

MKDP Action Plan

Ref	Recommendation	Cabinet Comments	Agreed Action	Responsible Officer(s)	Timetable
1	MKDP Board and MKC must work together to produce, ratify and publicise a clearly defined role for MKDP and a number of measurable targets which can be monitored to assess performance.	<p>Agreed.</p> <p>The Council will work with MKDP to devise an Accountability Framework laying out the general principles under which MKDP will operate as an arm's length subsidiary of the Council.</p> <p>This Accountability Framework will amongst other things set out a range of deliverables/KPIs with respect to which MKDP' performance will be assessed by the Cabinet. These will broadly fall into two groupings: (1) successful delivery of the Council's stated strategic objectives including place making; (2) commercial activity, generation of long term commercial value and the remittance of short to medium term dividends to MKC.</p> <p>The Council must, to aid decision making, clearly define where the Board should act purely commercially and where the Board should transact sites with due reference to other stated strategic objectives. Recommendation 13 sets out further detail about how the Board should approach the management of its portfolio of sites.</p>	<p>The Council will publish, following engagement with MKDP, an Accountability Framework. It will set out amongst other things:</p> <p>(1) Stated Strategic Objectives</p> <p>(a) 36% of affordable units. This will include a variety of models of housing ownership including traditional discounted market sale price, but also more innovative models including Rent to Buy and will consider local housing needs.</p> <p>(b) Delivery of innovative housing solutions to help tackle the deepening housing and homelessness crisis afflicting MK. One such emerging proposal is the delivery of temporary modular housing. The opportunities available to the Council will be informed by a paper - see narrative to Recommendation 14 - exploring the possibility of formalising the relationship between YourMK and MKDP.</p>	DS/CMcD Mazars External Support MKDP Board	<p>End December 2017</p> <p>Will require Cabinet approval post that date.</p>

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		<p>Under this Accountability Framework, day to day decision making will be reserved to MKDP Board. A Scheme of Delegation will be prepared by MKDP that details how the duties passed to MKDP under the Accountability Framework will be controlled. This will empower the Executive to act at pace by utilising its commercial expertise and skills whilst embedding a number of due checks and balances.</p> <p>It is intended that these general principles will have a degree of longevity bearing in mind that large scale developments may very well have a ten year time line. The Council will not seek to change priorities and objectives suddenly except in exceptional circumstances.</p> <p>The specific deliverables/KPIs will be informed by the views of the MKDP board; reflected in a long term business plan and reported on, through an annual business plan update, as part of the regular performance updates to Cabinet.</p>	<p>(c) MKDP will at the initiation of any land or property project engage with local Borough Councillors to alert them to the ideas being considered and allow them to make comment - see narrative to Recommendation 11. A decision to respond to any identified local needs will be at the discretion of MKDP Board, but will be facilitated by a discretionary Corporate Social Responsibility fund overseen by the MKDP board. This mechanism cannot override Council Policy or Accountability Framework. Any request not accepted by the MKDP Board will be formally referred to the relevant Portfolio Holder who will respond to the member.</p> <p>(d) MKDP will play a significant role as a key landowner in delivering the aspirations set out in the MK2050 Strategy in particular by working within Renaissance CMK to develop through place making the City Centre.</p> <p>(e) In addition where the Council has specific targets in its Council Plan (or equivalent), these will be drawn out and related to specific targets for MKDP as appropriate.</p>		

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			<p>(2) commercial activity, long term commercial value and remittance of dividends</p> <p>(a) MKDP will act as the Council's land and property company to generate returns to the Council and sustain itself as a viable (including determining the schedule of debt repayment) trading company, for the long term, by buying, selling and retaining of assets.</p> <p>(b) MKDP will explain to the Cabinet through its Business Plan and updates its proposed activity for the year to deliver against the Accountability Framework and any specific targets set by the Council. This will include any projects using retained receipts/income.</p> <p>(c) MKDP will construct a business case process that will allow, in a quantifiable way, an understanding of the relationship between social value, capital investment and revenue costs.</p>		

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2	It is recommended MKDP's role with regard to place-making and strategic visioning is defined.	Agreed. This will be clarified through the Accountability Framework (see 1 above) and the creation of the Renaissance CMK Prospectus. MKDP's role will be that of a significant landowner in CMK and as such will work with Council colleagues on developing and achieving a vision for CMK. Differentiating the leadership of Renaissance CMK (the Council) from the landowner (MKDP) responsibility avoids potential conflicts of interest and maintains the democratic accountability for delivering this major place shaping role.	Ensure the place making contribution for assets in CMK and the Bowl are clearly defined and written into the MKDP Accountability Framework and the Renaissance CMK Prospectus.	DS/CMcD	End December 2017 Will require Cabinet approval as part of 1 above
3	Review whether the LLP structure is still a suitable form for MKDP in light of the potential uncertainty this may create for investors.	Partially agreed. It is understood that the LLP structure may present issues for potential investors. However, the creation of a new vehicle would mean assets are subject to stamp duty and land tax (as assets would need to be effectively bought and sold between organisations. A limited company would also be subject to other tax requirements which do not feature in the Limited Liability Partnership due to the Council's tax status. As the LLP can establish asset backed special purpose vehicles it is not considered that this is a significant issue.	Commission a review by Mazars quantifying any tax implications of changing structures, establishing if any barriers to creating an SPV exist and considering the issues of part ownership via an individual.	CMcD/DS (Mazars)	March 2017 Any changes would require Cabinet approval

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		<p>However the LLP structure does throw up other questions – such as that of part ownership being vested in an individual that could be usefully reviewed. On that basis quantifying the tax issues arising from a new structure would not be a significant piece of work within a wider review.</p>			
4	<p>Revise the Board and governance arrangements for MKDP in particular revising the current Board as follows:</p> <p>a) The constitution of the Board, which needs a skill set to reflect the purpose of the organisation and needs to particularly bring greater experience from outside of Milton Keynes. Increasing the skill set and obtaining the right skills mix for the future may require appropriate remuneration.</p>	<p>Agreed. This is a sensible suggestion to increase the impact of the Board and bring forward specialist skills.</p> <p>Responsibility for the recruitment and appointment of the Independent Chair will rest with the Council. The Portfolio Holder for Resources will make this appointment.</p> <p>Responsibility for recruitment of board members will be the responsibility of the Board. Council nominees will be sought as the timetable requires but the Board may decline a nominee for reasons of fit or skills set and request a different nominate.</p>	<p>Rewrite Board Member role profiles and in line with retirement of existing Board members seek recruitment over a much wider search area. Ensure that new independent Board Members are required to offer a certain number of days to the support the Executive alongside their governance and oversight responsibilities.</p> <p>Ensure a job description is available for Council nominees and that a process to assess fit and skills match is in place.</p>	<p>JD/DS/CMcD</p> <p>Resource: Mazars and specialist head hunters</p> <p>CMcD/DS Mazars</p>	<p>January 2017</p> <p>September 2017</p>

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	b) Councillor representation on the MKDP Board should be restricted to those in key positions aligned to the purpose of MKDP. This could be the Leader and Cabinet Member for property.	<p>Partially agreed.</p> <p>Councillor representation on the Board will be restricted to one member from each party. These nominees will not be present to exercise any executive or other role they may hold but to act in the interest of the Partnership as a member of the Board. This will ensure proper accountability is created.</p>	Changes to the composition of the Board will be reflected in the MKDP Memorandum and Articles.	<p>CMcD</p> <p>Resource: Mazars</p>	March 2018
	c) Officers of the Council should also be appointed to the Board, probably in a non-Executive capacity.	Agreed. Officers are in attendance at Board meetings at present and this regularises their current useful and appropriate involvement.	Council Chief Executive or their nominee should be appointed to the Board.	<p>CM/CMcD</p> <p>Resource: Mazars</p>	September 2017
	d) All Independent Board members should be prohibited from engaging in any activities which may lead to accusations of conflict of interest. There should be a firm presumption against Board members engaging in activities which are likely to lead to conflicts of interest in the future. There also needs to be a clear Conflict of Interest protocol.	<p>Agreed.</p> <p>Conflicts of interest should not exist and candidates may have to choose to seek appointment to the Board or remain working for/engaged with their existing companies.</p> <p>Any conflicts should be kept to an absolute minimum and there should be an absolute bar against creating new conflicts of interest once in post. However, if conflicts do exist then a clear protocol will be developed and maintained with adequate record keeping minimising potential risks.</p>	<p>This requirement will be built into the Board recruitment process.</p> <p>Protocols for appointments and conflicts that arise after appointment will be created.</p> <p>Clarify position of control or financial beneficiary.</p>	<p>CMcD</p> <p>Resource: Mazars</p>	January 2018

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		<p>These protocols will also apply to Councillor and Officer board members.</p> <p>It will be ultimately the responsibility of the appointing body to determine whether a conflict (or potential conflict) is sufficient reason to reject a candidate.</p>			
5	The governance arrangements for MKDP and the Board should also be revised to address the following:				
	a) Reformatting the Board meetings to clarify the roles and attendees, with a clear distinction between Board members, executive representation and invited guests, with appropriate protocols.	Agreed	Board protocol to be drawn up.	DS/CMcD Resource: Mazars	October 2017
	b) There should be a clear definition between Property Working Group and the Board. It is unlikely Board members should attend Property Working Group (see <i>h</i>).	Agreed. Board attendance at a Property Working Group is not efficient as it turns the meeting into a 'pseudo' Board.	Property Working Group protocol and new terms of reference to be drawn up.	DS/CMcD Resource: Mazars	September 2017
	c) Property Working Group should focus on progress reporting on individual assets and asset level discussions.	Agreed	Create new performance management framework to enable the Board to hold the executive to account.	CMcD Resource: MKDP Executive and Board	December 2017

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	d) Property Working Group should not include Councillors, but Council officers with place-making, planning and economic development should be included.	Agreed. Will naturally follow from 5(b).	As above	N/A	N/A
	e) The Board should focus on making decisions about assets; the interface with MKC; meeting governance responsibilities; financial reporting and the alignment with stakeholders and delivering the ambition for MK.	Agreed. Current engagement with stakeholders has not assisted in creating a positive partnership within the sector.	As part of Board Induction ensure that all Board Members are focussed on maintaining good relationships within the sector and oversee the Executive in managing such relationships as well.	DS/CMcD Resource: Mazars	December 2017
	f) The appointment of the company secretary is welcomed and the areas for improvement highlighted for example, code of conduct protocols, media relations, confidentiality, document circulation, public disclosure requirements and business continuity planning should all be addressed.	Agreed	Action Plan to be created to address these points where not covered elsewhere.	CMcD Resource: Mazars	January 2018

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	g) Although there has been some recent improvement in the financial reporting to the Board, needs to be more detailed and better incorporated into decision making. The financial advisor role to MKDP also needs reviewing and links to MKC finance need to be strengthened.	<p>Agreed. It is important that MKDP has its own strategic financial capacity to inform the Board with the management of the organisation. Detailed financial support as currently provided is adequate but there is the need for bought in specialist support available when required similar to the Company Secretary role. This does not necessitate a full-time finance director role.</p> <p>MKC finance officers should not be advising MKDP directly rather representing MKCs interests as required.</p>	Appointment of new either as a member of the MKDP Executive Team or a consultant.	<p>Bob Green/CMcD</p> <p>Resource: MKDP Executive</p>	March 2018
	h) If the role and membership of the Board is revised the frequency of meetings could be reduced from monthly at present, to quarterly.	Agreed	Board protocol to be drawn up.	<p>JD</p> <p>Resource: Mazars</p>	October 2017
6	The following issues need to be considered to address the stakeholder issues with MKDP:				
	a) The relationship with the established MK property community.	<p>a) Partially agreed</p> <p>The Review has identified issues between MKDP and the current property community. This will need to be addressed going forward to ensure that the organisation has the best</p>	A stakeholder engagement plan will be prepared that will transition into regular on going stakeholder	<p>CMcD</p> <p>Resource: Communication</p>	October 2017

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		opportunity for success. MKDP, including input from new Board members will be required to develop and implement a stakeholder engagement plan. Progress against the plan will be monitored through the Annual Business Planning process.	dialogue.	s Consultant	
	b) The clear purpose and role for MKDP (see recommendation 1).	b) Agreed	See 1	N/A	N/A
	c) The relationship with the Economic Development function. It is also recommended that MKC review the economic development function to provide a clear single "front door" and to ensure the investor interface is managed more effectively.	c) Agreed. The review has highlighted the need to reconsider the Council's economic development approach to ensure a stronger investor interface is developed for all opportunities across MK. The potential to improve this area of the Council's service has been recognised and will be considered as part of supporting the implementation of the new economic development strategy.	Review the Council's Economic Development function to clearly articulate objectives, roles and focus in light of new areas of responsibility. Include a specific focus on Invest MK and consideration of how this would be best delivered.	DS/AR/PG/CMcD Resource: tbc	Jan-March 2018 Likely some proposals would require Cabinet Decision
7	The financial commitments MKDP inherited on formation need to be revisited, as there is a lack of understanding about these items and how they relate to the assets owned by MKDP. Consideration should be given as to whether there is a better way to structure these requirements or replace them with an alternative approach.	Partially agreed. These are a cost of 'doing business' however if there is more transparent way to structure such then that would be appropriate. This includes tariff and other costs.	Allow MKDP to propose a revised mechanism of recover these costs to MKC that is fiscally neutral.	CMcD Resource: MKDP Finance	March 2018 May require Cabinet Decision

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8	Whilst it is legitimate and expected that MKDP make financial contributions to the Council, the requirement for these contributions should be based on the agreed Business Plan for MKDP and should be mindful of the potential opportunity cost in terms of potential investments by MKDP and the potential financial benefit to MKC.	<p>Partially agreed. The balance of the decision is the responsibility of the Portfolio Holder who is balancing the needs of the Council and the needs of the Company.</p> <p>However, it is recognised contributions should be sought with as much notice as possible and through discussion with MKDP to understand the opportunity costs and implications for both organisations.</p> <p>MKDP should be proactive about explaining what elements of 'profit' it seeks to retain and why through formal business cases approved by its Board. This investment will be considered by the Portfolio holder as part of formal discussions.</p>	MKDP to ensure all retained 'profit' is supported by a business case to allow the Portfolio holder to understand the impact of any cash call on the future prospects of the company. This business case mechanism must be captured in the Board protocols.	<p>CMcD</p> <p>Resource: MKDP Finance.</p> <p>Mazars</p>	April 2018
9	The MKDP executive should be adequately resourced to reflect the asset base and the skills and volume required, to deliver its revised purpose and financial returns.	Agreed. Staffing is the responsibility of the Executive.	MKDP to identify resource requirements for to support the implementation of the Business Plan and implement appropriate measures to ensure adequate resources are available to resource such.	CMcD	September 2017 and onwards
10	MKDP Board and MKC need to use this Review to produce a more stable, sustainable, less controversial and positively branded company for the future.	Agreed. The reputation of the company should be part of the performance framework (see 1 and 5e)	Ensure reputation as a performance measure is developed for the Accountability Framework to allow the Council to hold the Board and Executive to account for.	DS/CMcD	-

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	This more positive brand will support recruitment of top-class individuals to meet the role defined (<i>see recommendation 1</i>).				
11	MKDP with the support of MKC need to develop strategies to unify the stakeholder community, reduce fragmentation and minimise disputes at project level.	<p>Agreed.</p> <p>Early engagement with Borough Councillors will serve to strengthen MKDPs reputation amongst the communities and stakeholders of MK. Through the early engagement as identified in Recommendation 1c any local needs - which fall outside the planning policy framework, as part of the development brief process – will be identified by the ward councillors. A decision to respond to any local needs identified in the way will be at the discretion of MKDP Board. This Board discretion will be facilitated by the establishment of a Corporate Social Responsibility fund administered at the discretion of the MKDP board</p>	<p>Through Recommendations 1, 5e and 10 alongside the development of Renaissance CMK will partially deliver this recommendation.</p> <p>Establish a Corporate Social Responsibility Fund to assist in the provision of locally identified needs that will not be met as part of the planning process. This will be committed at the discretion of the MKDP Board.</p>	<p>CMcD</p> <p>Resource: MKDP Executive</p>	<p>March 2018</p>
12	Full consensus and support is required for the development brief process from all stakeholders. Brief aligned proposals should not create the opportunity to reconsider the site principles, as if the Development Brief had not been defined. It is	<p>Agreed. The Development Brief process is designed to enable stakeholder to comment around the acceptable uses of development sites. This process includes a consultation to inform the final Development Brief. The intention of this process is to provide certainty for investors and developers</p>	<p>Explanation of the Development Brief process will be incorporated into the stakeholder engagement plan to ensure better understanding of the process.</p> <p>Clarity of the process and framework this provides will also be</p>	<p>CMcD</p> <p>Resource: MKDP Executive</p>	<p>December 2017</p>

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	recommended that MKDP and MKC communicate this to stakeholders	<p>who then wish to take a site forward.</p> <p>This process generally works well in giving all stakeholders the opportunity to input into perspective uses. However, it is important for the success of MKDP that this process is not undermined by challenging proposed land uses which are in line with the development brief. The Council will not amend development briefs once issued unless key policies, such as the local plan, are substantially changed.</p> <p>To ensure that Council policy is fully considered, for each site, in the preparation of each development brief the Strategic Property and Facilities Management Board will be consulted to identify any pertinent policy issues, requirements or considerations.</p>	addressed with new Board members as part of initial workshops.		
13	The functions of MKDP should be split into separate workstreams to clearly define the purpose and enable effective performance management. These workstreams should be as follows:	<p>Partially agree.</p> <p>It is the responsibility of the MKDP Executive and Board to determine how to resource delivery. But as outlined in the Cabinet's Response to Recommendation 1, there is an overriding need to provide clarity of purpose to MKDP as an independent arm's length subsidiary. A classification of MKDPs land assets, under</p>			

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		<p>the definitions outlined below, will allow the MKDP board to act at pace in deciding how to deliver both the Council's stated strategic objectives and the purely commercial activity necessary to secure long term commercial value and the dividends assumed in the Medium Term Financial Plan. This categorisation will form part of the Accountability Framework.</p> <p>Under this categorisation the Board would not be responsible for place making or delivering social & community value for small sites save for those requirements set out in the Accountability Framework. For detail of the social & community value relating to small sites, see Recommendation 1.</p> <p>Strategic place making is however a core element of Renaissance CMK and the Bowl Site. This is reflected in Recommendation One.</p> <p>A commercial decision around small sites however does include dealing with stakeholders and other parties' needs. This does not negate any requirement for quality design.</p>			

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	a) Small sized assets outside of CMK, with modest values and clear land use designations should be the focus of an accelerated programme to deliver financial benefits (whether receipts or ongoing income) and support the delivery of additional housing.	See above	Categorise all MKDP sites as per the recommendation (a-c) and set up programmes to deliver.	CMcD Resource: MKDP Executive	March 2018
	b) MKC considers positioning MKDP as a primary force in regenerating and upgrading CMK, using the assets held in the city centre.	As above	As above	CMcD Resource: MKDP Executive	September 2017
	c) Milton Keynes Bowl becomes the focus of a specific and dedicated inward investment initiative with a dedicated and skilled team.	As above	As above	CMcD Resource: MKDP Executive	September 2017
14	Opportunities for alignment between stakeholders and initiatives covering new partnership arrangements, council responsibilities, YourMK and other external opportunities should be encouraged.	Agreed. As the housing and homelessness crisis in MK deepens, the need to develop innovative housing solutions to help tackle the crisis is becoming increasingly imperative. One emerging such proposal is the delivery of short term modular housing. Exploring potential opportunities through closer collaboration between YourMK and MKDP should be explored as soon as is practicable.	Prepare a paper considering whether and how to develop a formal protocol to deliver more homes, particularly affordable homes, more quickly on MKDP and other land.	CMcD Resource: MKDP Executive	November 2017

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15	MKDP must be aligned both the MK Futures and Oxford-MK-Cambridge arc visions and implementation plans. The role and function of MKDP must be considered in light of its potential to play a significant role in this visionary agenda. This role will also influence the composition of the Board and the executive function of MKDP for the future.	Partially agree. MKDP as a landlord will need to consider its own response to the work of the National Infrastructure Commission proposals as they emerge through local plans. It is recognised that emerging proposals will create commercial opportunities. This will link to the overall leadership of Renaissance CMK.	N/A	N/A	N/A
16	In order to make MKDP successful and to achieve the long-term aspirations of the City stakeholder fragmentation and discord must be addressed.	Agreed. See 5e and 10	See 5e and 10	N/A	N/A
17	The scope of the revisions proposed in this review suggest that a Transformation Group and Transformation Manager should be formed an appointed to guide and oversee the reformulation of MKDP in line with its revised Objectives.	Disagree. The cost of such resource would outweigh its benefit. The Portfolio Holder and Chair of MKDP will be overall responsible for the delivery of the action plans arising from this Review.	N/A	N/A	N/A

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18	Comparative analysis and visits should be undertaken including consideration of successful urban regeneration projects; inward investment vehicles and other large scale urban vision projects in UK city centres to inform the direction of travel and form for MKDP.	Agreed.	Programme of learning and development visits to be agreed each year by the Board to include Board Members, Executive Officers and relevant MKC Members and Officers.	CMcD Resources: MKDP Executive	April 2017 onwards