

**MILTON KEYNES DEVELOPMENT PARTNERSHIP (“MKDP”)**

**Board Meeting**

**26.07.2022**

**10:30 – 12:30**

**Room 1.02 Civic/ MS Teams**

**Board Members Present:**

Nicola Sawford, Independent Chair, (NS)  
Michael Bracey, Chief Executive MKC, (MB)  
Roger Bell, Independent Board Member, (RB)  
Cllr Rob Middleton, (RM)  
Cllr Jenni Ferrans, (JF)  
Cllr David Hopkins, (DH)

**In Attendance:**

Tracey Aldworth, MKDP, Managing Director (TA)  
Kath Corbett, MKDP, Chief Finance Officer, (KC)  
Matthew Green, MKDP, Property Development Director, (MG)  
Adam Sciberras, MKDP, Special Projects Director  
Teresa Lane, MKDP, Interim Special Projects Director, (TL)  
Ellenor Scott, Company Secretary & General Counsel, MKDP, (ES)  
Allison Pettifer, MKDP, Secretary to the Board, (AP)  
Gary Wong, Hillier Hopkins – *Item 5.2 only*

<b>Item</b>		<b>Action</b>
<b>1</b>	<b>Apologies:</b>	
	Huw Lewis, Independent Board Member Steve Mallen, Independent Board Member Mike Clarke, Independent Member	
	The Chair welcomed Adam Sciberras back to MKDP as the newly appointed Special Projects Director. The Chair also thanked Teresa Lane for her time as the Interim Special Projects Director.	
<b>2</b>	<b>Declarations of Interest:</b>	
	Nicola Sawford is a Director of MKHC Roger Bell is a Director of MKHC Kathleen Corbett is the Lead Officer for MKHC Ellenor Scott is Company Secretary of MKHC Cllr David Hopkins reminded the Board of his interests as listed on his Register of Interest, particularly the land known as Iron Mongers Close, Wavendon. It was noted that he had no specific interest in any of the papers being presented to Board. Rob Middleton declared an interest in item 7.2 Ringfence Agreement as the matter is being considered by MKC as a Delegated Decision in August.	
<b>3</b>	<b>Communications Update:</b>	
	The Board noted the progress on PR & Comms. Comments received: Communications strategy: The wording of the primary messages to be reviewed. Communication Activity: Briefing session requested for the Councillor group.	<b>JC</b>

	<p>Increase the communications channels to include commercial press. The Exec were asked to consider how the key messages regarding promoting growth and the development agenda (sites and placemaking) are woven into the overall strategy. Implementation of a survey to temperature check what is known about MKDP to be conducted now and then reviewed in 12 months' time was suggested.</p>	<b>JC</b>
<b>4</b>	<b>Previous Minutes:</b>	
4.1	<p>Board Minutes: The minutes of the meeting held on the 28.06.22 were approved. All actions were confirmed as complete or form part of the agenda.</p> <p>Update on actions:  Future capital expenditure requirements remain an ongoing matter.  Loan Refinancing: The Board were advised that the Council have not supplied the redraft of the Loan agreement and that they are receptive to renewal within the 3 months term.  Campbell Park Northside: It was confirmed that the IP was protected.</p>	
4.2	Risk Audit & Governance Subcommittee Minutes: The Board noted the minutes of the meeting held on the 01.07.22. There were no matters arising.	
<b>5</b>	<b>Finance Matters:</b>	
5.1	<p>Q1 financial Performance – Income &amp; Expenditure only  The board noted the Q1 performance. The CFO advised the Board of the following:</p> <ol style="list-style-type: none"> <li>1. MKDP are still experiencing expenditure pressures on some of its managed assets</li> <li>2. Rent deposits - all the amounts and interest are now in a separate bank account</li> <li>3. Auditors are due in September</li> <li>4. Work ongoing in connection with reforecasting on the wider economic macro-economics.</li> <li>5. Redbook valuation - the annual valuation of assets is underway as at end March 2022. Commentary to be considered within the statement of accounts reflecting the economic fluctuation in interest rate rises and land prices.</li> </ol> <p>Shenley Wood B: The Board were advised that the preferred bidder had withdrawn and that the under bidders have also stepped back. The Board were advised that a final assessment of the bids would need to take place before a decision to pull the process is made.</p> <p>RM expressed disappointment that MKDP were not able to use its agility to bring forward commercial sites and take advantage of the economic situation. The Chair noted that this is not necessarily a lost opportunity but more of a timing opportunity. MKDPs governance arrangements/Members Agreement around conditional and unconditional disposals and reserved matters are to be reviewed to provide more flexibility in the future.</p> <p>RM noted that we appear to be entering a sustained instability so how do we improve processes to find a way forward. It was agreed that a review of the process and any lessons learned would be helpful.</p> <p>The Chair asked if a decision was required that we agree to stop the process in the short term or continue with the under bidders? The Exec advised that a decision</p>	<p><b>KS/ES</b></p> <p><b>MG</b></p>

	<p>was not required today but was making the Board aware that this might be the outcome. Further due diligence with the underbidders would continue. The Chair requested that updates are provided and if necessary, a special board meeting should be called.</p>	<b>MG</b>
5.2	<p><b>Audit Planning Memorandum:</b> The Auditors, Gary Wong of Hillier Hopkins joined the meeting for this item.</p> <p>The Board considered the Audit Planning document. The Board noted the separate element relating to revenue recognition in the fee quote and that there is a risk this cost may change. This has been highlighted due to a complexity this year on one of the sales that has a deferred consideration. Consideration on how this is recognised will need to be worked through. The potential for an uncertainty clause in the financial statements relating to in the valuation report might need to be considered.</p> <p>Timeframe: The CFO confirmed that the plan is to bring the draft statutory accounts to Board in September. This will enable time to consider the strategic report, cover disclosures and finalise the audit points/questions and is confident the deadline of December end will be met.</p>	
5.3	<p><b>Long Term Financial Strategy:</b> The Board received and discussed the key priorities for MKDP now that the Housing Company is progressing. Deliberation was given to the financial and strategic implications for MKDP. The debate covered the liquidity required to deliver affordable homes, resources to deliver the Council's wider placemaking agenda, profit distribution, macroeconomics, placemaking, expansion of the MKHC, real estate property strategy knowing where acceleration is needed, generation of income or capitalisation, shareholder value.</p> <p>Comments:</p> <ul style="list-style-type: none"> <li>• It was suggested that rather than providing a list of items the Executive should push on the choices and trade-offs.</li> <li>• When working in a recession how are we going to manage potentially difficult decisions if we think we need to sell something at a low price.</li> <li>• Add into the equation acquiring more land.</li> <li>• Councillor workshops on priorities.</li> </ul> <p>Board were advised that the executive would be meeting to discuss these matters with an update being provided in September with a more finalised proposal/position in October.</p>	<b>KC</b>
<b>6</b>	<b>Governance Matters:</b>	
6.1	<p><b>MKDP Policies: Code of Conduct &amp; Gifts &amp; Hospitality</b> Board received the 2 policies and were advised that both policies had been reviewed and commented on by Risk, Audit &amp; Governance subcommittee, and Internal Audit. Board approved the Code of Conduct Policy and the Gifts &amp; Hospitality Policy.</p>	
6.2	<p><b>Procurement Update:</b> Risk, Audit &amp; Governance subcommittee were advised at the meeting held on the 1.7.22 that legal advice was being sought to specifically address the question of</p>	

	procurement arrangements for MKDP. This will be reported back to the Board in due course.	
<b>7</b>	<b>MKHC</b>	
7.1	<p>Approval of appointments and forward Plan: MKHC Director appointments: The official appointment requires the approval of the shareholder, Milton Keynes Development Partnership LLP.</p> <ol style="list-style-type: none"> <li>1. The Board approved the immediate appointment of Tim Jennings, Jennie Coombs, and Julie Haywood to the MKHC Board.</li> <li>2. The Board approved in principle appointing Richard Broomfield to the MKHC Board from September and delegated the appointment to the MKHC Board.</li> <li>3. The Board approved Nicola Sawford, MKDP LLP Independent Chair to be the Parent Director of the MKHC Board.</li> <li>4. Roger Bell's position on the MKHC Board is extended until Richard Broomfield is appointed to the Board at which time RB will stand down.</li> </ol> <p>The MKHC forward plan was noted.</p>	
7.2	<p>Ringfence Agreement: DoI by RM. The ringfence agreement between MKDP, MKC and MKHC sets out the parties' common objectives relating to MKHC's registration with the Regulator. The Agreement will assist in satisfying the Regulator as to MKHC's compliance with the Regulatory Standards.</p> <p>Comments received on the agreement:</p> <ul style="list-style-type: none"> <li>• Item 7.3.7 of the agreement: The word arbitrator to be checked.</li> <li>• Assurance was given that the agreement is similar to one Trowers and Hamblins have used in the past for this purpose.</li> </ul> <p>The Board approved the ringfence agreement subject to clarity on arbitrator (item7.3.7 of the agreement) and resolved to enter the Ringfence Agreement.</p>	<b>ES</b>
7.3	<p>Kents Hill Update: As part of the Kents Hill transaction the S106 was amended to remove shared ownership properties in order not to put any sales risk on MKHC's business plan. The amendment went through Planning Committee and was not supported. A review of the position has been undertaken. In conjunction with Planning, evidence from the Housing Team is being gathered to present a compelling case back to the Committee in early September with the reasons why shared ownership was removed from this scheme. The evidence base demonstrates there is plenty of shared ownership product coming through but there is a deficit of affordable rental product. A further update will be provided to Board once it has been back through the Committee.</p>	<b>MG</b>
<b>8</b>	<b>Property &amp; Placemaking Matters</b>	
8.1	<p>CMK Market: An update, following on from the May Board meeting, was provided on the work to improve the market confirming the intention to operate the market under a management agreement (over a lease) from expiry of the current lease in April 2023. If an external operator is desirable, Board approved an external procurement</p>	

	<p>exercise and a minimum contract of 3 years. MB motioned that MKC could be the party that operates the market with or for MKDP going forwards. It was agreed to explore this option whilst preparing for the launch of the procurement exercise.</p> <p>The Board noted the following:-</p> <ol style="list-style-type: none"> <li>1. The updates referred to in the paper.</li> <li>2. The development of the vision and business case for the longer term strategy needs to be informed by a discussion by the board about the financial parameters for the project and in the context of the overall MKDP capital and revenue budget.</li> </ol> <p>The Board approved the following recommendations:-</p> <ol style="list-style-type: none"> <li>1. The intention to procure an operator for the market from expiry of the current lease. Recognising that if going externally, this would require a minimum contract of 3 years. Whilst noting the request for there to be a further discussion with MKC about the option for direct management of the market by MKDP/MKC before the tender process for a management agreement is completed.</li> <li>2. Approve the intention to tender external advisors to inform the longer term strategy for the market with the focus of the work on engagement with existing and potential stallholders and customers.</li> </ol>	<b>AS</b>
8.2	<p><b>Station Square: Development Brief Update:</b></p> <p>The Board noted the latest progress with the preparation of the development brief for Station Square and the work that is currently underway to create a better level of co-ordination across the Council and MKDP to ensure full and effective co-ordination of interventions and activity in CMK and central Bletchley. The Board noted the Steering Group and Technical Group, and both of these have MKDP representation. The intention is to update the board on the options as they evolve.</p> <p>Meanwhile uses, building on the success of the Fan Zone, are being reviewed with MKC's Creative and Cultural Manager.</p> <p>MB asked if the bus station and car parking is included in the development brief work. It was confirmed that it is.</p> <p>The Chair asked for an update at the next Board meeting.</p>	<b>AS</b>
8.3	<p><b>Mobility Hubs Trial Project:</b></p> <p>The Board noted the mobility trial project on land owned by MKDP but classified as adopted highway, in the theatre district. The board noted that MKDP are now working with Transport colleagues to review other potential sites. Any other MKDP sites identified which might impact MKDP's portfolio will be brought back to board. A question was raised if this initiative would create additional cost to MKDP. The board was advised that legal advice received is indicating that it will not, and its delivery was still subject to securing government funding.</p>	
<b>9</b>	<b>Reports:</b>	
9.1	<p><b>Chair's report:</b></p> <p>The Chair provided an overview of activities which include completion of the interview process for the MKHC Non Executive Directors alongside working on the</p>	

	new MKDP Board interview process. A number of R&N meetings have been held and a brief update will be provided in the AOB board only session. The Chair has also been involved in discussing the Shenley Wood tender process with the executive.	
9.2	MD's report: The Board noted the report which covered Health & Safety Matters, Bletchley & Fenny Stratford Town Deal, the visit to Bletchley by key officials from the Department for Transport, Network Rail and East West Rail and the opening up of the Levelling Up government portal for which 2 bids are to be submitted in the next 2 weeks.	
9.3	MKC Chief Executive Report: A visit to the Bus Station Homeless project indicates that the service is well used and is making a difference. MB was also pleased to say that the relationship with the Winter Night Shelter was working well. He highlighted that the arrangements were temporary, therefore we need to consider what happens next especially as the development brief for Station Square progresses.	<b>AS</b>
<b>10</b>	<b>AOB</b> With no general AOBs arising the meeting closed	
<b>11</b>	<b>Board only session</b>	
	The Executive except for ES and TA left the room.	
	<b>NEXT MEETINGS:</b> 27 <sup>th</sup> September 2022: Room 1.02, 10:30 - 12:30 25 <sup>th</sup> October 2022: Room 1.02, 10:30 - 12:30 29 <sup>th</sup> November 2022: Room 1.02, 10:30 -12:30	

Confirmed as a true extract of the meeting of the Board held on 26<sup>th</sup> July 2022 and published in accordance with the Freedom of Information Act 2000.

**Nicola Sawford**

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Independent Chair