



MILTON KEYNES COUNCIL RESPONSE TO INSPECTOR'S QUESTIONS FOR EXAMINATION HEARINGS – STAGE TWO

MATTER SEVEN: INFRASTRUCTURE AND VIABILITY

QUESTIONS: Q7.11 – Q7.13

Issue 4 – Plan-wide Viability

Q7.11 Has the preparation of the Plan ensured that collectively its policies and proposals are viable and deliverable? (NPPF paragraphs 173-177). Is there a reasonable prospect that necessary infrastructure to support the Plan's proposals will be delivered in a timely fashion?

7.11.1. The Plan has been informed by a Whole Plan Viability Study undertaken by the Council during 2017 and published in November 2017 at the beginning of the six-week Regulation 19 consultation on the Proposed Submission version of Plan:MK.

7.11.2. To inform the preparation of the study, a Developers' Forum was held on 30 August 2017, where the draft report and its findings were presented to a group of landowners, land and planning agents, developers, and registered social landlords. This coincided with a four-week consultation on the draft study targeted at the aforementioned stakeholders.

7.11.3. The study looked at the cumulative impact of policy upon the deliverability of development and the Plan overall. This was done in the context of the market values and costs (as understood at the time) and related to the sites identified in the housing and employment land availability assessments supporting the Plan. A range of development typologies across the a number of 'character areas' within the Borough were tested to determine whether the Residual Value per hectare exceeds the indicative Viability Threshold Value per hectare (being the Existing Use Value plus the appropriate uplift to provide a competitive return for the landowner).

7.11.4. The results of the study concluded that the Plan overall would not put residential development at serious risk which could bear reasonable developer contributions without threatening development in Rural / High-Value / Flanks and Central Milton Keynes. The results did indicate that full policy compliance, and in particular meeting the 31% affordable housing target, would make the viability of development within the 'City Core / Older Centres & City Estates' character area challenging due to the existing low market residential values in these areas. The 'City Core/Older Centres & City Estates' comprise the original New Town estates many of which are earmarked for the regeneration programme, Bletchley (which is also subject to regeneration efforts) and Wolverton. However, this does not represent a risk to the delivery of the Plan and its strategy as the vast majority of housing allocations fall with the Rural, High Value, Flanks and Central Milton Keynes character areas.

7.11.5. As noted in the written submission to Q7.6-7.8, the Council has prepared a Local investment Plan which provides a strategic view of the infrastructure needs for the city

as a whole, and a draft Infrastructure Delivery Plan which sets out the infrastructure requirements specific to the new proposals within Plan:MK. Based upon the Whole Plan Viability Study and the reasoning set out in the Council's response to Q7.6-7.8, there are no reasons to doubt that infrastructure would be delivered in a timely fashion to support the growth set out within Plan:MK.

Q7.12 Does the viability assessment work take account of all the Plan's policy requirements? Does it show that there would be a competitive return to developers and landowners?

7.12.1. The Whole Plan Viability Study does take account of all the Plan's policy requirements. The study found that Milton Keynes Borough includes both lower and higher value areas. The Central area and the higher value Rural / High-Value / Flanks include vibrant housing markets with strong house prices that are able to support an active housing market. The lower value City Core / Older Centres & City Estates suffer from weaker housing markets and prices and viability is less good. The study concluded that, in the current market, the analysis confirms that residential development is not put at serious risk by the cumulative impact of the Council's policies and can bear reasonable developer contributions without threatening development in Rural / High-Value / Flanks and Central Milton Keynes. However, in the older City Core / Older Centres & City Estates, the report found that the ability to bear developer contributions is likely to be limited at higher rates of affordable housing.

7.12.2. In relation to non-residential uses, the study concluded that whilst some of them are not viable, they are not rendered unviable by the cumulative impact of the Council's policies, rather by the general market conditions.

Q7.13 In addition to funding from development, how will other agencies and organisations be involved in delivering this spatial Plan? What level of commitment/agreement is there? Are there review mechanisms given the changeable nature of funding? Explain what funding is currently secured and what funding gap remains?

In addition to funding from development, how will other agencies and organisations be involved in delivering this spatial Plan?

7.13.1. The Council and developers work with a range of partners in the delivery of the infrastructure and services required to successfully sustain new development of high quality. These will include utility providers, including those providing high speed broadband services, the NHS and local Clinical Commissioning Group (CCG), the Department for Education, the Education Funding Authority (EFA) and Academy Trusts, our local Parks Trust and a range of local voluntary sector organisations. All of these parties have been consulted through the Plan:MK preparation process. Utilities and

Highways are generally engaged in the development phase directly through site developers whilst provision of social infrastructure is coordinated through the Council.

- 7.13.2. The Council engages formally with health providers through its Health and Wellbeing Board and the CCG are actively consulted on health requirements for all new development. The Council prepares an annual Forward View assessment of school places which details the projections of both need and provision and which seeks to ensure that new school place provision happens in the localities where demand is likely to exceed supply. This work is informed by the Council's detailed housing projections and feeds into the annual School Capacity Collection submitted to the Department for Education and the Education Funding Authority (EFA) which in turn determines Central Government funding to the Milton Keynes school system.
- 7.13.3. The Council continues to work closely with the Milton Keynes Parks Trust through joint officer working, particularly on the delivery and long term management and maintenance of new parks and extensions including new play facilities and similarly works closely with both Community Action:MK and the Milton Keynes Community Foundation in exploring opportunities for the voluntary sector within new development areas, including the provision of reserve sites specifically for voluntary sector use and supports, through the Milton Keynes Tariff new Communities Fund, the extension of services led by the voluntary sector into new development areas. The Council also meets with emergency services representatives formally through the Safer MK Partnership and informally through a number of other channels for discussions which include the longer term strategic growth of the Borough and the implications for the blue light services.

What level of commitment/agreement is there?

- 7.13.4. The Council receives confirmation of its EFA Basic Needs funding four years in advance and actually receives that funding in the year following confirmation of the award. Based on the Council's 2017/18 school capacity assessment, the Council has received a funding commitment to 2021/22 and will receive that funding this year. This allows the Council to plan sufficiently ahead in its new school provision and the currently funded plan allows for the provision of five new primary schools and a new secondary school between now and 2022 as well as other school expansions. Capital funding in the health sector remains less certain pending the outcome of the local Sustainability and Transformation Plan (STP), which covers Bedfordshire and Luton as well as Milton Keynes. The Milton Keynes CCG has however given a commitment to the longer term use of the new Brooklands and Whitehouse Health Centres, which has allowed the Council to invest its own capital funding into these projects in addition to developer funding provided through the Tariff mechanism, and deliver these facilities now

providing additional primary care capacity for the next five to seven years. The full delivery of the Hospital's Estates Strategy remains dependant on further capital investment becoming available but the Council is supporting, through Tariff funding, the delivery of the next stage of the Strategy, a new Cancer Centre on the hospital campus whilst decisions on the STP are awaited. The Council and the Parks Trust are committed to the delivery and long term management and maintenance of all existing expansion area strategic landscaping elements and funding is in place to support this, again via the MK Tariff mechanism. The intention of the parties is to continue to work with developers to roll this practice into newly allocated development areas. The Council is aware of the funding pressures on the Blue Light Services and is supporting them in the provision of the new 'Hub' facility in the south of the city which will allow consolidation of services and the potential redevelopment of existing sites which may no longer be required. The Council is also providing new facilities for both the ambulance and police services within the Brooklands and Whitehouse Health Centre developments. The Tariff also provides funding for a new arrivals programme in new development areas provided by the voluntary sector and again will seek to extend this work into new allocation areas.

Are there review mechanisms given the changeable nature of funding?

7.13.5. The Council reviews its own Capital Programme annually as part of its Budget setting process and also reassesses its Medium Term Financial Plan (MTFP) at the same time. The MTFP considers in detail the additional pressures that the Council faces over the medium and longer term (as reasonably foreseeable) and the resources available to it to deal with these pressures. This includes a review of all grant funding streams critical to the operation of the Council and addresses the continuing decline in Central Government support and its replacement with locally generated receipts. The Council's intention is to review and revise its Local Investment Plan every three years as a minimum and through this mechanism garner information from its key partners on changes in their financial models and the likely impacts on their operations and investment plans.

Explain what funding is currently secured and what funding gap remains?

7.13.6. The Infrastructure Delivery Plan produced by the Council in support of Plan:MK identified more than £500m of capital investment required specifically to bring forward the major sites, both existing and new allocations. The Council's view is that the funding required to deliver this infrastructure, raised from a combination of developer finance, developer contributions including £150m of Tariff finance, and Central Government funding streams, will be available and that there are no funding

gaps, outside of that identified in the Council's bid to the Housing Infrastructure Fund, which are likely to impact directly on the delivery of the identified sites.

7.13.7. The Council's 2015 Local Investment Plan did however identify funding gaps totalling around £400m in the delivery of a range of infrastructure considered critical, necessary or desirable to the successful growth of the city. The majority of the funding gaps identified related to infrastructure considered desirable, such as the new university, and several of these are being addressed as longer term aims through strands of the 2050 Vision work. In relation to the funding of critical infrastructure, the Council remains concerned over investment in acute healthcare facilities at the University Hospital and its ability to continue to service the longer term population growth expectations of the Borough. The NHS, through its Sustainability and Transformation Plans, continues to look at alternative means of delivery for some services currently provided in an acute setting in order to relieve some of the pressure on the hospital, but the Council continues to lobby for the further capital investment required to support delivery of the Hospital Trust's Estates Strategy.