Regional Economic Strategy 2006-2016: A Framework for Sustainable Prosperity**

4.9 This document produced by the South East England Development Agency (SEEDA) identifies that Milton Keynes and Aylesbury Vale form part of the Milton Keynes and South Midlands Growth Area. It refers to the Regional Economic Strategy supporting the regional hubs and “diamonds” for investment and growth in the South East Plan. The potential for Milton Keynes to accommodate 70,000 additional homes and 100,000 additional jobs up to 2031 is also referred to (p.39). It also refers to SEEDA working with the East of England (EEDA) and East Midlands Development Agency (EMDA) on three agreed priorities for action:-

- Improve the climate for investment by influencing and lobbying on infrastructure provision, promoting new investment, retaining existing employers, promoting sustainable development and regeneration and influencing ICT infrastructure provision.
4. The wider policy context

- Stimulate an entrepreneurial and innovative economy, supporting/promoting the Oxford-Cambridge Arc, creation of a network of incubation and innovation centres across the Milton Keynes and South Midlands sub-region, enhancing business support and supporting business collaborations in key clusters and sectors.

- Ensure learning and skills provision responds to population and business demand acting on the skills implications of the growth strategy, developing higher education institutions and strengthening links between education and business and improving access to employment for the disadvantaged.
5 Other Studies

5.1 The following four documents in this section of this paper are all local and specific to Milton Keynes e.g.

- The Milton Keynes Employment Land Study
- The Milton Keynes Economic Vision
- The Milton Keynes Local Economic Assessment

The Milton Keynes Employment Land Study, May 2007

5.2 The Milton Keynes Employment Land Study (ELS) is one of the most influential documents forming part of the evidence base and informing the content of the Core Strategy. Consultants GVA Grimley prepared it for the Milton Keynes Partnership, in association with Milton Keynes Council and the Milton Keynes Economic and Learning Partnership (MKELP). The study was commissioned in 2006 and a large number of key stakeholders were involved in its production to ensure that it reflects a consensus view of future growth and demand.

5.3 It recognises that an appropriate supply of employment land is an important component in the success and growth of Milton Keynes. The Grimley study reviewed existing and proposed employment land provision against projected growth and the city’s economic aspirations. It examined the supply of employment land in terms of quantity, quality, location and availability against forecast demands for employment land and property. The study also took into account past trends, projected population and household growth and economic aspirations for the creation of a knowledge based economy.

5.4 The report contains two scenarios. Scenario 1 the base line scenario assumes that past trends continue, in terms of sectors of the economy that are growing or declining, into the future. It assumes provision of one job per dwelling from 2001 to 2021 (in line with the 2004 Milton Keynes & South Midlands Sub-Regional Strategy). Over this period 44,900 additional jobs (2,245 jobs per annum) are assumed with this level of growth continuing up to 2031. Under this scenario, the requirement for B1a/b office/technology space is estimated at 168.8 ha and the majority of employment land 221.4 ha is used for B8 warehousing, storage and distribution uses.

5.5 Scenario 2 the policy- on scenario assumes a much higher level of jobs growth up to 2031 than scenario 1. Jobs growth of 3,750 jobs per annum is assumed over the period 2004 to 2021, which carries forward up to 2031. The key elements of scenario 2 are

- A greater requirement for office/technology floorspace
- Much less reliance upon warehousing and logistics activity than in the recent past
- Promotion of technology space opportunities to attract higher value added activity
- Moving towards higher development densities for employment sites
- Recognising the employment role of CMK and other centres
- A higher level of jobs growth at 1.5 jobs per dwelling with implications for the level of in-commuting
- A pro-active approach to improving skills of the resident workforce through better training and life long learning opportunities
- Investment in transportation systems to cater for an increased number of trips

5.6 The big difference between scenario 1 and scenario 2 is that scenario 2 explicitly promotes B1 office/technology floorspace development in the future and limits the growth of uses such as warehousing. Part of this strategy involves reallocating surplus industrial and warehousing land towards office and high technology/higher value uses. By measures such as this and promoting the development of high technology/high value activities both in and outside CMK and focusing general office development upon CMK, the economy is gradually reshaped over time. Under scenario 2, employment growth focuses on providing for an increase in
office/technology space; the consultants forecast a requirement of 267 ha by 2031. Some provision for B8 uses is envisaged (90 ha) but this provision is at a lower level than in scenario 1. Manufacturing requirements are forecast to be 38.33 ha of land by 2031.

5.7 Grimley recommended scenario 2 be adopted for future planning work because

- It reflects policy aspirations to develop Milton Keynes as an international city
- It targets higher value, higher paid/higher skilled jobs to balance lower skilled /lower paid jobs created to provide services to an expanded population
- It focuses growth in office and technology sectors, which utilise land more efficiently than land hungry, low-density warehousing and distribution uses.
- The report acknowledged (p.113) it proposed more jobs than the one job per dwelling ratio implied in the MKSM Sub-Regional Strategy. However, it argued, “new development at Milton Keynes is unlikely to impact adversely on other locations. Evidence of this is the importance of existing companies to creating employment in the Milton Keynes economy (these are unlikely to consider other locations due to maintaining their existing workforce) and the analysis of the impact of housing growth on employment”. (ELS para 6.31 p.113)

5.8 Milton Keynes Council has adopted scenario 2 in the submitted Core Strategy.

5.9 The Employment Land Study also contained an economic base projection examining the relationship between the number of new dwellings and number of jobs generated in local services. Using regression analysis between 2001 census data and ABI data for every local authority in England, Grimley identified nine sectors of the economy such as health and social work and retailing where an increase of one dwelling was associated with an increase of 0.31 of a job, irrespective of the size of the town. In seven other sectors of the economy such as construction, hotels and restaurants, real estate, education and public administration an increase of one dwelling is associated with an increase of 0.37 of a job. Adding the two sets of figures together gives 0.68 of a job per dwelling (0.37+0.31=0.68). These jobs do not depend directly on the development of employment land; they reflect and are associated with the growth of the city population. Table 5.3 of the Core Strategy uses these figures to estimate the potential number of jobs likely to be generated in local services by the delivery of 28,000 homes over the period 2010-2026.

Central Milton Keynes

5.10 A dilemma highlighted in the Employment Land Study (p.132) was that a balance needed to be struck between CMK and out of centre office/technology locations, which acknowledges that out of centre locations will be required to accommodate economic growth, but CMK is the favoured location and priority for development. The report referred to guidance in PPS1, Creating Sustainable Communities that the focus for economic development should be in sustainable locations and in the context of Milton Keynes, CMK is the most sustainable location with its accessibility by bus and rail a key factor.

5.11 Three options were highlighted in the Employment Land Study

Option 1: A level playing field between in town and out of town business locations leaving it to the market and the wishes of landowners on the extent of land brought forward in CMK and elsewhere.

Option 2: The adoption of a policy explicitly favouring CMK using a threshold size for office developments and a criteria based policy with a presumption in favour of CMK.

Option 3: To halt all out of town office developments with a requirement for all office development within CMK

5.12 Option 1 would promote peripheral growth without supporting CMK. Option 3 would be difficult to deliver because it ignores the fact that:-
There are potential uses which would find it difficult to locate in CMK for various reasons including cost and size of premises required and

Unless capacity in CMK can be increased significantly development of out town office and technology locations will be required

It ignores the quantity of land with outline planning permission for development outside CMK.

The authors of the study recommended option 2 be supported acknowledging it would require the support of HCA to work, whose out of centre business park locations would be impacted on in the short term. The Core Strategy broadly follows option 2 recognising CMK is the primary focus for the development of additional office floorspace within the Borough.

The ELS study does contain a number of targets to achieve scenario 2 and option 2.

- **B1 (a)** office development of 584,000 sq m of floorspace by 2021 of which 216,000 sq m should be in CMK (12,000 sq m per annum) to achieve a greater balance between the in centre and out of centre market. The target of 12,000 sq m of office floorspace in CMK has been retained in the CS
- **B1(c)/B2** 84,000 sq m by 2021 (20.6 ha)-focused on existing opportunities
- **B8** 226,000 sq m by 2021 (55.5 ha) the Eastern Expansion area/Magna Park formerly known as Nova Park and Fen Farm. (ELS p.126).

Table 5.1 Milton Keynes Employment Land Study 2007, Floorspace and Employment Targets 2007-2016

<table>
<thead>
<tr>
<th>Use</th>
<th>Land/Floorspace Development</th>
<th>Jobs</th>
<th>Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1a/b in CMK</td>
<td>120,000 sq.m</td>
<td>6,000</td>
<td>Various locations in CMK including Central Business District &amp; around MK Central Railway Station. Focus on professional financial services and the public sector</td>
</tr>
<tr>
<td>B1a/b (outside CMK)</td>
<td>Maximum of 54 ha or 197,000 sq m</td>
<td>9,800</td>
<td>Linford Wood, Willen, Kents Hill, Walton and Knowlhill as first priority. Other areas including WEA, Shenley Wood, Towergate/Wavendon Gate and Snelshall will need to be considered. Focus on computer services, technology on science parks and other uses that cannot be accommodated in centres</td>
</tr>
<tr>
<td>B1c/B2</td>
<td>14.6 ha or 59,460 sq m</td>
<td>660*</td>
<td>Fen Farm, Knowlhill, Wolverton Mill and Wolverton plus smaller infill sites.</td>
</tr>
<tr>
<td>B8</td>
<td>37.2 ha or 156,340 sq m</td>
<td>1,950</td>
<td>Majority to be provided at Nova Park at Fen Farm</td>
</tr>
</tbody>
</table>

Note: * Likely to be relocations

**Milton Keynes Economic Vision**

The Milton Keynes Economy and Learning Partnership (MKELP) originally agreed the Economic Vision for Milton Keynes in May 2004. The Partnership includes many of the key stakeholders in Milton Keynes and wider sub-region including Milton Keynes Council.
In 2008 MKELP produced “Milton Keynes Long Term Economic Vision: Review of transformational projects and Strategic Actions with five transformational projects and actions to grow and develop the Milton Keynes economy.

- The development of an integrated marketing, inward investment and business support function for Milton Keynes
- The establishment of an undergraduate university in MK
- Capitalising on the research strengths of the Open University and Cranfield University to make Milton Keynes a thriving centre for knowledge based businesses
- Creating diversity in CMK and elsewhere in the city through new styles of housing and cultural development
- The development of a “can-do” culture.

Strategic Actions included

- Enhancing strategic accessibility by road and rail to major international airports, improving key strategic transport infrastructure, in particular upgrading the A421 and the opening of the east-west rail link and establishing fast road and rail links through the Oxford and Cambridge corridor.
- Electronic connectivity: An ICT strategy that addresses legacy issues and ensures all major employment sites and population centres have access to affordable broad band services. Ensuring that the telecommunication network remains competitive in terms of both technology and price and new development is fibre enabled
- Social inclusion and cohesion
- Workforce development: Up skilling the workforce, particularly those with no qualifications to achieve NVQ Level 2 and to increase the numbers and proportionate numbers of people qualified to NVQ Level 4.

The Economic Vision was refreshed in 2008 and the overall architecture of the Economic Vision for Milton Keynes is reproduced in figure 13.1 of the Core Strategy and in the Council’s Economic Development Strategy.

The Vision was that

“In 2034 Milton Keynes will be a major free standing city with a diverse high value business base offering well paid employment opportunities to all those living within the city.”

This was to be built on the foundations of a:-

- Well educated, skilled and entrepreneurial work force
- Milton Keynes being a highly sophisticated user of ICT supported by a first class telecommunications infrastructure
- Strategic accessibility and an efficient system for movement within the travel to work area.
- In 2034 Milton Keynes will be known as an exciting and fun place to live, work and visit with excellent public and private services.

The three pillars were that

1. In 2034 Milton Keynes will have a diverse and broad based economy
2. In 2034 Milton Keynes will have a strong representation of knowledge based workers
3. In 2034 Milton Keynes will be a thriving centre for knowledge based industries

Milton Keynes Local Economic Assessment, January 2011

This document pulls together a great deal of information about all aspects of the Milton Keynes economy. Some of this information appears in the key features of the MK economy section of this paper.
5.23 This document has been produced and was released for public consultation early in 2011. Six key priorities are identified in the strategy document. Each Priority is linked to a relevant section of the Architecture of the Long Term Vision

1. **Diverse and competitive knowledge based economy:** Create an environment that will foster business and employment growth within a diverse, more knowledge based and competitive economy by encouraging innovation, enterprise and skills improvement
   
   Supports LTEV Pillars 1, 2 & 3; Foundation 1

2. **Economic regeneration:** Improve access to training and job opportunities, especially for those with no or low skill levels, to provide greater opportunities for individuals to obtain sustainable employment.
   
   Supports LTEV Foundation 1 & Underpinning 2

3. **Skills and Learning:** Improve the overall skills and qualifications profile of the resident population through education and training provision, to ensure that the skills of the resident population are able to meet the needs of employers, especially in relation to higher level skills and the development of the University Centre Milton Keynes
   
   Supports LTEV Pillars 2, & 3; Foundations 1 & 2

4. **Business Support:** Encourage business growth through focused interventions such as support for innovation, start-ups and ensuring an appropriate range of commercial space is available.
   
   Supports LTEV Pillars 1 & 3; Foundations 1 & 2

5. **Articulating a compelling MK offer:** Promote Milton Keynes as a premier location for inward investment and as a visitor destination
   
   Supports LTEV Pillars 1, 2 & 3; Foundations 2 & 4; & Underpinning 1

6. **Enabling infrastructure:** Create, maintain and improve the appropriate infrastructure for growth, especially in relation to transport and digital infrastructure
   
   Supports LTEV Pillars 1, 2 & 3; Foundations 2 & 3

5.24 Linked to each priority are a number of specific objectives. For example, for priority 1 knowledge based economy the six identified objectives in the delivery framework diagram on page 22 are to:-

1. Develop a knowledge based strategy
2. Increase the number of knowledge economy businesses
3. Increase number of jobs in knowledge economy
4. Develop an innovation gateway linked with UCMK
5. Provide embedded support for the promotion and development of innovation and enterprise and skills
6. Engage with relevant economic delivery bodies to develop knowledge based economy

5.25 The action plans for each priority identify the actions to be achieved.
5.26 The Milton Keynes Economic Development Strategy (MKEDS) highlights the importance of the Core Strategy and more generally the work of the Council’s Planning Department in achieving the Council’s aspirations for economic prosperity and inward investment. The Core Strategy not only complements and supports the implementation of the MKEDS; it assists in the delivery of many other strategies and work plans produced by other parts of the Council and key stakeholders.

Summary

5.27 National, regional and other studies referred to previously have not only provided an evidence base and context for the CS relating to employment and the economy, but have been used to help shape and formulate its contents.

5.28 In the revised CS the Council has taken its cue from PPS 4 and set out a clear vision and strategy for the growth of Milton Keynes up to 2026 which supports its existing business sectors and positively plans for the location and expansion of knowledge and high technology industries etc.

5.29 Until it is abolished, the South East Plan clearly identifies MK as a growth area, a regional hub and focus for major employment, housing and other forms of development. It also refers to an approximate 1:1 ratio between new jobs and homes proposed for the growth areas within the sub-region but reiterates that this is not a development control tool to constrain development.

5.30 The work by GVA Grimley in the Milton Keynes Employment Land Study has reassessed the supply of employment land in MK taking account of employment sites in the adopted Local Plan. It has examined the supply of employment land against forecast demands for employment land and property. It reflects aspirations in the MK Economic Vision to develop a diverse and broad based economy and make MK a thriving centre for knowledge based industries with a strong representation of knowledge based workers.

5.31 The ELS identified two scenarios for the future direction of Milton Keynes. The scenario selected, scenario 2, the policy–on scenario is predicated on attracting a higher level of skilled jobs into the city relative to the total numbers of new jobs and adopts a higher level of jobs growth at 1.5 jobs per dwelling. Not all the 1.5 jobs per dwelling are generated by the direct development of land allocated for employment uses; around 0.68 of a job per dwelling is expected to be generated in local services by the growth of the local population following the delivery of 28,000 homes over the period 2010-2026.

5.32 Scenario 2 explicitly seeks to focus future growth on office/high technology floorspace in future and rely less on warehousing and logistics activity than in the past. By focusing growth in the office and technology sector not only is land utilised more efficiently than for warehousing development but more higher skilled/better paid jobs are expected to be generated to balance lower skilled/lower paid jobs created in services. The ELS specifically identifies locations for B1a/B1b development at CMK and outside CMK at locations such as Linford Wood, Kents Hill, Walton and Knowlhill as first priority.

5.33 A dilemma highlighted in the ELS was that a balance needed to be struck between CMK and out of centre office/technology locations, which acknowledges that out of centre locations will be required to accommodate economic growth, but CMK is the favoured location and priority for development. The authors of the study recommended option 2 be supported, a policy of explicitly favouring CMK using a threshold size for office developments and a criteria based policy with a presumption in favour of CMK. The Core Strategy broadly follows option 2 recognising CMK is the primary focus for the development of additional office floorspace within the Borough.

5.34 The emerging Milton Keynes Economic Development Strategy 2011-2016 has six key priorities to help achieve sustainable economic growth and prosperity and action plans detail the actions to be achieved to achieve those priorities.
Core Strategy

Key Policy Objectives

6.1 Among the Core Strategy objectives (Table 4.1 p.18-19) relevant to the economy are to:-

1) To develop Milton Keynes as a major 21st century city

3) To allocate and manage the development of employment land and pursue a vigorous economic development strategy sufficient to deliver a minimum of 1.5 jobs for every house built in Milton Keynes so that the business sector and local economy are supported, existing firms can expand, new firms are attracted, the level of working skills among the local population is enhanced and the area’s resident population can find work locally.

4) To assist greater economic prosperity by improving the local opportunities for learning and to increase the local level of knowledge and skills through the establishment of an MK University, and support the development of MK College and the Science and Innovation Initiative.

5) To promote the development of Central Milton Keynes (CMK) as the vibrant cultural centre of the sub-region by making it the main location within the city for retail, leisure, cultural and larger office developments (around 12,000 sq m of office floorspace per year) and for up to 5000 homes by 2026.

9) To manage travel demands through: promoting improvements to public transport and supporting the development of an East-West rail link between Oxford and Cambridge.

Core Strategy Spatial Vision: Milton Keynes in 2026

6.2 Among the key elements of the spatial vision relevant to the economy are:-

1) To develop Milton Keynes as a 21st century city

3) Milton Keynes will have grown to a sub-regional city with a population of 300,000 and be among the UK’s twenty biggest cities (in population). It will have an international profile and reputation as a modern and forward-thinking place to live.

7) The Borough’s range of employment opportunities will have been augmented by business diversification and growth (continuing a growth rate of 1.5 jobs to every one new home. A Science and Innovation initiative, close to the Open University, will attract many knowledge-intensive businesses (from start up companies to large corporations). The skills of the local workforce will have been improved significantly by higher education and training standards and encouragement to take further training. The University Centre will have achieved full University status by 2020.

11) Transport links to other towns, including Aylesbury, Bedford, Luton and Northampton will have been improved. These include the East–West rail link between Oxford and Cambridge via Milton Keynes, the A421 corridor through the city (Linking the A1, M1 and M40 and a new junction 13a on the M1 with land safeguarded for future crossings of the motorway north of junction 14). Promotion of a direct train service from Milton Keynes to the European rail link will be underway.

Employment Policies

6.3 Policy CS3 deals with Employment Land Supply. It identifies where employment uses will be granted planning permission. It identifies Central Milton Keynes as the main location for the development of additional office (B1a) floorspace within the Borough. The development of offices and high technology/research and development (R&D) (B1b) floorspace will also be permitted within CMK and outside it at strategic locations.
6.4 Policy CS16 (Delivering Economic Prosperity) identifies a number of key projects to develop and grow the Milton Keynes economy including:
- The expansion of further and higher education including UCMK
- The development of knowledge related businesses, including new science parks and the Science and Innovation initiative (formerly the Technopole)
- Improved broadband/high-speed internet access across the whole Borough
- The development of sites to support major sporting, tourist and cultural events
- Further development of heritage and tourist attractions such as Bletchley Park

6.5 Policy CS 17 (Supporting Small Businesses) refers to the need to protect small business units and the provision of new small business units in new developments or in schemes to redevelop employment land for alternative uses. The policy also refers to the provision of live/work units in new developments with details of requirements to be set out in the Development Management DPD.

6.6 On the basis that 28,000 dwellings are provided in the Borough over the period 2010-2026 to meet a 1.5 jobs per dwelling ratio, the number of jobs required is 42,000 around 2,625 jobs per annum.
7 Future Needs

How is the MK labour force expected to change?

7.1 Table 7.1 'Milton Keynes Labour Force projections, persons aged 16+ 2010 to 2026' illustrates that the resident labour force of the Borough based on housing numbers in the Core Strategy and economic activity rates is forecast to grow from 127,560 in 2010 to 143,629 people in 2026. This is an expected increase of over 16,000 people, a 12.6% increase on the 2010 figure. Over the 16 year period (2010-2026) the increase in the MK labour force averages over 1,000 people per annum. The majority of this growth will take place in the city (Urban Milton Keynes) in the rural area the labour force is expected to decline. A key point to make is that this labour force increase of around 1,000 people per annum from 2010 to 2026 would be less than half the current trend rate of jobs growth (2,020 jobs from 1998 to 2010) shown in Table 3.2 'Changes in the number of jobs in the Borough of Milton Keynes 1998-2010', assuming of course this rate of jobs growth continued into the future.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2016</th>
<th>2021</th>
<th>2026</th>
<th>Labour force increase 2010-2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Area</td>
<td>19,560</td>
<td>19,089</td>
<td>18,468</td>
<td>17,985</td>
<td>-1,575</td>
</tr>
<tr>
<td>Urban Area</td>
<td>108,000</td>
<td>115,368</td>
<td>122,346</td>
<td>125,644</td>
<td>17,644</td>
</tr>
<tr>
<td>Borough</td>
<td>127,560</td>
<td>134,457</td>
<td>140,814</td>
<td>143,629</td>
<td>16,069</td>
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<tr>
<td>Annual average 2010-2026</td>
<td></td>
<td></td>
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<td></td>
<td>1,004</td>
</tr>
</tbody>
</table>

Source: Milton Keynes Intelligence LFS Projections

Is there enough land to meet future job requirements?

7.2 If all remaining employment land in the Borough was developed by 2026, for the purposes it is currently allocated for, the estimated jobs potential of that land is between 22,165 and 38,109 jobs. (See Table in Appendix A). The Core Strategy table 5.3, p.26, assumes additional jobs will be generated up to 2026, by the development of office jobs in CMK (10,105 jobs) and from the growth of local services education, health etc (19,040 jobs) making a total number of potential jobs of between 51,310-67,250.

7.3 If an additional 22,000 jobs are generated, other things remaining the same, between 2010 and 2026, this would be a sufficient number of jobs to provide for the increase in the local labour force (16,069) and assuming they could obtain the jobs, for the current numbers of unemployed in the Borough (5,874) as well. Any additional increase in the number of jobs above 22,000 would be a bonus assisting in the growth of the Milton Keynes economy and providing some additional protection against unexpected shocks in the local economy.

7.4 Job numbers created as a result of more cautious development assumptions are shown in appendix B. In this case lower job densities for offices (20 sq.m per office job was 19 sq.m previously), industrial (47 sq.m per job was 34 sq.m previously) and warehousing (80 sq.m per job was 50 sq.m previously) have been assumed. (Figures obtained from the Employment Densities Guide 2nd edition, 2010 produced by Drivers Jonas Deloitte.) In this example the jobs potential of employment land is estimated at between 15,198-34,222. A 50% reduction in the number of jobs generated by the development of CMK offices and the local service economy has also been assumed. On these assumptions, the total potential number of jobs is estimated at between 29,500-48,540 jobs.
7.5 Again in theory, assuming things remain the same, over the plan period this is more than enough jobs to cater for any increase in the local labour supply and also to provide jobs for the unemployed.
8 Key Projects and Proposals

Developing the Knowledge Economy

8.1 The knowledge economy refers to the use of knowledge to produce economic benefits. Many commentators also use it to refer to the way in which various high-technology businesses, especially computer software, telecommunications and virtual services, as well as educational and research institutions, can contribute to a country’s economy. Knowledge based industries are often found in clusters where companies within the same industry or similar industries are located close together, often near a University or R&D establishment.

8.2 The economic competitiveness and performance of organisations and firms is increasingly being determined by investment in ‘knowledge-based’ or intangible assets such as R&D, design, software, human and organisational capital, brand equity and less by investment in machines, buildings and vehicles. (Source: The Knowledge Economy: How knowledge is reshaping the economic life of nations, Knowledge Economic Interim Report, 2008). Many workers are now knowledge workers working with their heads rather than their hands.

8.3 Developed economies such as the UK are seeking to develop knowledge enhanced products or services, which can command price premiums over comparable products with low embedded knowledge or knowledge intensity. This is because economic trends such as globalisation and technological change, mean that the UK will increasingly need to compete in higher value knowledge-intensive markets as competing with developing economies on price will become ever harder. In an increasingly globalised world firms have located different parts of their production process in different countries to take advantage of lower wages and production costs or the particular specialisms and skills of other countries.

8.4 Milton Keynes is already a major centre for the knowledge economy and creative industries. It had the highest number of employees involved in knowledge-based activities in the South East of England. In 2007 some 49,200 people around 35.4% of all employees worked in knowledge-based industries (MK LEA p.36). Reading and Brighton by contrast had 41,600 and 37,500 employees in knowledge-based activities.

8.5 Through the Core Strategy the Council is seeking to work with partners to develop the knowledge economy within the Borough. The Core Strategy:-

- Identifies strategic locations for new science, innovation and business parks. These could accommodate corporate relocations as well as start-up businesses including firms spun off from academic institutions.
- Seeks to assist in the development of education facilities including schools and further and higher education facilities including the expansion of the University Centre Milton Keynes. This will enable undergraduate students aged 18-24 to complete their studies in the city rather than moving away and draw in others from outside that will contribute to the skills base of the city. In addition, UCMK will bring much needed workforce development and knowledge transfer capabilities to the city which will be particularly important in developing the knowledge economy. UCMK has pioneered the cloud university model that will enable high quality university resources to be delivered with a smaller, agile infrastructure that can respond rapidly to the changing needs for the economy and community.
- Helps to facilitate the delivery and development of infrastructure, including next-generation internet access.

The Science and Innovation Habitat Initiative

8.6 The original intention of the Science & Innovation habitat initiative, formerly the Milton Keynes Technopole, was to locate the Technopole alongside the Open University (OU). The Milton Keynes Technopole was intended to provide accommodation and support to start up companies and technology-led businesses, boosting Milton Keynes profile as a centre of technology, entrepreneurialism and innovation.
Work on the initiative has been somewhat overtaken by a series of events and changes in national policy and the public expenditure climate that mean this initiative is now being promoted in a different way. This work is now being driven forward across a number of strands:

- Detailed work on the development of a strategic framework to underpin and drive forward the knowledge based economy in Milton Keynes. A Task Group has recently been established involving the private sector, Higher Education, MKC and MKELP to guide the development of the framework. This will develop an approach to clusters, developing Higher Education assets and next generation broadband
- UCMK and MKELP, with other HEI and business partners, are actively developing the framework to establish an Innovation Gateway for the city which includes both physical premises and business support.
- Work on the Low Carbon Agenda continues apace as set out in the Low Carbon Prospectus.
- A research project on Infinite Bandwidth Zero Latency (IBZL) networks run by UCMK and the OU in collaboration with Manchester Digital may produce a new Virtual Institute, which will facilitate future R&D, provide a vehicle for commercial consultancy and knowledge transfer, and provide a Think Tank operating at national/European level.

Next Generation Access

The importance of digital connections to the home and work place is increasing. If new residents, businesses and business people are to be encouraged to locate within the city it is vital to have a world class broadband and telecoms infrastructure.

In March 2010, consultants Analysys Mason produced a digital infrastructure strategy for the Council and its partners MKP/HCA, SEEDA and MKELP. [Digital infrastructure in this context refers to the wired and wireless networks necessary to provide broadband connectivity, digital broadcasting services (including digital-terrestrial television or free view)].

This report ‘Development of a digital infrastructure strategy for Milton Keynes’ was subsequently adopted by the Council following a Cabinet meeting on 28 September 2010. The report concluded that Milton Keynes was lagging behind other UK cities for its quality and choice of broadband connectivity and digital television\(^2\), and if no action were taken to accelerate next generation access (NGA) rollout, only 30-33% of the existing households in Milton Keynes would be covered by 2012. Additionally, broadband access and digital television services in Milton Keynes and border areas are inferior to typical UK urban and suburban areas, which is damaging to the perception of Milton Keynes as an appealing and modern city to live and work.

The report highlighted the consequences of Milton Keynes falling further behind the rest of the UK in digital infrastructure as follows:-

‘MKC needs to continue to attract inward investment and improve the productivity of existing businesses. Central to this is the need to attract knowledge-based industries to the region. This cannot be achieved if the digital infrastructure is lacking. The economic knock-on effects of failing to deliver the services that businesses need include:

- the risk of losing existing businesses to other areas
- failing to attract new businesses
- losing appeal and competitiveness on a UK and international level
- failing to tap into the opportunities presented by the advantageous demographic profile of its workforce.’

(Source: Para 1.33, p.4, Development of a digital infrastructure strategy for Milton Keynes’)

\(^2\) For a fuller explanation of why Milton Keynes has poor digital technology, see Appendix C
8.12 A recent report on Broadband and digital infrastructure in Milton Keynes for the Council’s Partnerships and Growth Select Committee meeting on 26th January 2011 highlights what is being done to improve digital infrastructure within the Borough.

8.13 Among these measures are

- Bidding for Broadband Delivery UK (BDUK) funding. BDUK is the Government vehicle to deliver next generation broadband and is looking to invest in bringing superfast broadband to poorly served areas where intervention will be required in the market to make this a reality in the medium to long term. The Council will be submitting a bid to BDUK for the second wave of funding being released in 2011/12.

- The development of ConnectMK Ltd, to become an established service provider. ConnectMK Ltd, which is wholly owned by MKC, provides broadband services (at a speed of 4MB) to around 40% of households in the city using wireless technology (WiMAX). ConnectMK Ltd also provides a low cost loan scheme to enable access to computers to residents who may be unable to afford a home computer.

- British Telecom (BT) Openreach have completed the roll out of infrastructure for their ‘Fibre to the Premises’ trial from the Bradwell Abbey exchange to over 10,500 premises. Services over this new infrastructure will commence in 2011.

- The BT Openreach ‘Fibre to the Cabinet’ Programme, which is currently underway, and targeted at the Wolverton, Stony Stratford, Milton Keynes (Bletchley) and Shenley Church End exchanges could see up to 50,000 premises being served by superfast broadband by the end of March 2011. Openreach have also been installing new fibre infrastructure to street cabinets in Newport Pagnell to enable faster broadband speeds.

- Discussions with infrastructure providers. The Council continues to discuss the digital aspirations for the Borough with infrastructure providers and works with key partners to address the Council’s priorities.

8.14 If an estimated 60,000 properties in the city are served by NGA infrastructure by March 2011 this level of penetration would be 70% of the total number of homes in the city.

**East-West Rail and High Speed Two**

8.15 East West Rail (EWR) is a strategic infrastructure project that will bring benefits across a wide area, including:

- Supporting economic growth and investment in new jobs and homes
- Faster journeys between towns and cities to the north and west of London
- Less congestion on the roads and lower carbon emissions

8.16 In planning terms, the most advanced section of the route is the Western Section, between Reading, Oxford, Milton Keynes and Bedford, with a spur to Aylesbury and High Wycombe. The Evergreen 3 project, promoted by Chiltern Railways, has recently been the subject of a public inquiry under the Transport and Works Act. As well as providing a new train service between Oxford and London, this project – if approved – will deliver the track and signalling improvements needed for EWR between Oxford and Bicester.

8.17 The Western Section is the subject of a bid for project development funding to the Regional Growth Fund. The bid has been submitted by the EWR Consortium and is supported by 3 Local Enterprise Partnerships along the route: South East Midlands, Oxford City Region, and Thames Valley Berkshire. The Department of Transport have also said that the Western Section will be one of the rail schemes to be assessed for government investment over the period 2014 -2019.

8.18 Analysis of the Western Section shows a benefit to cost ratio of 6.3:1, which is extremely high. Sensitivity testing shows that this increases to 15:1 if there is a 20% contribution to the costs of the project from the private sector. The Government is promoting the Community Infrastructure Levy as the way in which local authorities
can secure contributions from developers towards the costs of strategic infrastructure. Milton Keynes Council and other local authorities along the route of the EWR Western Section are considering including EWR in the infrastructure planning that will underpin their CIL Charging Schedule.

8.19 No part of the proposed new High Speed Two (HS2) railway line running initially between London and Birmingham passes through the Borough. However, Milton Keynes expects to benefit from the construction of this route, if following its construction, additional capacity is created on the West Coast Main Line leading to extra trains stopping at Milton Keynes stations on this route e.g. Milton Keynes Central, Wolverton and Bletchley.
9 Key Issues Raised by Objectors and the Council’s Response

Comments on the February 2010 Pre-Submission Publication Core Strategy

Comments Made

Support jobs:homes ratio.
Support inclusion of SEMLEP area.
Support for references to UCMK and recognition of role.
Economic development policies not based on the evidence of recent performance of the local economy and lack explicit proposals to deliver necessary jobs.
Employment target could result in further commuting and undermine economic growth in other areas.
Lack of mention about LEP and its importance for delivering economic development.
Imbalance between jobs and homes will encourage in-commuting.
Employment target is inconsistent with SEP policy, and no evidence as to whether the housing allocations provide sufficient employment land within development, or will provide sustainable transport options.
Reducing growth may mean MK struggles to attract new investment. Must ensure flexibility in delivery assumptions so as not to deter investment.
Should recognise importance of distribution and logistics activity, not just knowledge based jobs.
ElfieldPark should be included as employment land, and also identified as suitable for leisure and recreation.

Council’s Response

1) Economic development policies not based on the evidence of recent performance of the local economy and lack explicit proposals to deliver necessary jobs.

9.1 Table 3.2 ‘Changes in the number of jobs in the Borough of Milton Keynes 1998-2010’ sets out the success of the Milton Keynes economy in creating jobs over the period 1998 to 2010. Pre–recession from 1998 to 2009, the Milton Keynes economy was generating new jobs at an average rate of around 2,700 per annum. From 1998 to 2008 Milton Keynes was the fastest growing city in the country, in terms of population increase. (Centre for Cities, Cities Outlook 2010, p.43). The Milton Keynes economy has not been immune from the effects of the recession but it is expected to grow faster than the UK economy in future because it has a higher proportion of private sector jobs and firms in its economy than in the public sector. The measures the Council is undertaking with its partners to assist job creation are described in the Core Strategy e.g. policy CS16 and in other documents described in this paper, which have formed part of the evidence base for the Core Strategy.

9.2 Among the mechanisms to help facilitate and deliver development are the Joint Delivery Teams set up by the Council with key stakeholders and the role Invest in Milton Keynes plays in encouraging inward investment and retaining employers within the city. Delivering economic prosperity is not an objective for the Core Strategy alone: it runs through many aspects of the Council’s and other partners’ work. In a nutshell the Council in its role as Local Planning Authority is seeking to assist and encourage the growth of the Milton Keynes economy. It is also seeking to develop the knowledge economy of the city with its partners. However, it must be acknowledged that
there are many factors which influence job creation and not all of these are in the control of the Council. The creation and delivery of new jobs in future will not depend simply on the Council actions but will also be affected by the actions of individuals, employers and the private sector and national economic trends.

2) Employment target could result in further commuting and undermine economic growth in other areas. Imbalance between jobs and homes will encourage in-commuting.

9.3 Ever since it was designated as a New Town in 1967, Milton Keynes has traditionally performed the role as a growth area, a pressure valve for development pressures in the South East region. The SEP identified Milton Keynes as a growth area, a regional hub and focus for major retail, employment, housing, and also for infrastructure investment to facilitate growth and to mitigate growth pressures. Milton Keynes also has an economy considerably larger than any other district council or unitary authority in the SEMLEP area (MK LEA p.35). It helps provide jobs for a large number of workers particularly from Northants and Beds, who if they did not commute into the city would have to commute elsewhere to access employment opportunities.

9.4 The jobs target of 1.5 jobs per dwelling in the Core Strategy is a figure that needs to be clarified. Firstly, its origins in the GVA Grimley Employment Land Study have been referred to earlier. This ratio includes jobs from all sources. The work by GVA Grimley on the Employment Land Study estimated that about 0.68 of a job comes from the development of local services, leaving 0.82 of a job to come from the development of sites allocated for employment uses.

9.5 Milton Keynes does not grow at the rate of one job per dwelling; the number of jobs in Milton Keynes usually exceeds the number of new dwellings completed in the same year. Table 9.1 ‘The relationship between changes in the total number of Jobs and Homes in the Borough of Milton Keynes 1998-2010.’ illustrates that the total number of jobs generated over the period 1998-2010 from all sources is over 24,000. The number of jobs exceeds the number of new dwellings completed in the Borough (about 16,900 dwellings) over the same period. Comparing the ratio of the total number of jobs in the Borough to the total number of homes at no point in a particular year has the jobs /homes ratio exceeded 1.5 jobs per dwelling or been as low as 1 job per dwelling. Over the period in this table the jobs to homes ratio has varied from a low of 1.36 jobs per dwelling in 1998/1999 to a high of 1.49 jobs per dwelling in 2001/2002 averaging 1.43 over a 12 year period. However, over the period 1998-2009 (pre-recession) jobs growth was almost 2 jobs per dwelling, illustrating the extraordinary ability of the Milton Keynes economy to generate jobs.

Table 9.1 The relationship between changes in the total number of Jobs and Homes in the Borough of Milton Keynes 1998-2010.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of jobs</th>
<th>Number of dwellings</th>
<th>Ratio of jobs to homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998/99</td>
<td>112,993</td>
<td>83,026</td>
<td>1.36</td>
</tr>
<tr>
<td>1999/2000</td>
<td>121,843</td>
<td>84,504</td>
<td>1.44</td>
</tr>
<tr>
<td>2000/2001</td>
<td>124,872</td>
<td>85,996</td>
<td>1.45</td>
</tr>
<tr>
<td>2001/2002</td>
<td>129,957</td>
<td>87,494</td>
<td>1.49</td>
</tr>
<tr>
<td>2002/2003</td>
<td>129,629</td>
<td>88,724</td>
<td>1.46</td>
</tr>
<tr>
<td>2003/2004</td>
<td>130,212</td>
<td>89,907</td>
<td>1.45</td>
</tr>
<tr>
<td>2004/2005</td>
<td>133,960</td>
<td>90,982</td>
<td>1.47</td>
</tr>
<tr>
<td>2005/2006</td>
<td>132,972</td>
<td>92,342</td>
<td>1.44</td>
</tr>
</tbody>
</table>
Table 9.2 'The relationship between the annual change in number of Jobs and Homes in the Borough of Milton Keynes' illustrates that in most years the annual change in the number of new jobs exceeds the annual change in the number of new dwellings, but there are exceptions to this. However, on an annual basis the ratio of jobs to homes is highly variable ranging from -3.81 to +5.93. Table 9.2 'The relationship between the annual change in number of Jobs and Homes in the Borough of Milton Keynes' reiterates the point there is very little relationship between annual change in the number of jobs and dwellings.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of jobs</th>
<th>Number of dwellings</th>
<th>Ratio of jobs to homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/2007</td>
<td>131,656</td>
<td>94,140</td>
<td>1.40</td>
</tr>
<tr>
<td>2007/2008</td>
<td>138,855</td>
<td>95,803</td>
<td>1.45</td>
</tr>
<tr>
<td>2008/2009</td>
<td>142,620</td>
<td>98,111</td>
<td>1.45</td>
</tr>
<tr>
<td>2009/2010</td>
<td>137,240</td>
<td>99,950</td>
<td>1.37</td>
</tr>
<tr>
<td>2010/2011</td>
<td>na</td>
<td>101,363</td>
<td></td>
</tr>
<tr>
<td>Change in numbers of jobs and dwellings 1998/99-2009/2010</td>
<td>24,247</td>
<td>16,924</td>
<td>1.43</td>
</tr>
</tbody>
</table>

Source: ONS: Annual Business Inquiry Employee Analysis & Milton Keynes Intelligence figures

Table 9.2 The relationship between the annual change in number of Jobs and Homes in the Borough of Milton Keynes

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Jobs</th>
<th>Change in number of jobs</th>
<th>Net increase in no. of new dwellings</th>
<th>Ratio of jobs/dwellings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998/1999</td>
<td>112,993</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999/2000</td>
<td>121,843</td>
<td>8,850</td>
<td>1,492</td>
<td>5.93</td>
</tr>
<tr>
<td>2000/2001</td>
<td>124,872</td>
<td>3,029</td>
<td>1,498</td>
<td>2.02</td>
</tr>
<tr>
<td>2001/2002</td>
<td>129,957</td>
<td>5,085</td>
<td>1,231</td>
<td>4.13</td>
</tr>
<tr>
<td>2002/2003</td>
<td>129,629</td>
<td>-328</td>
<td>1,183</td>
<td>-0.28</td>
</tr>
<tr>
<td>2003/2004</td>
<td>130,212</td>
<td>583</td>
<td>1,133</td>
<td>0.51</td>
</tr>
<tr>
<td>2004/2005</td>
<td>133,960</td>
<td>3,748</td>
<td>1,360</td>
<td>2.76</td>
</tr>
<tr>
<td>2005/2006</td>
<td>132,972</td>
<td>-988</td>
<td>1,795</td>
<td>-0.55</td>
</tr>
<tr>
<td>2006/2007</td>
<td>131,656</td>
<td>-1,316</td>
<td>1,660</td>
<td>-0.79</td>
</tr>
<tr>
<td>2008/2009</td>
<td>142,620</td>
<td>3,765</td>
<td>1,841</td>
<td>2.05</td>
</tr>
</tbody>
</table>
9.7 It is true Milton Keynes is experiencing net in-commuting. However, this is largely because the in-commuters have skills, which enable them to access jobs in Milton Keynes which local residents lack. The Council is trying to manage these pressures. It is trying to improve the range of housing to attract people to Milton Keynes and create opportunities for people to live close to their place of work. It is working with partners to develop the skills of the local work force, particularly those with low or no skills, so that they can access available jobs in Milton Keynes. It is also developing new and improving existing transport infrastructure and working to improve public transport services and alternatives to the car to mitigate the impact of traffic congestion and maintain a relatively efficient highway system.

3) Lack of mention about Local Enterprise Partnership and its importance for delivering economic development.

9.8 The South East Midland Local Enterprise Partnership was approved by the Government in October 2010. The Borough of Milton Keynes sits at its centre, see figure 2.1 in the Core Strategy (October 2010) p.7. SEMLEP is also mentioned in the Core Strategy at para 13.3 and its importance in helping to deliver economic development is acknowledged. More recently produced publications by the Council such the Economic Development Strategy cover its emerging role. SEMLEP is the process of establishing its structures, governance arrangements and agreeing its role and functions. It has supported four bids for Regional Growth Fund resources including two relevant to Milton Keynes

- The East –West Rail: Western Section bid submitted by the East –West Rail Consortium referred to previously.
- The High Growth Innovation Support Services submitted by the Bucks and Milton Keynes Innovation and Growth Team with the University of Bedfordshire.

4) Should recognise importance of distribution and logistics activity, not just knowledge based jobs. Too much focus on the knowledge economy to the detriment of other sectors, including logistics and distribution, which is not underpinned by a robust evidence base. The Core Strategy should reflect the importance of the logistics sector and Milton Keynes’ ideal location to meet the sector’s needs. De-selection of logistics and distribution sites could have implications for the economic aspirations of neighbouring authorities.

9.9 The Council does recognise the importance of the distribution and logistics sector as an important segment of the Milton Keynes economy. Table 9.3 ‘Net changes in the amount of floorspace for B1, B2 and B8 use classes in the Borough of Milton Keynes 2004-2010 in sq.m.’ illustrates that around 125,000 sq. m of warehousing floorspace was developed from 2004 -2010, slightly less than the amount of office floorspace developed over this period at around 130,000 sq.m. However, the approach of the Council, broadly the scenario 2 approach of the Employment Land Study, is to explicitly promote B1 office/technology floorspace development in the future and place less reliance upon warehousing and logistics activity than in the past. It is considered that this is in line with advice in PPS4, EC2.1 (c) that local planning authorities should ensure that their development plan positively plans for the location, promotion and expansion of clusters or networks of knowledge driven or high technology industries.

9.10 The Council is seeking to reposition Milton Keynes and build on its strengths as a major centre for the knowledge economy as well as utilising employment land more efficiently. In response to concerns that de-selection of logistics and distribution sites could have implications for the economic aspirations of neighbouring authorities; it must be emphasised that provision is being made in the Core Strategy for new warehousing and distribution
facilities most notably in the Eastern Expansion Area where 71.6 ha of land is available for development. There are also other sites within the Borough which may be suitable for warehousing and distribution uses, such as the Tesco distribution warehouse at Fenny Lock whose closure at the time of writing this report had recently been announced.

Table 9.3 Net changes in the amount of floorspace for B1, B2 and B8 use classes in the Borough of Milton Keynes 2004-2010 in sq.m.

<table>
<thead>
<tr>
<th></th>
<th>2009/10</th>
<th>2008/09</th>
<th>2007/08</th>
<th>2006/07</th>
<th>2005/06</th>
<th>2004/05</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1a - Offices</td>
<td>47,958</td>
<td>6,578</td>
<td>24,113</td>
<td>1,958</td>
<td>19,325</td>
<td>30,408</td>
<td>130,340</td>
</tr>
<tr>
<td>B1b - Research and</td>
<td>30,520</td>
<td>0</td>
<td>29,035</td>
<td>0</td>
<td>1,118</td>
<td>0</td>
<td>30,520</td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1c - Light Industry</td>
<td>1,539</td>
<td>-311</td>
<td>3,788</td>
<td>0</td>
<td>715</td>
<td>-8,697</td>
<td>-2,966</td>
</tr>
<tr>
<td>B2 - General Industry</td>
<td>-9,677</td>
<td>-5,832</td>
<td>2,463</td>
<td>-1,599</td>
<td>-12,346</td>
<td>-337</td>
<td>-27,328</td>
</tr>
<tr>
<td>B8 - Storage and</td>
<td>13,280</td>
<td>-4,494</td>
<td>76,041</td>
<td>11,105</td>
<td>2,614</td>
<td>27,300</td>
<td>125,846</td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total in each year</td>
<td>53,100</td>
<td>24,976</td>
<td>106,772</td>
<td>11,464</td>
<td>11,426</td>
<td>48,674</td>
<td>256,412</td>
</tr>
</tbody>
</table>

Note: 1) Data taken from the MKC Annual Monitoring Reports
2) Includes demolitions and changes of use as well as new completions
5) Elfield Park should be included as employment land, and also identified as suitable for leisure and recreation.

9.11 The allocation of Elfield Park as employment land is not a strategic matter for the Core Strategy. It can be considered in the Council’s forthcoming Site Allocations DPD. Elfield Park is currently identified on the Local Plan Proposals Map with an annotation for recreation and open space and as a Linear and District Park. Under Local Plan policy L12 planning permission for the intensification of the use of Elfield Park and the Milton Keynes Bowl for commercial, leisure and recreational purposes will be granted provided certain criteria are met.

Comments on the Revised Proposed Submission Core Strategy

Comments Made

Support for 1:1.5 target, and the recognition that there is enough land for 1:1.5 jobs. Others object to the 1:1.5 jobs target as it will increase out-commuting from neighbouring areas and has potential to undermine the economic growth of other MKSM towns.

Table 5.2 should reflect the 1:1.5 ratio and the South East Plan.

Importance of closely monitoring performance against the 1:1.5 jobs target.

Support for aspiration for the Science and Innovation Habitat in the Vision.

Need to be clear about the breakdown of jobs figures for the SE and SW SDAs, which should be separated from each other and into authority areas. SDA employment uses will need further assessment as part of the emerging development frameworks - the employment figures in the GVA Study were only preliminary.
9 . Key Issues Raised by Objectors and the Council’s Response

How many jobs are to be provided in the Central Bedfordshire part of the SESDA? Any employment numbers for the Central Bedfordshire part of the SESDA should be determined by the East of England Plan and adopted through their LDF.

Too much focus on the knowledge economy to the detriment of other sectors, including logistics and distribution, which is not underpinned by a robust evidence base. The Core Strategy should reflect the importance of the logistics sector and Milton Keynes’ ideal location to meet the sector’s needs. De-selection of logistics and distribution sites could have implications for the economic aspirations of neighbouring authorities.

Too much aspiration and not enough evidence and robust policy, and no effective delivery mechanism.

While some support is shown for re-evaluation of employment sites, others state there is no justification provided to justify re-allocation. Re-allocating fringe sites to B1 uses would position them in peripheral locations against the policy to have such uses in CMK (Policy CS7): CMK should be the focus.

Flexibility in re-allocating employment sites will help keep pace with demand and provide attractive investment options to the market.

Increasing office development in CMK will worsen congestion in the central area. Should use the original plan of widely distributed employment.

Employment figures for the SWSDA are out of date. Also, Salden Chase should not be treated as a strategic allocation – it should just serve its own residents. Strategic employment should be within Milton Keynes if it is intended to serve Milton Keynes residents.

Economic development policies are not based on actual recent performance of the local economy, and lacks any delivery mechanism.

Continuing to deliver job growth at the proposed levels will rely on intervention at regional level as well as local investment – this should be reflected in the delivery section for Policy CS3.

Mismatch between the Core Strategy policies and the proposed employment uses for different areas, and what is permitted (PSP42).

Employment land allocations should be strategic if they are to be in the Core Strategy – the allocations in Policy CS3 should be in the Site Allocations DPD.

Employment ‘allocation’ of B1 use for Olney is too prescriptive.

Live/work units are not defined in the Core Strategy, and are generally complex and expensive to deliver.

Too much reliance on UCMK for economic growth.

Council’s Response

9.12 In general the comments received on the Core Strategy October 2010 version repeat many of the points made previously on the earlier version of the Core Strategy in February 2010. The South West and South East Strategic Development Areas no longer feature in the Core Strategy.

6) Support for 1:1.5 target, and the recognition that there is enough land for 1:1.5 jobs. Others object to the 1:1.5 jobs target as it will increase out-commuting from neighbouring areas and has potential to undermine the economic growth of other MKSM towns.
9.13 The Council has responded to points about commuting and the 1.5 jobs per dwelling target earlier at 2 above. The Council believes that Milton Keynes should grow but it should grow in a way which is deliverable, which keeps employment and housing growth reasonably in balance and which can be accommodated sustainably. It does not consider that the employment growth of Milton Keynes should be restrained in order to benefit other MKSM towns. Not only would it be very difficult to limit jobs growth within the city to the extent required but there can be no guarantee that such a policy if implemented would benefit other MKSM towns. Investors may simply decide to go elsewhere, in some cases the project may go abroad.

7) Increasing office development in CMK will worsen congestion in the central area. Should use the original plan of widely distributed employment.

9.14 Although the original Master Plan for Milton Keynes did disperse employment land across the city as a key principle, as previously stated Central Milton Keynes was the exception to the policy of dispersion, planned as the main focus of city activity.

9.15 A key objective of the Core Strategy is to promote the development of CMK and make it the main location within the city for retail, leisure, cultural and office development. It does not necessarily follow that increasing office development in CMK will worsen traffic congestion in the central area. At the strategic level, intensifying activity in CMK is critical to improving and expanding the city’s public transport system because as the biggest employment area in the city, it is the origin or destination point for a significant number of trips. Through parking and traffic management policies and improvements to public transport the Council can manage and seek to mitigate traffic congestion. Over the plan period the Council is planning for 5,000 homes in CMK providing opportunities for people to live close to their place of work and access services and facilities in CMK by means other than the car.

8) Live/work units are not defined in the Core Strategy, and are generally complex and expensive to deliver.

9.16 It is accepted there is no definition of what constitutes live/work units in the Glossary to the Core Strategy. This omission can be corrected. However, what is generally meant by this term is a property specifically designed for dual use combining both residential and employment space. By living and working in the same space it is sometimes possible to save money on work premises and house prices. Other benefits of live/work units include the convenience of working at home and avoiding the need to travel, saving time and money as well as being a very environmentally sustainable lifestyle. Proposals for live/work units have been approved in the Northern Expansion Area and Campbell Park. Advice in PPS4 is to facilitate new working practices such as live/work.

9) Too much reliance on UCMK for economic growth.

9.17 The expansion of the University Centre Milton Keynes (UCMK) is one of a series of measures to expand and strengthen the Milton Keynes economy; it is not the only measure. The expansion of higher education facilities such as UCMK is seen as of strategic importance. An attempt to enable undergraduate students aged 18-24 to complete their studies in the city rather than moving away and draw in others from outside that will contribute to the skills base of the city.
10 Conclusions

10.1 Milton Keynes is one of the fastest growing cities in the country in terms of population and has a rapidly growing economy, which is already significantly bigger than any other unitary authority or district council in the SEMLEP area. It has a tremendous track record of delivering growth in terms of numbers of dwellings and jobs since its designation as a New Town in 1967. This paper has outlined the key features of the Milton Keynes economy and shown how it has performed in recent years.

10.2 The Council has demonstrated that there is sufficient land allocated for employment uses within the city to meet the needs, not only of new residents to the city but also those arising from the existing city population, the remainder of the Borough and the surrounding area. The scale of future employment development is consistent with both the strategic role of the city as a growth area, a regional hub and focus for major employment, retail and housing development.

10.3 The Milton Keynes economy has not been immune from the effects of the recession but it is expected to grow faster than the UK economy in future because it has a higher proportion of private sector jobs and firms in its economy than in the public sector. Not only does the Council have a clear vision and strategy for what it is seeking to achieve but as described in this paper, it is working pro-actively with partners to grow and develop the MK economy, implement key projects such as improving digital infrastructure within the Borough and secure a stronger representation of higher value added sectors of the economy.
## The Jobs Potential of Employment Land in Milton Keynes

### Jobs Potential of Milton Keynes 2010

<table>
<thead>
<tr>
<th>Use Class/Location</th>
<th>Amount of Land (in hectares)</th>
<th>Employment Typology / Conversion Factor</th>
<th>Quantity of Floorspace (in sq metres)</th>
<th>Number of Jobs (rounded figures)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Largely B1 uses</td>
<td>14.6</td>
<td>B1-0.46</td>
<td>67,160</td>
<td>3,535</td>
</tr>
<tr>
<td>Linford Wood</td>
<td>5.1 ha</td>
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</tr>
<tr>
<td>Tower Gate</td>
<td>7.1 ha (B1/C2/D1)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Willen Lake</td>
<td>1.1 ha</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woburn Sands</td>
<td>1.3 ha</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1/B8</td>
<td>2.5</td>
<td>B1-0.46</td>
<td>11,500</td>
<td>605</td>
</tr>
<tr>
<td>Caldecotte</td>
<td>2.5 ha (B1/B8/C2)</td>
<td>B8-0.507</td>
<td>12,675</td>
<td>254</td>
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<tr>
<td>B2/B8</td>
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<tr>
<td>Redmoor</td>
<td>1.7 ha</td>
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</tr>
<tr>
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<td>17.0</td>
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<td>78,200</td>
<td>4,116</td>
</tr>
<tr>
<td>WEA</td>
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<td>B2-0.4</td>
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<td>2,000</td>
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<td>Bletchley (Brickfields)</td>
<td>5.9 ha</td>
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<td>Broughton /Atterbury</td>
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<td>Fox Milne</td>
<td>1.0 ha</td>
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<tr>
<td>Mount Farm</td>
<td>1.9 ha</td>
<td></td>
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</tr>
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</tbody>
</table>
### A. The Jobs Potential of Employment Land in Milton Keynes

<table>
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<tr>
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<th>Amount of Land (in hectares)</th>
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<tr>
<td>Rooksley</td>
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<td>Walton</td>
<td>9.5 ha</td>
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<tr>
<td>West Ashland</td>
<td>6.3 ha</td>
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<td>Wolverton</td>
<td>2.6 ha</td>
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<tr>
<td>Wolverton Mill</td>
<td>8.2 ha</td>
<td></td>
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</tr>
<tr>
<td>Wymbush</td>
<td>1.2 ha</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total area of existing employment locations and number of potential jobs.**

| (1) Total area of existing employment locations and number of potential jobs. | 195.6 | 22,165-38,109 |
| Office jobs in CMK Delivery of 12,000 sq metres of B1(a) Office space assumed per annum (2010-2026) | 192,000 | 10,105 |
| Jobs from retailing, health etc 0.31 jobs per dwelling 28,000 dws | | 8,680 |
| Jobs from education, real estate etc 0.37 jobs per dwelling 28,000 dws | | 10,360 |
| Total number of jobs | | 51,310-67,254 |
| Jobs per dwelling ratio 28,000 dws | | 1.8-2.4 jobs per dwelling. |

Notes: Employment density Offices (B1a) 19 sq metres per person, Industrial (B1c/B2) 34 sq metres per person, Warehouse and Distribution (B8) 50 sq metres per person.

Sources:

1) Area of vacant land HCA/MK Intelligence information, excludes sites of less than 1ha and sites in CMK.
A. The Jobs Potential of Employment Land in Milton Keynes

2) Use Classes Source Table E1, Adopted Milton Keynes Local Plan December 2005 p.152 as supplemented by MK Intelligence information


How has the jobs potential of sites been calculated?

The jobs potential of employment land in the Borough has been calculated by first multiplying the total quantity of employment land in each grid square/area by a conversion factor for each type of floorspace. This conversion factor was taken from the GVA Grimley Strategic Development Area study produced in 2008.

The resulting figure, which represents the area of the site that will be developed, has then been converted into square metres and divided by a jobs density figure (the amount of floorspace per worker) for offices, industrial and warehousing to produce a figure on the number of potential jobs. As most sites are allocated for multiple “B” uses in calculating the number of jobs created by the total development of each grid square, it has been assumed that the entire grid square has been developed for one particular use class. This produces a range of job numbers that can be created on each site, a high estimate for jobs normally on the basis that the site is developed for offices and a low estimate normally based on the assumption that the site is developed for warehousing.

For a worked example see below, Caldecotte is allocated for B1/B8 and C2 uses. The jobs potential of non “B” use classes has been ignored. To calculate its job potential the following steps have been taken.

<table>
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<td>2.5</td>
<td>B8-0.507</td>
<td>12,675</td>
<td>254</td>
</tr>
</tbody>
</table>

**B1 uses**

Site area 2.5 ha X conversion factor 0.46 = 1.15 ha.

Convert ha figure to square metres 1 ha = 10,000 sq.m.

1.15 X10,000 = 11,500 sq metres. Number of jobs is Floor area (11,500 sq m) / Amount of floorspace per office worker (19 sq.m per office job) = 605 jobs

**B8 uses**

Site area 2.5 ha X conversion factor 0.507 = 1.2675 ha.

Convert ha figure to square metres 1 ha = 10,000 sq.m

1.2675 X10,000 = 12,675 sq.m

Number of jobs is Floor area (12,675 sq m) / Amount of floorspace per office worker (50 sq.m per office job) = 253.5 jobs rounded to 254 jobs.
The jobs potential of CMK is calculated by dividing 192,000 sq metres of floorspace (the product of 12,000 sq.m of floorspace per annum over 16 years) by 19 sq.m per office job. This produces a figure of 10,105 jobs. To estimate the number of jobs likely to be generated by the 28,000 dwellings proposed from 2010-2026 in the nine sectors of the economy such as health and social work and retailing, where an increase of one dwelling is associated with an increase of 0.31 of a job, the figure of 28,000 has been multiplied by 0.31. The same procedure has been followed for sectors of the economy such as construction, hotels and restaurants, real estate, education and public administration where an increase of one dwelling is associated with an increase of 0.37 of a job.
## Jobs Potential of Employment Land in Milton Keynes: Cautious Approach

### Jobs Potential of Milton Keynes 2010

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<td>575</td>
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<td>Caldecotte</td>
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<td>12,675</td>
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<td>B2/B8</td>
<td>74.3</td>
<td>B2-0.4</td>
<td>297,200</td>
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</tbody>
</table>

1. Total area of existing employment locations and number of potential jobs: 195.6 hectares, 15,198 - 34,222 jobs.

2. Office jobs in CMK: Delivery of 12,000 sq metres of B1(a) Office space assumed per annum (2010-2026), 50% decrease: 9,600/2 = 4,800 jobs.

3. Jobs from retailing, health etc: 0.31 jobs per dwelling, 28,000 dws, 50% decrease: 8680/2 = 4340 jobs.

4. Jobs from education, real estate etc: 0.37 jobs per dwelling, 28,000 dws, 50% decrease: 10,360/2 = 5,180 jobs.

Total number of jobs: 29,518 - 48,542 jobs.

Note: Employment density Offices (B1a) 20 sq metres per person, Industrial (B1c/B2) 47 sq metres per person, Warehouse and Distribution (B8) 80 sq metres per person.
Sources:

1) Area of vacant land HCA/MK Intelligence information. excludes sites of less than 1 ha and sites in CMK.

2) Use Classes Source Table E1, Adopted Milton Keynes Local Plan December 2005 p.152 as supplemented by MK Intelligence information

C Why does Milton Keynes have Poor Digital Infrastructure?

Providing modern digital infrastructure within the city presents problems in Milton Keynes because of:-

- The distance of properties from the telephone exchange: Most utility services such as water, electricity and telecommunications are routed along the main grid roads, and those services follow the main roads that traverse each grid square – branching off to individual streets and properties. This creates a problem for broadband as the speed of ADSL broadband over standard telephone lines is affected by distance from the exchange. Long distances from the exchange leads to very slow ADSL broadband speeds, or indeed the unavailability of ADSL broadband services.

- The number of telephone exchanges within the city: In 1992 the city was served by seven telephone exchanges, five of which existed before designation and were extended to accommodate new development. Two large exchanges were constructed at Fishermead and Emerson Valley to serve the central part of the city. Fewer exchanges also mean longer line lengths; compounding the problem of slow broadband speeds.

- The materials used: Large amounts of aluminium cable were laid to properties because at the time it was much cheaper than copper cable and could handle voice telephone calls without issue. However, broadband signals across aluminium cable degrade more easily and quickly than on copper intensifying distance/speed issues.

- The fibre optic data delivery to houses in MK - called TPON has been superseded. While adequate for MK’s telecoms and cable TV network this technology is incompatible with carrying broadband. In some areas of MK, the TPON fibre and aluminium cables have been removed and replaced with copper cable, to enable ADSL broadband.

The analysis in the Digital Infrastructure Strategy showed that 34% of premises in the Borough, nearly 31,500 households and nearly 1,000 businesses in total cannot receive a 2 megabits per second connection. This compares to the UK figure of 13%. 2MB is considered by the Government as a basic broadband service.
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Civic Offices,
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