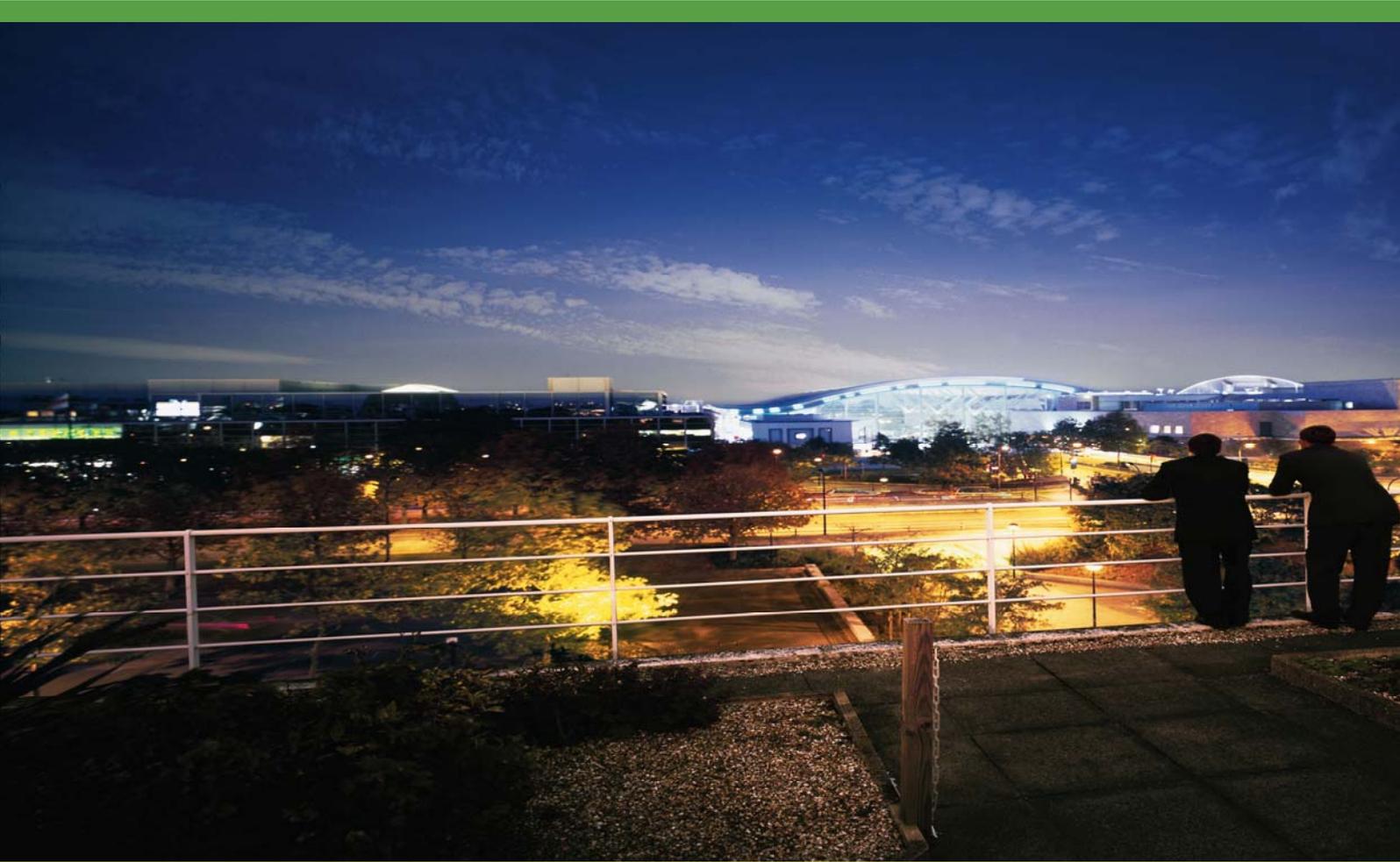


Economic Development



# Milton Keynes Economic Development Strategy 2011 – 2016 Summary



[www.milton-keynes.gov.uk/council-business/](http://www.milton-keynes.gov.uk/council-business/)

## **Introduction**

Effective economic development will play a central role in enabling Milton Keynes to rise to the financial challenges of the present day at the same time as equipping our community for future well being and prosperity. For this reason, the Milton Keynes Economic Development Strategy 2011-2016 is a key building block in the overall planning framework providing Milton Keynes Council and its partners with cohesive mechanisms to tackle current economic issues as well as a clear sense of purpose, direction and vision for the future.

The EDS is one of the enabling strategies to deliver the Core Strategy and is in line with the Council's motion on growth (8.2.11) which stated that "the key driver for growth must be economic prosperity and is committed to working with others to ensure that the necessary conditions are in place". The EDS is also aligned with the Corporate Plan's Strategic Aim 4 to Develop an Economy with a Sustainable and Long-term Future.

## **Context**

The population of Milton Keynes has nearly quadrupled from 60,000 in 1967 to 236,700 in 2009. The population is projected to grow to 245,275 in 2011, 298,450 in 2026 and 305,000 in 2033. Such sharp projected population forecasts enforce a need to strategically plan for sustainable growth in the Milton Keynes economy in order to provide employment and business growth to facilitate our growing workforce. With turbulent current economic conditions giving rise to increased unemployment over the past five years Milton Keynes needs to remain resilient to market pressures to emerge a stronger more competitive location for business and investment. Business units increased from 8,065 in 1998 to 10,971 in 2008, a trend that has provide a solid foundation to cope with the economic downturn and pushed Milton Keynes as a premier location for investment and growth.

The growth rate for Gross Value Added in Milton Keynes between 1995 and 2008 was 6.9% compared to 5.8% in the South East England and 5.4% in England. It is expected that the GVA for 2009 and 2010 will be lower than the £6.7 billion in 2007 due to the impact of the economic recession. This change was also reflected in earnings. Workplace weekly earnings (gross) in Milton Keynes changed slightly from £526.2 in 2009 to £523.2 in 2010. This compares to changes from £451.3 in Bedford in 2009 to £470.3 in 2010; £465.5 in Northampton in 2009 to £459.9 in 2010 and £500.2 in Aylesbury Vale in 2009 to £525.7 in 2010. Average earnings of those who commute in to Milton Keynes are higher than those of resident workers as commuters tend to have higher level skills. In 2008, 53,000 commuters travelled to Milton Keynes to work and 18,000 Milton Keynes residents travelled out of Milton Keynes to work.

2009 qualifications results show Milton Keynes performing better than both the South East and England at NVQ Level 4 (Diplomas, Certificates and Awards), 34% of the working age population being qualified to this level compared to 33% in the South East and 30% in England. Apprenticeship completions by Milton Keynes residents (all ages) increased from 251 in 2009/10 to 353 in 2010/11, a 41% increase in Apprenticeship completions.

Skills remain the key to enhancing an individual's employment opportunities in the labour market in Milton Keynes or anywhere else in the country. In 2008 the proportion of Elementary occupations (where low or no skills are required) in MK was the same proportion as in the South East and in England (12%).

The onset of the recession has seen unemployment in Milton Keynes rise from 2% in May 2008 to its highest level of 4.8% in May 2009, falling to 3.4% in December 2010. However, in the first and second quarters of 2011, unemployment rose to 4.1% in April compared to 2.5% in the South East and 3.8% in the UK. Young people (under 24 years of age) were impacted heavily when unemployment rose rapidly during the recession, accounting for 27.3% of all those unemployed. In April 2011 youth unemployment stood at 23.1% of those claiming job seeker's allowance. Increases in unemployment are directly correlated with increases in benefit claims. The number of people in receipt of any welfare benefits in Milton Keynes rose from 16,010 in November 2004 to 21,540 in November 2009, a 35% increase. By August 2010 the number of people in receipt of benefit had fallen slightly to 21,270 in Milton Keynes representing 13.4% of the working age population compared to 10.6% in the South East and 14.7% in Great Britain.

The Milton Keynes economy has produced an average of over 2,500 new jobs per year from 1998 to 2008. This reinforces the Milton Keynes Core Strategy objective of allocating and managing the development of employment land and the pursuance of a vigorous Economic Development Strategy, sufficient to deliver a minimum of 1.5 jobs per new dwelling. There is already sufficient allocated employment land available in Milton Keynes to create between 51,000 and 67,000 new jobs. The capacity to create jobs, provide housing and invest in new technologies will help Milton Keynes continue to develop as a major regional centre attracting new businesses. Digital Infrastructure, in particular the Next Generation Access (NGA) broadband, is central to economic development and global competitiveness. The annual average housing completion rate will be 1,750 homes per year. Housing is a key economic driver producing and requiring jobs, Council Tax and New Homes Bonus.

Investment in arts, heritage and culture has been a core lever for economic growth, well-being and social impact and has enabled the city to create significant cultural capital and build an impressive and increasingly acknowledged artistic infrastructure. Milton Keynes has a wide cultural and entertainment offer including the Milton Keynes Theatre and Gallery, one of the busiest theatres outside of London; the National Bowl outdoor arena with a 65,000 audience capacity; 40% open spaces and the Stables which is a premier live music venue with a national reputation. Stadium:mk is the home of Milton Keynes Dons FC and currently has a seating capacity of 22,000. The economic impact study conducted by Tourism South East in April 2009 demonstrates that tourism expenditure in Milton Keynes and its immediate surrounding area generated approximately £209 million turnover for local businesses. If the visitor economy in Milton Keynes continues to grow in line with overall UK forecasts, which show a positive upward trend to 2012 as a

result of the Olympics, tourism in Milton Keynes will be worth in the region of £300 million by 2018.

### **National Context**

The long term economic growth of Milton Keynes will be inevitably influenced by the national policy framework. The Economic Development Strategy highlights some of those key national policies that the city can draw on to support the delivery of our local strategic priorities over the period 2011 - 2016. The emergence of the Localism Agenda and in particular the establishment of the South East Midlands Local Enterprise Partnership (SEMLEP) brings together local authorities, businesses, universities and further education colleges and community groups across Bedfordshire, Milton Keynes and large areas of Buckinghamshire and Northamptonshire to provide strategic leadership and joint working in areas such as innovation, employment, skills, and enterprise; as well as housing and major infrastructure.

Milton Keynes is well placed to draw on the emerging national policy framework and to inform its future development, for example in responding to the anticipated publication of a Higher Education White Paper in the spring of 2011. This will take forward the decisions of Government to change radically the way in which higher education teaching is funded and is expected to encourage greater competition between providers. The Department for Business Innovation and Skills (BIS) published a Skills Strategy document in November 2010, emphasising the key role of education. This together with the national emphasis on the development of New Apprenticeships has strong resonance with the recently agreed Skills Strategy Skills Framework for the Future Milton Keynes

The Department for Business Innovation and Skills (BIS) is expected to issue a direction in 2011 regarding Technology Strategy Board (TSB) products such as Innovation Vouchers and Knowledge Transfer Partnerships. A final strand of policy direction by way of illustration which finds strong coherence locally relates to place-making and creating sustainable infrastructure in energy and resource efficiency, transport systems and healthcare. The Technology Strategy Board (TSB) has also released a consultation prospectus for a network of six to eight world leading Technology Innovation Centres (TICs) in the areas of: Substantial changes are also underway in the national approach to the delivery of support for *enterprise* development. The national Business Link service will in future principally operate through a national contact centre. These are all supported by Government through the National Infrastructure Plan 2010.

A number of new funding mechanisms have recently been introduced or announced that will have an impact on how local authorities raise money, particularly for capital infrastructure projects. In April 2010 the Community Infrastructure Levy (CIL) was introduced. It allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. There are a number of potentially major changes to funding in the medium term that have the potential to support the delivery of economic

growth in Milton Keynes. The October 2010 White Paper Local Growth: realising every place's potential proposed new financing schemes to support growth projects, such as Tax Increment Financing, a Growth and Innovation Fund, the Business Increase Bonus and the New Homes Bonus.

### **Vision and Priorities**

The EDS aims to provide stability, sustainability and success for the local economy having gathered its evidence base from the Local Economic Assessment (LEA). The EDS identifies six key priorities that will make a significant contribution to the achievement and aspirations set out in the Long Term Economic Vision. The Economic Vision states 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'*.

The six priorities are:

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.
2. *Economic regeneration:* Improve access to training and job opportunities, especially for those with no skills or low skill levels, to provide greater opportunities for individuals to obtain sustainable employment.
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.
4. *Business support:* Encourage business growth through focused interventions such as support for innovation, assistance for start-ups and ensuring an appropriate range of commercial space is available.
5. *Articulating a compelling 'MK Offer':* Promote Milton Keynes as a premier location for inward investment and as a visitor destination.
6. *Enabling infrastructure:* Create, maintain and improve the appropriate infrastructure for growth, especially in relation to transport and digital infrastructure.

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

Level 1: Long Term Economic Vision

Key leads for Priorities

Level 2: Economic Development Priorities

Level 3: Economic Development Objectives

	UCMK	MKC	MK College	Business Org	IMK	MKC
Knowledge based economy	<p>Develop a knowledge based strategy</p> <p>Increase the no. of knowledge economy businesses</p> <p>Increase no. of jobs in knowledge economy</p> <p>Develop an Innovation Gateway linked with UCMK</p> <p>Provide embedded support for the promotion and development of innovation, enterprise and skills</p> <p>Engage with relevant economic delivery bodies to develop the knowledge-based economy</p>	<p>Increase the opportunities for access to training to enable individuals to obtain the skills necessary for sustainable employment</p> <p>Increase the number of employment opportunities for individuals by ensuring jobs are made available to all those who are suitably qualified</p> <p>Increase number of people in apprenticeships/ placements/ work experience</p> <p>Identify and fill the gaps by proactively identifying needs in the local community and facilitating improvement in service provision to meet those needs (in this case, access to skills, work and business support)</p>	<p>Increase levels of educational attainment at levels 2 (GCSEs) and 3 (A level) and equivalent NVQs</p> <p>Increase numbers of highly skilled workers</p> <p>Work with businesses and skills providers to ensure skills demand is addressed.</p> <p>Develop UCMK towards full university status as the first Cloud University</p>	<p>Encourage inward investment and provide support and advice to businesses moving to or recently established in Milton Keynes</p> <p>Support business by addressing their skills and training issues and support voluntary and community sectors to deliver quality services</p> <p>Encourage enterprise and support for small businesses, the self employed, start-ups and pre start-ups</p> <p>Ensure that there are suitable premises for use by businesses and land available for the development of new premises including the provision of incubator space and innovation space e.g. Innovation Gateway</p>	<p>Promote Milton Keynes unique identity as a premier investment location and tourist destination</p> <p>Support partner organisations promoting the image of Milton Keynes on a national and international scale</p>	<p>Develop the Milton Keynes land assets to support economic development and quality of life</p> <p>Develop cultural infrastructure of the city as a healthy, safe and stimulating place to live and work.</p> <p>Maintain high quality education facilities</p> <p>Develop low carbon strategies and implementation plans to position MK as a leading low carbon centre with a vibrant low carbon economy</p> <p>Enable and contribute to Next Generation Access and improvement in digital infrastructure to businesses and residents</p> <p>Coordinate and facilitate the delivery of key infrastructure that bring economic benefits to Milton Keynes</p> <p>Develop a transport vision and strategy for MK</p>
Articulating the MK offer						
Enabling infrastructure						