

Local Economic Assessment 2019

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Economy & Culture



milton keynes council



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Summary

Introduction

- i. The Milton Keynes 2019 Local Economic Assessment (LEA) is designed to provide a robust view of the Milton Keynes economy. This evidence will be used to help inform future strategy, funding bids, policy and partnership working. The 2019 LEA refreshes the data presented in earlier LEAs, published in 2011, 2013 and 2016.
- ii. Since the previous LEA was produced, there is no longer a requirement from Department for Communities and Local Government (DCLG) (now the Ministry of Housing, Communities & Local Government) to hold an up-to-date LEA, which had an emphasis on “assessing the economic conditions”¹ of an area. This presents Milton Keynes Council with an opportunity to be more flexible in the scope of the LEA and to explore areas which were not previously considered. On 28th March 2019, a workshop was held with a range of stakeholders across the council, community groups and wider partners to understand the key economic issues which are important for them to understand in their work. Following this workshop, the focus of the Local Economic Assessment has been refined to:
 - Develop a detailed and balanced assessment of the Milton Keynes economy which can be used to support the development of business cases, funding proposals/bids, economic strategies and community investment approaches.
 - Use the full collection of quantitative data available to us, both using national statistics, but also those collected by local partners through their work.
 - Present the evidence using an array of charts, maps and infographics, to make the data analysis more visual, concise and accessible to a range of different users.
- iii. As Milton Keynes progresses with its ambitions for growth to 2050 and revises its Local Plan as part of the Plan:MK2, it is important to take stock of recent economic progress made and understand how Milton Keynes will develop in the future. This Local Economic Assessment builds on much of the work which has already been undertaken and will underpin future strategic and investment decisions across the area.

Note on Data

Research for the 2019 Local Economic Assessment was undertaken in March and April 2019 and all data and analysis in this report should be considered up-to-date only until this point.

There is a volume of new data which is produced on a regular basis and should be taken into consideration when applying data from this report. Key sources of up-to-date socio-economic intelligence can be found on the Milton Keynes Council website, SEMLEP’s website and wider national datasets available through the NOMIS website.

Context

- iv. Milton Keynes is an area which has undergone rapid economic development since the town started its development in 1967. Today it is home to a diverse population of 267,500 people having grown by nearly 13 times the number of people recorded in 1931.

¹ Local Economic Assessments: Statutory Guidance, DCLG, 2009

- v. Milton Keynes sits at an important economic and strategic crossroads. The development of the Oxford to Cambridge Arc is becoming increasingly important, especially given the infrastructure and housing investment planned for the area. In addition, Milton Keynes lies along the Euston-Birmingham corridor, providing connections to many of the UK's key economic centres, including London, Birmingham and Manchester. The town's recent growth alongside its role in serving sub-regional communities (as highlighted through commuting, retail and housing patterns) shows the importance of Milton Keynes in supporting the economic aspirations of the Oxford to Cambridge Arc as well as unlocking opportunities for residents and businesses alike.

Economic Performance

- vi. The Milton Keynes economy consists of 181,000 jobs around 14,600 active enterprises. It is a highly productive economy, producing over £13.25 billion of GVA in 2017. Productivity in Milton Keynes is 27% above national levels, with Milton Keynes being ranked as the second most productive city outside of London (behind Slough).
- vii. Employment has grown strongly over the last five years, with 37,800 more jobs in Milton Keynes in 2017 compared to 2012 (a 26% increase). People in Milton Keynes are employed across a wide range of different sectors, although two-thirds are employed across five key sectors: public admin, education & health; financial and professional services; retail; business support services; and hospitality, leisure and recreation sectors.
- viii. Milton Keynes has a highly enterprising economy, with a higher business birth rate than nationally. Once these businesses are established, they generally perform well in the first two years, with more surviving than the national level. However, this tails off after the third year of business operation, moving back towards the national average. Milton Keynes' strong enterprising environment is reflected in the recent change in the size of businesses, with strong growth amongst the number of small businesses (employing 0 to 4 employees) in Milton Keynes over the last five years. There are now 37% more small businesses in Milton Keynes compared to five years ago.
- ix. Milton Keynes imported goods totalling £15.3 billion last year and exported goods totalling £1.06 billion. A high proportion of Milton Keynes' imports and exports are to/from the EU, posing challenges for the future given the uncertainty over the UK's future trading relationship with the EU.

Population & Labour Market

- x. Milton Keynes continues to be an area of dynamic population growth, having increased by more than 16% over the last ten years (+36,500 people). The profile of Milton Keynes' population has also changed in recent years, with an increasing number of residents of child-bearing ages (between 30 and 45 years). By comparison, there is a gap in the number of people aged between 18 and 25, with 28% fewer in Milton Keynes compared to nationally (partly reflecting the lack of a residential university). The high proportion of people of child-bearing age is reflected in the population birth to death ratio, with more than twice as many births in Milton Keynes compared to deaths.
- xi. Milton Keynes has a relatively transient population, with high levels of in- and out-migration domestically. In 2017, it is estimated that 12,150 people migrated into Milton Keynes and 13,565 left Milton Keynes, meaning there was a population churn rate of approximately 5%. The majority of people migrating in and out of Milton Keynes are aged 19 to 49, accounting for 68% of those migrating into Milton Keynes and 63% of those leaving Milton Keynes. Milton Keynes has had a continuous net inward flow of international migration, with a net increase of 940 international migrants in 2017.

- xii. Milton Keynes has a highly diverse population. Around a fifth of the population comes from a background other than white, compared to 15% nationally. This proportion has increased since 2011, with the proportion from ethnic backgrounds increasing by 36% since 2011 (compared to 5% for those from white backgrounds).
- xiii. Milton Keynes' labour market is generally strong, with relatively low unemployment levels (1.4% of the working-age population) and an employment rate which is starting to catch-up with national levels. However overall qualification levels in Milton Keynes are slightly weaker than the rest of the Oxford-to-Cambridge Arc, partly reflecting the lack of a residential university in the city which would help to embed a higher-qualified workforce.
- xiv. Wages earned by people living in Milton Keynes do not reflect the high productivity generated by workers, with the average disposable income per household being £20,040 per annum, only £160 above the national average. People living in Milton Keynes currently earn less than those working in Milton Keynes by around £1,700 per year (based on annual pay), with those on higher-paying salaries working in Milton Keynes more likely to commute out of the city.
- xv. Commuting levels in Milton Keynes are high and this is likely to have continued increasing in recent years. Data from the 2011 Census indicates that there is net in-commuting of 16,630 people, with 44,520 people commuting into Milton Keynes for work and 28,180 people commuting out of Milton Keynes for work. Strong employment growth in Milton Keynes in recent years (which has outstripped population growth) suggests that in-commuting will have increased further to meet the labour demands of Milton Keynes' rapid growth.
- xvi. There is evidence of continued economic disadvantage within Milton Keynes, although this appears to be lower than nationally. In the Indices of Multiple Deprivation, Milton Keynes ranks 129th out of 326 local authorities in England in terms of the proportion of LSOAs² within the 10% most deprived. There are nine LSOAs in Milton Keynes (6% of the total) which are among the 10% most deprived in England.

Skills: Schools, Colleges, Higher Education and Workforce

- xvii. Milton Keynes has a wide range of skills infrastructure which supports the needs of the city's young people and workforce. There are 55 primary schools, 22 secondary schools, 15 further education schools and colleges and two higher education institutions. In addition, further facilities are currently in the pipeline to support future skills development. This includes plans for an Institute of Digital Technology at Bletchley Park and a new technical university (MK:U) in central Milton Keynes in collaboration with Cranfield University.
- xviii. At the overarching level, performance at primary schools is generally on a par with national levels, with 65% of pupils reaching the expected standard in reading, writing and maths and primary schools being well rated in Milton Keynes, with 30% rated 'outstanding' by Ofsted. As young people move into secondary school level (KS4), Milton Keynes begins to fall slightly behind the national levels, with a lower proportion of pupils achieving grade 9-5 in their English Baccalaureate and Ofsted ratings for secondary schools being slightly below the national level, with a quarter of schools requiring improvements. This trend continues into further education, with the average student at A

² LSOA (Lower Layer Super Output Area) is one of the smallest statistical geographies nationally, and typically contains a population of around 1,500 people.

level achieving 30.2 (a grade C), lower than the level achieved nationally (32.1 points – a grade C+).

- xix. There were a total of 2,380 apprenticeships undertaken in Milton Keynes in 2016/17. Over half of these were undertaken by people aged between 16 and 24. Popular subjects included business, administration and law; health, public services and care; and engineering and manufacturing technologies.

Land, Property & Infrastructure

- xx. Milton Keynes has a strong supply of employment land to meet its future needs, with 95ha of proposed employment sites and 121ha of potential employment sites.
- xxi. Milton Keynes' rapid growth in population has partly been fuelled by its strong housing growth. The housing stock has now grown to 111,813 dwellings as of 1st April 2018, a 10% growth rate since 2010. Milton Keynes delivered 1,520 new units of housing in 2018, although this was only 86% of its annual target (of 1,767 homes). There has been a persistent shortfall of housing delivery against targets since the beginning of the previous Core Strategy period (2010/11).
- xxii. House prices in Milton Keynes have been growing in recent years, reflecting the rising demand for houses locally (given strong employment growth). Median house prices have been growing at a faster rate than nationally, with the average sold house price being £280,000 in 2018. This is £41,000 above the national level, although still £40,000 below the average across the South East. House prices are now 8.2 times the average salary in the area, considerably above the England ratio of 7.1, and having risen considerably over the last four years, having been below the England housing affordability ratio in 2014 (6.5).
- xxiii. The performance of the commercial property market has been relatively in line with that experienced across SEMLEP and the Arc, with falling vacancy rates and rising rents across office, industrial and retail space.
- xxiv. Transport infrastructure across Milton Keynes reflects its growing size and recent increases in commuting. The traffic count in Milton Keynes has increased considerably over the last six years, reaching a total of 955,900 motor vehicles passing through Milton Keynes in 2017. This has grown by 25% since 2011. Milton Keynes Central station continues to be the largest station, with more than 6.8 million entries and exits per year, and offers connections to London, Birmingham, Manchester and the North West/Scotland.
- xxv. Broadband provision in Milton Keynes has improved recently, with a high proportion of residents and businesses able to access full fibre and super-fast broadband. Traditionally, Milton Keynes has ranked poorly nationally for broadband provision, however this is improving rapidly, with CityFibre working to make Milton Keynes the first UK city to roll-out full fibre across the whole city.

Future Prospects





- xxvi. Milton Keynes is already making strong plans for its future, with the Milton Keynes Futures 2050 Commission producing a report in 2016 entitled "Making a Great City Greater". The city is implementing the Commission's proposed vision and is planning on the basis of a 2050 population for the "Metropolitan Milton Keynes" area (covering Milton Keynes and the immediately adjoining areas) of 500,000 people. This city is set to play a growing strategic role in the region, being at the heart of the Oxford to Cambridge Arc. This will present it with a number of opportunities in the future, particularly in relation to


infrastructure investment across the area, and a move towards a more technology-driven and higher-value economy.

- xxvii. The recent growth in Milton Keynes' economy is expected to continue into the future. Population and employment forecasts predict that Milton Keynes will continue to see employment and population growth above the national level. However, there is expected to be an ageing of the population (with a rise in the number of people aged over 65), with this requiring additional resources in the future to support this. Helping to drive this growth are a number of significant major business and infrastructure investments expected in Milton Keynes over the coming years. This includes Milton Keynes University (MK:U, the planned new technology university), the Oxford-Cambridge Expressway and the East-West Rail Link.
- xxviii. The Milton Keynes economy is not immune to wider macroeconomic factors in the UK economy. At present, the UK economy is undergoing one of its highest periods of uncertainty, largely driven by Brexit. This has impacted on business confidence, investment and trade across the UK, and will have a bearing on the future trajectory of Milton Keynes' economy. However there are opportunities arising from Brexit, with the weaker pound helping to make UK exports more competitive and the potential for new trade deals with countries outside of the EU opening new trading partners for imports/exports.
- xxix. Continued cuts to public sector funding will also impact on the council's ability to influence development and provide services and investment in the future. However the council's rapidly growing council tax and business rates bases, and an easing of austerity is opening up new opportunities for the Council to invest more in its economic development activities.
- xxx. The following infographic provides a summary of some of the key strengths, weaknesses, opportunities and threats facing the Milton Keynes economy at present.


S

Strengths











Milton Keynes has a **strategic important geographical position**, being at the crossroads between the Oxford to Cambridge Arc and the Euston-Birmingham knowledge corridor




It is an **enterprising economy**, with a high business creation rate, and good prospects for businesses (especially in the first two years)


Milton Keynes continues to have **developable land** which can be used to facilitate the **expansion of housing and commercial property** locally.




There are **strong transport connections**, both on the road and rail network. These are only expected to continue into the future with the East-West rail and Oxford-Cambridge Expressway proposals




Productivity is very high, being the **2nd most productive city nationally** outside of London (behind Slough).



Milton Keynes continues to **expand at a rapid rate**, with population, employment and business growth above the national level. Recent population growth has been amongst the working age population, going against national trends.




Milton Keynes has a number of **nationally recognised brands** headquartered in the city, including the 'Motorsports Valley': home to Aston Martin, Red Bull Racing and Honda F1 research & development facilities.




Milton Keynes has **lower house prices** than the wider South East region, and compared to other cities on the Oxford to Cambridge Arc.


W
Weaknesses




House prices have grown significantly over the last five years, and the affordability of housing (relative to wages) is becoming an issue locally.




There is currently a gap in the number of people aged between 18 and 25, largely driven by the lack of a residential university.



Milton Keynes has lower qualification levels when compared to the rest of the Arc, with secondary school performance below the national level.




Disposable incomes in Milton Keynes are relatively low compared to the national level. There exists a large disparity between the earnings of residents and workers in Milton Keynes, with those earning higher wages in the city taking their earnings elsewhere.




There exist a number of communities (9 LSOAs) within Milton Keynes which are among the 10% most deprived nationally


O
Opportunities




Milton Keynes' position at the heart of the Oxford to Cambridge Arc will present a number of opportunities for research, innovation and collaborative work.




There are substantial growth ambitions for Milton Keynes going forward, with plans to increase the population to 500,000 people by 2050.




Investment into transport infrastructure across the Arc will improve connectivity with major research cities (Oxford and Cambridge) and open up new markets.




The continued growth of London and the wider South East region presents a number of opportunities for Milton Keynes, particularly as commercial rents and house prices increase, forcing people to look at alternative places to live and work.




Employment is expected to increase at rates beyond the national level, with particularly strong growth in high-value sectors, including professional services and computer-related activity.



The development of a new university provides an opportunity to improve skill levels, particularly those relevant to the core sectors of the Arc.




Milton Keynes' strengths in smart cities innovation puts it in a strong position to benefit from innovation taking place within the transport sector and beyond.




Investment in broadband infrastructure (through CityFibre) will make Milton Keynes one of the most connected cities in the UK


T
Threats




Ongoing uncertainty in the UK economy, primarily caused by Brexit, will continue to impact of business confidence, investment and competitiveness of companies having to trade




The rise in automation may threaten some of the recent employment gains made, particularly in the warehousing and logistics sector.




Other urban areas in close proximity to Milton Keynes (e.g. Northampton and Luton) are also set to experience a boost from infrastructure improvements across the Arc. These areas currently have lower rents than Milton Keynes, and may become more competitive for businesses in the future.




The decrease in central government funding for Milton Keynes Council will put an increasing pressure on local spending and service provision.



Population projections suggest there will be a significant increase in the proportion of the population aged over 65 in the next 20 years (+73%). This will put increasing pressure on the working-age population to support these, and pressure on the social care sector.



High dependency on the EU for Milton Keynes' imports may become at risk from negotiations over the future of the UK's trading relationship with the EU.



Rising congestion, particularly in the centre of Milton Keynes, reduces the attractiveness of the area as a place to live and do business

1. Milton Keynes in Context

Summary

- Milton Keynes has been growing rapidly since the town was first developed in 1967. Today the town is home to 267,500 people, having grown at a considerably faster rate than the Oxford-to-Cambridge Arc, SEMLEP and England.
- Building on its population growth, Milton Keynes' economy has also grown rapidly, with around 180,850 people now employed in the town.
- Milton Keynes sits at an important economic and strategic crossroads. The development of the Oxford-to-Cambridge Arc is becoming increasingly important, especially given the infrastructure and housing investment planned for the area. In addition, Milton Keynes lies along the Euston-Birmingham corridor, providing connections to many of the UK's key economic centres, including London, Birmingham and Manchester.
- Milton Keynes has a number of important transport connections, with connections to the M1, west-coast mainline, coach network and east-west rail links.
- Milton Keynes has developed a number of important socio-economic assets in recent years, which have helped shape the brand of the city. This includes the Open University, Milton Keynes College, Milton Keynes University Hospital, Centre:MK, Stadium:MK, Bletchley Park, MK Gallery and the Marshall Arena.

- 1.1 This section provides an overview of the context against which Milton Keynes'³ recent economic performance can be measured. This shows how the area has evolved over the last five decades and its position within the local area today. Throughout this economic assessment, unless stated otherwise, then "Milton Keynes" is the administrative geography of the local authority. The 'city' of Milton Keynes refers to the primary urban area of the Borough.

Emergence of Milton Keynes

Size and Area

- 1.2 Milton Keynes covers a total area of 38,000 hectares (308 sq. km). According to the 2011 Census, around 21% of the Borough's area is built up and urban, which consists largely of the city of Milton Keynes, incorporating the existing towns of Wolverton, Bletchley and Stony Stratford.
- 1.3 The built up and urban areas within Milton Keynes are mostly located in the southern part of the authority, while the north is less densely inhabited. Olney is the only substantially urbanised area to the north, with the remainder of the area being largely rural.

³ It should be noted that throughout this Economic Assessment, that unless stated otherwise, "Milton Keynes" refers to the administrative geography of the local authority.

Figure 1.1 Context Map

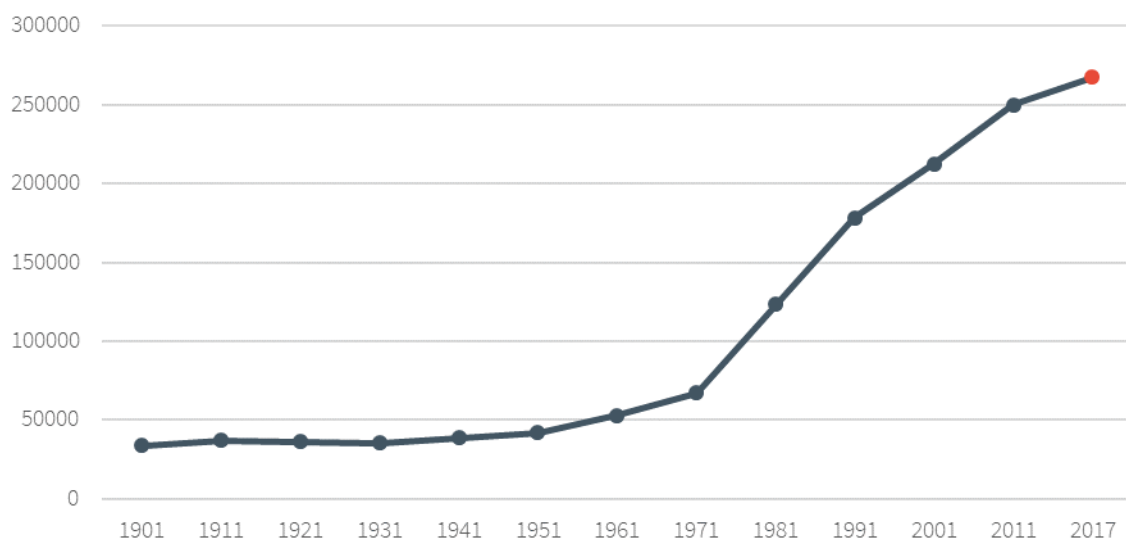


Source: Hatch Regeneris

Population

- 1.4 Milton Keynes has undergone substantial population growth since the town was first developed in 1967. The borough's population almost doubled in a decade (from 67,000 in 1971 to 123,000 in 1981). The latest data from ONS Population Estimates, estimates that the population has now doubled again since 1981, with the total population in Milton Keynes totalling 267,500 people in 2017.
- 1.5 Milton Keynes' population growth has been strong in recent years, with a 16% growth rate between 2007 and 2017. This is much higher than that experienced across England (8%), the Oxford-to-Cambridge Arc (11%) and SEMLEP (12%).

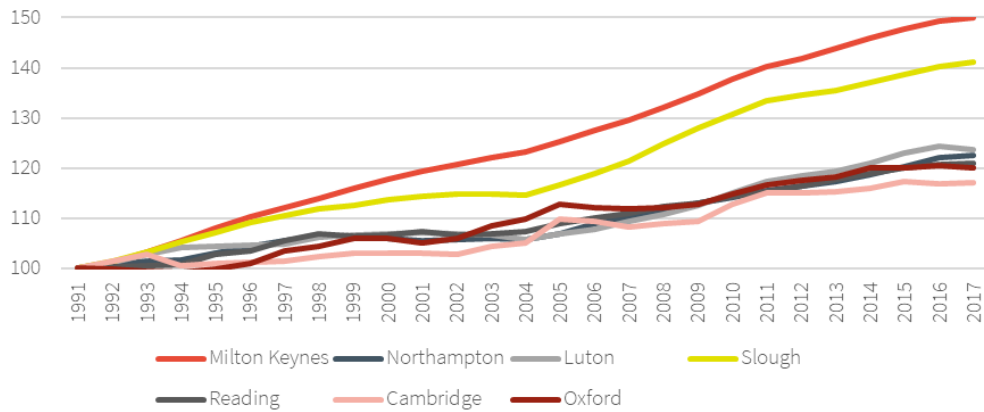
Figure 1.2 Population growth in Milton Keynes 1901-2017



Source: ONS, Census of Population, 2011; Population Estimates, 2017

- 1.6 Relative to comparator cities, Milton Keynes has grown strongly over the last 25 years. Milton Keynes has grown by nearly 50%, a rate of growth far outstripping Oxford, Cambridge, Northampton, Luton, Slough and Reading.

Figure 1.3 Population growth in Milton Keynes relative to comparator cities, 1991-2017

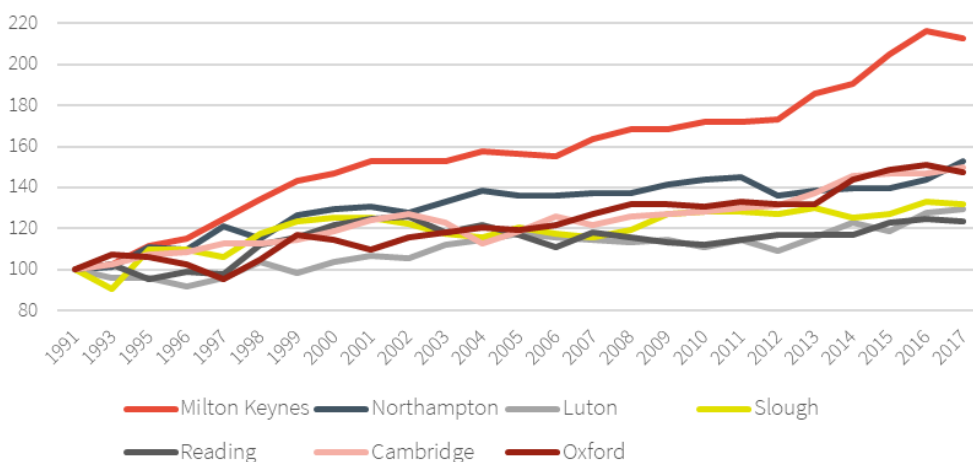


Source: ONS Population Estimates, 2017

Wider Economy

- 1.7 In addition to growth in the overall population in Milton Keynes, there has also been significant economic growth. Before Milton Keynes was designated as a New Town, data from the Census of Population shows that the Borough had under 14,000 people employed in 1931. Following the designation of Milton Keynes as a new town, total employment almost doubled to 52,300 in 1981. In 2011, employment in Milton Keynes was 8-times that recorded in 1931 at 123,000, which has now increased to nearly 13 times as many, with 180,850 employed in 2017.
- 1.8 Relative to comparator cities, Milton Keynes has experienced the highest level of employment growth over the last 25 years, with particularly strong growth occurring over the last five years.

Figure 1.4 Historic employment growth in Milton Keynes relative to comparator cities, 1991-2017



Source: ONS, BRES and ABI, 2018

Milton Keynes's Position

Strategic Connections

- 1.9 Milton Keynes has been a Unitary Authority since 1997, becoming independent from Buckinghamshire County Council. Geographically, it is part of the county of Buckinghamshire.
- 1.10 Milton Keynes' position has traditionally made it a difficult area to define statistically. The ONS/Eurostat "NUTS" classifications locate Milton Keynes within the ONS/Eurostat 'South East' NUTS 2 statistical region (also the former Government Office Region), with Milton Keynes sitting very much at the northern point of this region (stretching all the way to Kent and Hampshire). Milton Keynes also borders the statistical regions for both the East Midlands and the East of England. This makes it a challenge when comparing Milton Keynes' performance to other areas.
- 1.11 In 2011, Milton Keynes became part of the South East Midlands Local Enterprise Partnership. SEMLEP was approved by Government as covering a geography that represents a functional economic area for this part of England. The geography of the SEMLEP area has a number of other LEPs bordering and overlapping, which shows how there are few clear economic 'borders' in such an inland and relatively accessible part of the country. In August 2016, SEMLEP and Northamptonshire LEP merged, with SEMLEP now consisting of the following 14 local authorities: Aylesbury Vale, Bedford, Central Bedfordshire, Cherwell, Corby, Daventry, East Northants, Kettering, Luton, Milton Keynes, Northampton, South Northants, Wellingborough and Northamptonshire County Council.

Figure 1.5 Milton Keynes within South East Midlands LEP, Oxford to Cambridge Arc and Buckinghamshire

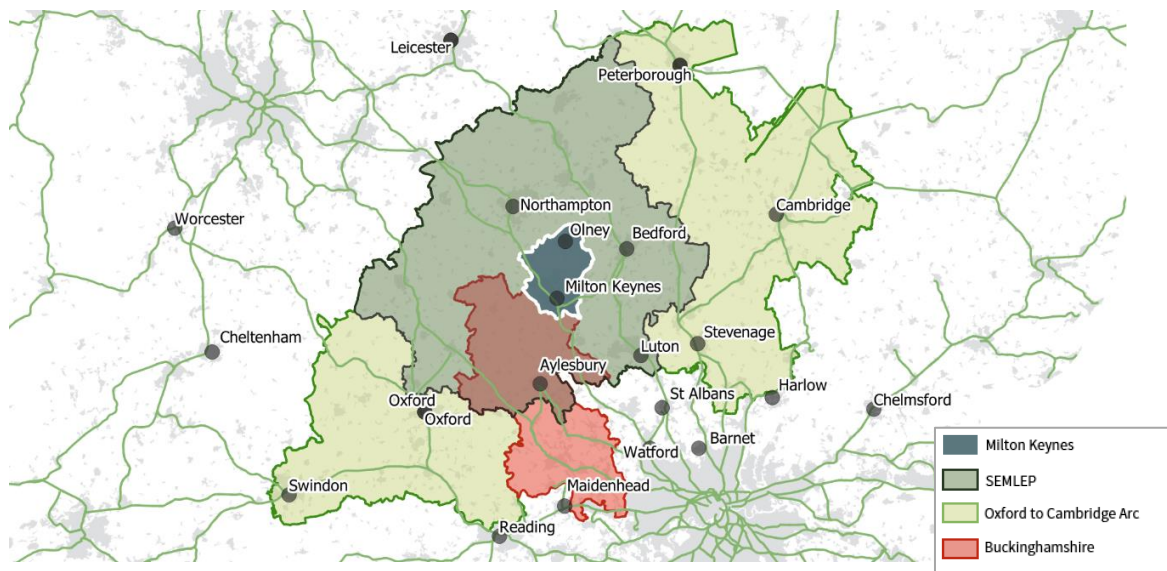
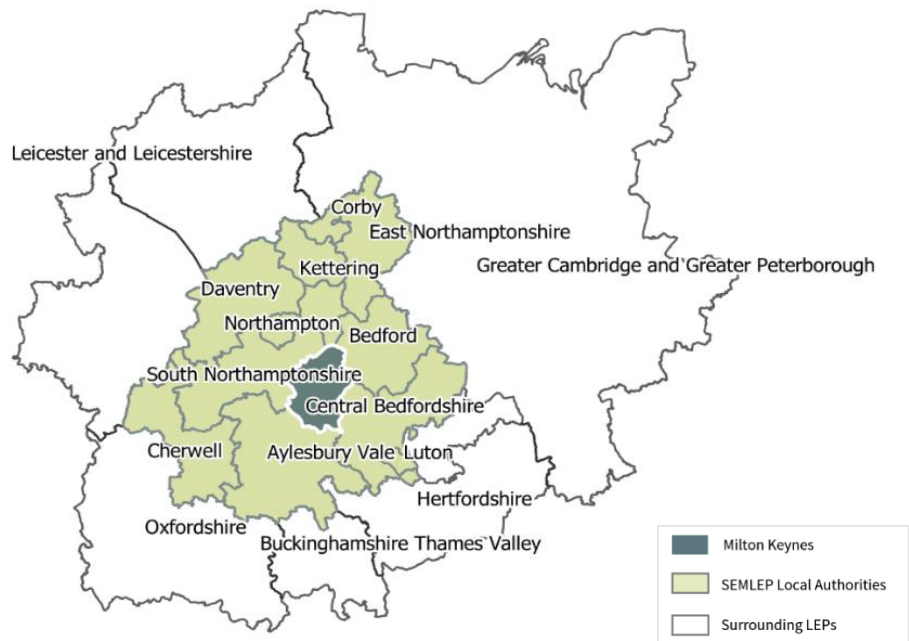


Figure 1.6 Milton Keynes within South East Midlands LEP and wider LEP Context



Source: Hatch Regeneris, 2018

Economic Connections

- 1.12 According to the 2017 GVA report “Milton Keynes Economic Growth and Employment Land Study”, Milton Keynes has been experiencing one of the fastest growth rates within the UK, in terms of population, housing and employment growth. “As the dominant economic hub in the sub-region it has continued to provide a critical mass of employment that not only provides jobs for residents but also attracts workers from other local authority areas.”
- 1.13 Milton Keynes also fits into the wider Oxford-to-Cambridge arc, a notional arc of cities and towns which lie around 50 miles to the North and North West of London. This runs between the two university cities of Oxford and Cambridge, through Milton Keynes, incorporating other settlements in Cambridgeshire, Bedfordshire, Buckinghamshire and Oxfordshire. The region is set for significant infrastructure and housing investment, with a new East West Rail connection and Oxford-Cambridge Expressway. The National Infrastructure Commission has described the Oxford-to-Cambridge Arc as the UK’s Silicon Valley, an area of national and international importance with exceptional growth potential. With Milton Keynes being centrally located within this arc, it has been identified as having the potential to act as a growth catalyst for the wider region.⁴
- 1.14 Milton Keynes also has strong economic connections along the West Coast Mainline, linking London Euston to Birmingham. These connections have largely developed due to the strong transport connections along the corridor, which have influenced commuting patterns and business networks.

⁴ OXLEP, BTVLEP, SEMLEP, Cambridge and Peterborough Combined Authority, *Economic Vision: The Oxford-Cambridge Arc*, April 2019

Transport Connections

1.15 Milton Keynes benefits from its proximity to a range of nationally important strategic infrastructure. This includes:

- **Motorways:** the M1 motorway cuts through the middle of the local authority area, with Junction 14 being approximately 3 miles from the Milton Keynes urban centre (and Junction 13, outside of the Milton Keynes council area, providing a southern connection into area). Milton Keynes is also located approximately 30 miles east of the M40, which can be reached by A-roads to junctions at Banbury and Bicester.
- **West-Coast Mainline Rail:** there are a number of strategic railway lines and stations within the Milton Keynes Council area. Milton Keynes Central is one of the key stations, with nearly 7 million entries and exits per annum, and lies on the West Coast Mainline, providing north-south rail routes. Destinations include London Euston via Watford Junction, Birmingham, Manchester, the north of England and Scotland. Bletchley and Wolverton also have stations on the West Coast mainline, however services from these stations normally serve more local destinations and London Euston.
- **East-West rail links:** the Bletchley – Bedford rail line currently operates trains between the two towns. The Government has confirmed its commitment to delivering east-west Rail links from Oxford to Bedford and Milton Keynes via Bletchley, and Milton Keynes to London Marylebone via Aylesbury.
- **Coach:** the Milton Keynes Coachway provides coach connections to a range of destinations across the UK, include all of London's airports. This is currently the second busiest coach station in the UK

Figure 1.7 Transport Connections around Milton Keynes



Source: Hatch Regeneris, 2019

1.16 These transport connections highlight the ease of accessibility into Milton Keynes and reinforce the role it plays as a strategic location in a wider economic network stretching from Greater London to much of southern and eastern England.

Retail Linkages

- 1.17 Milton Keynes' role as a major urban area within the sub-regional economy is reflected in data showing retail patterns, with strong connections with the surrounding areas. The Retail Capacity and Leisure Study for Milton Keynes (published in 2018) examined retail connections in terms of broad patterns and preferences for comparison goods shopping purchases.
- 1.18 According to the study a large proportion of convenience spend is retained in Milton Keynes (around 94%). In addition, Milton Keynes' strong comparison⁵ retail offering means that around 79% of all comparison good spend is retained in the Milton Keynes area. Very little spend by Milton Keynes' residents occurs outside of Milton Keynes, with 20% occurring in 'special forms of trading' (primarily online shopping) and only 1% going outside of Milton Keynes.
- 1.19 Milton Keynes' role as a 'top-ranking UK shopping destination'⁶, means there is a relatively high 'inflow' of comparison goods expenditure into the city. It is estimated that approximately 15% of comparison retail spend in Milton Keynes comes from outside of the area.

Socio-Economic Assets

- 1.20 As Milton Keynes has developed over the past five decades, it has developed a number of important socio-economic assets which have put Milton Keynes on the map at a national level and helped shape the brand of the city. These have also benefitted the local economy by providing employment and leisure opportunities for local residents, developing the skills of the local workforce, embedding Milton Keynes' national reputation and supporting local businesses through their supply chains.
- 1.21 A headline mapping assessment of the key socio-economic assets has been undertaken, building on the research undertaken in the previous Local Economic Assessment. This covers a range of Milton Keynes' key socio-economic assets, including: universities, hospitals, cultural, sports, leisure and significant private sector employers located in the city.

⁵ Comparison shopping are items that consumers purchase relatively infrequently, and so they usually evaluate prices, features and quality before making a purchase. Examples include cars, televisions and major appliances.

⁶ Milton Keynes Retail Capacity & Leisure Study, 2018

Theme	Institution	Description
Universities and Further Education	Open University Headquarters	Distance learning and leading research institution. The MK campus employs around 1,200 full time academics.
	Milton Keynes College	Home to 2,765 students and offers a wide range of further education courses as well as apprenticeships, including business, digital arts, computing, social care, fashion, carpentry, health sciences, hospitality, media production, social sciences, photography and public services. The College are currently working to launch a new Institute of Digital Technology in Bletchley, focusing on digital and technology courses.
Hospitals	Milton Keynes University Hospital	A large district general hospital with an A&E department and over 500 beds. It is managed by the Milton Keynes University Hospital NHS Foundation Trust. The Trust provides clinical teaching facilities for the University of Buckingham.
Culture	Bletchley Park	Wartime heritage site. Home to the National Radio Centre and the National Museum of Computing
	Milton Keynes Theatre	Large theatre with a capacity for 1,400 people.
	MK Gallery	Contemporary visual arts gallery, with a major new gallery extension recently opened. Part of the Plus Tate network.
	The Stables	Music venue in village of Wavendon that hosts concerts and education events throughout the year
	Milton Keynes Art Centre	An art space sets in Great Linford Manor Park. Presents a range of artist residencies, events and education activities, based around the development of craft, design and visual arts.
	Milton Keynes Museum	An independent local museum, covering the history of the Milton Keynes area from 1800 onwards.
Sports	Stadium:MK	Home to the MK Dons Football club and MK Dons Women's team, with capacity for 30,500. Shortlisted to be a host venue for the UEFA Women's Euro 2021.
	Marshall Arena (formerly Arena:MK)	Multi-purpose arena adjacent to Stadium:MK, with 3,420sqm of multi-use event space. Has a capacity of 5,000.
	Planet Ice Milton Keynes	Ice rink with a 2,800 capacity. Home to the Milton Keynes Thunder & Lightning teams.
Leisure	Centre:MK and intu Milton Keynes	Regional shopping centre and the 14 th largest in the UK. Home to over 270 stores in total.
	Gullivers Land	Children's theme park, including classic theme park rides.
	SnoZone	170m long indoor ski slope and indoor sky diving facility, alongside retail and other leisure facilities.
	Formula Fast	500m indoor karting track; one of the biggest indoor circuits in the UK.
Lakes, Parkland	Milton Keynes has over 6,000 acres of parkland and green space, in addition to a wide range of lakes and woodland, most of which is cared	

and Woods	for by the Parks Trust. There are eight lakes, seven areas of woodland, four nature reserves and numerous other linear parks.	
Examples of large private employers	Mercedes Benz	UK HQ
	Argos (part of Sainsbury's)	UK HQ
	Suzuki	UK HQ
	Domino's Pizza	UK HQ
	Network Rail	HQ
	Santander	UK Head Office
	Volkswagen Financial Services	UK Head Office
	Aston Martin Red Bull Racing	HQ / Technical research and manufacturing
	Prodrive	HQ - Works across the automotive, aerospace and marine sectors
	Yamaha Music Europe GmbH	UK HQ
	Rightmove Group	UK HQ
	National House Building Council	UK HQ
	Xero	UK HQ

Source: Hatch Regeneris, 2019

2. Economic Performance

Summary

- Milton Keynes produced over £13.25 billion of GVA in 2017. Productivity in Milton Keynes is 27% above national levels, with Milton Keynes being the second most productive city in the UK outside of London (behind Slough).
- The Milton Keynes economy consists of 181,000 jobs and around 14,600 active enterprises.
- Milton Keynes is a highly enterprising economy, with a higher business birth rate than nationally. Once these businesses are established, they generally perform well in the first two years, with more surviving than the national level. However, this tails off after the third year of business operation, moving back towards the national average.
- Businesses in Milton Keynes operate across a range of different sectors, with particular strengths in ICT, media & creative and financial & professional services.
- There has been strong growth amongst the number of small businesses (employing 0 to 4 employees) in Milton Keynes over the last five years. There are now 37% more small businesses in Milton Keynes compared to five years ago, a faster rate of growth than nationally.
- Milton Keynes imported goods totalling £15.3 billion last year and exported goods totalling £1.06 billion. A high proportion of Milton Keynes' imports and exports are to/from the EU, posing challenges in the future given the uncertainty of the UK's trading relationship with the EU.
- Employment has grown strongly over the last five years, with 37,800 more jobs in Milton Keynes in 2017 compared to 2012 (a 26% increase). However, there was a contraction in the level of employment between 2016 and 2017 of 3,900 jobs (a 2% loss), which occurred largely in the ICT, media & creative; wholesale; and financial and professional services sectors.
- Around 71% of jobs in Milton Keynes are full-time compared to 29% which are part-time. This proportion has remained largely consistent over the last five years and is in line with national proportions.
- The majority of jobs in Milton Keynes are in the private sector, with this accounting for 87% of all jobs in the area, a slightly higher proportion than nationally.
- The sectors which are the biggest employing in Milton Keynes are the public admin, education & health; financial and professional services; retail; business support services; and hospitality, leisure and recreation sectors. Combined these five sectors account for two-thirds of all jobs in Milton Keynes.
- Central Milton Keynes is the area with the highest number of jobs, accounting for 22% of all jobs in Milton Keynes. The Kingston (& Broughton) area is the fastest growing in Milton Keynes, having grown by 41% over the last five years. Wolverton and Westcroft town centres have experienced the fastest rate of business growth over the last five years, with numbers increasing by 86% and 78% respectively.

- 2.1 This section of the Economic Assessment details the key economic headlines for Milton Keynes, including statistics relating to its economic output, employment, productivity, business base, salary performance and sector breakdown.

Economic Output

- 2.2 The ONS reports local economic output generated from workplace economic activity within an area using estimates of Gross Value Added (GVA)⁷. In 2017, Milton Keynes produced over £13.25 billion of GVA (based on an income approach), having grown by £3.3 billion (34%) since 2013.
- 2.3 To calculate the productivity of Milton Keynes' workforce, it is necessary to understand the number of full-time equivalent (FTE) employees⁸. ONS provides data on full-time employees and part-time employees, of which Milton Keynes has 153,000 FTEs in 2017. Using this data, the productivity per FTE can be calculated. Milton Keynes produces £85,300 per FTE, far higher than the level produced across the Oxford to Cambridge Arc, SEMLEP and England.

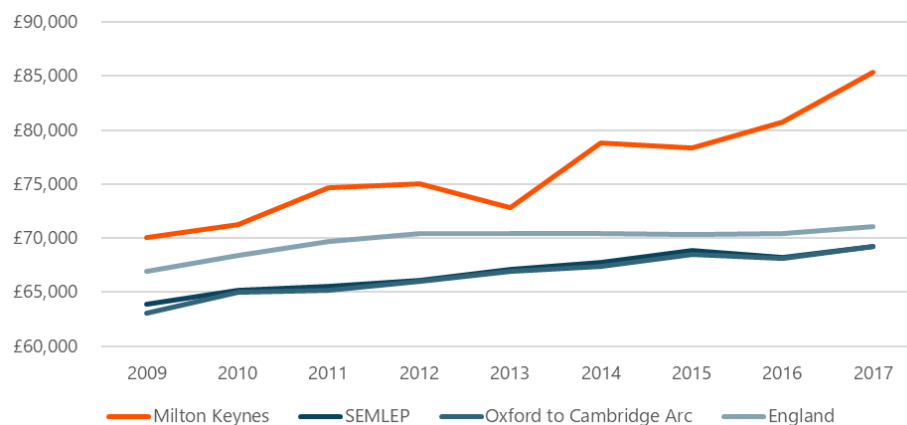
Table 2.1 GVA per FTE job, 2017

Milton Keynes	£85,300
SEM LEP	£69,200
Oxford to Cambridge Arc	£69,100
England	£71,000

Source: ONS, BRES; ONS, GVA

- 2.4 Productivity in Milton Keynes has grown strongly since the end of the previous recession. Since 2009, productivity per FTE has grown by 22% in Milton Keynes, compared to 6% nationally.

Figure 2.1 GVA per FTE over time, 2009-2017



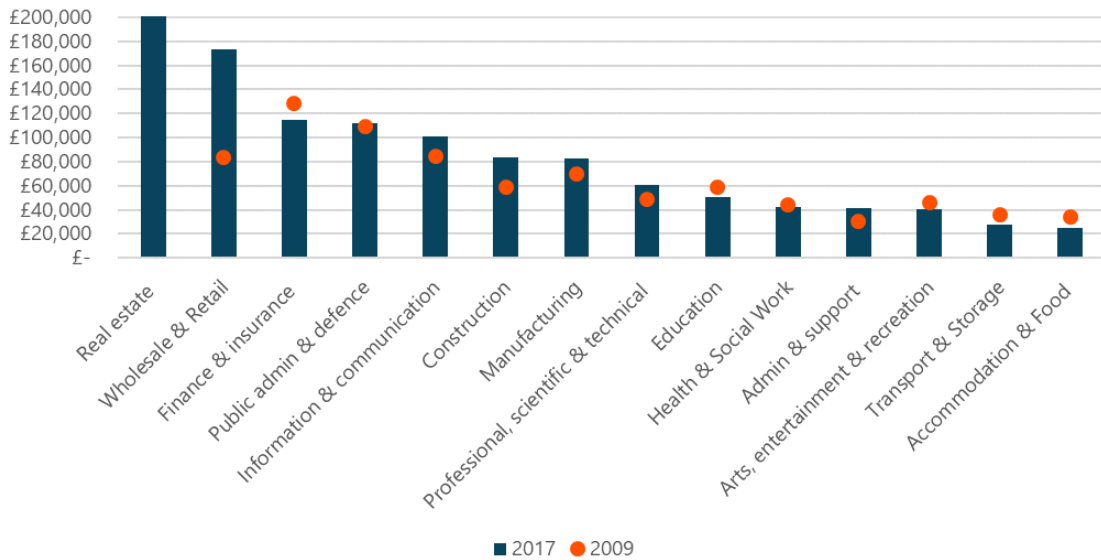
Source: ONS, GVA

⁷ GVA is the measure of the value of goods and services produced in an area. GVA has similarities to GDP, although GDP cannot be easily calculated at a localised level, given the need to understand the level of taxation and subsidies (which is usually a national figure). The calculation between the two is: $GVA + \text{taxes on products} - \text{subsidies on products} = GDP$.

⁸ An FTE is the hours worked by one employee on a full-time basis. The concept is used to convert the hours worked by several part-time employees into the hours worked by full-time employees.

2.5 The productivity of Milton Keynes' economy does vary considerably by sector. Sectors which have particularly high productivity within the Milton Keynes economy include real estate activities, finance & insurance and the digital sector. A number of sectors have experienced strong growth in their productivity over the last six years, particularly in construction, wider services and the digital sector.

Figure 2.2 GVA per FTE per sector, 2009-2017



Source: ONS, GVA
 Note: Real Estate GVA per FTE was £537,000 in 2009 and £426,000 in 2017.

Business Base

2.6 There are a range of different data sources which provide intelligence on the business base within an area. A further explanation on each is provided in the table below, along with a summary of their advantages and disadvantages.

Table 2.2 Description of Business Datasets used in LEA

Dataset	Description	Advantages/Disadvantages & Usage in LEA
ONS Business Demography	<ul style="list-style-type: none"> Annual release providing information on all businesses registered for VAT and PAYE which have been active at any point during a certain year The latest dataset released (in 2017) records 14,600 active enterprises in Milton Keynes. 	<ul style="list-style-type: none"> Business Demography data provides the most reliable snapshot of businesses at a particular point in time. Also provides insights on business birth, death and survival rates. It does not provide a breakdown by sector or more detailed geography breakdown Used for a high-level assessment of total number of businesses
ONS	<ul style="list-style-type: none"> Compiled from the Inter Departmental Business 	<ul style="list-style-type: none"> Does not provide data on those businesses falling below the VAT

Business Count	<p>Register (IDBR), this dataset can be used to assess the number of enterprises in an area at a single point in the year (March).</p> <ul style="list-style-type: none"> The latest dataset released (in March 2018) records 12,320 businesses in Milton Keynes, lower than the figure recorded in the ONS Business Demography release 	<p>threshold (£85,000).</p> <ul style="list-style-type: none"> Provides detailed sector breakdown and geography information. Used to provide detailed sector and geographical insights.
Companies House	<ul style="list-style-type: none"> Lists the profiles of all the companies which have been registered in the UK The latest dataset released records 20,700 companies in Milton Keynes (2018) There can be some inaccuracies in this data, as it records all registered businesses, and so this includes holding companies, and those which may not have a trading presence in Milton Keynes 	<ul style="list-style-type: none"> The most comprehensive source of data on businesses, particularly of smaller businesses. Does not accurately measure if a business is still active. Tracks the registration address of a business, and not the trading address, which may provide inaccurate data. Used to show precise information on business locations and provide an indication of the scale of the small business environment.

2.7 This economic assessment uses a combination of all three different data sources. While the three datasets are referred to, as a rule:

- The **Business Demography** dataset (on active enterprises) is best used for identifying the **total number of businesses** and as a **dynamic measure of year-on-year change**
- The **UK Business Count** dataset is better used as a snapshot in time to look at **sectors and sizes of businesses**.
- Companies House** data gives more detailed insights into the **geographical location** of companies in Milton Keynes, but is only a live snapshot of the data, and so does not provide historical data.

Recent Performance

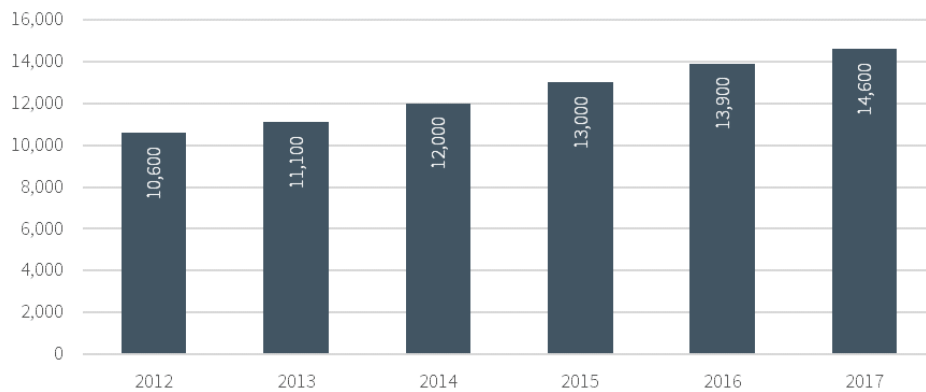
Business Demography

2.8 The ONS Business Demography dataset presents information on active enterprises. This dataset is produced from an extract of the Inter-Departmental Business Register (IDBR) of businesses registered for VAT and PAYE. It defines “active enterprises” as those that have been trading at any point during the year. The data is available in consistent format from 2012.

2.9 ONS Business Demography shows that in 2017:

- There were 14,600 active enterprises in Milton Keynes.
- There are now around 4,000 more enterprises than in 2012 (a 38% increase).

Figure 2.3 Active enterprises in Milton Keynes, 2012-2017



Source: ONS, Business Demography, 2017

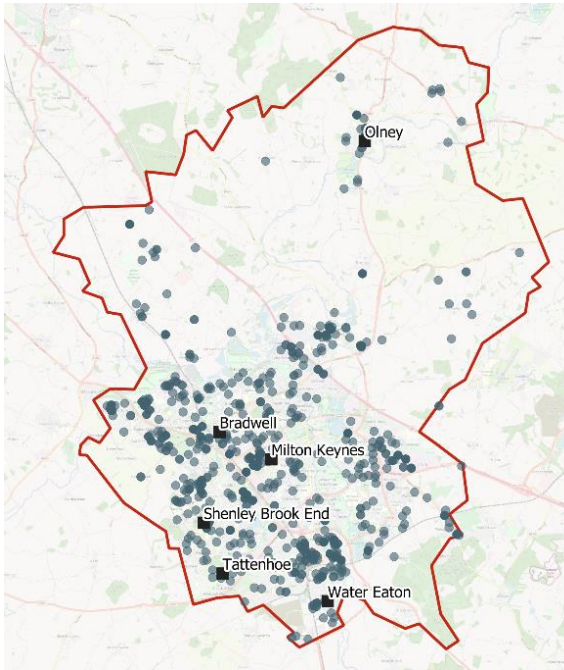
UK Business Count

- 2.10 The UK Business Count dataset is also produced from an extract of the IDBR. It defines “enterprises” as the smallest combination of legal units (generally based on VAT and/or PAYE records) that has a certain degree of autonomy within an enterprise group. An enterprise can be thought of as the overall business, made up of all the individual sites or workplaces.
- 2.11 UK Business Count shows that in 2018 there were:
- 12,400 businesses in Milton Keynes.
 - This is around 2,940 enterprises more than in 2013 (a 31% increase).
 - This increase in the number of businesses is higher than that in SEMLEP (+29%), the Oxford to Cambridge Arc (+24%) and England (+24%).

Companies House

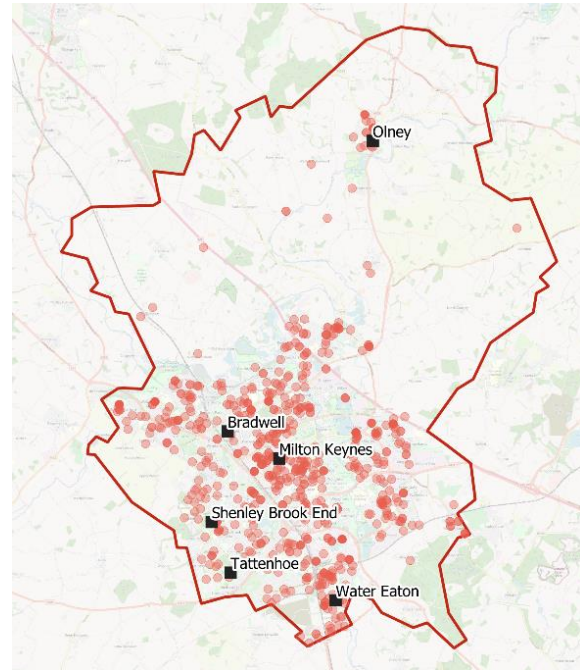
- 2.12 Companies House incorporates and registers all forms of companies, including subsidiary, small and inactive companies. These companies are required file annual financial statements in addition to annual company returns, which are all public record.
- 2.13 Companies House data shows that in 2018 there were 20,700 companies in Milton Keynes. Of these businesses:
- 9,219 were from the financial and professional sector and business support services sector;
 - 3,410 were creative businesses;
 - 1,096 were manufacturing businesses;
 - 815 were in the logistics, warehouse and transport sectors.
- 2.14 The maps below highlight that businesses in these four sectors tend to be clustered in the South West part of Milton Keynes and around Olney’s town centre.

Figure 2.4 Manufacturing businesses



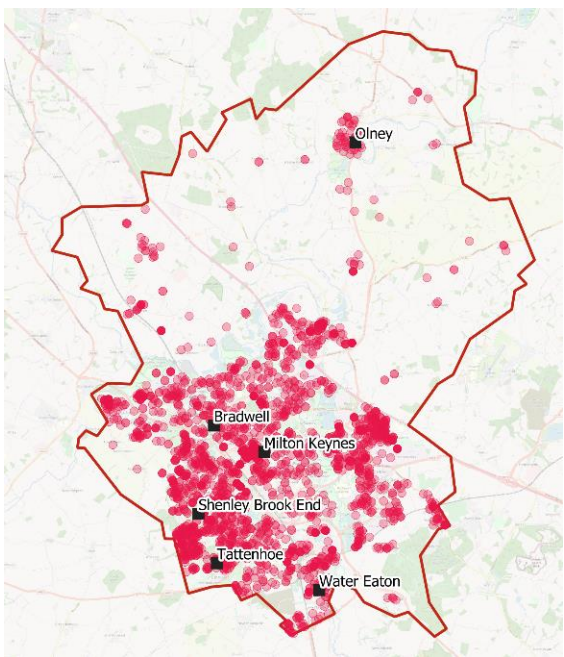
Source: Companies House, 2018

Figure 2.5 Logistics, warehouse and transport businesses



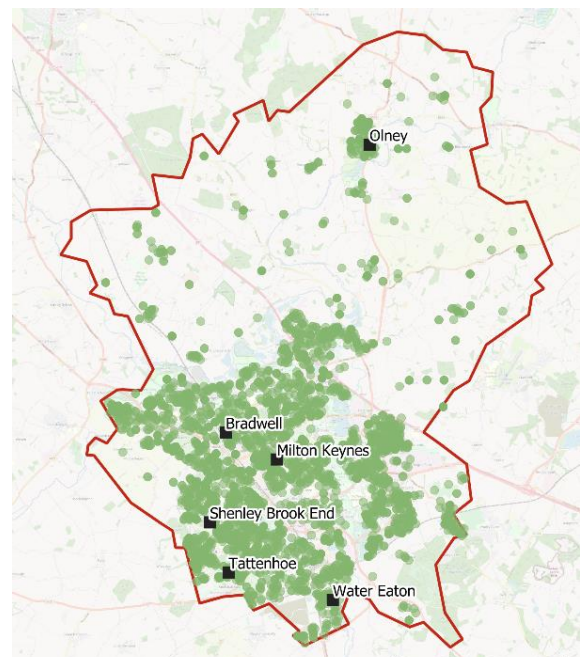
Source: Companies House, 2018

Figure 2.6 Creative businesses



Source: Companies House, 2018

Figure 2.7 Financial, professional and business support -businesses



Source: Companies House, 2018

Business Life-Cycle

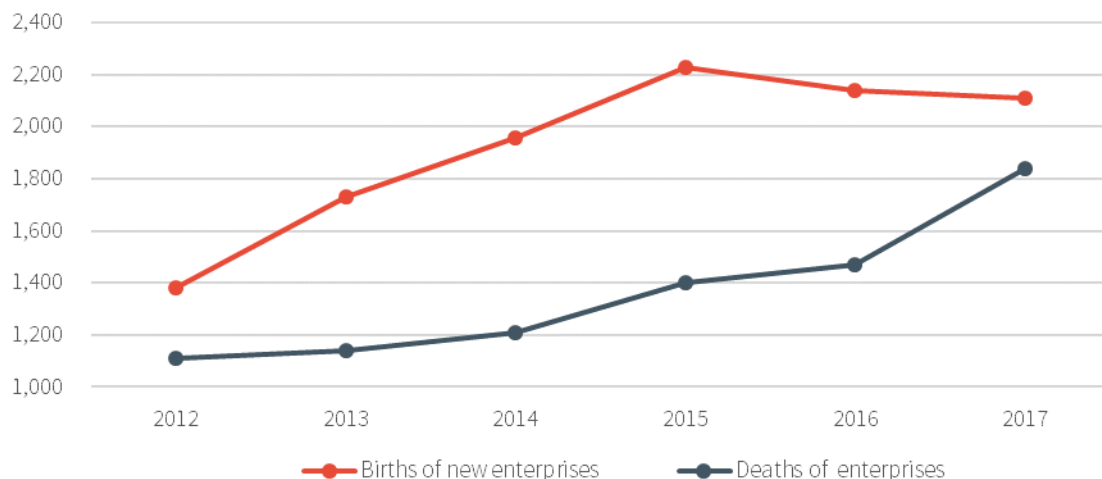
2.15 The development of new businesses within Milton Keynes is important for sustaining the area's economic vitality and supporting the growth of the economy. A wide range of data sources are presented below, to best capture the enterprise performance of local businesses.

Birth and deaths of enterprises

2.16 Data from the ONS Business Demography tracks the number of new businesses that were created, in addition to those which have closed down during the year. In 2017, there were:

- 2,105 new enterprises created (births) in Milton Keynes.
- 1,840 enterprises which closed down (deaths) in Milton Keynes.
- This resulted in a net increase of 265 enterprises across the year.
- When tracking recent trends in the business birth and death rates, the birth rate has slowed since 2015, with 120 less businesses started in 2017 since 2015. By comparison, there was a notable spike in the business death rate in 2017, although it is unclear what has caused this.

Figure 2.8 Business births and deaths in Milton Keynes (2012-2017)

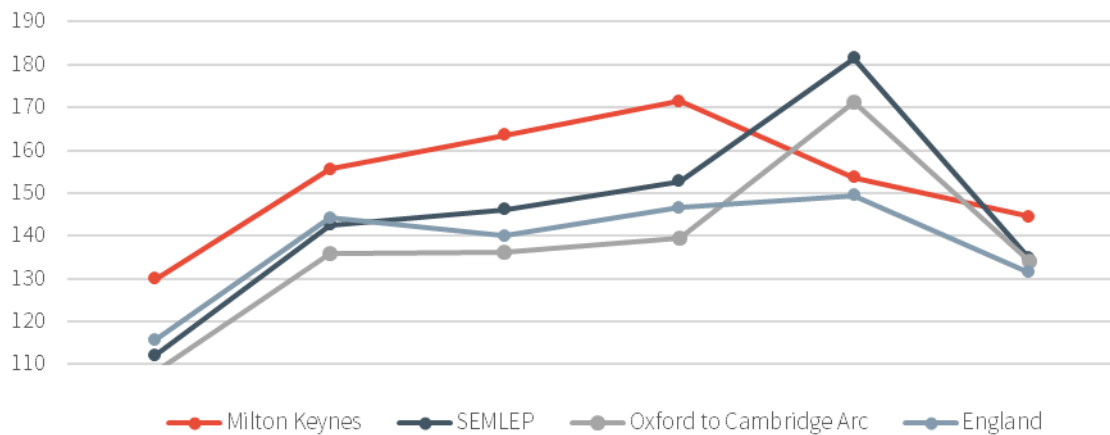


Source: ONS, Business Demography, 2012-17

2.17 When comparing Milton Keynes' performance in the ONS Business Demography data to other areas, we need refer to the start-up business rate (the number of business births per 1000 active businesses).

- Data for 2017 indicates that in Milton Keynes new businesses made up 14.4% of active enterprises in 2017, this is slightly higher than the national rate (13.2%).
- When examining business start-up rates, in 2017, Milton Keynes had a higher business start-up rate that experienced across the rest of the SEMLEP area and the Oxford to Cambridge Arc. Only in 2016, did Milton Keynes have a lower business start-up rate than these areas over the last five years.

Figure 2.9 Start-up business rates (per 1,000s active enterprises)



Source: ONS, Business Demography, 2012-17

2.18 In relation to business deaths, a business is defined as “dying” when it ceases trading, or when it has been merged or acquired by another business. In terms of businesses closing (or deaths), data from the ONS Business Demography shows that:

- In 2017 there were 1,840 business deaths in Milton Keynes. This was 730 businesses higher than in 2012. This partly reflects the fact there are more businesses in Milton Keynes in 2017, but also represents a substantial increase in the number of deaths compared to that in 2016 (1,470). Between 2016 and 2017 there was a 25% increase in the number of businesses closing in Milton Keynes. There is no clear explanation for this increase, and also no specific breakdown of which sectors this is occurring in within the ONS Business Demography data.
- In 2017, 12.6% of all active businesses in Milton Keynes closed. Given the high number of business births this represents a normal “churn” of businesses in Milton Keynes.
- Business deaths as a proportion of active businesses in Milton Keynes is in line with the national death rate. As for local comparators, it is lower than in the Oxford to Cambridge Arc (13.4%) and in the SEMLEP area (15.1%).

Figure 2.10 Births and deaths as a % of active enterprises, 2017



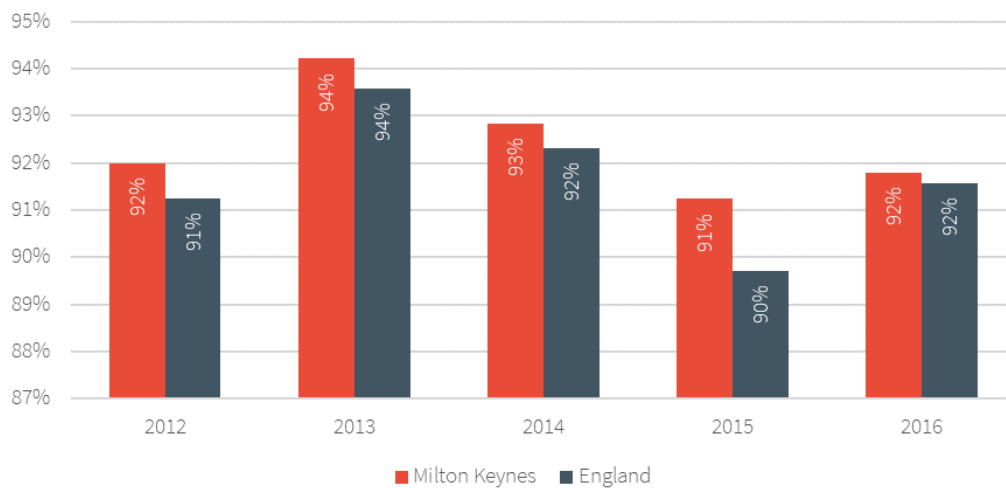
Source: ONS, Business Demography, 2017

Survival of new enterprises

2.19 The ONS Business Demography dataset provides additional data on the survival rates of new businesses created across different areas. This is helpful in understanding the current business environment in which businesses currently exist in, and easy they are able to establish themselves within the local area. Data on the survival rates of new active businesses in Milton Keynes shows that:

- Of businesses who were established in 2016, around 92% of businesses survive their first year of trading. This is a slightly higher proportion than nationally.
- The one-year and two-year survival rate has fluctuated over the last five years in Milton Keynes but has consistently remained above the national level.
- Beyond 3 years, the business survival rate, generally falls in line with the national level, with 43% of businesses born in Milton Keynes in 2012 having survived the first five years of business.

Figure 2.11 1-year survival rates in Milton Keynes vs. England, by business year of birth



Source: ONS, Business Demography, 2017

Table 2.3 Survival rates from birth of Milton Keynes and England businesses

	Year of registration	No. of registrations	1 year	2 years	3 years	4 years	5 years
Milton Keynes	2012	1,375	92%	75%	58%	49%	43%
	2013	1,730	94%	76%	62%	51%	-
	2014	1,955	93%	77%	63%	-	-
	2015	2,225	91%	74%	-	-	-
	2016	2,135	92%	-	-	-	-
England	2012	239,660	91%	74%	59%	50%	43%
	2013	308,565	94%	75%	61%	51%	
	2014	312,920	92%	76%	61%		
	2015	344,065	90%	71%			
	2016	373,580	92%				

Source: ONS, Business Demography, 2017

Business Activity

2.20 Businesses in Milton Keynes operate across a wide range of activities. Business activity within Milton Keynes can be better understood by drilling down into particular industrial sub-sectors. To do this, analysis is undertaken using 5 -digit codes from the ONS's Standard Industrial Classifications, which are combined using sector definitions for some of Milton Keynes' core sector. Business data for activity can best be drawn from the ONS Business Count. A location quotient (LQ) can also be derived from this data, which shows the concentration of business activity in Milton Keynes compared to nationally (an LQ of greater than 1 shows a higher concentration of business activity in Milton Keynes than nationally). The evidence shows that:

- The largest sectors in the Milton Keynes economy (by number of businesses) is the ICT, Media and Creative sector and financial and professional services, which together account for more than 5,500 businesses locally (45% of all businesses in Milton Keynes).
- There is a high concentration of businesses in the ICT, Media and Creative sector compared to nationally, with a location quotient of 1.7. This sector has also experienced rapid growth over the last five years, with a 52% increase in the number of businesses (accounting for 32% of new businesses over the last five years).
- Construction activities is another important sub-sector in the area, with around 1,230 businesses (10% of total businesses) in Milton Keynes.
- The sector with the strongest rate of business growth over the last five years is warehousing and logistics, with the business base more than doubling over the period. There are now 240 warehousing and logistics business in Milton Keynes, and the sector has a much higher concentration of business activity compared to nationally (LQ = 1.5).

Table 2.4 Broad sector overview by business sector in Milton Keynes, 2018

Sector	Total businesses	% of total	Change 2013-2018		LQ vs. England
			No.	%	
ICT, Media & Creative Activities	2,785	23%	+ 950	52%	1.7
Financial & Professional Services	2,725	22%	+ 595	28%	1.0
Construction	1,230	10%	+260	27%	0.8
Business Support Services	990	8%	+ 325	49%	1.0
Retail	925	8%	+ 75	9%	0.7
Public Admin, Education, Health	785	6%	+ 205	35%	1.0
Hospitality, Leisure & Recreation	665	5%	+ 115	21%	0.7
Wholesale	565	5%	+ 10	2%	1.1
Other Services	395	3%	+ 35	10%	0.9
Transport	360	3%	+ 155	76%	1.0
Warehousing and Logistics	240	2%	+ 130	118%	1.5
Manufacturing - Higher Tech	205	2%	+ 40	24%	1.1
Manufacturing - General	200	2%	+ 30	18%	0.6
Agriculture and Mining	140	1%	- 5	-3%	0.3
Manufacturing - Creative & Media	50	0%	- 5	-9%	0.7
Utilities and waste	40	0%	+20	100%	0.7
Manufacturing - Food	20	0%	0	0%	0.5
Total	12,320	100%	+ 2,935	31%	-

Source: UK Business Count, 2013-2018

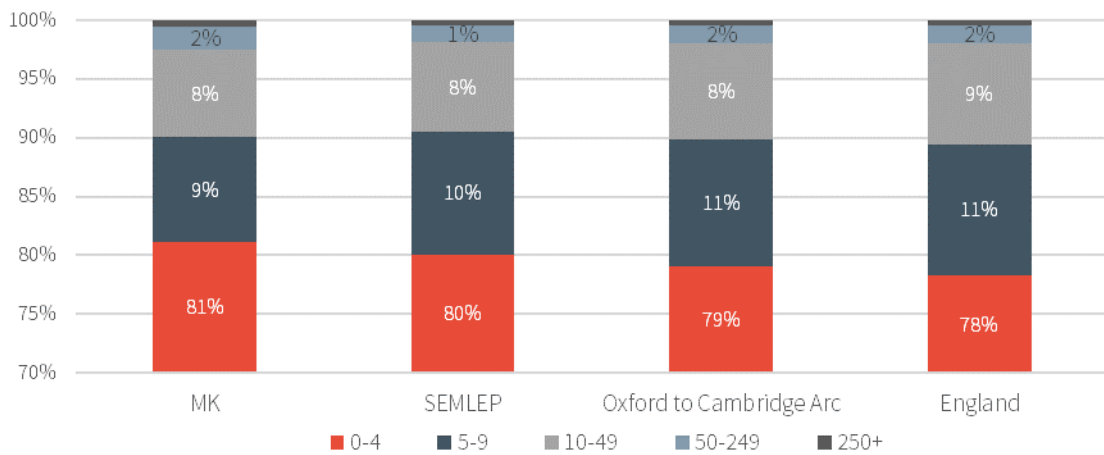
Business Size

2.21 To understand more about the size of businesses in Milton Keynes, data can be drawn from the ONS UK Business: Activity, Size and Location database, which provides more detailed data on the characteristics of businesses by size and sector within local areas.

2.22 Data on the size of Milton Keynes' businesses in 2018, shows that:

- The large majority of businesses are small in size, with 80% of businesses in Milton Keynes employing fewer than 4 people.
- This is a similar proportion to the SEMLEP area (80%), the Oxford to Cambridge Arc (79%) and nationally (78%).
- A further 9% of businesses in Milton Keynes employ between 5 and 9 people, 8% employ between 10 and 49 people and 1% employ more than 50 people. These levels are all similar to those seen nationally.

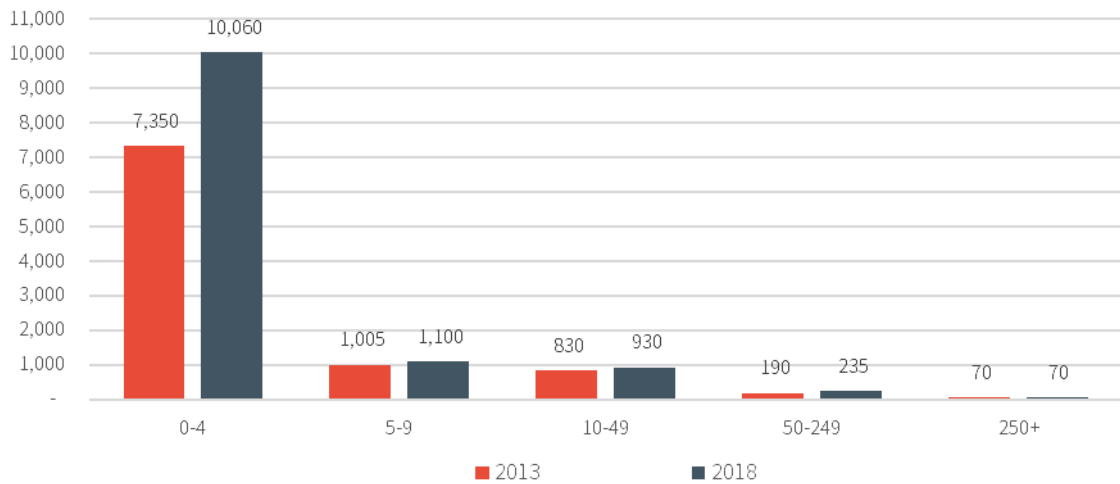
Figure 2.12 Types of businesses per area, 2018 (%)



Source: UK, Business Count, 2018

2.23 The change in the business size over the last five years has been primarily driven by businesses with between 0 and 4 employees, with this increasing by 37% between 2013 and 2018. This is higher than the growth rate observed nationally (29%) and across SEMLEP (34%) for businesses falling in this same category. There was also a notable increase in the number of businesses employing between 50 and 249 employees. A large number of these businesses are warehousing and logistics, moving into new warehousing units adjacent to the M1.

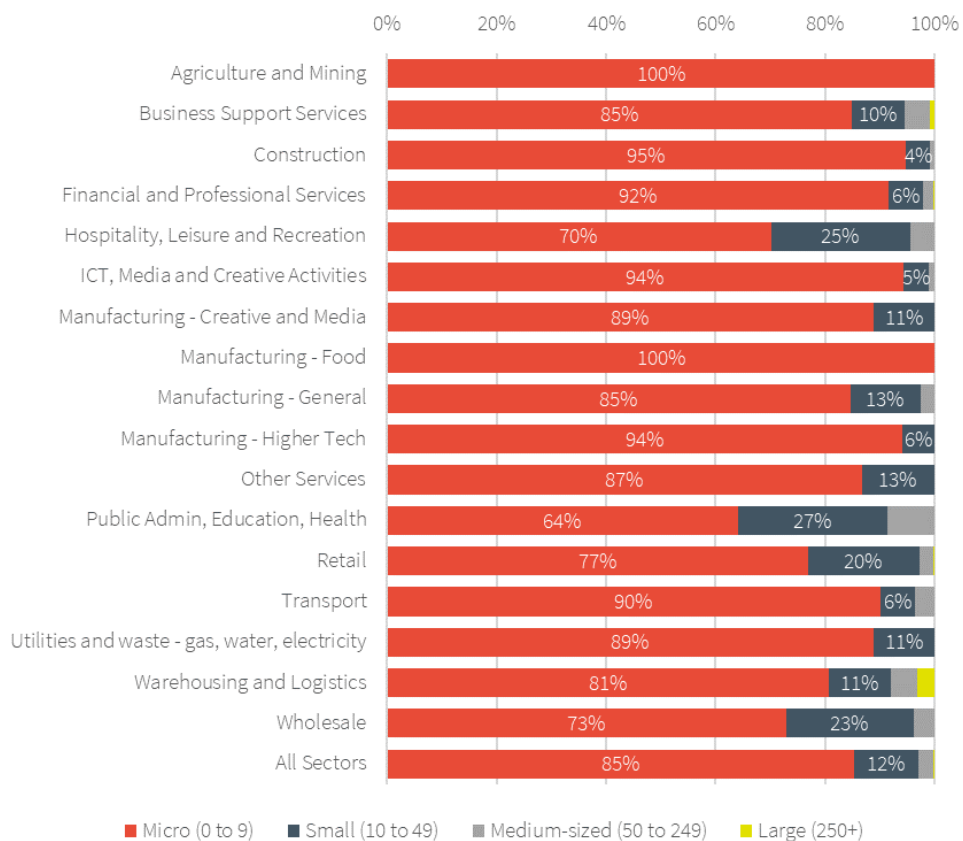
Figure 2.13 Growth in Milton Keynes businesses per size, 2013-2018



Source: ONS UK Business Count, 2012-2018

2.24 The size of businesses does vary depending on the sectors they are in. Those sectors which have a higher proportion of larger businesses in Milton Keynes, include the public sector; hospitality, leisure and recreation; wholesale and retail. There is also a higher proportion of businesses in the warehousing and logistics employing more than 250 employees relative to other sectors.

Figure 2.14 Business Size by Sector in Milton Keynes, 2018



Source: ONS UK Business Count, 2018

SEMLEP Business Survey 2017: Milton Keynes

In 2017, SEMLEP undertook a business survey for Milton Keynes, covering issues including the quality of the area as a business location, business engagement and support business performance, innovation and regulation. The survey's overarching aim was to identify the economic challenges and opportunities that were being faced by businesses in Milton Keynes in order to inform approaches to economic development and support the delivery of activities. A total of 2,374 interviews (of which 251 were in Milton Keynes) were undertaken by telephone in 2017, with a sample of business that were representative of the local business base.

The key findings that emerged from this survey (that were specific to Milton Keynes) included:

- 64% of businesses rated Milton Keynes as a good area to do business. Milton Keynes scored particularly well on its access to the road network, rail network, walking/cycling routes, ease of transporting freight and availability of local services.
- Areas in which Milton Keynes performed poorly, included availability of affordable housing and the value of rent and rates, in which Milton Keynes scored lower than the rest of SEMLEP.
- Overall, 15% of Milton Keynes' businesses were thinking of relocating, although the majority of these were continuing to look for alternative premises in Milton Keynes.
- Generally, businesses in Milton Keynes have experienced more positive growth over the last 12 months than other areas in SEMLEP, with 57% reporting improved performance over the last 12 months compared to 43% across SEMLEP.
- Businesses are also optimistic about their future, with 64% expecting to improve their performance over the next 12 months, compared to 55% across SEMLEP.
- The most commonly reported constraint on growth in Milton Keynes was reported to be the lack of skilled labour, with 39% of businesses reporting this as an issue for their growth aspirations. Brexit was also cited as a concern for many businesses, with 27% of businesses expecting to experience a negative impact as a result of Brexit.
- Around two-thirds of businesses who had vacancies over the last year reported difficulties in finding one or more skills among applicants.

Trade

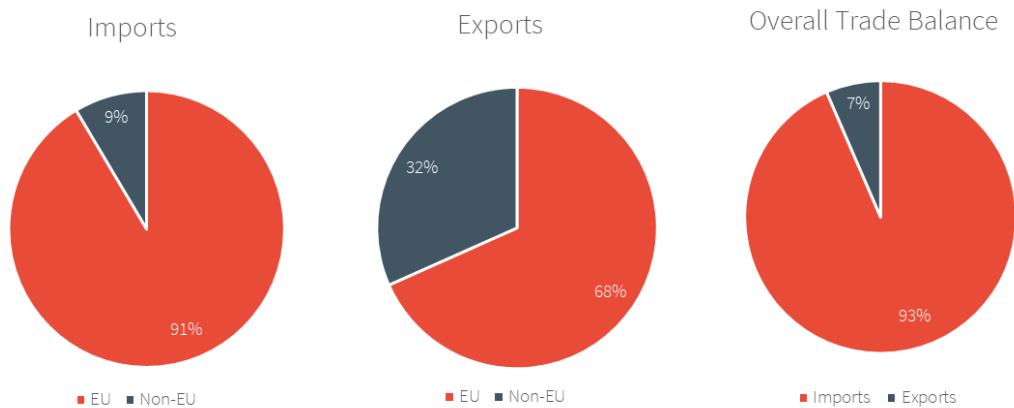
2.25 Data showing the trading relationship Milton Keynes has with other EU and non-EU countries, shows that it has a strong reliance on EU imports relative to all other imports/exports from EU and non-EU countries.

- Milton Keynes imports a total of £15.3 billion of goods and services every year. It is thought a large proportion of this is not specifically imported into Milton Keynes, rather than it is imported by one of the companies based in Milton Keynes, but to a UK-wide market.
- The vast majority of Milton Keynes' imports come from the EU, with 90% of imports originating from the EU. With the ongoing uncertainty over the future of the UK's trading relationship with the EU, this may pose a number of challenges in the future.
- Milton Keynes exports £1.06 billion worth of goods per annum, with 68% going to the EU and 32% going to the rest of the world.

- Relative to comparator areas, Milton Keynes has a much higher dependence on the EU for both imports and exports, with 91% of imports coming from the EU and 68% of exports going to the EU.
- Both imports and exports have increased between 2016 and 2017 (the only two years for which data is available), with exports growing by 8% and imports growing by 9%.
- Data on the countries with which businesses trade with is only available at the Berkshire, Buckinghamshire and Oxfordshire geography. This shows that the most popular countries for exporting goods are USA (17%), Germany (12%), Ireland (7%), Belgium (7%) and France (6%). The most popular countries for importing goods are Germany (37%), Belgium (8%), Netherlands (7%), China (5%) and USA (4%).

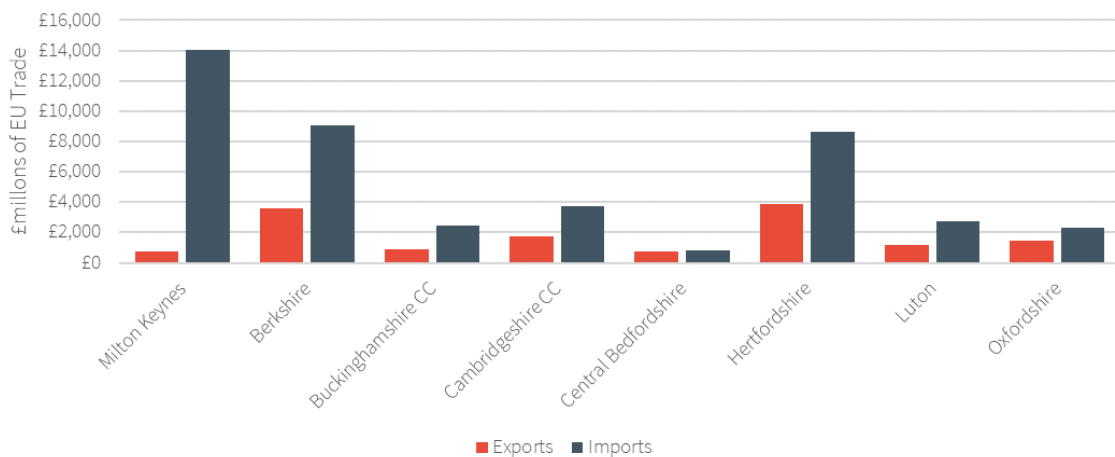
Figure 2.15 Trade in goods statistics for Milton Keynes

Milton Keynes



Source: ONS, Regional Trade in Goods Statistics Disaggregated by small geographical areas, 2017

Figure 2.16 Trade with the EU only

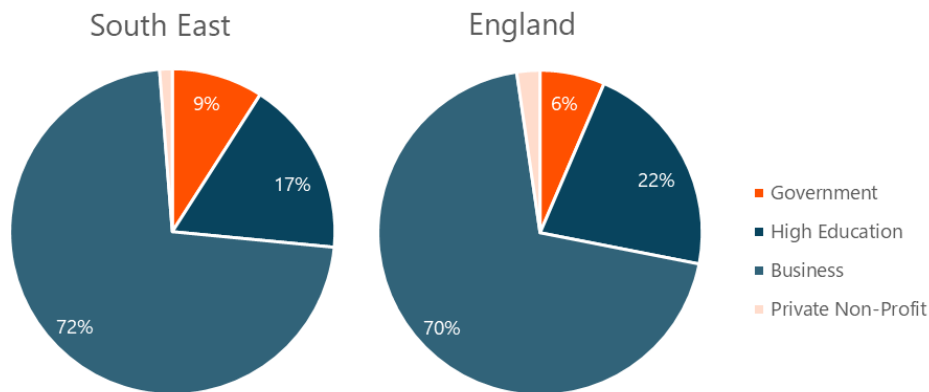


Source: ONS, Regional Trade in Goods Statistics Disaggregated by small geographical areas, 2017
 Note: Data only available at NUTS3 statistical geographies, with neighbouring NUTS3 regions of interest shown.

Investment

- 2.26 In 2017, the South East region spent a total of £6,730 million in R&D, a 13% increase in the R&D budget the region had spent in 2012. The South East region currently has the highest R&D spend of any region across England.
- 2.27 The majority of the South East region’s expenditure on R&D came from the business sector (72%) and a smaller proportion came from government (9%), accounting respectively for £4,860 million and £611 million (2017). Another 17% of the region’s R&D spend came from higher education. Over the 2012-2017 period, total governmental expenditure in R&D in the South East declined by 24% while it increased by 18% in the business sector.

Figure 2.17 Source of Investment across the South East

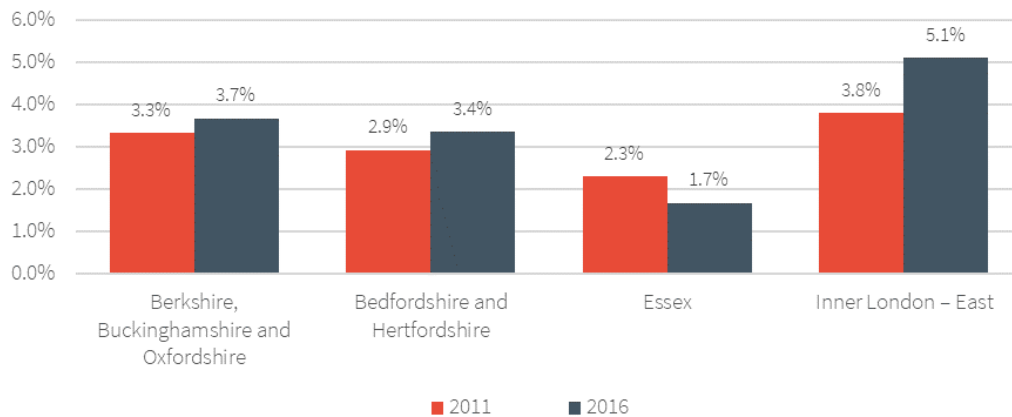


Source: ONS Breakdown of Expenditure on R&D in the UK, 2017

- 2.28 The only data which provides insights on the proportion of R&D spend as a total of the overall economy, shows data for NUTS 2 regions⁹. This shows that intramural R&D Expenditure (that is all expenditure for R&D in an economy), is relatively high in the Berkshire, Buckinghamshire and Oxfordshire region, accounting for 3.7% of GDP. This is above other comparator areas, including Bedfordshire & Hertfordshire and Essex, but slightly behind the Inner London – East area (which includes the City of London and Canary Wharf).

⁹ NUTS 2 statistical regions are geographical definitions used Eurostat and the European Union to analyse an economy.

Figure 2.18 Intramural R&D Expenditure as a % of GDP 2011 & 2016



Source: Eurostat, 2016

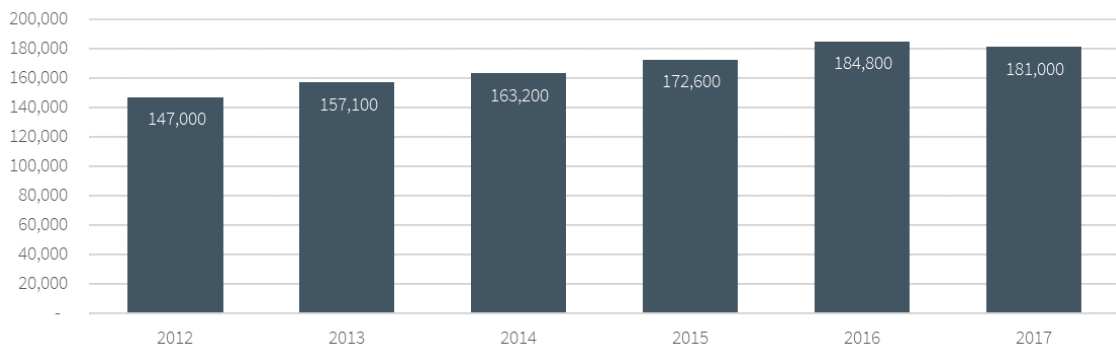
Employment Characteristics

2.29 The ONS Business Register and Employment Survey (BRES) is the key source for recent data on workplace jobs. The BRES dataset reports on jobs in two different ways:

- Employees:** an employee is anyone aged 16 years or over that an organisation directly pays from its payroll(s), in return for carrying out a full-time or part-time job or being on a training scheme. It excludes voluntary workers, self-employed and working owners who are not paid through PAYE. There are currently **179,000** employees in Milton Keynes.
- Employment:** includes employees plus the number of working owners. This therefore includes self-employed workers as long as they are registered for VAT or Pay-As-You-Earn (PAYE) schemes. There are currently **181,000** employed in Milton Keynes based on these calculations.

2.30 Over the past five years, the employment growth trend in Milton Keynes has generally been positive, with the total number of jobs increasing by 37,800 (+26%). However, there was a contraction in the level of employment between 2016 and 2017 of around 3,900 jobs (2%).

Figure 2.19 Total employment in Milton Keynes



Source: ONS, Business Register and Employment Survey, 2012-2017

2.31 The loss of employment in 2017, comes against the long-term trend of positive economic growth which Milton Keynes has had since the previous 2008-09 recession. It is also not

a trend experienced more widely across the area, with the arc experiencing 2% employment growth between 2016-17 and SEMLEP experienced 1% employment growth.

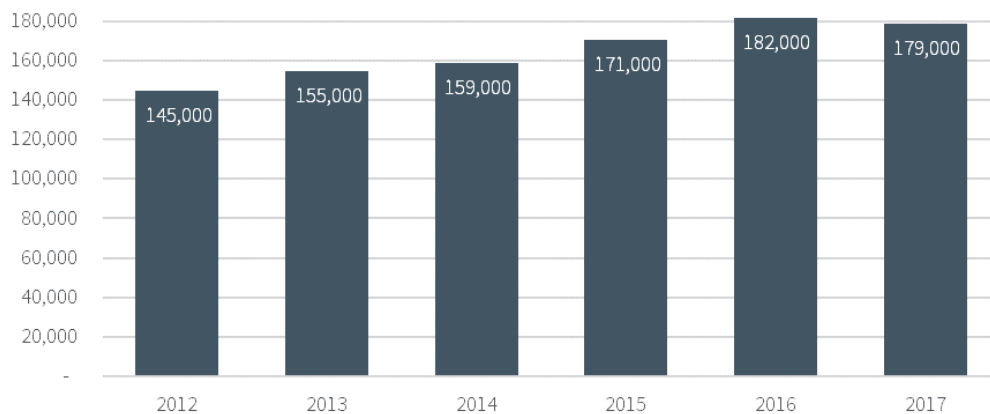
- 2.32 The largest losses in employment were in some of Milton Keynes’ largest sectors, including ICT, media and creative activities and financial and professional services. Particular sub-sectors within these sectors which experienced high levels of employment loss between 2016 and 2017 include: retail sale in non-specialised stores with food, beverages or tobacco (1,000 jobs lost), computer consultancy activities (1,000 jobs lost), management consultancy activities (750 jobs lost) and unlicensed carriers (650 jobs lost). A number of these sectors have experienced business growth over the last year (as referenced earlier in this chapter), suggesting there has been an increase in the number of self-employed and small businesses being established, but an overall net loss of jobs.

ICT, Media and Creative Activities	-2,360
Wholesale	-1,470
Financial and Professional Services	-1,330
Retail	-985
Business Support Services	-405
Manufacturing - Food	-340
Transport	-330
Manufacturing - Higher Tech	-320

Source: ONS, Business Register and Employment Survey, 2012-2017

- 2.33 Data from BRES on the employee jobs in Milton Keynes, which does not include people who are self-employed and work in Milton Keynes, reported there were 179,000 employee jobs in 2017. This marks an increase of 34,000 of employee jobs since 2012 (+23%). A similar trend has occurred in this dataset, with the number of employee jobs declining by 3,000 between 2016 and 2017.

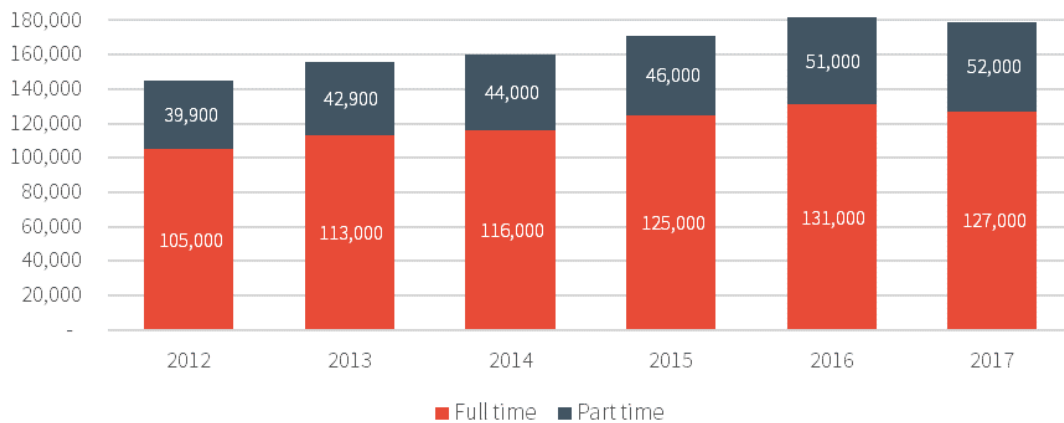
Figure 2.20 Total employee jobs in Milton Keynes



Source: ONS, Business Register and Employment Survey, 2012-2017

2.34 Using the employee data provided by the ONS BRES, this allows a headline breakdown between full-time employees and part-time employees. It shows that of the employee jobs in Milton Keynes, 71% were full-time employees and 29% were part-time employees. This trend is consistent with previous years, where full-time employment has fluctuated between 72-73% and part-time employment between 27-28%. Milton Keynes has a slightly higher proportion of full-time workers than nationally, with 68% of all employees working full-time in England and 32% working part-time in 2017.

Figure 2.21 Full-time and part-time employee jobs in Milton Keynes, 2012-2017

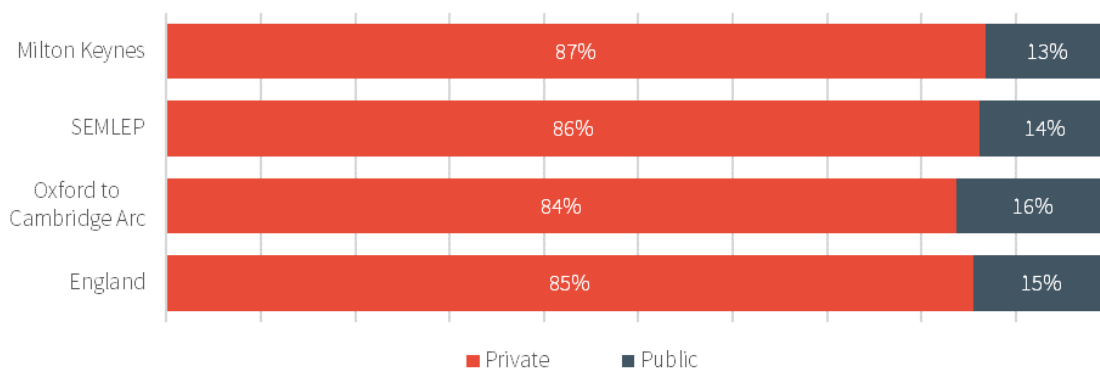


Source: ONS, Business Register and Employment Survey, 2012-2017

2.35 The employee data provided by the ONS BRES also reports on split between public and private sector employment. The public sector comprises central government, local government and public corporations. The private sector comprises companies, sole proprietors, partnerships and non-profit bodies. This can sometimes diverge from perceptions of public/private jobs; for example, Further Education colleges and General Practitioners jobs are classed as private sector although most of their income is related to the public sector.

2.36 In 2017 in Milton Keynes, 155,300 were employed in the private sector and 23,500 were employed in the public sector, or 87% and 13% respectively. This private/public employee ratio has remained constant since 2012 and Milton Keynes accounted for the largest share of private sector employment across the other comparator areas in 2017.

Figure 2.22 Public/private sector breakdown, 2017



Source: ONS, Business Register and Employment Survey, 2012-2017

- 2.37 Milton Keynes has a highly diverse array of employment sectors, encompassing a wide range of different activities. The four largest sectors in Milton Keynes based on employment include:
- Public Admin, Education and Health;
 - Financial and Professional Services;
 - Retail;
 - Business Support Services.
- 2.38 The largest sector in Milton Keynes is the public administration, education and health services¹⁰ accounting for 22% of employment. Within this sector, some of the sub-sectors with the highest numbers of employed individuals include primary and secondary education (8,500 employees), first-degree level higher education (8,000 employees), hospital activities and general medical practice activities (7,750 employees) and general public administration activities (3,000 employees).
- 2.39 Milton Keynes is also home to an important financial and professional activities and business support activities. Taken together, these two sectors represent 25% of Milton Keynes' employment landscape.

Table 2.6 Broad sector overview by employment sector in Milton Keynes, 2017

Sector	Total employment	% of total	Change 2012-17		LQ vs. England
			No.	%	
Public Admin, Education, Health	39,370	22%	8,810	29%	0.8
Financial and Professional Services	26,380	15%	3,680	16%	1.2
Retail	19,560	11%	670	4%	1.1
Business Support Services	17,330	10%	4,480	35%	1.1
Hospitality, Leisure and Recreation	15,850	9%	3,150	25%	0.9
ICT, Media and Creative Activities	13,910	8%	1,670	14%	1.5
Warehousing and Logistics	11,180	6%	5,030	82%	2.6
Wholesale	10,790	6%	1,160	12%	1.5
Transport	6,810	4%	1,870	38%	1.2
Construction	4,870	3%	1,200	33%	0.5
Manufacturing - Higher Tech	4,400	2%	730	20%	0.7
Manufacturing - General	3,130	2%	100	3%	0.6
Other Services	3,040	2%	270	10%	1.1
Manufacturing - Food	2,600	1%	600	30%	1.1
Utilities and waste - gas, water, electricity	690	0%	210	43%	0.3
Manufacturing - Creative and Media	540	0%	170	47%	0.4
Agriculture and Mining	440	0%	10	1%	0.2

Source: ONS, Business Register and Employment Survey, 2012-2017

¹⁰ Note: this includes some private sector activities, particularly within the education and health sectors.

- 2.40 The strong growth in Milton Keynes’s economy has been spread over a number of sectors. Particularly strong absolute growth over the past five years has been felt in the public admin, education & health (+8,810 jobs), warehousing and logistics (+5,030) and financial & professional services (+3,680).

‘Golden Triangle’ of Logistics

A strong part of Milton Keynes’ recent growth has occurred within the warehousing and logistics sector. This partly reflects the recent delivery of new warehousing units in and around Magna Park (adjacent to the M1), but also the key position Milton Keynes has within the logistics network. The ‘golden triangle’ of logistics covers an area of the UK which has the largest population of the UK within a 2-hour drive. This stretches from Bedford and Milton Keynes, towards Nottingham and across to Birmingham. Milton Keynes’ position within this has attracted many warehousing and logistics firms to the area, boosting employment and business numbers within the sector over the last five years.

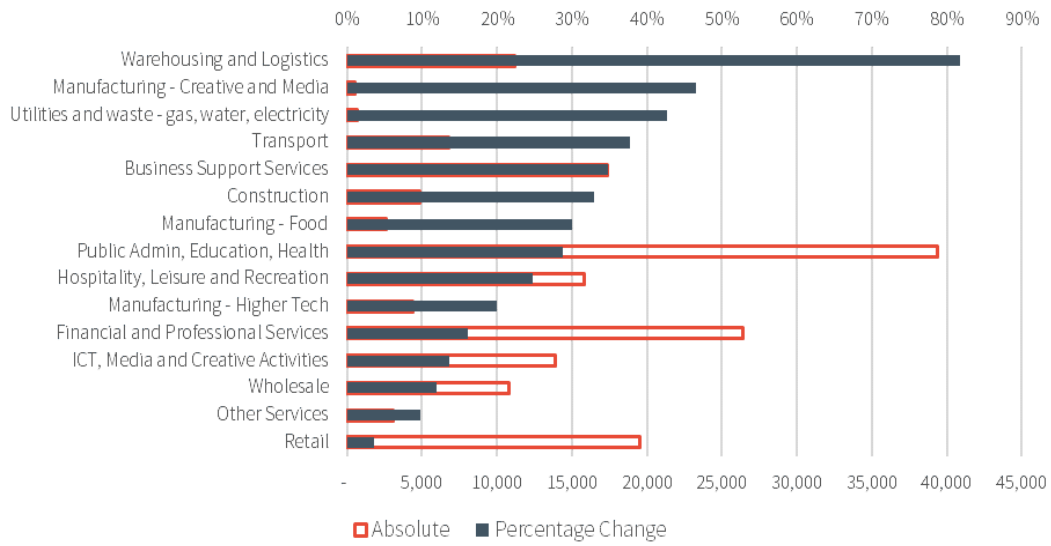
Figure 2.23 ‘Golden Triangle’ of Logistics



Source: Hatch Regeneris

- 2.41 A unique feature of Milton Keynes’s economy to be noted is that over the past five years, all sectors of the economy in terms of employment have grown.
- 2.42 Moreover, Milton Keynes’s acts as an important player in the Oxford-to-Cambridge Arc, accounting for 9% of all employment in the area and 18% of the Arc’s recent employment growth, against 7% in Oxford and 6% in Cambridge.

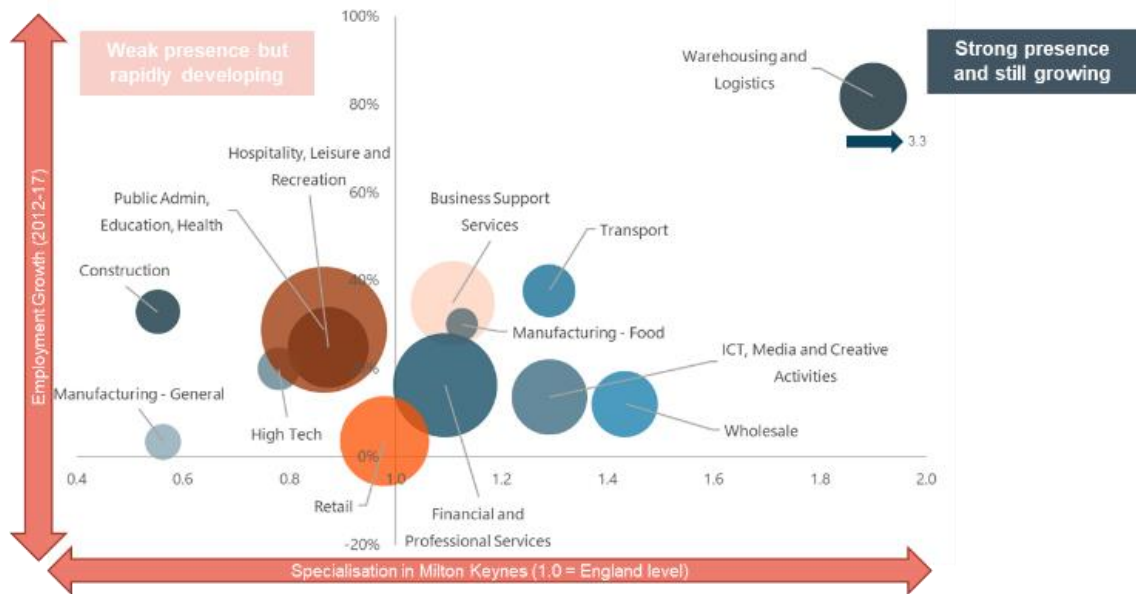
Figure 2.24 Top 15 sectors with greatest employment job growth in Milton Keynes, 2012-17



Source: ONS, Business Register and Employment Survey, 2012-2017

2.43 The bubble graph below visually represents Milton Keynes' recent employment growth, showing all sectors of the economy experiencing employment growth, with particularly strong performance within the warehousing and logistics sector over the last five years.

Figure 2.25 Recent Employment Performance within Milton Keynes



Source: ONS BRES, 2018

Note: Size of bubble is proportional to level of employment

Milton Keynes' Competitive Position in Oxford to Cambridge Arc

- 2.44 Milton Keynes' competitive position relative to other authorities in the Oxford to Cambridge Arc has been analysed to understand the particular strengths which the area has. A range of high-value sectors have been analysed, many of which are targets for the Arc, including advanced manufacturing, professional & business services and the digital sector.
- 2.45 Milton Keynes has the largest absolute job numbers across a range of these sector in the Arc, including the creative industries, ICT & telecoms (digital), knowledge-based sectors, professional and business services, and the tourism sector. In some of these sectors, Milton Keynes' strengths are more pronounced than others, for example in the ICT & Telecoms sector, Milton Keynes has nearly twice as many jobs as the next largest authority in the Arc.

Table 2.7 Milton Keynes' Competitive Strengths in the Oxford to Cambridge Arc

	Advanced Manufacturing		Creative Industries		Health & Social Care		ICT & Telecoms		Knowledge Sectors		Professional & Business Services		Tourism	
1	Luton	6,000	Milton Keynes	9,000	North-ampton	21,000	Milton Keynes	11,500	Milton Keynes	46,500	Milton Keynes	28,000	Milton Keynes	15,000
2	S. Camb	6,000	Cambridge	8,000	Oxford	21,000	S. Camb	6,000	Peter-borough	34,000	North-ampton	19,000	Cambridge	13,000
3	Peter-borough	4,000	Oxford	7,000	Cambridge	16,000	Cambridge	5,500	North-ampton	32,500	Central Beds	15,000	Central Beds	12,000
4	Oxford	3,750	S. Camb	6,000	Milton Keynes	15,500	North-ampton	4,250	S. Camb	31,000	Cambridge	14,000	Luton	10,000
5	Central Beds	3,500	S. Oxford	5,000	Peter-borough	15,000	V. Wh. Horse	4,250	Cambridge	29,000	Peter-borough	13,000	North-ampton	10,000
6	Milton Keynes	3,250	Peter-borough	4,000	Luton	13,000	Peter-borough	4,000	Luton	24,000	S. Camb	11,500	Oxford	10,000
7	North Herts	3,000	V. Wh. Horse	4,000	Bedford	11,500	Central Beds	3,500	Oxford	21,000	S. Oxford.	11,500	Peter-borough	8,500
8	Cherwell	3,000	Central Beds	3,750	Aylesbury Vale	11,000	Oxford	3,000	East Herts	20,500	Oxford	11,000	East Herts	8,000
9	Daventry	2,750	East Herts	3,750	S. Camb.	10,500	Hunt.shire	2,500	Central Beds	20,000	East Herts	10,000	S. Oxford.	7,500
10	Hunt.shire	2,500	North-ampton	3,500	Kettering	10,500	Aylesbury Vale	2,500	V. Wh. Horse	19,000	Luton	10,000	Bedford	7,000

Source: ONS BRES, 2018

Local Characteristics

- 2.46 To understand more about some of the particularly nuances of town centres across the Milton Keynes, more detailed analysis has been undertaken on the Central Milton Keynes area (designated as a Regional Shopping Centre in Plan:MK) and the four District Centres (namely Bletchley, Kingston, Westcroft and Wolverton).
- 2.47 To enable statistical analysis to be undertaken around the town centres, statistical definitions have been applied. These have used the following LSOA¹¹ definitions:
- CMK: LSOA Milton Keynes 14E, 14F
 - Bletchley: LSOA Milton Keynes 30B, 31A, 31B
 - Kingston: LSOA Milton Keynes 17A
 - Westcroft: LSOA Milton Keynes 25C
 - Wolverton: LSOA Milton Keynes 8A, 8B.
- 2.48 The map below shows the geographies used for this analysis.

Figure 2.26 Map of town centres by LSOA areas



Source: Hatch Regeneris, 2018

¹¹ LSOA (Middle Layer Super Output Areas) on average have a population of 1,614 people.

Figure 2.27 Summary of town centres' economic performance

	Total Employment, 2017	Absolute Employment Growth 2012-2017	% Employment Growth 2012-2017
1	CMK 39,015	CMK + 3,620	CMK + 10%
2	Kingston 4,695	Kingston + 120	Kingston + 3%
3	Bletchley 4,025	Wolverton - 80	Bletchley - 5%
4	Westcroft 1,110	Westcroft - 90	Westcroft - 8%
5	Wolverton 535	Bletchley - 200	Wolverton - 13%

Source: ONS, BRES

Central Milton Keynes

- 2.49 The Central Milton Keynes (CMK) area largely reflects the area which contains the Milton Keynes Business Improvement District. It is the largest employing area in the city (reflecting the higher density of commercial floorspace in the area, with 39,015 people being employed in 2017. This accounts for around 22% of all jobs across Milton Keynes. The area has experienced important employment growth over the last five years compared to some of the other District Centres in Milton Keynes, with 10% growth in employment.
- 2.50 Central Milton Keynes is expected to grow significantly in the future, with ambitions in Renaissance:CMK planning to bring forward more than 435,000 sqft of office space and over 2,560 new homes. This will ensure that CMK reflects the needs and desires of its users (citizens, workers and visitors) becoming not only the centre piece of the town, but also a regional bug in the years up to 2050.
- 2.51 The largest sectors within CMK includes the financial and professional services, business support services, retail, and hospitality, leisure and recreation sectors. Strong growth has been experienced within the wholesale and ICT & Digital sectors albeit from relatively small bases. The strongest absolute employment sector growth has been experienced in the financial and professional services and business support services sectors.

Table 2.8 Top Ten Employment Sectors in Central Milton Keynes

CMK	Total Employ., 2017	% of Total Employment	% Growth, 2012-2017
Financial & Professional Services	12,195	31%	16%
Business Support Services	6,845	18%	21%
Retail	5,005	13%	-13%
Hospitality, Leisure & Recreation	3,615	9%	2%
Transport	3,210	8%	41%
Public Admin, Education, Health	3,010	8%	17%
Creative	2,110	5%	-6%
Warehousing and Logistics	1,030	3%	-32%
Wholesale	600	2%	88%
ICT & Digital	525	1%	69%

Grand Total	39,015	100%	10%
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Bletchley

- 2.52 Bletchley currently has a relatively small employment base and is around one-ninth the size of employment in CMK, with 4,025 people employed. Bletchley experienced the most sluggish growth in employment out of all the areas examined, with employment declining by 5% between 2012 and 2017. There are ambitions within Plan:MK to develop Bletchley, through the Central Bletchley Prospectus, helping to increase the density of residential, improve the public realm and connectivity, and redevelop a number of sites.
- 2.53 Employment in Bletchley is largely concentrated in three key sectors. The public administration, education and health sector accounts for over a third of Bletchley's total employment. Other large sectors in Bletchley included the financial and professional services and retail, although both of these sectors have shown declining growth rates since 2012. There has been strong growth in the construction sector in the area over the last five years (+275%), going from 20 to 75 people employed in this sector. Other sectors with strong absolute growth includes the business support services sector and the manufacturing sector.

Table 2.9 Top Ten Employment Sectors in Bletchley

Bletchley	Total Employ., 2017	% of Total Employment	% Growth, 2012-2017
Public Admin, Education, Health	1,385	34%	5%
Financial & Professional Services	830	21%	-17%
Retail	605	15%	-5%
Hospitality, Leisure & Recreation	355	9%	2%
Creative	295	7%	16%
Business Support Services	250	6%	79%
Construction	75	2%	275%
Manufacturing	60	1%	50%
Warehousing and Logistics	50	1%	0%
Other Services	45	1%	-33%
Grand Total	4,025	100%	-5%

Kingston

- 2.54 Kingston town centre is difficult to define using statistical boundaries, and so a larger geography has been selected, which includes the Kingston Centre, activities around Northfield Drive and in between. Given this, Kingston account for the second largest share of employment in Milton Keynes, after CMK. Its employment figure stands at 4,695 and has increased at a 3% rate between 2012 and 2017.
- 2.55 The largest sectors within Kingston (& Broughton) are retail, wholesale and creative. Most of the recent employment growth in the area has been created within the construction (+500%), manufacturing (+118%) and public administration, education and health sectors (+81%).

Table 2.10 Top Ten Employment Sectors in Kingston

Kingston	Total Employ., 2017	% of Total Employment	% Growth, 2012-2017
Retail	1,325	28%	-19%
Wholesale	900	19%	-27%
Manufacturing	850	18%	118%
Creative	370	8%	64%
Hospitality, Leisure & Recreation	335	7%	68%
Warehousing & Logistics	300	6%	0%
Transport	230	5%	15%
Public Admin, Education, Health	220	5%	100%
Construction	60	1%	500%
Other Services	50	1%	25%
Grand Total	4,695	100%	3%

Westcroft

- 2.56 Westcroft is one of the smallest of the town centres analysed with 1,110 people employed in the area. The town centre has been declining over the 2012-2017 period, with a 8% drop in the employment growth rate, compared to the 10% increase in Central Milton Keynes.
- 2.57 Some of the most important employment sectors in Westcroft include retail (39%), public administration, education and health (28%), and the hospitality, leisure and recreation sector (21%). Westcroft also has a number of sectors which have grown strongly over the last five years (albeit from relatively small bases). Strong growth has been experienced within the other services (+125%) and the creative (+100%).

Table 2.11 Top Ten Employment Sectors in Westcroft

Westcroft	Total Employ., 2017	% of Total Employment	% Growth, 2012-2017
Retail	435	39%	-24%
Public Admin, Education, Health	310	28%	-8%
Hospitality, Leisure and Recreation	230	21%	15%
Creative	50	5%	100%
Other Services	45	4%	125%
Financial and Professional Services	20	2%	-20%
Business Support Services	10	1%	0%
Wholesale	10	1%	0%
Agriculture and Mining	0	0%	0%
Construction	0	0%	0%
Grand Total	1,110	100%	-8%

Wolverton

- 2.58 Wolverton's employment stood at 535 in 2017, with the area experiencing a significant loss in jobs in recent years. There has been a 13% decrease in the level of employment in the town centre. Wolverton has a diverse mix of sectors. Sectors with a strong presence in Wolverton include the hospitality, leisure and recreation, public admin, education and health and retail sectors. Strong growth has been experienced across a number of sectors, including business support services (+150%) and the creative (+100%).

Table 2.12 Top Ten Employment Sectors in Wolverton

Wolverton	Total Employ., 2017	% of Total Employment	% Growth, 2012-2017
Hospitality, Leisure and Recreation	170	32%	15%
Public Admin, Education, Health	150	28%	-21%
Retail	60	11%	-43%
Financial and Professional Services	50	9%	-7%
Creative	40	7%	100%
Business Support Services	25	5%	150%
Other Services	20	4%	-20%
Transport	20	4%	-33%
Agriculture and Mining	0	0%	0%
Construction	0	0%	-100%
Grand Total	535	100%	-13%

Emerging Trends in the Milton Keynes Economy

2.59 There are a number of emerging trends, which are impacting on the Milton Keynes economy. A number of these are discussed in the section below, including:

- The impact of automation on Milton Keynes
- The rise of the sharing economy
- Developments taking place locally in the visitor economy
- Opportunities / threats associated with the Growth Corridor & moving towards a knowledge-based economy

Impact of Automation

Much has been made about the impact of Industry 4.0, and the increasing move towards AI, robotics and other forms of smart automation. Milton Keynes' position within the Oxford-to-Cambridge Arc means it is well positioned to take advantage of the opportunities that automation could bring to the area. The Industrial Strategy White Paper makes numerous references to the role that AI and Data Economy will play in the future of the UK's economy.

Automation is expected to deliver a number of positives to the economy, particularly in improving the productivity of the workforce, with the UK lagging behind many of its EU competitors. However, there are also risks associated with automation. The ONS projects that around 1.5 million workers in Britain are at high risk of losing their jobs to automation, with women, those in low skilled jobs and those in part-time work most affected. Ensuring that all of Milton Keynes' workforce are able to benefit from automation will be key in ensuring inclusive growth in the future.

Background Review

Many studies conclude that automation will generally have a positive effect on employment productivity and national GVA levels, helping to boost labour productivity, and release the workforce into other parts of the economy. In doing so, this opens up new opportunities for residents, with research pointing towards increases in self-employment and enterprise activity in the face of automation.

The rise of automation will change the nature of jobs, with a greater demand for technical and computing skills to support the delivery and repair of automotive

machines. Although these generally attract higher salaries, it is important to ensure that the local workforce is able to benefit from these new opportunities. There is a risk that the benefits may not be evenly spread across income groups and individuals with lower levels of educational attainment, who are more at risk of automation. Milton Keynes is already taking steps to address this, with ambitions to develop skills in the local workforce which can support the development of automotive processes. Milton Keynes is investing in MK:U and the Institute of Digital Technology, both of which are expected to deliver the skills needed by those sectors most likely to adopt automotive processes.

According to a study conducted by PwC in 2018, entitled *Will Robots Steal our Jobs?* 30% of UK jobs could be impacted by automation by the early 2030s, with this risk being the highest in sectors relating to warehousing and logistics (56%) and wholesale and retail (44%). In the “Cities Outlook, 2018” (published by Centre for Cities, Milton Keynes was at risk of losing 22% of its jobs due to automation, which is comparatively higher than the 13% in both Cambridge and Oxford.

The section below provides an analysis of Milton Keynes’ most important sectors which are likely to be affected by automation and summarises potential threats and opportunities. This focuses primarily on the two sectors identified in the ONS report as having the most potential from automation (warehousing & logistics and wholesale & retail) and one of Milton Keynes’ largest sectors (public administration, education and health).

Warehousing and logistics

This sector is one of Milton Keynes’ fastest growing sectors in terms of employment, having experienced the highest employment growth rate since 2012 (+82%). It is also one of Milton Keynes’ economic sectors that is most likely to be affected by automation, as warehousing and distribution processes are becoming increasingly reliant on technology.

Automation is transforming the storage, distribution and sales of goods domestically and internationally, mainly through the integration of blockchain technology into supply chain management and auditing. This technology allows for better data-sharing in the industry, reducing inefficiencies and improving traceability and quality monitoring of goods within the supply chain.

Activities like trailer loading and offloading and package delivery are also being automated, with companies like Google starting to use self-driving lockers and the trucking industry partnering with manufacturers on partially automated truck convoys. With consumer demand increasing for faster and more frequent deliveries, warehousing and logistics are likely to continue turning to automated solutions.

Globally, an estimated US\$4.6 trillion of additional revenue can be generated if transport and logistics industries innovate to capitalise on growing demand, presenting significant local opportunities. Milton Keynes benefits from good road and rail links to London and the greater South East; leveraging these effectively will see the area well-placed to gain from wider industry trends. Cultural shifts are also required in incumbent businesses to innovate, to support the creation of a more productive cluster. Combining increased business competitiveness with Milton Keynes’ locational strengths could lead to more wholesale, transport and warehousing locating in Milton Keynes, mitigating job losses.

While automated solutions can improve efficiency, shorten delivery times and reduce customer costs, they also highlight the need for new worker skills in digital technology and increase the risk of lower-skilled and lower-wage jobs being lost.

Wholesale and Retail

Wholesale and retail businesses are also experiencing similar automation effects as in the warehousing and logistics sector, mainly due to the growing popularity of e-commerce and the impact this is having on consumer spending patterns. A PWC report¹² predicts that in the UK, “the online share of total retail spending could rise between 2018 and 2030 from 5% to 8% for food, from 10% to 22% for furnishings and from 18% to 32% for clothing.

With the rise of automation expected to continue in the coming years, it is likely that consumer purchasing habits will change. AI offers a way to monitor this change, by integrating AI algorithms to online wholesale or retail platforms to be more responsive to consumers’ shopping patterns and needs.

Automation also provides businesses in the wholesale and retail sector with an opportunity to cut costs and increase profits by reducing the need for physical sale points and by targeting customer segments in a more efficient way through enhanced digital customer satisfaction data.

Milton Keynes currently has 30,350 people employed in the wholesale and retail sector, accounting for 17% of total employment. The shift towards online shopping (which opens more opportunities for automation) and a move towards AI will increase the demand for technology skills within the sector, but also increases the risk of lower-skilled and lower-wage jobs being lost.

Public administration, education and health

In Milton Keynes, approximately 39,370 are employed in the public administration, education and health sector, accounting for the largest share of employment in Milton Keynes’ economy.

Technological disruption is already having an impact on education and public service provision. Both have benefitted from online delivery platforms, widening access to education, training and stimulating inclusive civic participation. Service provision is also increasingly being automated and customer-facing roles will be scaled back as intelligent machines are able to efficiently complete repetitive and process orientated service tasks. By way of example, HMRC already uses robotics and machine learning in contact centre dashboards to facilitate calls between advisers and customers, and as part of the employer registration process.

The accelerated rollout of digital solutions will play a key role in delivering more cost effective and transparent public services, driven by innovation. However, challenges in achieving these efficiency benefits include overcoming data security concerns, upskilling of staff to required digital literacy levels, and funding the development and roll-out of solutions. Innovate UK have announced up to £5 million to invest in new digital health technologies. In increasing the level of technological adoption within the sector, this risks jobs losses in the future.

Conclusion

Milton Keynes will benefit from emerging technology trends and its location on the Oxford-to-Cambridge Arc will enable it to take advantage of the latest research and innovation. However, it must be careful to ensure that everyone is able to take advantage of opportunities for automation, in particular by ensuring that the Milton Keynes workforce can adapt to meet changing skills demands from employers. There is a need to develop digital technology skills and build a digital culture to ensure that those (in particular those in lower paid, lower skilled occupations) don’t get left behind. Milton

¹² <https://www.pwc.co.uk/services/consulting/accelerate-digital/retail-digital-transformation.html>

Keynes is already investing heavily within its local skills infrastructure to ensure that its workforce is able to benefit from the opportunities which will be delivered by automation, developing MK:U and the Institute of Digital Technology, both of which are expected to deliver the skills needed by those sectors most likely to adopt automotive processes.

Milton Keynes' sharing economy

Background review

The sharing economy can be defined as an ensemble of platforms which connect people to better match supply and demand around a specific product offering. A strong motivation for early participants in the sharing economy is the “the potential benefit (social and environmental) of consuming less and collaborating more. This emphasis on collaborative consumption and human relationships remains a strong driver.”¹³

In the words of the Secretary of State for Business, Innovation and Skills, Sajid Javid, the contribution of the sharing economy to the wider UK economy “goes far beyond just an economic one – it’s creating new networks within communities and having a positive impact on the environment by using resources more efficiently”.

Due to the lack of official economic statistics on the sharing economy, it is difficult to quantify its contribution to the UK’s economic productivity. Nevertheless, a report produced in 2016 by Sharing Economy UK suggests that 3% of the UK’s workforce is currently providing a service through a sharing economy platform. Similarly, a report by NESTA estimated that a quarter of the UK population has engaged in a sharing economy activity in 2015 and a PWC report estimated that five components of the UK’s sharing economy had a turnover of about £500m in 2014, with the potential for this to grow to £9billion by 2025.

Overall, the UK is second only to the US in terms of the number of companies linked to the sharing economy. Many of the UK’s economic sectors are currently being confronted to an explosion of activity in the sharing economy, with this being particularly prevalent in the transport and logistics sector.¹⁴ From Uber-style transport, car-sharing to last-mile deliveries, a number of start-ups are “taking advantage of consumer’s interests in the sharing economy to develop new crowd-sharing solutions” and redefine collaboration in the sector.¹⁵

Milton Keynes Perspective

It will be important for Milton Keynes to adapt to the changing state of the economy and provide the infrastructure and investment needed to support its development. It has already taken steps in doing this, particularly through the work undertaken in the MK Futures 2050 research. This should be continued in the future, with innovation and networks encouraged, particularly with those firms involved in the sharing economy. Made in MK is a good example of a collaborative network of entrepreneurial, creative and tech businesses coming together to showcase, connect and support the development of the digital and shared economy.

The development of the shared economy will have a number of impacts on Milton Keynes, which should be considered going forward. The rise of UberEat and Deliveroo (amongst others) has seen growing demand for shared kitchen space (or ‘dark kitchens’) to fuel demand within the sector. In transport, Uber has had a significant

¹³ Sharing Economy UK, 2016 Report

¹⁴ PwC, The Shifting Patterns: The future of the logistics industry, 2017

¹⁵ Ibid, 2017

impact on the diversity of private-hire vehicles. And in the hotel sector, Airbnb has already changed the way in which tourists stay in cities. Milton Keynes should embrace developments in the shared economy sector, whilst also ensuring that the wider economy remains sustainable.

Milton Keynes visitor economy

Background Review

In the past couple of years, Milton Keynes has been attracting increasing numbers of both residents and businesses. Milton Keynes' strong business growth in recent years has helped support the development of the business visitor economy. At present there are around 12,000 companies in Milton Keynes, with the city being home to a number of major corporate actors such as Mercedes Benz, Deloitte, Mazars, John Lewis, Santander, Red Bull Racing and Network Rail. Many other companies are also expanding into Milton Keynes like Volkswagen Financial Services, Marcus by Goldman Sachs and Honda's new European base, Mugen Euro. The presence of these corporations has stimulated the demand for hotel space in Milton Keynes

The city also offers an extensive range of leisure activities, which play an important role in stimulating the visitor economy. Leisure facilities range from theatres, music venues, museums to sports stadiums, with some notable examples being Milton Keynes Theatre, The Stables, MK Gallery, Xscape, Cineworld, MK1 and Bletchley Park.

Given recent local economic performance, it has been predicted that Milton Keynes is likely to continue building its reputation as a corporate destination and leisure hub, strengthening the potential for growth in the visitor economy.¹⁶ In 2018, Milton Keynes provided 3,065 hotel bedrooms, with 50% of hotels rated as 3-star establishments, 22% as budget hotels and 21% as 4-star properties. The total hotel stock is expected to rise to 3,899 bedrooms, while the average occupancy rate for hotels rose from 70% to 75% since 2013.

Weaknesses/threats

To sustain this occupancy rate successfully, Milton Keynes will have to overcome specific challenges relating to the low concentration of hotels around Central Milton Keynes (CMK), poor weekend demand, and the perception that Milton Keynes is not a leisure destination for short breaks.

Moreover, the performance of the hotel industry is threatened by the development of too many hotels at the same time, competition from neighbouring locations such as Northampton, the difficulty in attracting skilled workers to live or work in Milton Keynes and Brexit.

Strengths/opportunities

Nevertheless, there is potential for positive growth in the visitor economy and subsequently in the hotel market. Some important enabling factors include strong local economic growth, good leisure and service provision particularly within CMK, good average occupancy levels in hotels currently and historically, varied hotel brand representations, infrastructure investment and good accessibility.

A study conducted by Carter Jonas identified further opportunities to improve Milton Keynes' visitor economy and grow market demand in the hotel industry. These include

¹⁶ Carter Jonas, Milton Keynes Hotel Study, 2018

better and co-ordinated provision of events and leisure activities in the area, building Milton Keynes' image as a conference/business and leisure destination through a cohesive marketing framework and through joint promotion between key stakeholders (such as the council, the Association of Milton Keynes Hoteliers, and other hoteliers), developing the night-time economy and capitalising on visits arising from a new technical university in the Council area.

Opportunities / threats associated with the Growth Corridor & moving towards a knowledge-based economy

Background Review

The Oxford-Cambridge Arc encompasses a line of towns and cities some 50 miles out from London, each which has a relatively productive economy. The corridor is home to world-class universities, in addition to a number of research locations and education institutions, alongside 9 of the UK's top 100 high growth tech firms. Although many places within the Growth Corridor have strong connections to London, links between places within the Corridor are weak.

There is expected to be significant investment in infrastructure in the future, with new strategic east-west road and rail links completely alongside new employment and housing opportunities. This unique opportunities for the Corridor has the potential to provide a foundation for the area's long-term economic, social and demographic development.

The National Infrastructure Commission report on the Oxford-Cambridge arc highlighted ambitions to maximise the potential of the corridor as a single, knowledge-intensive cluster that competes on a global stage, whilst securing the homes and jobs that the area needs. This move towards a knowledge-based economy is likely to bring higher-skilled and higher-paid jobs into Milton Keynes and help to support the growth of the local economy.

Milton Keynes' Current Position in the Growth Corridor

Milton Keynes' economy already has strong relationships across the Growth Corridor, with potential for this to be expanded in the future with improved infrastructure and strategic relationships.

Data suggests that the Milton Keynes economy plays an important role in fuelling the growth of the corridor. Over the five-year period between 2011 and 2016, employment growth in Milton Keynes accounted for 18% of jobs growth across the whole corridor. Milton Keynes experienced the 2nd highest level of employment growth across the corridor and is helping drive the Corridor's economy forward.

Milton Keynes already has a high proportion of jobs within knowledge intensive industries, with over a third of jobs (64,000 jobs) currently in 'knowledge-based' industries. This ranks Milton Keynes as the second largest authority based on the overall number of knowledge-based jobs, however as a proportion of overall jobs, it ranks seventh.

Sectors which are already particularly prominent in Milton Keynes' economy include financial services (sector specialisation of 2.0 relative to the UK average), information service activities (2.0) and computer programming (1.7).

Opportunities / Threats of Growth Corridor

Opportunities

- Infrastructure improvements (in both road and rail) across the Corridor will increase the attractiveness of Milton Keynes for businesses, with better accessibility to world-

class universities in Cambridge and Oxford, research institutions across the Corridor and access to a wider pool of highly-qualified labour.

- Rising office rents in London, Cambridge and Oxford is encouraging businesses (particularly knowledge-intensive businesses) to seek cheaper alternative destinations, which are well connected. Milton Keynes has the potential to benefit from closer connections and collaboration with these key cities, and the delivery of more office floorspace (being delivered through Renaissance:CMK) will provide the right space and environment to attract knowledge-intensive businesses into Milton Keynes, especially where knowledge exchange is easier.
- Growth across the wider Corridor is likely to have spill-over benefits for Milton Keynes, particularly given its current strengths in the professional sector which will benefit from enhanced economic growth across the region.
- Milton Keynes has comparatively low house prices relative to comparable cities in the corridor, and so stands to become a more attractive place to live in the corridor (especially given improved transport connections). This may help attract younger families to the area and plug the gap in Milton Keynes' population aged 20-30.
- Milton Keynes has a good supply of land to help facilitate the expansion of housing and commercial property to meet demand for space.

Threats

- Recent economic growth experienced elsewhere in the corridor (e.g. Northampton, Central Bedfordshire and Luton), will present growing competition for Milton Keynes in the future.
- Better road and rail connections on the east-west axis, and the development of employment in Milton Keynes are likely to drive property prices further, especially combined with a high level of job growth and housing supply struggling to keep pace.

Opportunities / Threats of Move to Knowledge-Based Economy

Opportunities

- There is already a strong knowledge-based economy in Milton Keynes, which has been developing rapidly over the last five years. Firms are in a strong position to take advantage of future opportunities coming forward.
- A shift to a knowledge-based economy will help support productivity growth, building on Milton Keynes' already strong position.
- Knowledge-based industries cover a broad spectrum of industries and occupations, providing opportunities for those with a wide range of skills and experience.
- Government funding is increasingly targeted around knowledge-based industries and Milton Keynes can position itself well by supporting the sector's growth.

Threats

- There is a need to ensure all of Milton Keynes' residents are able to access new opportunities presented by a shift towards a knowledge-based economy. Data (shown in Section 2 of this proposal) shows that Milton Keynes' school leavers have relatively low qualification levels, with only 52% achieving 5 A*-C at GCSE level. This places Milton Keynes 43rd out of 63 UK cities.
- Milton Keynes' population growth is currently highly skewed, with weak growth in the number of young people aged 20-30 that shape today's entry level workforce. Milton Keynes needs to make itself more attractive to people of this age to ensure that there is a strong labour force for knowledge-based industries to benefit from. The

development of the new university in Milton Keynes should help to attract more young people into the city, although the right cultural offer needs to be made aligned to this.

- There is an uncertain economic outlook (particularly posed by Brexit), meaning that growth within sector cannot be assumed in the future.

3. Population & Labour Market

Summary

- It is estimated there are 267,500 people living in Milton Keynes. The population has grown at a faster rate than across SEMLEP and nationally, with a 16% increase over the last ten years (+36,500 people).
- Milton Keynes has a much higher proportion of residents of child-bearing ages, with a high proportion of people aged between 30 and 45 years (accounting for 25% of the population compared to 21% nationally), and also a high proportion of children aged between 0-15 years (accounting for 22% of the population compared to 20% nationally). By comparison, Milton Keynes has 28% fewer people aged 18 to 25, reflecting the lack of a residential university locally.
- Recent population growth in Milton Keynes has largely been confined to those aged between 10 and 49, with slower growth amongst those aged 65+. The population aged 20-29 has increased the most, with the number of males growing by 34% over the last ten years, and the number of females growing by 32%.
- The high proportion of those at child-bearing age is reflected in the population birth to death ratio, with more than twice as many births in Milton Keynes compared to deaths. This is considerably above the national level.
- Milton Keynes' recent population growth has largely been driven by natural population growth (+1,720 net increase in 2017) and international immigration (net increase of 940 international migrants in 2017). Most domestic migration to and from Milton Keynes is relatively local, with common origins and destinations for migrants being London, Central Bedfordshire, Aylesbury Vale, Luton and Northampton. In 2017, it is estimated that 12,150 people migrated into Milton Keynes and 13,565 left Milton Keynes, meaning a net outward migration of 1,415 people. Of these, 4,070 migrated out of Milton Keynes to the SEMLEP area (compared to 1,050 going to London), and 3,280 migrated into Milton Keynes from the SEMLEP area (compared to 2,450 people from London).
- The majority of people migrating in and out of Milton Keynes are aged 19 to 49, accounting for 68% of those migrating into Milton Keynes and 63% of those leaving Milton Keynes. There is a higher proportion of those leaving Milton Keynes aged 50 to 64 compared to moving into Milton Keynes, suggesting more people move out of Milton Keynes prior to their retirement than vice versa.
- Of those leaving Milton Keynes, there has been a considerable increase in the number of people leaving after the age of 50 over the last six years.
- Milton Keynes is more ethnically diverse than nationally, with around 20% of the population coming from backgrounds other than white, compared to 15% nationally. This proportion has increased since 2011, with the proportion from ethnic backgrounds increasing by 36% since 2011 (compared to 5% for those from white backgrounds).
- Overall qualification levels in Milton Keynes are broadly similar to the national average but are slightly weaker than the rest of the Oxford-to-Cambridge Arc.
- The employment rate for people in Milton Keynes was slightly below the SEMLEP and Arc level but has been increasing at a faster rate over the last four years, closing the gap.

- Milton Keynes has continually had a lower self-employment rate compared to SEMLEP, the Arc and nationally. In 2017, 8% of Milton Keynes' working age population were self-employed.
- Despite the high productivity produced by workers in Milton Keynes, the gross disposable income per head is not as high. The average disposable income per household is £20,040, £160 above the national average. This has increased by a slower rate than nationally over the last six years, growing by 18% compared to 19% nationally and 21% across SEMLEP.
- Residents in Milton Keynes currently earn less than those working in Milton Keynes by around £1,700 (based on annual pay).
- Data from the 2011 Census indicates that there is net in-commuting of 13,790 people, with 32,350 people commuting into Milton Keynes for work and 18,560 people commuting out of Milton Keynes for work. It is expected that this figure has increased further since the 2011 Census, with employment growth in Milton Keynes far outstripping population growth. London is the most common destination for people commuting out of Milton Keynes, whilst Central Bedfordshire is the most common location from which people travel into Milton Keynes to work.
- The Indices of Multiple Deprivation rank Milton Keynes as 129th out of 326 local authorities in England in terms of the proportion of LSOAs within the 10% most deprived. There are nine LSOAs in Milton Keynes (6% of the total) which are among the 10% most deprived in England.

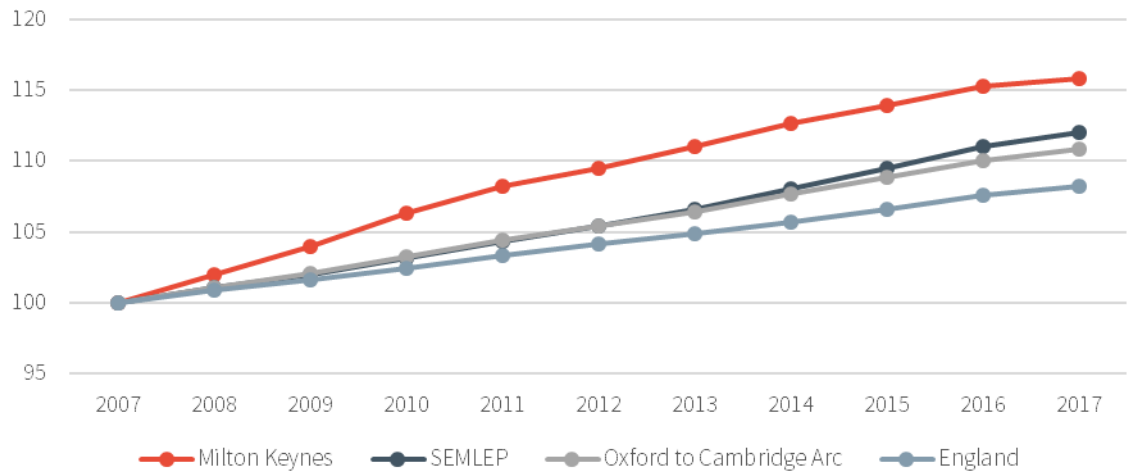
- 3.1 This section provides an overview of the demographic and labour market data for residents living in Milton Keynes. It considers a range of different areas, including insights on the population profile, qualification levels, types of occupations undertaken by residents, labour market outcomes, earnings & hours, migrations and inclusion.

Population

Population estimates

- 3.2 The most up-to-date and reliable evidence on Milton Keynes' population comes from the ONS, who produce an annual mid-year estimate of population for each local authority area. The main headlines from this data are that:
- In 2017, it was estimated there are 267,500 people living in Milton Keynes, according to the latest ONS mid-year population estimate.
 - The population in Milton Keynes has increased by 36,500, or 16%, over the last ten years.
 - This rate of increase in the population of Milton Keynes over the last ten years (2007-2017) was higher than the average growth experienced across the SEMLEP area (+12%) and is nearly twice the growth experienced across England (+8%).
 - Milton Keynes' population size makes it the 62nd largest local authority in the UK (out of 408), and it is now larger than many other local towns/cities (based on local authority boundaries), including Northampton (226,000), Luton (215,000) and Peterborough (199,000).

Figure 3.1 Population change, 2007-2017

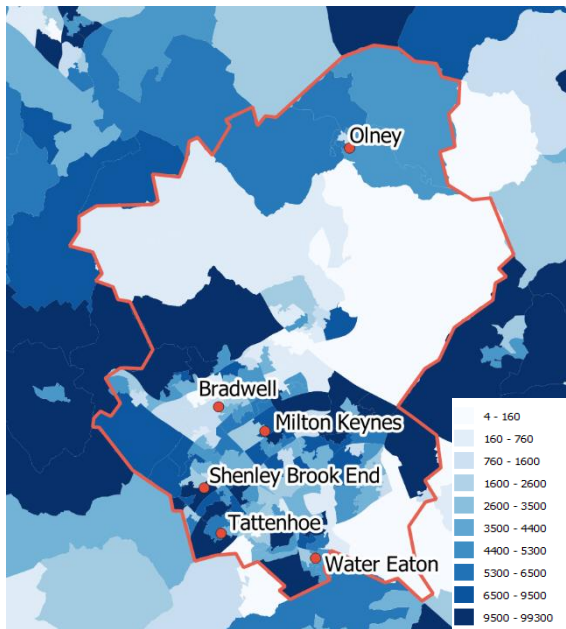


Source: ONS, Mid-Year Population Estimates, 2007-2017
 Note: Indexed, where 2007 = 100

Population by geography

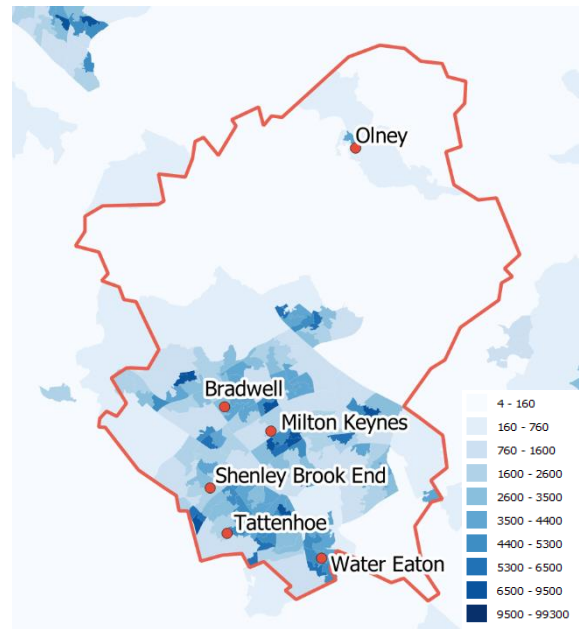
3.3 The maps below show the population distribution and density in Milton Keynes. As would be expected, the highest population densities are found in the urbanised parts of Milton Keynes towards the south.

Figure 3.2 Milton Keynes' population in 2017



Source: ONS, Mid-Year Population Estimates, 2017

Figure 3.3 Population density per km² in Milton Keynes, 2017



Source: ONS, Mid-Year Population Estimates, 2017

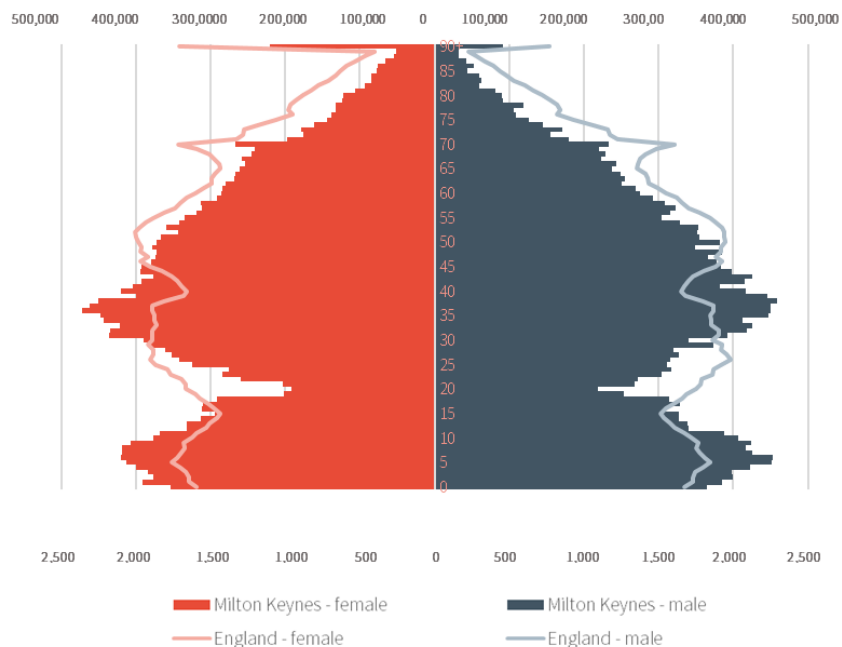
Population profile by gender and age

3.4 The annual mid-year estimates of population also provides a breakdown on the gender and age of the population in each local authority. In examining the profile of Milton

Keynes' population profile by age and gender, it shows there is a relatively imbalanced population profile compared to the national profile. Key trends within this data are that:

- There is a higher proportion of females relative to males in Milton Keynes' population, with 49.5% of the population being male and 50.5% being female. The higher proportions of females is largely the result of longer life expectancy for females, with 3,500 more females over the age of 65 compared to males. There are only more males than females when considering the population aged under 25.
- There are estimated to be 172,765 people of working-age in Milton Keynes, accounting for 65% of the total population. This compares to 64% nationally.
- In terms, of the age profile, Milton Keynes has a much higher number of residents of child-bearing ages, with a high proportion aged between 30 and 45 years (accounting for 25% of the population compared to 21% nationally), and also a high proportion of children aged between 0-15 years (accounting for 22% of the population compared to 20% nationally).
- The number of individuals in Milton Keynes aged 18-25 is low compared to the national average, which can partly be explained by the absence of a residential university in Milton Keynes. Proportionally, Milton Keynes has 28% fewer people of 18-25-year olds than nationally.
- The proportion of individuals aged over 50 is also below the national level, which partly reflects the outward-migration of people of this age retiring to locations outside of Milton Keynes. 31% of Milton Keynes' population are aged over 50 compared to 37% nationally.

Figure 3.4 Population pyramid for Milton Keynes vs. England, 2017

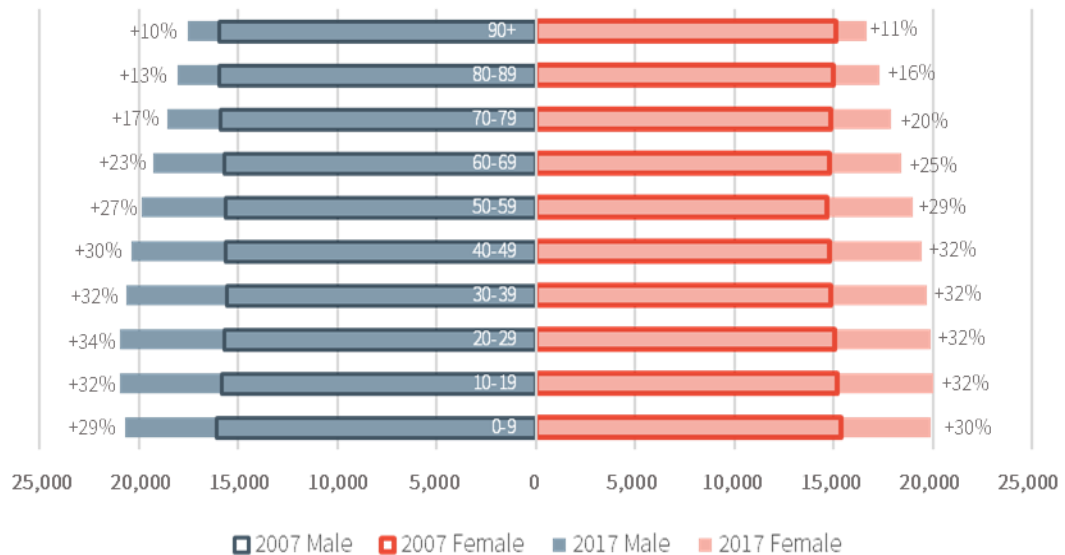


Source: ONS, Mid-Year Population Estimates, 2007-2017

3.5 The population growth experienced in Milton Keynes over the last ten years (16%) has been felt across a range of different age groups. Going against national trends of an ageing population, Milton Keynes' recent population growth has occurred primarily across

those aged between 10 and 49. Compared with ten years ago, Milton Keynes now has a much higher proportion of working-age people, with slower increases experienced across those age 65+. The population aged 20-29 has increased the most, with the number of males growing by 34% over the last ten years, and the number of females growing by 32%.

Figure 3.5 Population pyramid for Milton Keynes, 2007 & 2017



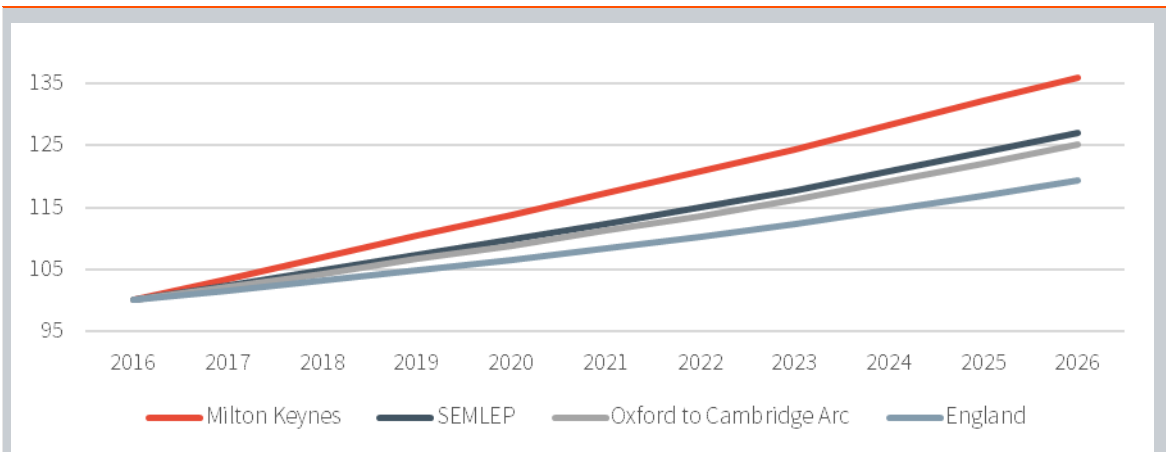
Source: ONS, Mid-Year Population Estimates, 2007-2017

3.6 The gap in the population of people aged 18-25 partly reflects young people leaving Milton Keynes in order to attend universities elsewhere, with no residential university currently in Milton Keynes to compensate for this loss. Common destinations for 18-25 leaving Milton Keynes includes Birmingham (140 in 2017), Nottingham (110), Northampton (100), Leicester (80), Coventry (75), South Northamptonshire (70) and Bedford (70).

Ageing population

Ten-year population projections for individuals aged 65+ show that Milton Keynes' average growth rate for this population group (+36%) is well above the average growth rate of the SEMLEP area (+27%), the Oxford-to-Cambridge Arc (+25%) and England (+19%). This will have a number of implications on Milton Keynes' social care sector, which will have to adapt its service provision to a fast-growing population.

Ten-year population projections for individuals aged 65+, 2016-2026



Source: ONS, Population projections, 2016

This phenomenon is also being observed at a national level, where the number of people aged 65+ is fast evolving and expected to increase by 40% within the next 20 years. According to a report by the Centre for Ageing Better, this growth will require that a number of changes be made to prepare for the future and to ensure the wellbeing of ageing populations. This will be especially critical given that 16% of people aged 65+ currently live in relative poverty. Their report entitled “The State of Ageing” in 2019 recommends that the ageing population trend will best be managed by:

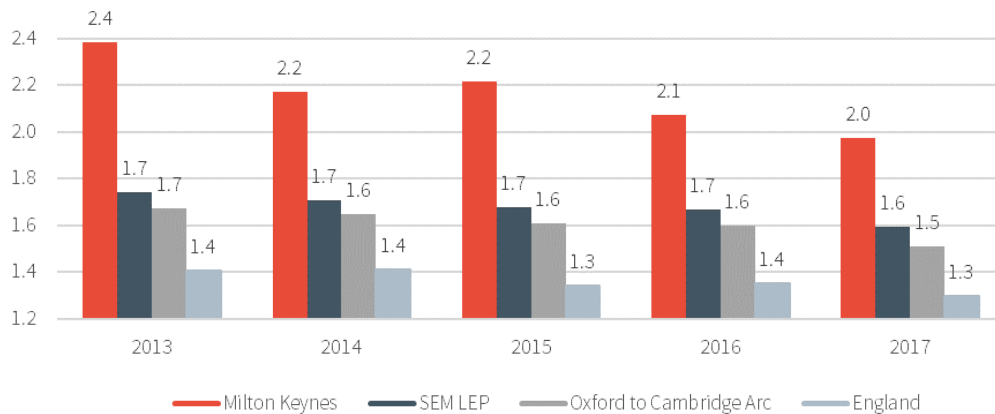
- Providing employment opportunities for over 50s: “For those in their 50s and 60s now, there is little time left to ensure they have saved enough to support themselves and stay above the poverty line in later life. If we want people to be financially secure, we need to ensure they can work for as long as they want to, free from age bias and discrimination. Without a fundamental change in employment culture and more opportunities for workers over the age of 50 to continue in work, individuals, businesses and the economy will suffer.”
- Supporting connected communities: “As we approach later life, we need opportunities to build strong and supportive relationships across generations. Local government, businesses and partners in the voluntary and community sector need to create communities that make it easier to stay active and connected. This will require support for community activities that are inclusive and accessible to us regardless of age or disability.”
- Developing good transport design: “Transport and the design of our towns and cities can enable us to get out and about, or it can create barriers, especially for those with health conditions and disabilities.”
- Developing good housing design and home adaptations: “Most of us want to live in our own homes for as long as possible. A decent and accessible home could mean the difference between continuing to wash and dress unaided and needing costly care. The fact that our housing is so unsuitable poses serious consequences as more of us live for longer. We need an urgent upgrade of our current housing and to give people timely advice and access to funding where needed to adapt and repair their homes. We need to put renewed investment and interest into improving our existing mainstream housing stock and support local authorities, planners and developers to deliver new homes that are future proofed and accessible to everyone.”

- Engaging people in physical activity to help avoid unnecessary social care. Physical inactivity costs NHS providers in England more than £900m per year¹⁷, with the main disease created by this being coronary heart disease. Engaging with regular physical activity can help older person reduce their risk of chronic disease, manage illnesses they already have, function better physically and mentally, avoid injuries such as falls and live longer independently¹⁸.

Population Birth and Death Rates

3.7 The ONS publishes data on births (by local area of residence for the mother) and deaths (by local area of residence). The data shows that for every death in 2017 in Milton Keynes, there were 2.0 births. This figure has been consistently above average since 2012, compared to the SEMLEP area, the Arc and national figures.

Figure 3.6 Births to deaths ratio

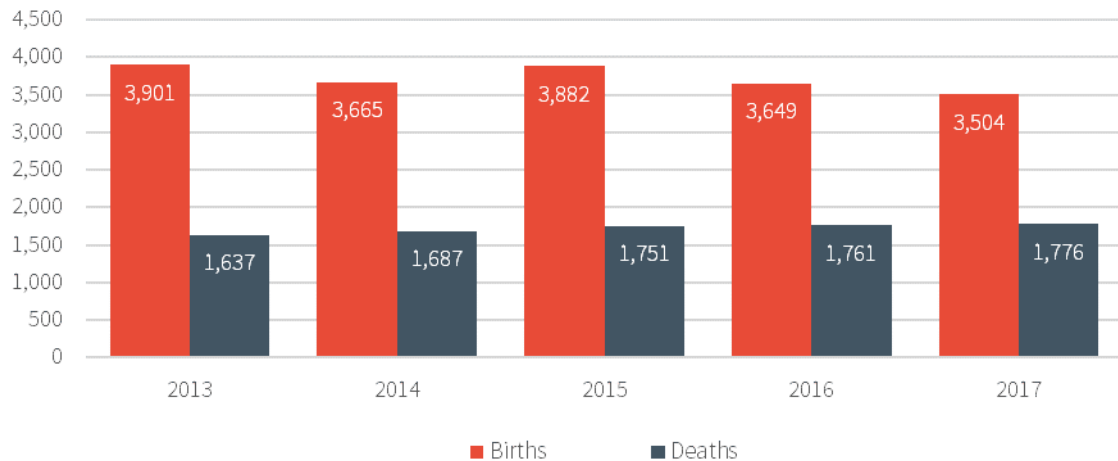


Source: ONS, Live Births and Deaths, 2013-2017

3.8 Over the past five years, the number of births has decreased from 3,900 to 3,500 whilst the number of deaths has increased from 1,640 to 1,780.

¹⁷ <https://www.sportengland.org/research/benefits-of-sport/health-and-benefits-of-sport/engaging-inactive-people/>

¹⁸ <https://doi.org/10.1249/MSS.0b013e3181a0c95c>

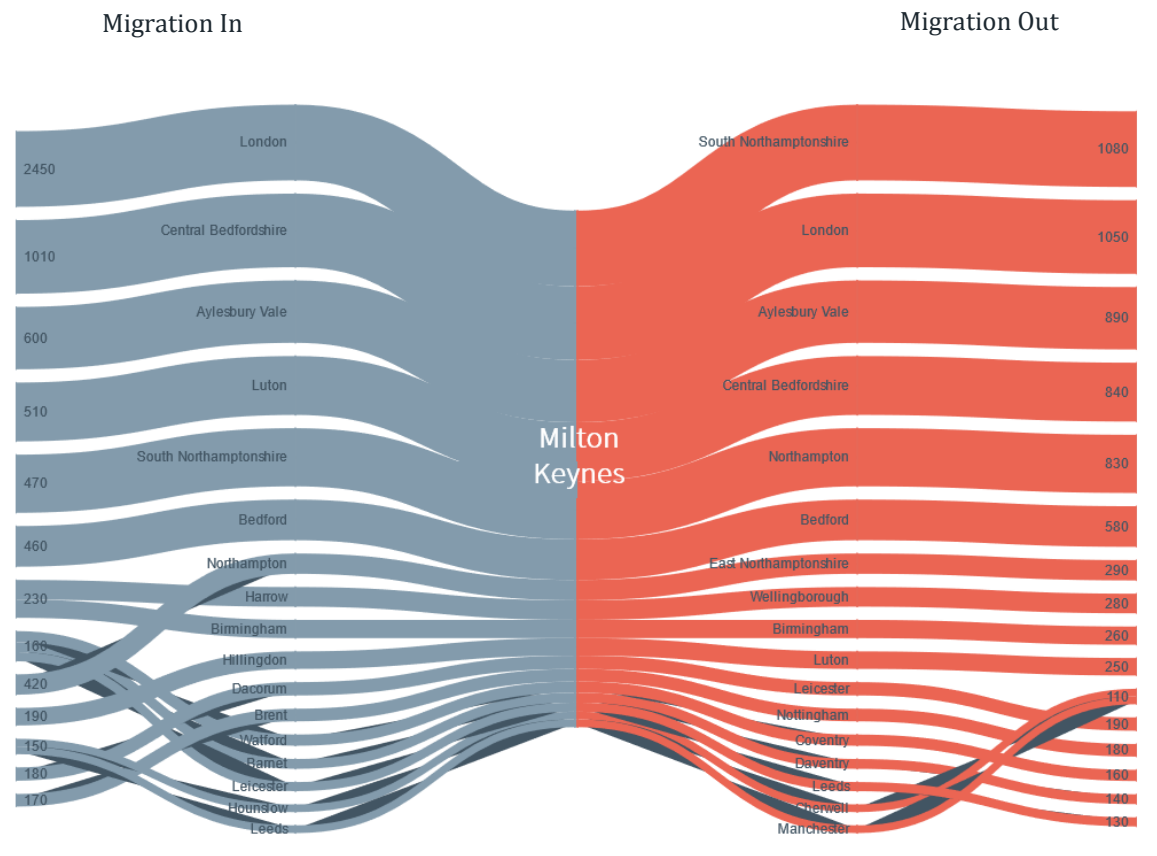
Figure 3.7 Number of births and deaths in Milton Keynes, 2013-2017

Source: ONS, Live Births and Deaths, 2013-2017

Migration

- 3.9 In 2017, it is estimated that 12,150 people migrated into Milton Keynes and 13,565 left Milton Keynes. Of these, 4,070 migrated out of Milton Keynes to the SEMLEP area (compared to 1,050 going to London), and 3,280 migrated into Milton Keynes from the SEMLEP area (compared to 2,450 people from London).
- 3.10 Common local authorities from which people migrate into Milton Keynes from include: SEMLEP authorities (3,280 people), London (2,450) Central Bedfordshire (1,010), Aylesbury Vale (600), Luton (510), South Northamptonshire (470) and Bedford (460). People migrating out of Milton Keynes mainly go to SEMLEP authorities (4,070), South Northamptonshire (1,080), London (1,050), Aylesbury Vale (890), Central Bedfordshire (840) and Northampton (830).
- 3.11 As a proportion of its overall population, levels of inward and outward migration are broadly in line with averages experienced by other local authorities. In terms of number of the inflow of migrants per 1,000 population, Milton Keynes ranks 180th out of 391 authorities across the UK and 171st for outward flow.

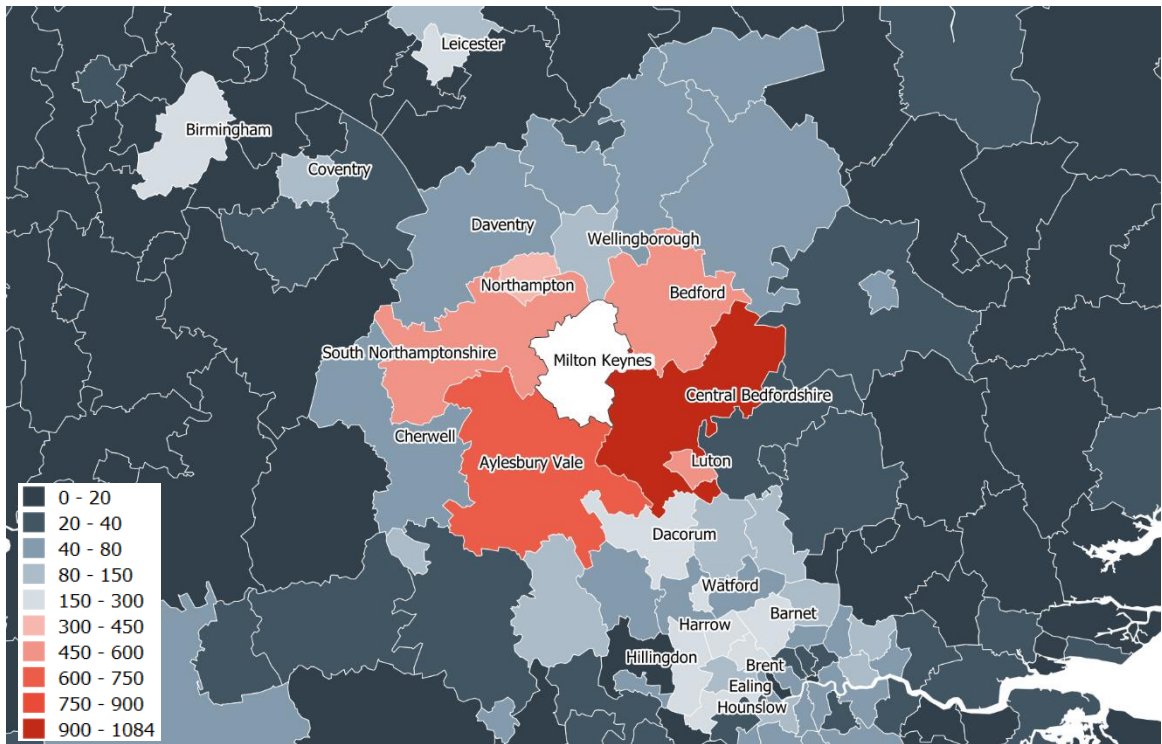
Figure 3.8 Migration in and out of Milton Keynes, 2017



Source: ONS, Local Area Migration Indicators, 2018

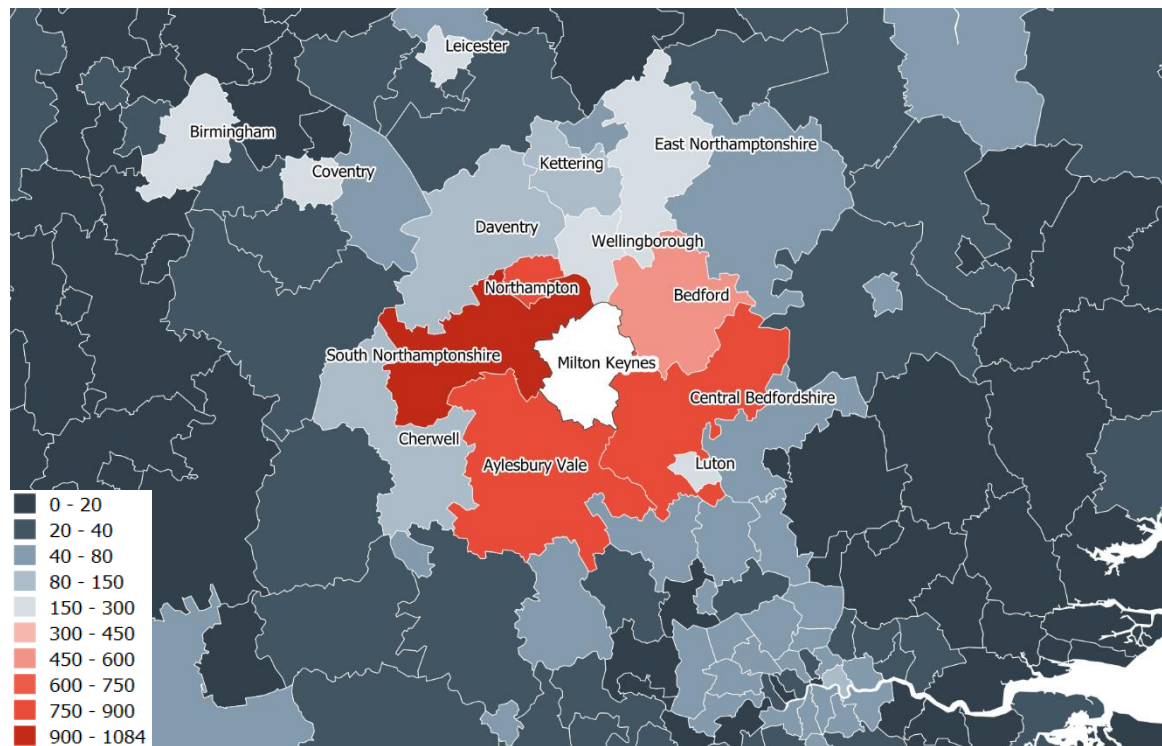
3.12 The maps below show the breakdown of these migration flows .

Figure 3.9 Map of migration flows **into** Milton Keynes per person, 2017



Source: ONS, Local Area Migration Indicators, 2018

Figure 3.10 Map of migration flows **out of** Milton Keynes per person, 2017

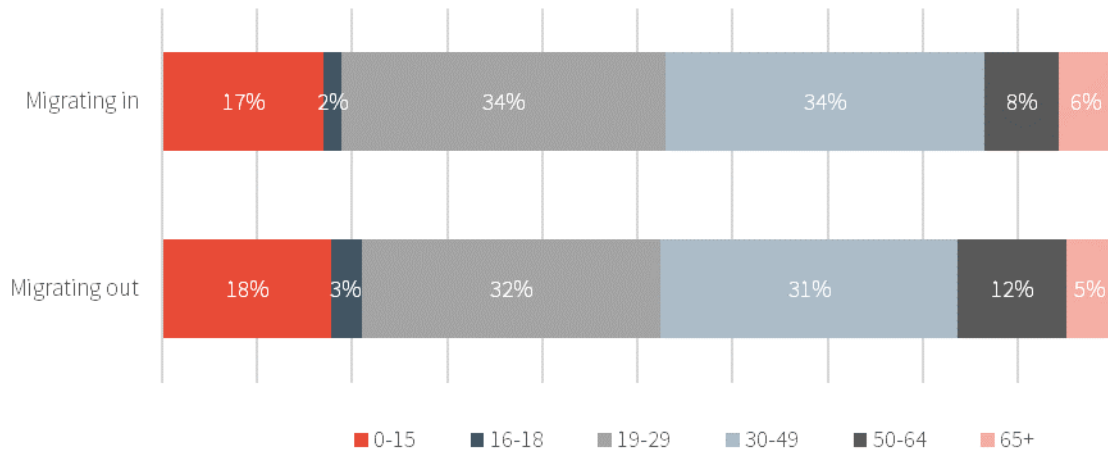


Source: ONS, Local Area Migration Indicators, 2018

3.13 The majority of people migrating in and out of Milton Keynes are aged 19 to 49, accounting for 68% of those migrating into Milton Keynes and 63% of those leaving Milton

Keynes. There is a higher proportion of those leaving Milton Keynes aged 50 to 64 compared to moving into Milton Keynes, suggesting more people move out of Milton Keynes prior to their retirement than vice versa.

Figure 3.11 Migration trends in and out of Milton Keynes per age range in 2017



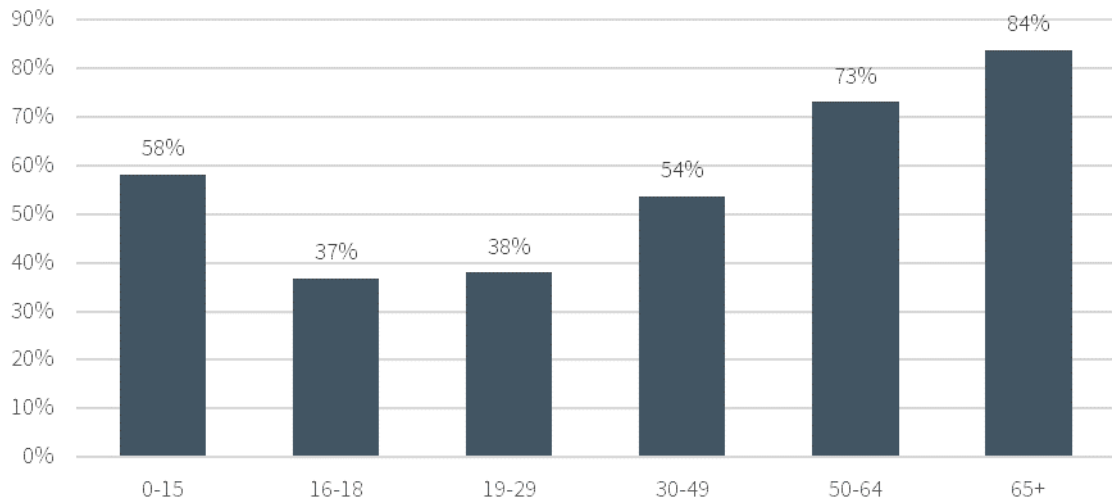
Source: ONS, Local Area Migration Indicators, 2018

- 3.14 Of those leaving Milton Keynes, there has been a considerable increase in the number of people leaving after the age of 50 over the last six years. Out-migration patterns amongst those leaving Milton Keynes have changed between 2011 and 2017, with substantial increases in the number of people migrating out of Milton Keynes aged 50-64 (+73%) and 65+ (+84%). This reflects the recent population growth trends, in which the population over 50 has increased by a smaller proportion than other age groups, suggesting more are moving out of the area.
- 3.15 It is not clear why there has been such a substantial increase in the number of over 50s moving out of Milton Keynes over the last six years. High outward migration of older aged people has traditionally been a national trend, with older people moving to areas traditionally moving to areas associated with post-retirements migrations, such as coastal and rural areas¹⁹, and also people moving to areas which improve their health and social wellbeing²⁰.

¹⁹ IPPR, Moving On: Migration Trends in Later Life, 2013

²⁰ Pannell et al., Market Assessment of Housing Options for Older People: A Report for Shelter and the Joseph Rowntree Foundation, 2012.

Figure 3.12 Change in out-migration patterns per age group, 2011-2017

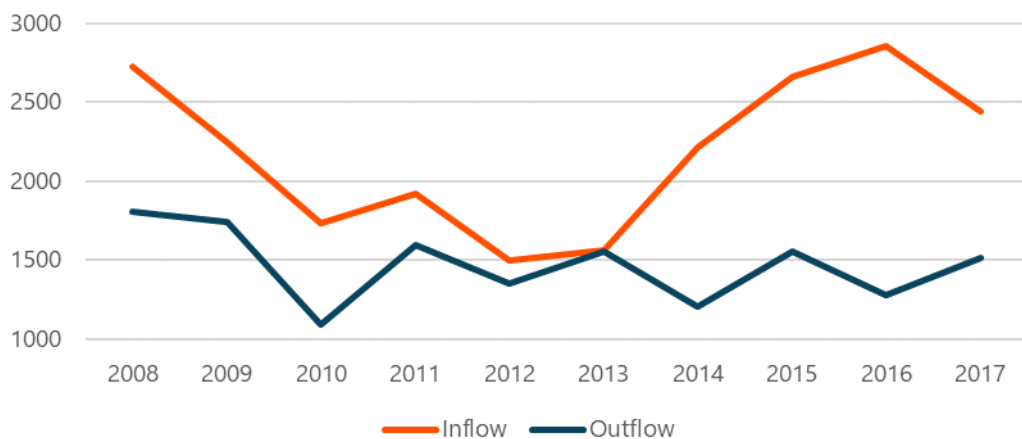


Source: ONS, Local Area Migration Indicators, 2018

3.16 Milton Keynes has had a continuous net inflow of international migrants over the last ten years. This peaked in 2016 (the year of the EU referendum) in which 2,850 international migrants settled into Milton Keynes, compared to only 1,280 leaving. This has since fallen, following a national trend since the EU referendum vote, in which migration to the UK has fallen. In 2017, there were:

- 2,440 long-term international migrants moving into Milton Keynes.
- 1,500 long-term international migrants moving away from Milton Keynes.
- This equals a net long-term international migration of 940 people in 2017.

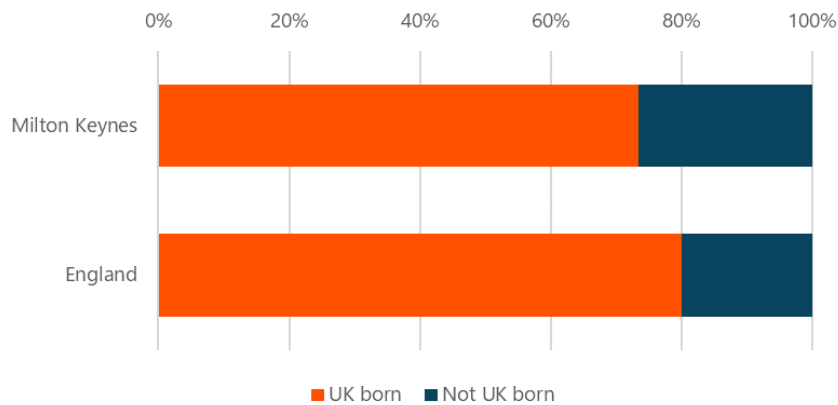
Figure 3.13 Long-Term International Migration In/Out of Milton Keynes



Source: ONS, Local Area Migration Indicators, 2018

3.17 Milton Keynes has a relatively high dependency on migration to fuel the growth in its workforce. The city has a proportion of its workforce born outside of the UK, with less than three-quarters (73%) being born in the UK, compared to 80% nationally. This proportion has decreased over the last five years, with 7,600 more working aged people in Milton Keynes being born outside the UK since 2011, compared to a 4,100 person decline in the number born in the UK over the same time period.

Figure 3.14 Proportion of Workforce (16-64) Born in the UK / Not Born in the UK, 2017



Source: ONS Annual Population Survey, 2018

Ethnicity

3.18 The previous Census of Population (2011) provides the most detailed information on the ethnicity of residents. This showed that in Milton Keynes in 2011:

- Around 80% of the Milton Keynes population was White – this is less than that for the wider SEMLEP area and for England as a whole.
- Milton Keynes has more ethnic diversity than England as whole. The population was 9% Asian/Asian British, 7% Black/African/Caribbean and 3% mixed/multiple ethnic groups.
- The Asian/Asian British ethnic group includes people whose stated ethnic background is Indian (3.3%), Pakistani (1.5%), Chinese (1.1%) and other Asians (2.5%).

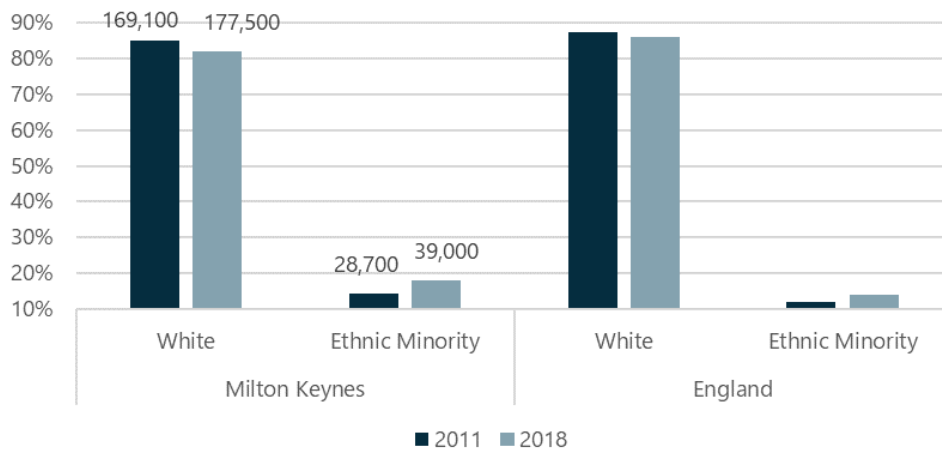
Table 3.1 Ethnic mix, 2011

	Milton Keynes	SEMLEP	England
White (incl. English, Welsh, Scottish, Northern Irish, British, Irish, Gypsy and other white)	80.0%	84.6%	85.4%
Mixed/multiple ethnic group	3.3%	2.6%	2.3%
Asian/Asian British	9.2%	8.4%	7.8%
Black/African/Caribbean	6.9%	3.8%	3.5%
Other ethnic group	0.6%	0.6%	1.0%

Source: ONS Census, 2011

3.19 Since the 2011 Census was undertaken, the Annual Population Survey (APS) provides an indication as to how the ethnic mix has changed, although does not provide the same classification (and proportions) as for the Census. What it does show is that the proportion of ethnic minority residents has increased from the 2011 Census, growing by 36% since 2011 compared to only a 5% increase amongst those from white ethnic backgrounds. This is a much higher growth rate compared to nationally, with the number from ethnic minority backgrounds only increasing by 19% nationally.

Figure 3.15 Change in Ethnic Population, 2011-17

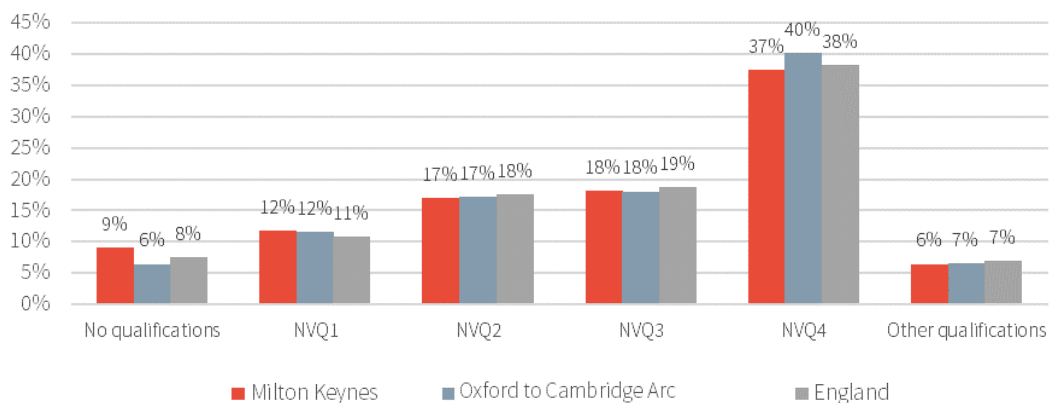


Source: ONS, Annual Population Survey, 2018

Qualifications

- 3.20 The framework of National Vocational Qualifications (NVQs) is used to indicate levels of educational qualifications within the workforce. For example, in England NVQ level 1 approximates to one GCSE at grades 3-1 (formerly D-G), level 2 to one GCSE at grades 9-4 (formerly A*-C), level 3 to A levels at A*-C, level 4 to higher education, and level 5 to post-graduate qualifications.
- 3.21 The ONS APS 2016/17 provides data on the NVQ levels of working-age residents (employed and not employed) in Milton Keynes. Overall qualification levels in Milton Keynes are broadly similar to the national average but are slightly weaker than the rest of the Oxford-to-Cambridge Arc.

Figure 3.16 Highest Level of Qualification Achieved, 2016/17



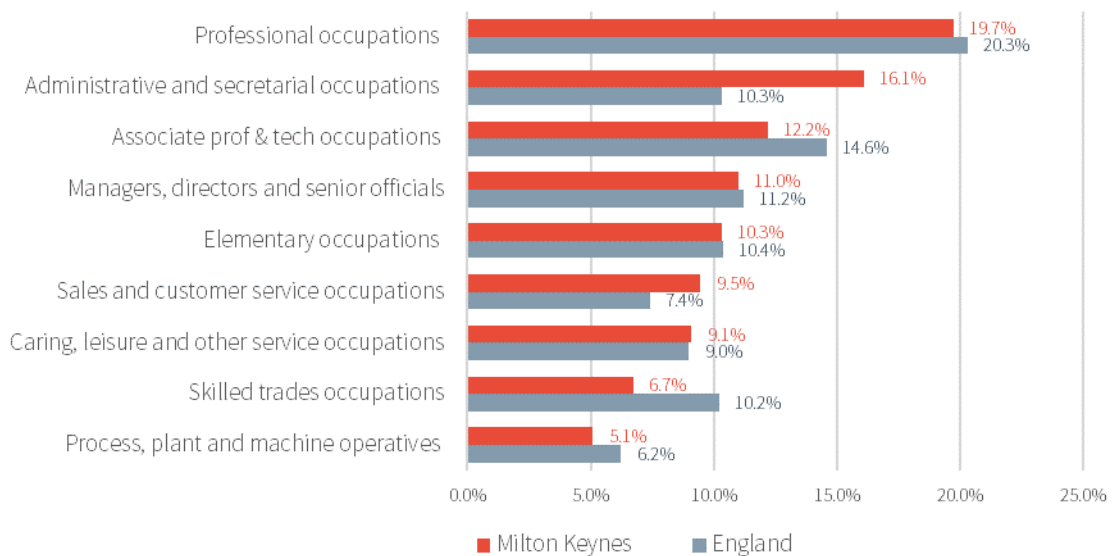
Source: ONS, Annual Population Survey, 2017

Occupations

3.22 The ONS APS also provides data on the occupations (defined using 1-digit Standard Occupational Groups) of residents in Milton Keynes. The APS for 2016/17 shows that among Milton Keynes' 135,400 employed residents:

- Some 26,700 (19.7%) are in professional occupations and a further 16,500 (12.2%) are in associate professional & technical occupations.
- These are lower shares than those in 2012, having both declined respectively by 1.3% and 3.5%.

Figure 3.17 Occupations for residents in employment, 2016/17



Source: ONS, Annual Population Survey, 2017

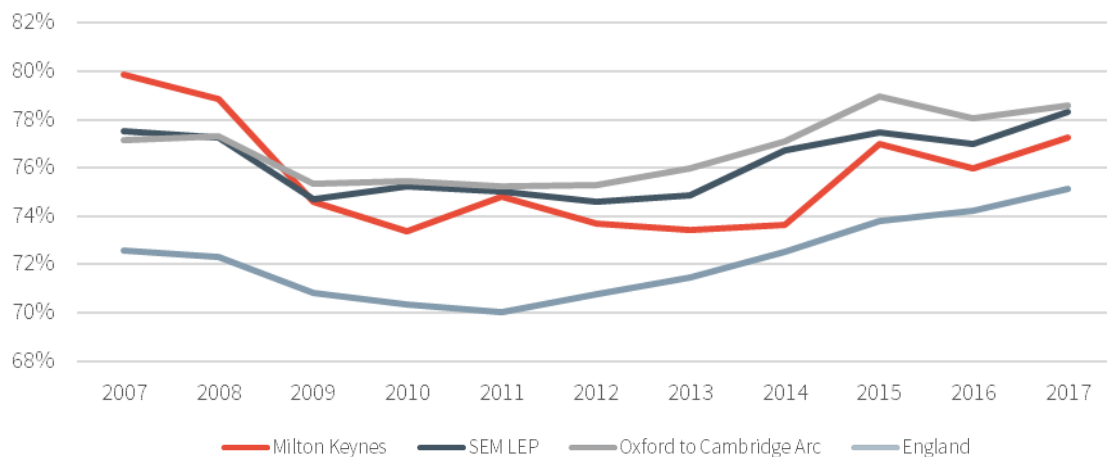
Labour Market Outcomes

Employment rate

3.23 The ONS APS is the key source of data for labour market outcomes for Milton Keynes' resident population. A key labour market outcome is the employment rate of the working age (16-64) population. The employment rate is those who are in full-time, part-time, or self-employment. In 2016/17:

- The employment rate for Milton Keynes was 77.3%, with 131,800 residents out of a working-age population of 170,600 being in either full-time or part-time work or being self-employed.
- This rate is slightly below the level for the SEMLEP area (78.3%) but higher than across England (75.1%).
- The employment rate in Milton Keynes has increased over the last six years, rising by 3.6 percentage points over that period.

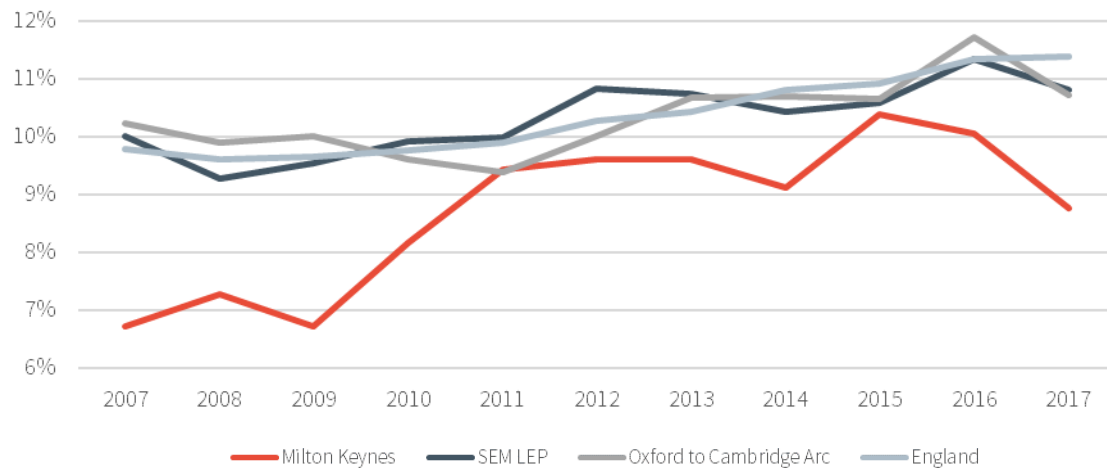
Figure 3.18 Employment rate for people aged 16-64, 2007-2017



Source: ONS, Annual Population Survey, 2012-17

3.24 Self-employment rates in Milton Keynes have increased over the past ten years but have been decreasing since 2015. While this is in line with trends across the SEMLEP area, the Oxford-to-Cambridge Arc and England, self-employment rates are still relatively low in Milton Keynes. In 2017, Milton Keynes’ self-employment rate stood at 8%, while it was at 10% in the SEMLEP area and the Oxford-to-Cambridge Arc, and at 11% across the country.

Figure 3.19 Self-employment rate for people aged 16-64, 2007-2017



Source: ONS, Annual Population Survey, 2012-17

Economic inactivity and unemployment

3.25 The APS is also the key source of data on those who are not in employment, whether because they are economically inactive, or unemployed. Economic inactivity refers to the proportion of working-age population that no longer participate in the labour market (that is there are not working, and they are not actively seeking work). This can be the result of several possibilities, including those who are retired, studying or looking after family members/children/caring. This may also include people who have fallen out of the labour

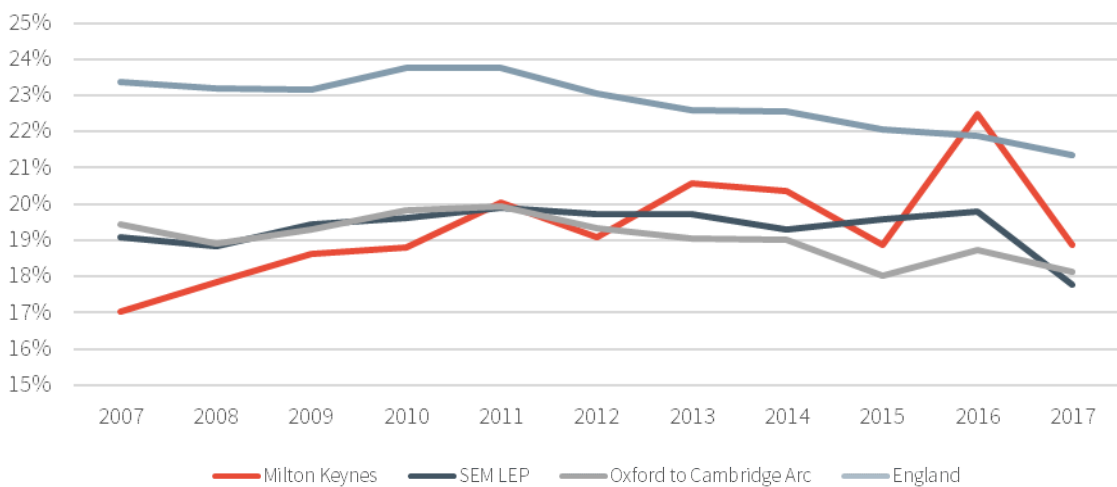
force, due to being unable to find employment. Unemployment refers to the proportion of the working-age population who have actively sought work in the previous four weeks and are available to enter work.

3.26 The data for economic inactivity in 2017 for Milton Keynes shows that:

- 32,200 residents out of the 170,600 working-age population (or 19%) were economically inactive;
- 24% of females aged between 16-64 were economically inactive;
- 13% of males aged between 16-64 were economically inactive.

3.27 Economic inactivity was lower Milton Keynes than across England (21% of working-age residents) but higher than across the SEMLEP area and the Oxford-to-Cambridge Arc (21% of working-age residents).

Figure 3.20 Economic inactivity rate for people aged 16-64, 2007-2017



Source: ONS, Annual Population Survey, 2012-17

3.28 Reasons for economic inactivity in Milton Keynes are summarised in the figure below:

Figure 3.21 Reasons for economic inactivity, 2007

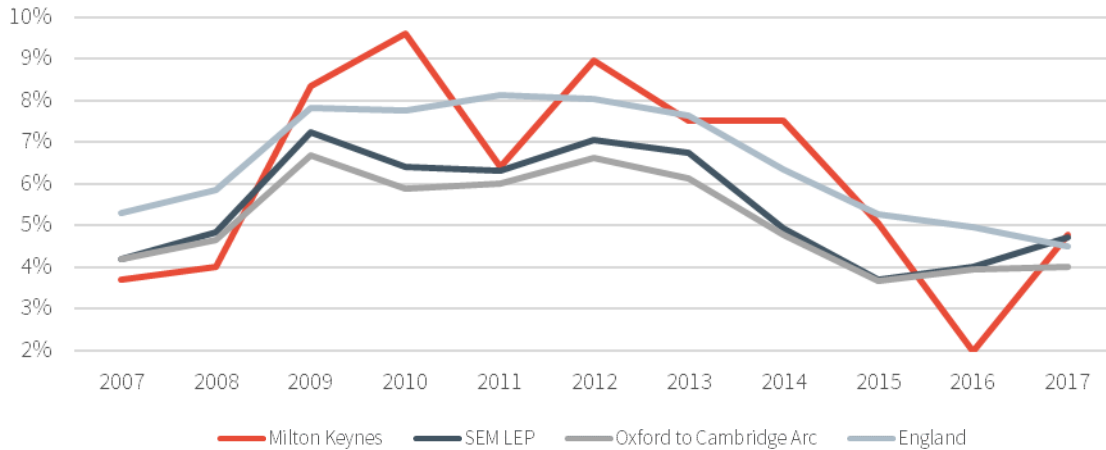


Source: ONS, Annual Population Survey, 2017

Note : the definition of 'sick' people includes temporary and long-term sick. Common causes of sickness include minor illnesses (coughs and colds), musculoskeletal problems (back pain, neck problems) and mental health issues (stress, depression, anxiety).

- 3.29 Unemployment levels in Milton Keynes in 2017 were generally consistent with those across the SEMLEP area, but slightly higher than the Oxford-to-Cambridge Arc and England averages. Over the 2016-2017 period, the share of unemployment increased from 2% to 4.8%, totalling 6,600 unemployed individuals in 2017.

Figure 3.22 Unemployment rate for people aged 16-64, 2007-2017



Source: ONS, Annual Population Survey, 2012-17

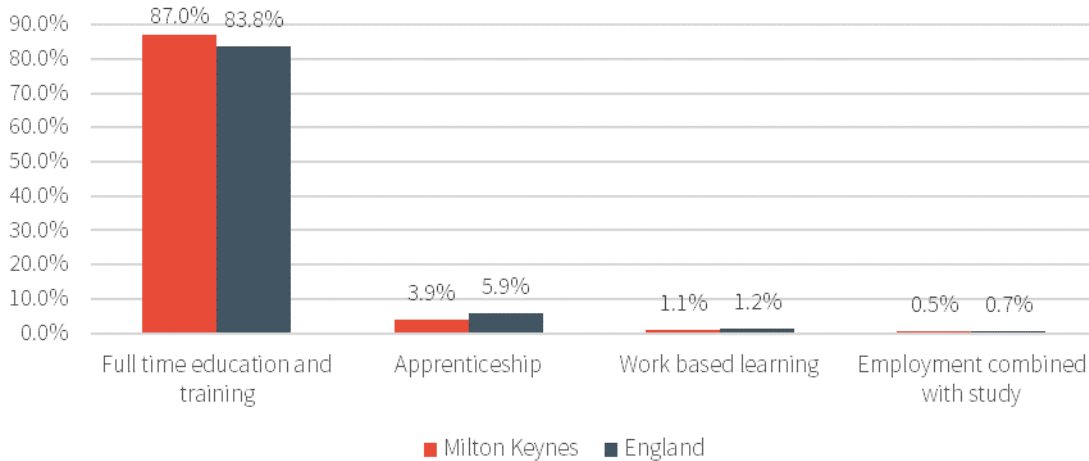
- 3.30 There are a number of barriers facing young people wanting to enter the labour market, which although not unique to Milton Keynes, restrict access to employment opportunities. To monitor this NEET (not in education, employment or training) data is usually referred to as a NEET. Data on the local incidence of NEETs is published by the Department for Education (DfE). A person is considered to be in education or training if they:
- Are doing an apprenticeship;
 - Are on a Government employment or training programme;
 - Are working or studying towards a qualification;
 - Have had a job-related training or education in the last four weeks;
 - Are enrolled on an education course still attending or waiting for term to (re)start.
- 3.31 Not all 16-18 years old unemployed people are NEETs, and not all people who fall under the NEET classification are unemployed²¹.
- 3.32 In 2018, out of the 5,970 young people aged 16 and 17 in MK, 4.6% (or 280 individuals) were NEET against 6% in England. Of those who were NEET in Milton Keynes, 145 of NEETs were males and 135 were females. The proportions of those who were NEET differs slightly based on their ethnic background. In Milton Keynes:
- 5% of 16-17-year olds of white ethnicity were NEET
 - 4% of 16-17-year olds of mixed-race ethnicity were NEET

²¹ The unemployment rate is a measure of those who are out of work but have looked for work in the past month and are able to start in the next two weeks. Someone who is NEET may be actively seeking work and would therefore be counted as unemployed. However, they may not be actively seeking work and may have left the labour market; this could be due to caring responsibilities, health conditions etc. Those who are not actively seeking employment would be considered as economically inactive rather than unemployed. The NEET figures would include both the unemployed (those seeking work) and those who are not seeking work (the economically inactive).

- 3% of 16-17-year olds of black ethnicity were NEET
- 2% of 16-17-year olds of Asian ethnicity were NEET

3.33 In terms of activities 16-17-year olds participated in 2018, 87% took part in full-time education and training, which is higher than the 83.8% national average. A smaller proportion of 16-17-year olds took part in apprenticeships (3.9%), work-based learning (1.1%) and employment combined with studies (0.5%).

Figure 3.23 Proportion of 16-17-year olds participating in activities, 2018



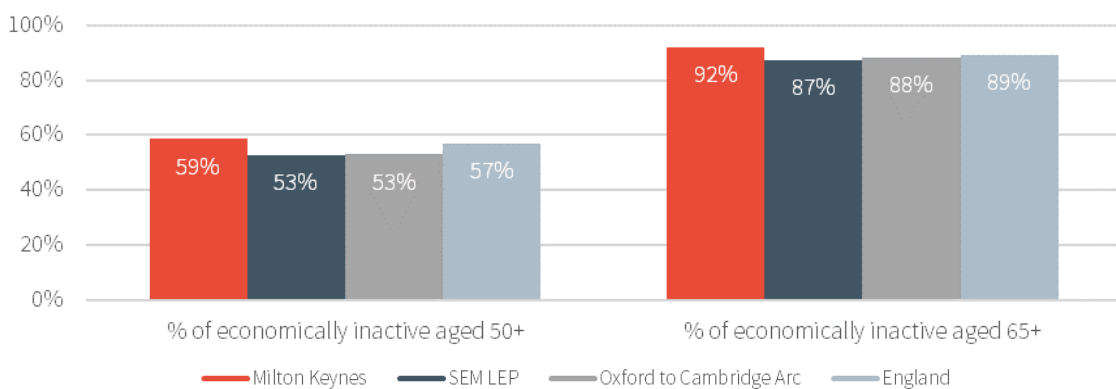
Source: UK GOV, NEET, 2018

3.34 National trends in the labour market over the past decade also point to the changing role of older workers (aged 50+ or 65+) with declining economic inactivity rates, partly as a result of changes in retirement age but also a greater dependence on older workers.

3.35 However, since 2012, the rate of economically inactive 50+ year olds in Milton Keynes has increased by 2% points while it has declined in by 2% points in the SEMLEP area, 1% points in the Oxford-to-Cambridge Arc and 2% points across England.

3.36 Moreover, in 2017, the rates of economically inactive of 50+ and 65+ years olds were higher in Milton Keynes than those found across the SEMLEP area, the Oxford-to-Cambridge Arc and England.

Figure 3.24 Percentage of economically inactive aged 50+ and 65+, 2017

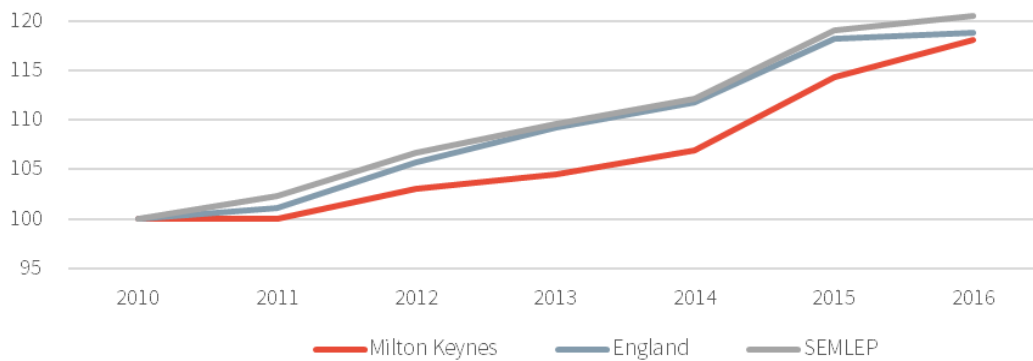


Source: ONS, Annual Population Survey, 2017

Earnings & Hours

- 3.37 The ONS provides data on gross disposable household incomes (GDHI), which is the amount of money that all of the individuals in the household sector have available for spending or saving after income distribution measures (for example, taxes, social contributions and benefits) have taken effect.
- 3.38 Milton Keynes has a slightly higher GDHI than nationally, with a disposable income of £20,040 per household. This has slightly above the national figure of £19,880. Over the 2010-2016 period, Milton Keynes' GDHI figure increased by 18%, which was a slightly lower rate of growth than experienced across the SEMLEP area (+21%) and England (+19%).

Figure 3.25 Gross disposable income per head, 2010-2016 (2010=100)



Source: ONS, Regional Gross Disposable Income, 2010-2016

- 3.39 The ONS Annual Survey of Hours and Earnings (ASHE) also provides data on workplace and resident median annual pay. People working in Milton Keynes earn an average (median) or £31,800 per annum, compared to those living in Milton Keynes who earn £30,100. This reflects a high proportion of Milton Keynes' workforce commuting out of the area to live, with residents in the city typically having lower wages than those commuting in.

Figure 3.26 Workplace vs resident annual pay (median), 2018



Source: ONS, ASHE, 2018

- 3.40 The only data available which breaks down earnings by sector is available at regional level. It shows that overall, salaries in the South East region tend to be lower than those

found in London, except for the manufacturing sector. While most sectors in the South East have higher median annual pay than in the UK, certain sectors still have lower salaries. This is the case of the professional scientific, and technical activities sector; the financial and insurance activities sector; the public administration and defence sector; the real estate activities sector; and arts, entertainment and recreation sector.

Table 3.2 Gross median annual pay by selected sectors in the South East region and London (£)

	South East	London	UK
Information & Communication	42,310	46,610	37,500
Manufacturing	32,030	30,750	28,700
Construction	31,600	37,010	30,200
Professional Scientific and Technical Activities	31,110	43,710	31,630
Financial and Insurance Activities	29,450	71,490	37,440
Public administration and defence	29,260	37,460	30,300
Transportation & Storage	28,780	35,420	27,690
Real Estate Activities	23,450	32,840	25,160
Administrative & support services	22,220	25,110	20,040
Education	22,020	30,490	23,400
Wholesale and retail	21,290	22,000	18,750
Human health & social work	20,430	26,690	20,610
Arts, entertainment & recreation	16,960	25,830	17,340
Accommodation & food services	14,290	17,860	12,860

Source: ONS, Earnings and Hours Worked, 2018

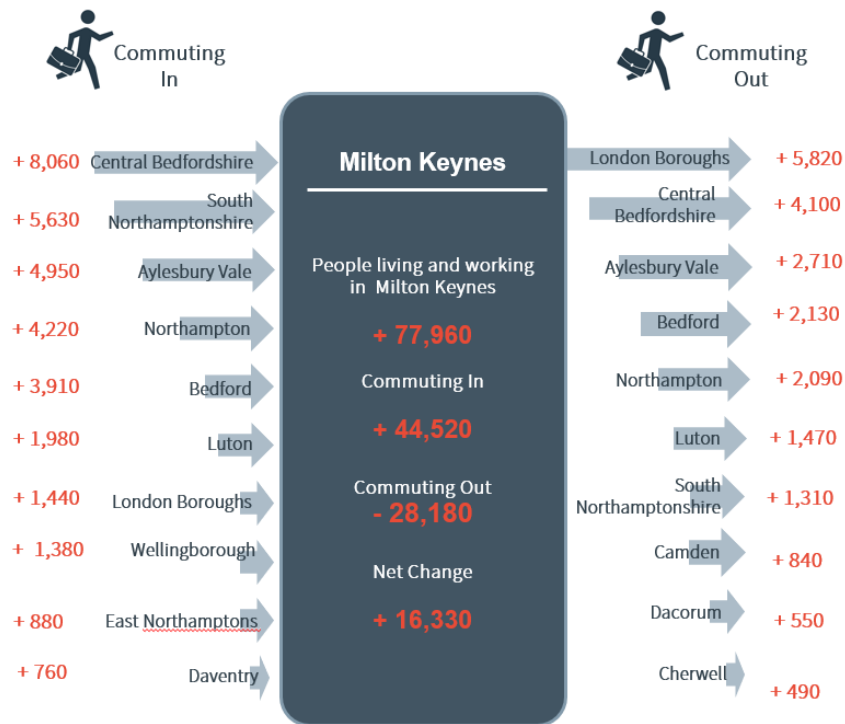
- 3.41 The average hours worked by a full-time employee in Milton Keynes and England was 37.5 hours in both 2013 and 2018. Over the 2013-2018 period, the hours worked by part-time employees declined from 19.8 to 19.2 hours in Milton Keynes and 18.8 hours to 18.6 hours in England.

Commuting

Commuting Patterns

- 3.42 Census 2011 data is the most recent comprehensive data source which provides information on commuting patterns. In 2011, there was a high number of people who lived and worked in Milton Keynes, representing 77,960 people. Of those people who live in Milton Keynes, but commute to other areas for work (28,180 people), the most common destinations include the London Boroughs (City of London, Westminster, Camden and Tower Hamlets), Central Bedfordshire, Aylesbury Vale and Bedford. The most common place for people commuting into Milton Keynes for work (44,520 people) includes Central Bedfordshire, South Northamptonshire, Aylesbury Vale, Northampton and Bedford.

Figure 3.27 Commuting Patterns In and Out of Milton Keynes



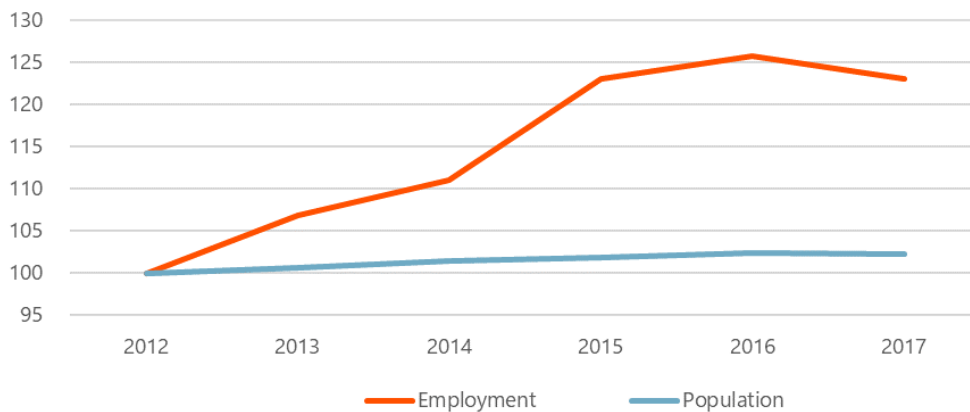
Source: Census, 2011

Potential Changes in Commuting Patterns since the previous LEA

Although no more recent data on commuting patterns has been officially undertaken since the 2011 Census, there are a number of indicators which suggest how commuting may have changed over the last eight years.

The graph overleaf shows that since 2012, employment growth has overtaken population growth, suggesting that Milton Keynes' economy is experiencing a boom. Given this change, it can be expected that commuting has also increase to match this rise.

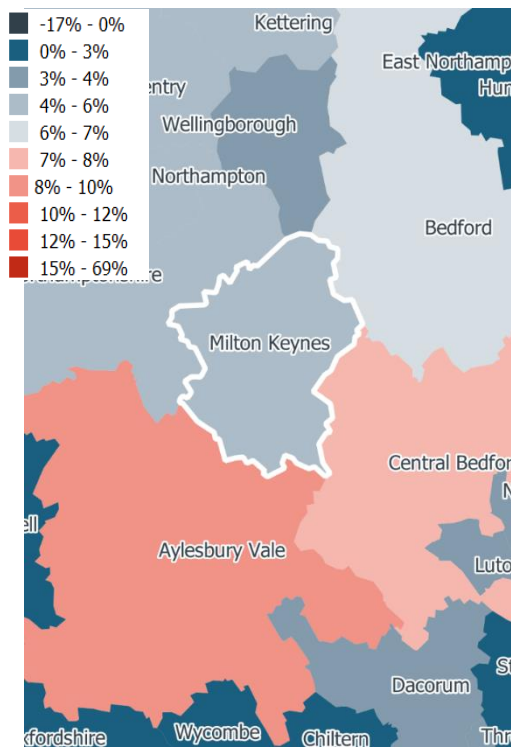
Figure 3.28 Population vs. Employment Growth, 2012-17



Source: ONS, BRES, 2017; Population Estimates, 2017

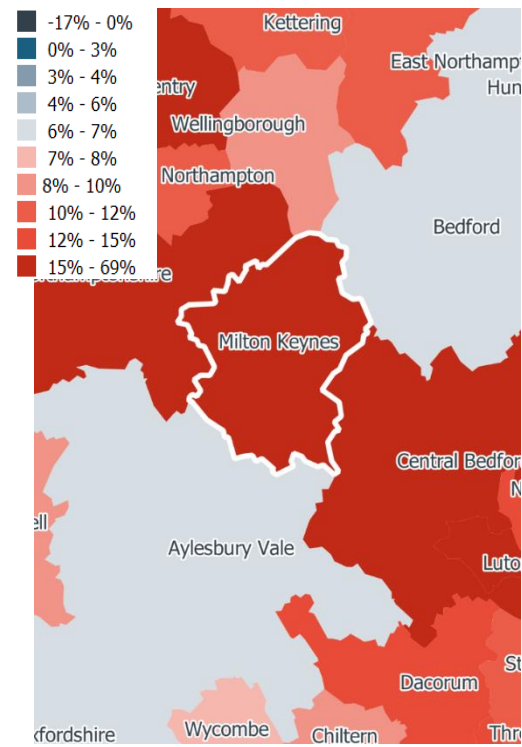
The maps below further highlight the important growth that has been taking place in Milton Keynes since 2012, both in terms of population and employment growth. There has been strong employment growth all around Milton Keynes, although noticeably, relatively low employment growth in Aylesbury Vale and Bedford compared to population growth, suggesting that people may now be living in these areas and commuting elsewhere.

Figure 3.29 Population growth 2012-2017 (%)



Source: ONS, Population Estimates, 2017

Figure 3.30 Employment growth 2012-2017 (%)



Source: ONS, BRES, 2017

Inclusion

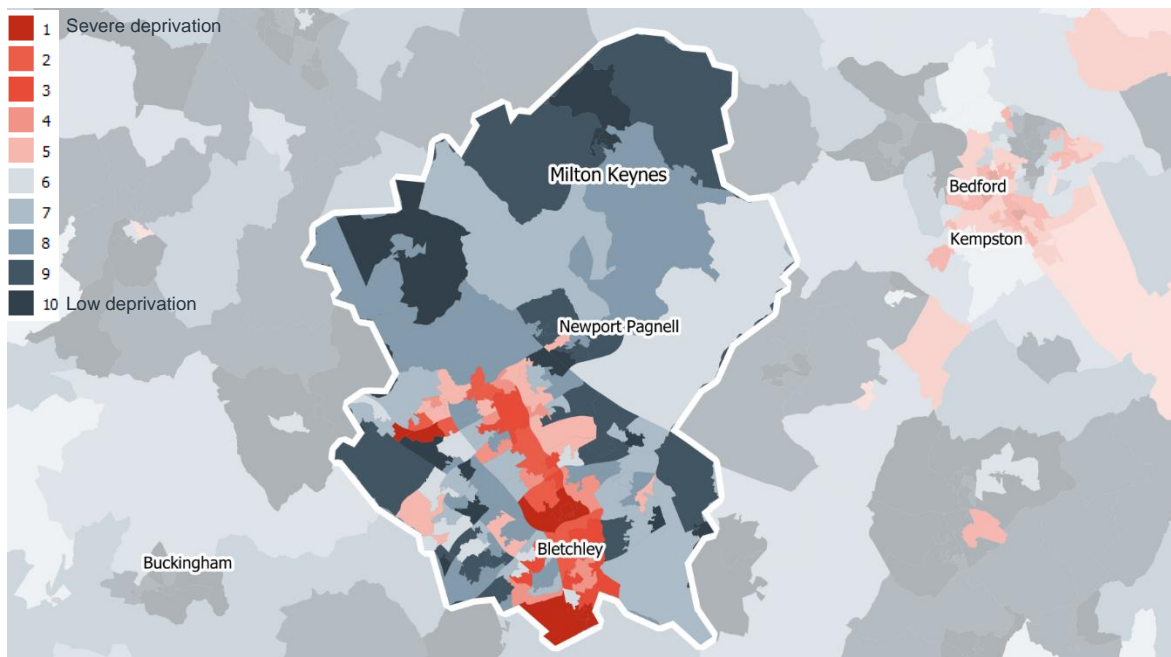
Index of Multiple Deprivation

- 3.43 The English Indices of Deprivation were published by the Department for Communities and Local Government in October 2015. The indices measure relative levels of deprivation in almost 33,000 small areas or neighbourhoods called Lower-layer Super Output Areas (LSOAs) in England by combining and ranking indicators for domains such as employment and income, health, education and skills, crime, housing, and living environment.
- 3.44 The new indices indicate that Milton Keynes ranks 129th out of 326 local authority districts in England in terms of the proportion of LSOAs within the most 10 per cent deprived.
- 3.45 Within Milton Keynes (among the borough's 152 LSOAs):
- 9 (6%) are in the 10 per cent **most** deprived in England;
 - 12 (8%) are in the 10-20 per cent **most** deprived;

- 10 (7%) are the 20-30 per cent **most** deprived;
- 12 (8%) are in the 30-40 per cent **most** deprived;
- 12 (8%) are in the 10 per cent least **deprived** nationally.

3.46 The most deprived neighbourhoods/LSOAs in Milton Keynes, as presented in the map below, are found close to the city centre, to the south of the borough around Bletchley, and to the west of the centre around parts of Wolverton.

Figure 3.31 Deprivation levels in Milton Keynes, 2015



Source: IMD, 2015

Social Mobility Index

3.47 The Social Mobility Index ranks local authorities based on the prospects of disadvantaged young people growing up in their areas. This includes a range of indicators, including the performance of education institutions in a local authority, job prospects, home ownership and qualifications.

3.48 Milton Keynes is ranked 146th out of 324 local authorities nationally. The indicators and rankings which are used to calculate the index are shown in the table below. There are a number of observations from this index:

- Milton Keynes scores well in the adulthood indicators, particularly those relating to salary and employment prospects.
- Milton Keynes also performs well across a number of youth indicators, with the exception of qualification levels at A-level or equivalent achieved by those eligible for free school meals.
- Milton Keynes performs just below the national average within the early years and schools' indicators, being in the bottom half of local authorities nationally.
- Milton Keynes has a lower proportion of pupils claiming free school meals compared to the rest of the country, with 10% of pupils at primary and secondary

level claiming free school meals, compared to 12% and 14% respectively nationally.

Table 3.3 Social Mobility Index			
		National Rank out of 324	
Rank			
Overall Rank (Hot spots / Cold spots)		146 th	
Early Years Rank		186 th	
Schools Rank		185 th	
Youth		140 th	
Adulthood		100 th	
Indicators Used			
	Indicators	MK Performance	National Rank (out of 324)
EY	% of nursery providers rated 'outstanding' or 'good' by Ofsted	87%	302 nd
	% of children eligible for FSM achieving a 'good level of development' at the end of Early Years Foundation Stage	54%	54 th
Schools	% of children eligible for FSM attending a primary school rated 'outstanding' or 'good' by Ofsted	80%	233 rd
	% of children eligible for FSM attending a secondary school rated 'outstanding' or 'good' by Ofsted	71%	186 th
	% of children eligible for FSM achieving at least the expected level in reading, writing and maths at the end of Key Stage 2	38%	83 rd
	Average attainment 8 score for pupils eligible for FSM	36	226 th
Youth	% of young people eligible for FSM that are not in education, employment or training (positive destination) after completing KS4	85%	191 st
	Average points score per entry for young people eligible for FSM at age 15 taking A-level or equivalent qualifications	26	278 th
	% of young people eligible for FSM at age 15 achieving 2 or more A-levels or equivalent qualifications by the age of 19	36%	74 th
	% of young people eligible for FSM at age 15 entering higher education by the age of 19	22%	53 rd
	% of young people eligible for FSM at age 15 entering higher education at a selective university (most selective third by UCAS tariff scores) by the age of 19	4%	77 th
Adulthood	Median weekly salary (£) of employees who live in the local area, all employees (FT and PT)	£459	99 th
	Average house prices compared to median annual salary of employees who live in the local area	8	183 rd
	% of people that live in the local area who are in managerial and professional occupations (SOC 1 and 2)	30%	158 th
	% of jobs that are paid less than the applicable Living Wage Foundation living wage	14%	19 th
	% of families with children who own their home	54%	268 th

Source: Social Mobility Index, Social Mobility Commission, 2017

Note: Indicators in the top 100 nationally are highlighted in green, those that are ranked below 200th are highlighted orange.

Acute housing need

- 3.49 Milton Keynes Council does not hold a traditional council waiting list, but instead has data on those who are awaiting allocation for properties (owned by the Council or a Housing Association). Those awaiting allocation have been assessed against priority and give a rating of urgency (currently referred to as a 'Band'). The data for each is shown below.

Band	Definition	Number Awaiting Allocation
Band 1	<i>High Housing Need</i> – two or more reasonable preference grounds (as defined below) and a local connection	652
Band 2	<i>Housing Need</i> – reasonable preference – where a single preference ground and a local connection exist.	311
Band 3	<i>Local Housing Want</i> – Housing want and a local connection where no preference ground exists. This is the band where people are unlikely to receive an offer of housing but will always be offered housing advice.	286
Band 4	<i>Housing Need with no local connection</i> - where preference ground(s) exist. This band is where people are unlikely to receive an offer of housing but will always be offered housing advice.	13
Band 5	<i>Housing Want with no local connection</i> – where no preference ground exists as in Band 3 but in addition there is no local connection. This band is where people are unlikely to receive an offer of housing but will always be offered housing advice.	11

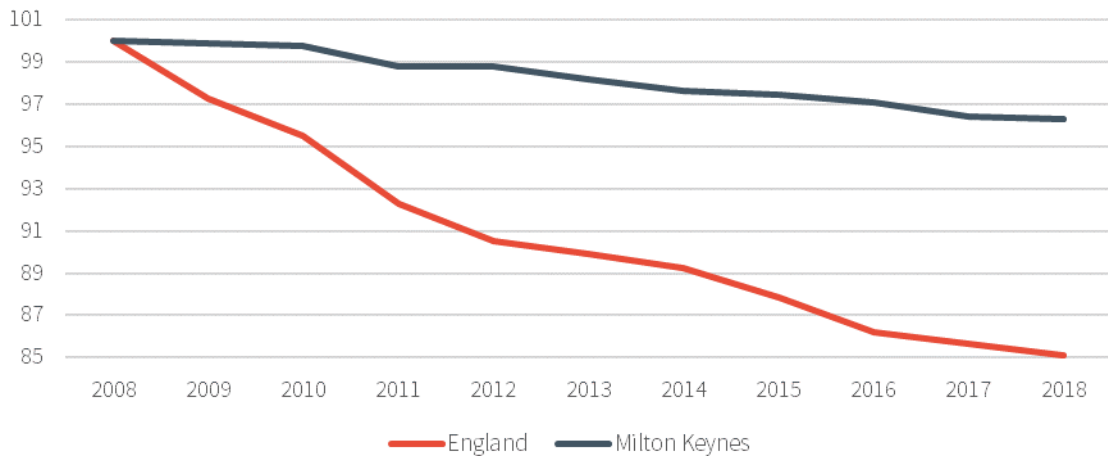
Source: Milton Keynes Council, 2019

- 3.50 The average weekly social rent per dwelling is £88, which is below the social rent per dwelling across England (£90) and London (£104). The average weekly affordable rent per dwelling on an actual basis is £170, slightly below the level experienced in London (£174), but significantly more than the level across England (£118).
- 3.51 As of April 2018, there were 73 vacant dwellings across the Milton Keynes area.

Local Authority Dwelling Stock

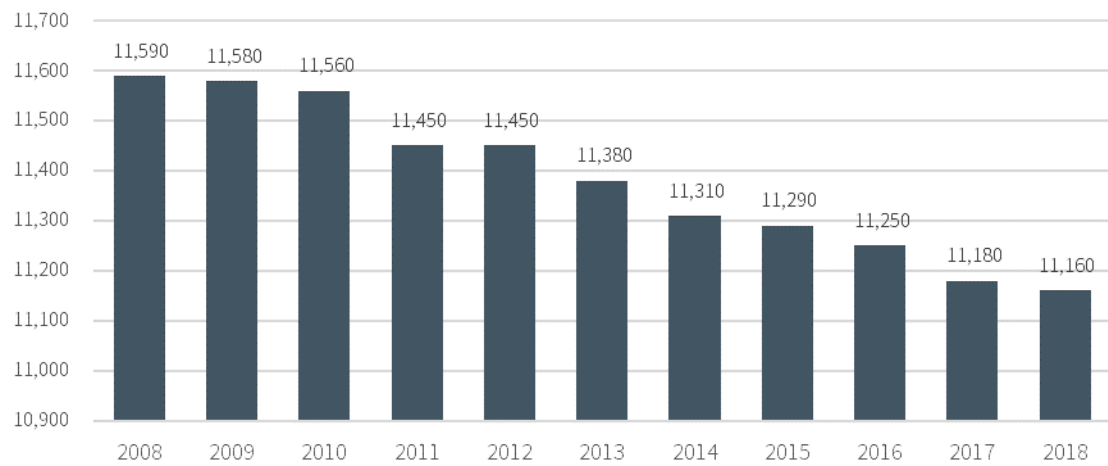
- 3.52 MHCLG publishes annual data on the total dwelling stock cross local areas. In Milton Keynes, the local authority dwelling stock stood at 11,160 units in 2018. Data on the change in Milton Keynes' dwelling stock shows that it had decreased by 4% since 2008, with 431 dwellings less. The 10-year change in dwelling stock of -4% compares with a 15% decline across England's total dwelling stock.

Figure 3.32 Change in total dwelling stock (%)



Source: GOV UK, Dwelling stock

Figure 3.33 Milton Keynes' dwelling stock

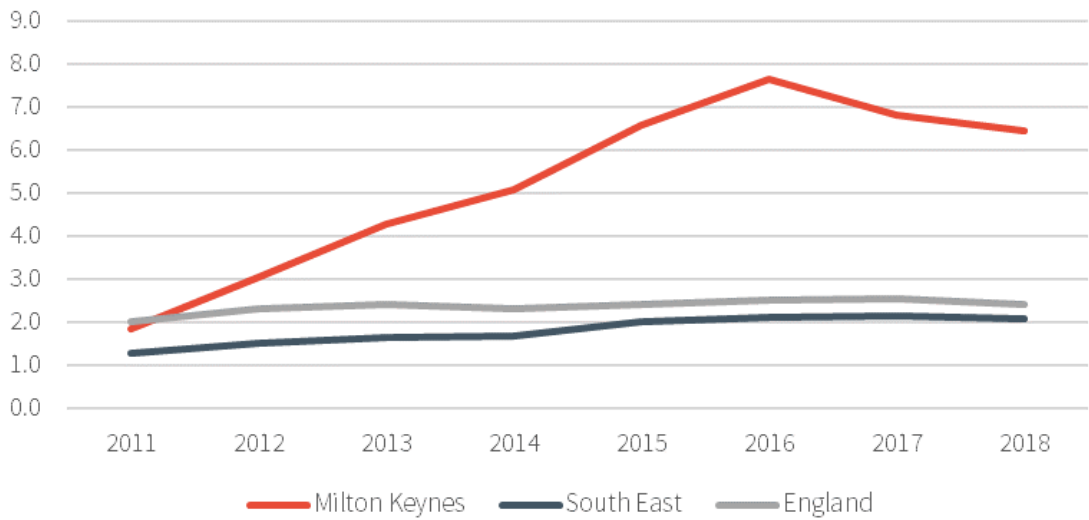


Source: GOV UK, Dwelling stock

Homelessness

- 3.53 Households that are homeless or threatened with homelessness can apply to their local authority for housing assistance. If the local authority has a duty to provide housing under the 1996 Housing Act then the household will be accepted.
- 3.54 There has been a rise in the level of homelessness in Milton Keynes over the last seven years. In 2018, Milton Keynes accepted 679 homeless households and had a homeless acceptance rate (per 1,000 households) of 6.4. This compared to a homeless acceptance rate of 2.1 in the South East region and 2.4 in England.

Figure 3.34 Homelessness acceptances per 1,000 households, 2011-18



Source: UK GOV, Local Authority Homelessness Statistics

3.55 This rise in the proportion of people being homeless is also reflected in the number of rough sleepers in Milton Keynes. The official statistics show that in 2018, Milton Keynes had 0.38 rough sleepers per 1,000 households, a much higher proportion than across the South East region or England. Milton Keynes currently has the 34th highest rate of rough sleeper of 326 local authorities in England, and the 27th highest outside London. The number of rough sleepers in Milton Keynes has increased significantly over the last five years, growing from 8 people in 2013 to 41 people in 2018.

Figure 3.35 Number of rough sleepers per 1,000 households, 2018



Source: UK GOV, Local Authority Homelessness Statistics

Health & Social Care

Health & Wellbeing

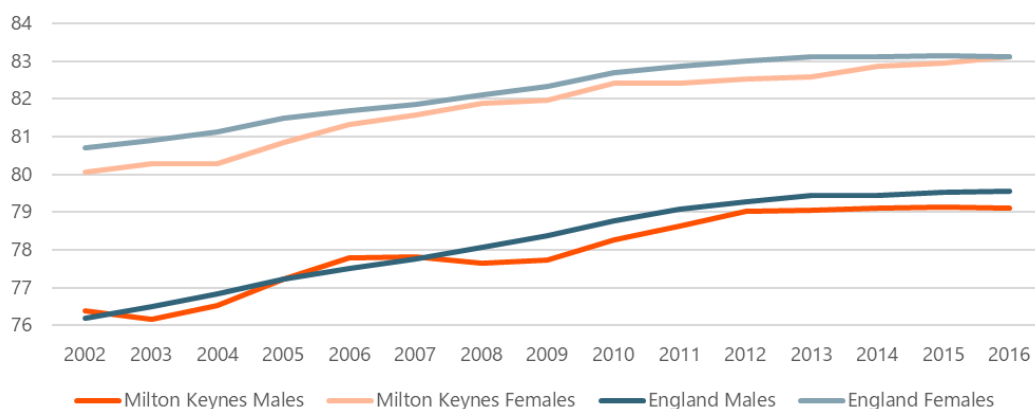
3.56 The Milton Keynes Health and Wellbeing Strategy (2018-2028) provides a number of insights as to the health and wellbeing of Milton Keynes’ residents. Key highlights from this report include:

- “Milton Keynes has an infant mortality rate of 5.3 deaths per 1,000 live births, which is significantly higher than the national average of 3.9 per 1,000.
- 9.6% of 4-5-year-old children and 19.0% of 10-11-year-old pupils in MK were defined as obese – these outcomes are disproportionately higher in lower socio-demographic, socially disadvantaged groups and in some ethnic groups.
- Rates of emergency admissions for in children in MK are significantly higher than the English average
- It is estimated that 9.6% of MK children aged 5-16 have a mental health issue.
- One in six adults have a mental health issue like anxiety or depression.
- There are increasing levels of homelessness in Milton Keynes, rising by 26% from 2016 to 2017 (compared to 15% nationally).
- Milton Keynes has a higher proportion of obese people than nationally.
- The number of people with dementia in Milton Keynes is expected to increase from 2,400 people in 2017 to 3,300 people by 2025.
- Social isolation is a contributing factor to over 60% of preventative illness.”

3.57 Milton Keynes has a life expectancy, which has historically been slightly below the national level.

- For males at birth, Milton Keynes has a slightly lower life expectancy compared to nationally, with the average male expected to live 79.1 years compared to 79.6 years nationally.
- For females at birth, Milton Keynes has the same life expectancy as nationally, with the average female expected to live 83.1 years.

Figure 3.36 Life Expectancy at Birth



Source: ONS Life Expectancy Data, 2018

Social Care

- 3.58 Social care in England is defined as the provision of social work, personal care, protection or social support services to children or adults in need or at risk, or adults with needs arising from illness, disability, old age or poverty. Milton Keynes Council is responsible for providing a range of social care services for people of all ages and has a net budget of over £100m for adult and children's social care combined.
- 3.59 The social care sector (both for adults and children) is an important contributor to the Milton Keynes economy, providing employment for a wide range of people and allowing more people caring for people to re-enter the workforce. It is estimated that the wider health and social care sector contributes £481m GVA to the Milton Keynes economy.

Adult Social Care

- 3.60 Adult social care concerns the provision of support and personal care to meet needs arising from illness, disability or old age. Local authorities provide publicly funded care, with a legal duty to provide care for those who pass centrally set needs and means tests. Across Milton Keynes, adult social care employs over 7,000 people.
- 3.61 The number of safeguarding concerns in Milton Keynes has increased significantly over the last three years, with 1,400 safeguarding concerns reported by 100,000 population (compared to 900 nationally). There were 330 Section 42 safeguarding enquiries made in Milton Keynes in 2017-18, of which 33% were for neglect, 27% were for physical abuse and 13% were for psychological abuse.
- 3.62 Within the residential care sector, there are 1,950 jobs in Milton Keynes, a 32% increase from the 1,475 jobs in 2012. This largely reflects increasing demand for residential care facilities, in line with Milton Keynes' ageing population.
- 3.63 According to data from the Care Quality Commission, there are currently 49 care homes in Milton Keynes. According to BRES data, 800 people were employed in residential care activities for the elderly and disabled in 2017, marking a 60% increase from the 500 people employed in this sector in 2012. This sector is expected to increase significantly in the future, with an ageing population across the UK, and ambitions in the Industrial Strategy White Paper to harness the power of innovation to meet the needs of an ageing society.

Children's Social Care

- 3.64 Children' social care is providing support for children in need and safeguarding children who are at risk of harm. This is currently funded and delivered by local authorities.
- 3.65 There are six children's homes in Milton Keynes, in addition to a secure training centre. Of these homes, one has been rated 'outstanding', three have been rated 'good' and two 'require improvement to be good'. Combined these offer 54 places for children.
- 3.66 There are currently 220 children or young people in foster care in Milton Keynes in 2017/18. A total of 310 people in Milton Keynes are registered as approved carers and there are 180 approved foster households.

4. Skills: Schools, Colleges, Higher Education and Workforce

Summary

- Milton Keynes has a wide range of skills infrastructure which supports the needs of the city's young people and workforce. In addition, there are a number of new facilities currently in the pipeline to support future skills development. This includes plans for an Institute of Digital Technology at Bletchley Park and a new technical university (MK:U) in central Milton Keynes in collaboration with Cranfield University.
- Milton Keynes currently has a lower spend per pupil than nationally, by £140 per pupil.
- Performance across Milton Keynes' primary schools is generally in line with national levels, with 65% of pupils reaching the expected standard in reading, writing and maths. Primary schools are well rated in Milton Keynes, with 30% rated 'outstanding' by Ofsted.
- Performance at secondary school level (KS4) is slightly worse than the national levels, with a lower proportion of pupils achieving grade 9-5 in their English Baccalaureate. The Ofsted rating for Milton Keynes' secondary schools is slightly below the national level, with a quarter of schools requiring improvements.
- At further education level, this slight drop in attainment continues, with the average student at A level achieving 30.2 (a grade C), lower than the level achieved nationally (32.1 points – a grade C+). Only 10% of students in Milton Keynes achieved grades of AAB or higher, compared to 14% nationally.
- There were a total of 2,380 apprenticeships undertaken in Milton Keynes in 2016/17. Over half of these were undertaken by people aged between 16 and 24. Popular subjects included business, administration and law; health, public services and care; and engineering and manufacturing technologies.

- 4.1 This section provides an overview of the current skills performance of Milton Keynes, covering skills infrastructure, primary education, secondary education and further and higher education.

Skills Infrastructure

- 4.2 There is a wide range of skills infrastructure available to young people and the workforce in Milton Keynes. This includes:
- At the primary level, Milton Keynes has a total of 90 state-funded primary schools, of which 43 are community schools, 22 are academy and free schools, 10 are foundation schools, 8 are voluntary-aided schools and 7 are voluntary controlled schools.
 - At the secondary level, there are 22 schools (of which 12 are state-funded) and another 15 schools exist at the further education level which includes Milton Keynes College.
 - Currently, there are 2 higher education institutions, although the Open University is available to everyone in the UK, with its headquarters in Milton Keynes. A new technical university is planned be constructed in Milton Keynes by 2023, namely MK:U.

Table 4.1 Skills Infrastructure in Milton Keynes

Level	Infrastructure
Primary	<ul style="list-style-type: none"> • 43 community schools • 22 academy and free schools • 10 foundation schools • 8 voluntary-aided schools • 7 voluntary controlled schools
Secondary	22 schools, of which 12 are state-funded, including: <ul style="list-style-type: none"> • 10 academies • 1 foundation schools • 1 voluntary-aided school
Further Education	<ul style="list-style-type: none"> • 15 further education schools and colleges, including Milton Keynes College
Higher Education	<ul style="list-style-type: none"> • University Campus Milton Keynes (campus of University of Bedfordshire) • Open University HQ
In development	<ul style="list-style-type: none"> • The Institute of Digital Technology at Bletchley Park (developed by a consortium led by Milton Keynes College alongside partners including Microsoft, KPMG, McAfee, Evidence Talks, VWFS) • MK:U – a new undergraduate university being developed in conjunction with Cranfield University, with a focus on technology.

Expenditure

4.3 Evidence from the Department for Education shows that on average, £5,000 is spent per pupil in Milton Keynes, compared to £4,830 in the wider South East region and £5,140 nationally.

Figure 4.1 Spend per pupil by geography area, 2017-2018

Source: Expenditure by Local Authorities and Schools on Education, Children and Young People's Services in England, 2017-18

Primary Education (KS2)

- 4.4 Out of its 90 state-funded primary schools, Milton Keynes has 43 community schools, 22 academy and free schools, 10 foundation schools, 8 voluntary-aided schools and 7 voluntary controlled schools.
- 4.5 Milton Keynes has a relatively high percentage of primary school pupils with English as a second language in Milton Keynes (29%), which highlights the need to ensure that the necessary support is available for these pupils. In contrast, there is a relatively low proportion of pupils eligible for free school meals in Milton Keynes (10%). Free school meals are available to children in full time education whose parent/ guardian are recipients of certain benefits²² (largely income related) and is used as a proxy for educational disadvantage.

Table 4.2 State-funded primary education characteristics in Milton Keynes, Jan 2018

	Milton Keynes	England
Number of schools	90	16,766
Number of pupils	27,420	4,716,244
Percentage of pupils whose first language is known or believed to be other than English	29%	21%
Percentage of pupils eligible for free school meals	10%	14%

Source: DoE, Schools, Pupils and their Characteristics, 2018

Pupil Absence

- 4.6 Between 2016 and 2017, state-funded primary schools in Milton Keynes had a 3.7% rate of overall absences with 2.9% of these being authorised and 0.8% being unauthorised. This is lower than the national overall absence rate which stands at 3.9%.

Pupils with Special Educational Needs

- 4.7 In total, Milton Keynes has 3,586 primary pupils with special educational needs. Of these, 30% of them have a moderate learning difficulty, 14% have speech, language and communication needs and 14% have social, emotional and mental health needs.

Table 4.3 State-funded primary schools: Special Educational Needs by primary type of need, Jan 2018

	Moderate Learning Difficulty	Speech, language and communication needs	Social, emotional and mental health needs	Special Learning Difficulty	Autistic Spectrum Disorder
Milton Keynes	30%	14%	14%	6%	6%
England	22%	30%	16%	10%	7%

Source: DfE, Special Educational Needs in England, 2018

Exclusions

- 4.8 Milton Keynes' permanent exclusion, fixed period exclusion and one or more fixed period exclusion rates are generally in line with national figures, with 8 permanent exclusions

²² <https://www.gov.uk/apply-free-school-meals>

from state-funded primary schools, 420 fixed period exclusions and 194 pupils with one or more fixed period exclusion

Table 4.4 Exclusions in state-funded primary schools, 2016/17

	Number of permanent exclusions	Permanent exclusion rate	Number of fixed period exclusions	Fixed period exclusion rate	No. of pupil enrolments with one or more fixed period exclusion	One or more fixed period exclusion rate
Milton Keynes	8	0.03%	420	1.6%	194	0.7%
England	1,255	0.03%	64,340	1.4%	28,940	0.6%

Source: DfE, Exclusions, 2018

Attainment

4.9 Milton Keynes performs slightly better than the rest of England in terms of the proportion of pupils reaching a higher standard in reading, writing and maths. Around two-thirds of pupils (65%) achieve the expected standard in reading, writing and maths, a similar level to nationally.

Table 4.5 Scores in KS2 reading, writing and maths, 2018

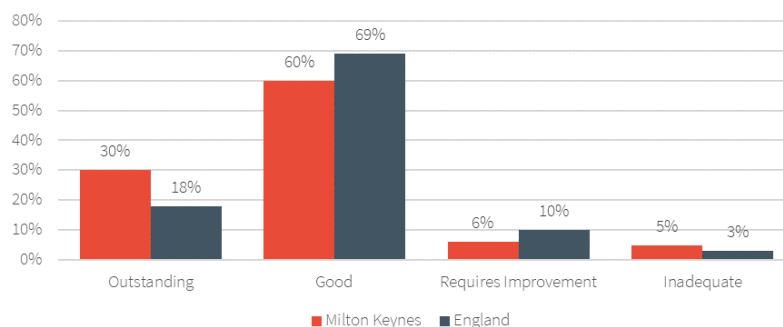
	Pupils reaching the expected standard in reading, writing and maths			Pupils reaching a higher standard in reading, writing and maths		
	All	Boys	Girls	All	Boys	Girls
Milton Keynes	65%	62%	67%	11%	8%	13%
England	65%	61%	69%	10%	8%	12%

Source: National Curriculum assessment at KS2, 2018

School performance

4.10 According to Ofsted’s rating of schools in England, 30% of Milton Keynes’ primary schools are categorised as ‘outstanding’, 60% as ‘good’, 6% as ‘requiring improvement’ and 5% as ‘inadequate’. There is a higher proportion of primary schools rated as ‘outstanding’ in Milton Keynes (30%) than across England (18%).

Figure 4.2 Performance of state-funded primary schools as of December 2018



Source: Ofsted, 2019

Secondary Education (KS4)

- 4.11 There are 22 schools in Milton Keynes, of which 12 are state-funded secondary schools , with a total of 19,331 pupils.
- 4.12 Out of all secondary pupils, 21% are deemed to have a first language to be other than English, which is higher than the national level of 17% (following a similar trend to primary education). Ten percent of pupil in Milton Keynes are eligible for free school meals, compared to 12% nationally.

	Milton Keynes	England
Number of schools (incl. independent/special)	22	3,426
Number of pupils	19,331	3,258,451
Percentage of pupils whose first language is known or believed to be other than English	21%	17%
Percentage of pupils eligible for free school meals	10%	12%

Source: DoE, Schools, Pupils and their Characteristics, 2018

Pupil absence

- 4.13 Between 2016 and 2017, state-funded primary schools in Milton Keynes had a 5.1% rate of overall absences with 3.8% of these being authorised and 1.3% being unauthorised.
- 4.14 This aligns with the national overall absence rate (5%) and unauthorised absence rate (1.4%).

Pupils with Special Educational Needs

- 4.15 In total, Milton Keynes has 2,186 secondary pupils with special educational needs. 28% of them have a moderate learning difficulty and another 18% have a special learning difficulty. A smaller proportion have social, emotional and mental health needs (16%), a speech, language and communication need (11%) or an autistic spectrum disorder (9%).

Table 4.7 State-funded secondary schools: Special Educational Needs by primary type of need, Jan 2018

	Moderate Learning Difficulty	Specific Learning Difficulty	Social, emotional and mental health needs	Speech, language and communication needs	Autistic Spectrum Disorder
Milton Keynes	28%	18%	16%	10%	9%
England	23%	21%	19%	11%	10%

Source: DfE, Special Educational Needs in England, 2018

Exclusions

- 4.16 In general, Milton Keynes has a slightly lower permanent exclusion rate (0.08%) than across England (0.2%), as is the fixed period exclusion rate and the one or more fixed period exclusion rate.

Table 4.8 Exclusions in state-funded secondary schools, 2016/17

	Number of permanent exclusions	Permanent exclusion rate	Number of fixed period exclusions	Fixed period exclusion rate	Number with one or more fixed period exclusion	One or more fixed period exclusion rate
Milton Keynes	14	0.08 %	1,638	9%	812	4%
England	6,385	0.2%	302,890	9%	148,820	4%

Source: DfE, Exclusions, 2018

KS4 Performance

4.17 The average pupil in Milton Keynes at KS4 achieved below the regional and national level. The average progress 8 score in Milton Keynes was 0.15 below the national level, with fewer pupils in Milton Keynes achieving grade 9-5 in the English Bacallaureate (by 1.4% points).

Table 4.9 KS4 Performance

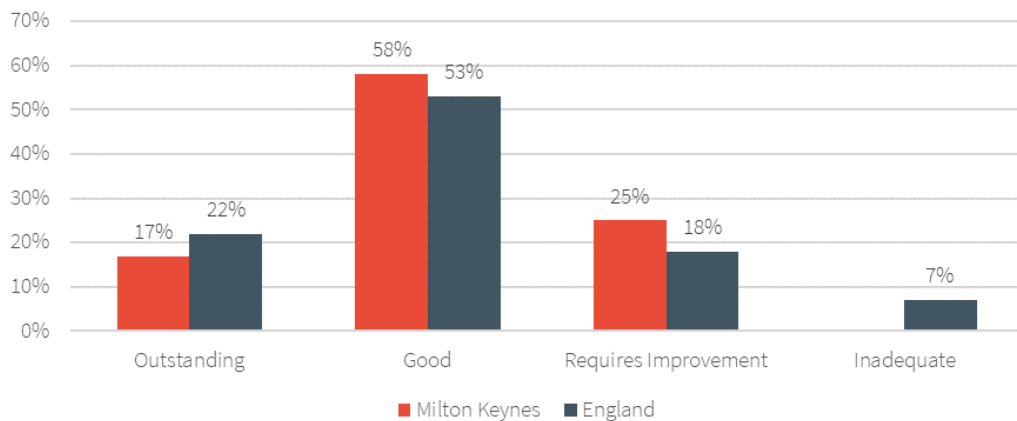
	Average Attainment 8 score per pupil	English Bacallaureate			Average Progress 8 score
		% achieved grade 9-5	% achieved grade 9-4	Average Point Score per pupil	
Milton Keynes	44.5	38.8	60.3	3.78	-0.15
South East	47.8	46.4	66.7	4.18	0.01
England	44.5	40.2	59.4	3.85	.

Source: DfE, Key Stage 4 and Multi Academy Trust Performance, 2018

School performance

4.18 There is a higher proportion of secondary schools rated as good in Milton Keynes (58%) than across England (53%). However, there are more secondary schools requiring improvement (25%) and less outstanding schools (17%), compared to 18% and 22% respectively across England.

Figure 4.3 Performance of state-funded secondary schools as of December 2018



Source: Ofsted, 2019

Destinations

- 4.19 When pupils leave secondary school, they are faced with a number of options for their future. Milton Keynes performs in line with the national level, with 94% of pupils sustaining education or employment after completing key stage 4. The range of destinations entered by Milton Keynes students does vary compared to national averages, with a higher proportion of pupils going into school sixth form, instead of a further education college. Only 4% of pupils went into apprenticeships after completing key stage 4.

Table 4.10 Pupil destinations after completing key stage 4 (state-funded mainstream schools), with destinations sustained for at least 2 terms, 2016-2017

	Any sustained education or employment	Any sustained education destination	Further Education College or other FE provider	School sixth form - state funded	Sustained apprenticeships	Sustained employment destination
Milton Keynes	94%	87%	26%	60%	4%	4%
England	94%	86%	34%	39%	5%	3%

Source: DfE, Destinations of KS4 and KS5 Pupils, 2017

Further Education (KS5)

- 4.20 There are 21 further education schools and colleges in Milton Keynes.

Attainment

- 4.21 There were 1,482 students entered into A-levels in 2017-18. Of these, the average result obtained by students was 30.2 (a grade C), lower than the level achieved nationally (32.1 points – a grade C+). Only 10% of students in Milton Keynes achieved grades of AAB or higher, compared to 14% nationally.

Table 4.11 A Level results for all state-funded students, 2017-2018

	Number of students with A level entry	Average result		Achieving AAB or higher
		Grade	Point Score	
Milton Keynes	1,482	C	30.2	10%
England – state-funded schools	263,436	C+	32.1	14%

Source: DfE, A level and other 16 to 18 results, 2018

Destinations

- 4.22 In general, Milton Keynes performs slightly better than England in terms of pupil destinations after completing key stage 5.

Table 4.12 Pupil destinations after completing key stage 5 (state-funded mainstream schools), with destinations sustained for at least 2 terms, 2016-2017

	Any education or employment	Any education destination	Higher Education	Top third most selective HEIs	Russell Group (incl. Ox. and Cam.)	Apprenticeships	Employment destination
Milton Keynes	91%	68%	60%	60%	12%	4%	19%
England	90%	67%	59%	39%	17%	6%	18%

Source: DfE, Destinations of KS4 and KS5 Pupils, 2017

Apprenticeships

4.23 There were a total of 2,380 apprenticeships started in Milton Keynes in 2016/17. Of these:

- 1,210 were immediate apprenticeships
- 960 were advanced apprenticeships
- 200 were higher apprenticeships

4.24 Around a quarter of all apprenticeships (26%) were delivered to 16-18-year olds, with a further 28% being delivered to 19-24-year olds. Some of the biggest providers of apprenticeships in Milton Keynes includes LearnDirect (180 starts), Milton Keynes College (170) & Babcock Training (150). A full breakdown of the largest apprenticeship providers in Milton Keynes is provided in the table below.

Table 4.13 Apprenticeship Providers in Milton Keynes

Provider	Type of Provider	Total	Intermediate	Advanced	Higher
LearnDirect	Private	180	80	100	-
Milton Keynes College	General FE College	170	90	80	-
Babcock Training Limited	Private	150	100	50	-
Lifetime Training Group	Private	110	80	30	-
Bedford College	General FE College	100	30	70	10
Talent Training (Uk)	Private	80	60	20	-
West Nottinghamshire College	General FE College	80	40	10	40
Aspire Achieve Advance	Private	60	10	40	10
Gateshead College	General FE College	60	50	-	-
Qube Qualifications And Development	Private	60	30	30	-
Skills Training Uk	Private	60	50	20	-
Intec Business Colleges	Private	50	30	10	-
Kaplan Financial	Private	50	10	20	20
Smart Training And Recruitment	Private	50	40	10	-
The Intraining Group	Private	50	30	20	-
Babington Business College	Private	40	20	20	-
Hit Training	Private	40	30	10	-

Source: DfE, Destinations of KS4 and KS5 Pupils, 2017

Note: Private = Private Sector Public Funded

- 4.25 Apprenticeships have been undertaken across a wide range of different subjects. Of those who have completed their apprenticeships, the most popular subject areas were business, administration and law (240 completions); health, public services and care (240 completions) and engineering and manufacturing technologies (200 completions).

Table 4.14 Apprenticeship Achievements by Subject Area in Milton Keynes, 2017/18

	Inter- mediate	Advanced	Higher	Total
Business, Administration and Law	130	90	20	240
Health, Public Services and Care	100	130	10	240
Engineering and Manufacturing Technologies	120	80	0	200
Retail and Commercial Enterprise	120	40	0	160
Information and Communication Technology	10	30	0	40
Leisure, Travel and Tourism	20	30	0	40
Construction, Planning and the Built Environment	20	0	0	20
Agriculture, Horticulture and Animal Care	10	0	0	10
Education and Training	10	10	0	10
Totals	530	400	30	970

Source: DfE, Apprenticeships and traineeships data

- 4.26 The introduction of T-Levels from the academic year 2020 to 2021 will introduce a new range of more technically focussed qualifications for young people, which may alter the type of qualifications undertaken in the future.

Benefits / risks of MK:U

As part of the MK Futures 2050 strategy, the Council's MK Futures 2050 programme has created a project with Cranfield University as the lead partner, to build a new technical university in Milton Keynes. The principal ambition behind building a new technical university is to answer to the city's need for an undergraduate university, to retain local students and to attract talented young people to boost local economic growth.

Planned to open in 2023, the university will ultimately host around 15,000 students and offer a range of digital, cyber, autonomy, robotics, artificial intelligence and science-focused courses. The partnership with Cranfield University, which has committed to get MK:U off the ground by leveraging its own partnerships with Grant Thornton, MK College, Microsoft and Tech Mahindra, has been key to the development of the university (e.g. in developing cyber-security courses).

The university will be built on Block B4, a piece of land owned by Milton Keynes Development Partnership which is conveniently located between Milton Keynes Central railway station and the core employment, retail and leisure area. The vision for MK:U is to make it "a destination open 24/7, with local residents and employees just as welcome as those studying there."

A feasibility study for the university has been completed, and there is currently an international design competition underway for the of MK:U. The winning design is expected to be announced in August/September 2019, with a go/no go decision process expected to take place in December 2019.

There are a number of benefits and risks associated with the development of MK:U

Benefits

- The decision to develop a STEM (Science, Technology, Engineering, Maths) curriculum has been guided by the need to respond to changes in the present and future economy, which is expected to see growth in sectors such as the knowledge and high-technology sectors. Developing a workforce with skills in these sectors will support Milton Keynes; growth in higher-value activities, as well as enabling it to develop new economic links within the Oxford to Cambridge Arc.
- The "porosity" of the university will be fundamental and has been described as a living laboratory. In creating a truly civic university, this will improve awareness of educational opportunities in Milton Keynes for people of all ages.
- According to the Centre for Cities think-tank, Milton Keynes is the largest city in Britain without a university. MK:U will catalyse a real student city, with all the economic and educational benefits that this entails. This will enhance the vibrancy of the central district, attract young people to the Milton Keynes and help address local problems of graduate retention.

Risks

- There is a challenge in making sure these proposals are embedded in the placemaking ambition for central Milton Keynes, and to ensure the curriculum offer resonates with business need and learner ambitions.
- There is a need to ensure that the influx of students into Milton Keynes is adequately accommodated and does not put further pressure onto a housing market which is already becoming unaffordable.

- Milton Keynes needs to ensure that once people graduate, they are retained within the city going forward. There is a risk that lots of well-educated people are trained, but then head elsewhere for employment opportunities.

5. Land, Property and Infrastructure

Summary

- Milton Keynes has a strong supply of employment land to meet its future needs, with the latest Local Plan (Plan MK: 2016-2031) identifying 282.1ha of vacant employment land in the Borough. This figure comprises the new allocations in the Local Plan, totalling 161.8ha (of which 56.8ha is at South Caldecotte and 105ha is at Milton Keynes East) and 120.3ha of existing vacant employment land.
- Milton Keynes' housing stock has been growing rapidly over the last six years, with it growing to 111,813 dwellings as of 1st April 2018, a 10% growth rate since 2010.
- The bulk of this new housing has been in private stock, with private registered provider stock increasing by 17% over the last five years, and private sector stock increasing by 6%.
- Milton Keynes delivered 1,520 new dwellings in 2018, which is 86% of its annual target set in Plan:MK of 1,767 homes. There has been a persistent shortfall of housing against targets since the beginning of the previous Core Strategy period (2010/11).
- Median house prices have been growing at a faster rate than nationally, with the average sold house price being £280,000 in 2018. This is £41,000 above the national level, although still £40,000 below the average across the South East.
- In Milton Keynes, the average house price is now 8.2 times the average salary in the area, considerably above the England ratio of 7.1. This has risen considerably over the last four years, having been below the England level in 2014 (6.5).
- Commercial property performance has been relatively in line with that experienced across SEMLEP and the Arc, with falling vacancy rates and rising rents across office, industrial and retail space.
- The traffic count in Milton Keynes has increased considerably over the last six years, reaching a total of 955,900 motor vehicles passing through Milton Keynes in 2017. This has grown by 25% since 2011.
- Milton Keynes Central station is the largest station with more than 6.8 million entries and exits per year. Wolverton station has experienced the largest proportional increase in passenger numbers over the last ten years, followed by Milton Keynes Central.
- Broadband provision in Milton Keynes has improved in recent years, with a high proportion of residents and businesses able to access full fibre and super-fast broadband. This is expected to improve in the near-future, through CityFibre's £40m investment in a full-fibre network, enabling Milton Keynes to become the first UK city to roll-out full fibre across the whole city.

Land

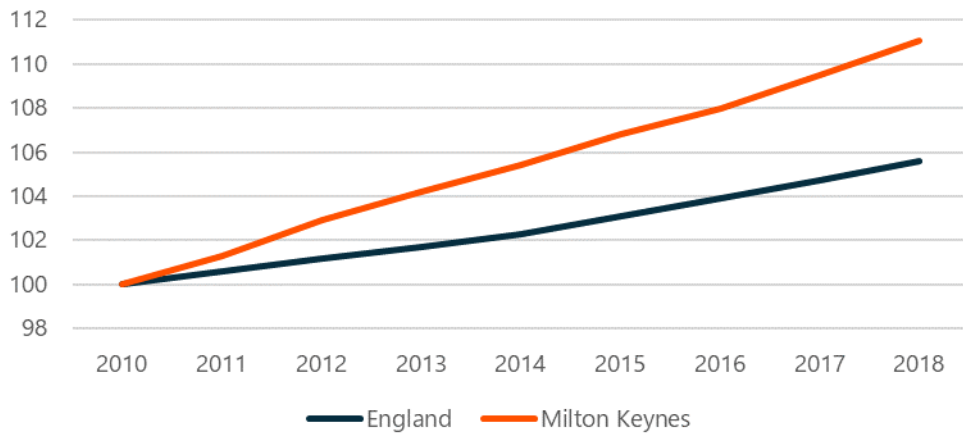
- 5.1 Milton Keynes Council and the Milton Keynes Development Partnership appointed GVA to undertake an employment land study for the borough in 2017. The purpose was to establish the likely level of job growth in Milton Keynes up to 2031 and assess the implications for employment land in accommodating the anticipated growth.
- 5.2 The study provides information on employment land projections, and states that Milton Keynes will need to plan for 132 hectares of additional B Class (office and industrial) employment land.
- 5.3 The study further assessed the current and projected employment land supply in Milton Keynes. This found that:
- **Existing Employment Sites** – there are a total of 46 sites comprising a total of 988 hectares
 - **Proposed Employment Sites** – there are a total of 26 proposed employment sites in Milton Keynes comprising 95 hectares.
 - **Potential Employment Sites** – there are a total of 23 proposed employment sites comprising 121 hectares.
- 5.4 Although the GVA Employment Land Study (2017) identified sufficient supply of land in Milton Keynes to meet the future demand for office and industrial floorspace, it did not have enough land available to meet the forecasted needs for warehousing floorspace. The forecasted amount of land required for warehousing from 2016 to 2031 was 104ha, however there was only a supply of land available for development of 56.5 ha, resulting in a shortfall of 47.5 ha. This shortfall has been met through the allocation of land at Milton Keynes East and South Caldecotte in the latest Local Plan (Plan:MK 2016-2031) totalling 161.5ha.

Homes

Dwelling stock

- 5.5 The Ministry of Housing, Communities and Local Government provides data on the number of dwellings in England per year and per district area.
- 5.6 It shows that over the 2010-2018 period, Milton Keynes housing stock increased from 100,680 to 111,813, which represents an increase of 10% in its total housing stock. This is double the growth-rate observed nationally.

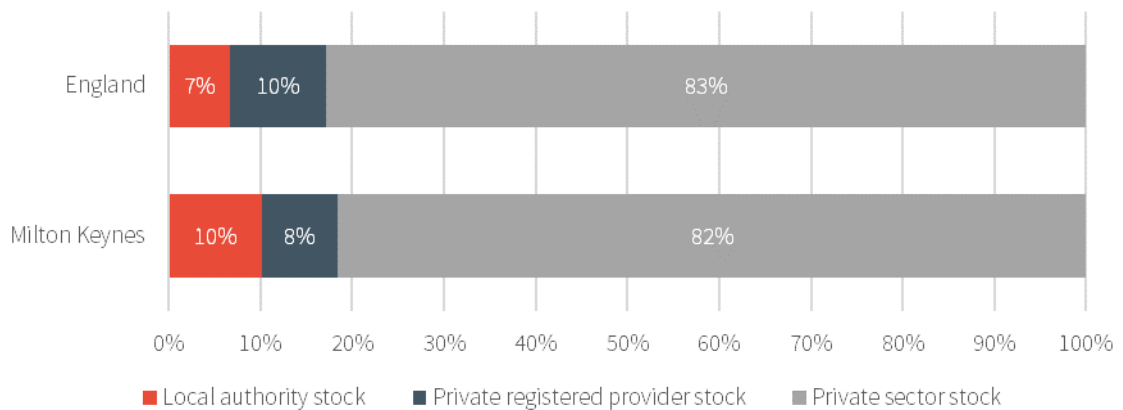
Figure 5.1 Growth in dwelling stock in England vs. Milton Keynes 2010-2018



Source: MHCLG, Open Data on Number of Dwellings, 2010-2018

5.7 The data also provides information on the tenure characteristics of Milton Keynes' dwelling stock. 82% of dwelling units were privately owned (either owned or privately rented), 10% were local authorities owned and 8% were owned by a private registered provider.

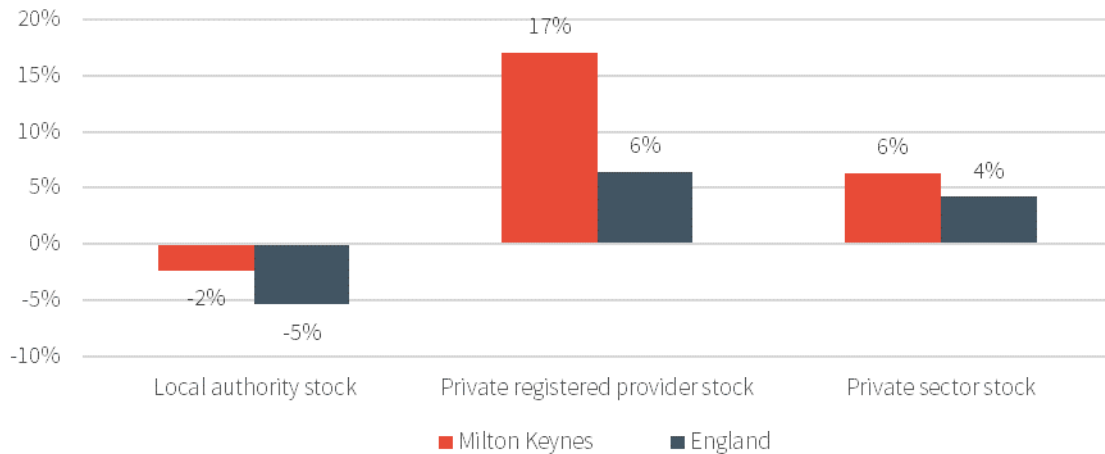
Figure 5.2 Type of dwelling stock in Milton Keynes VS England, 2017 (%)



Source: GOV UK, Dwelling stock

5.8 Over the past five years, the proportion of local authority stock has declined in both Milton Keynes and England, by 2% and 5% respectively. In Milton Keynes, private registered stock increased by 17% and private sector stock by 6%.

Figure 5.3 Change in type of dwelling stock in Milton Keynes VS England, 2012-2017(%)

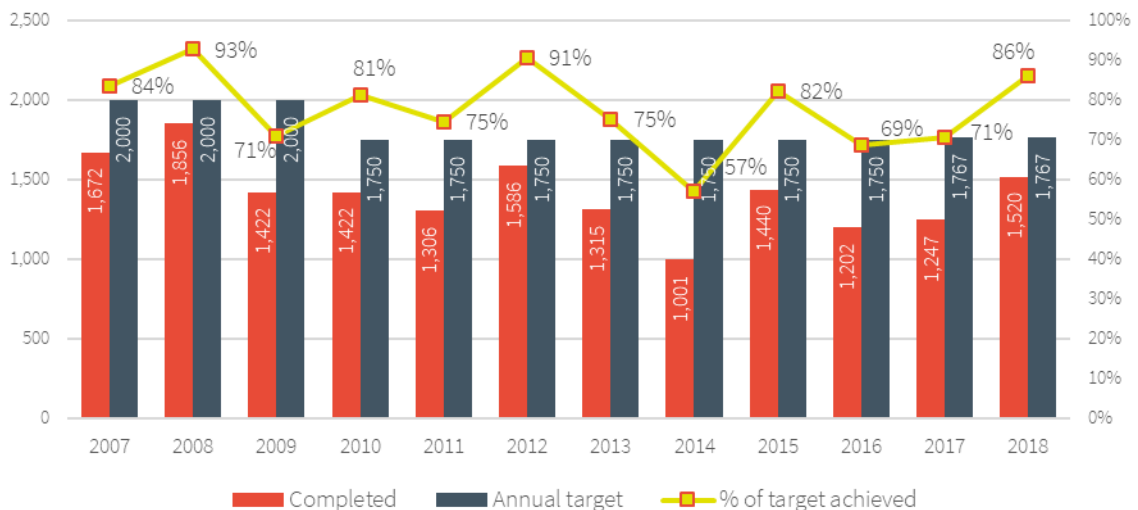


Source: GOV UK, Dwelling stock

Housing starts and completions

- 5.9 In 2017/18, Milton Keynes delivered 1,520 new units of housing, reaching 86% of the annual target of set in Plan:MK (1,767 houses).
- 5.10 Milton Keynes has not delivered its annual housing target in any one year since 2007/08. The recent adoption of the new Local Plan for Milton Keynes (Plan:MK 2016-2031), which has ambitions to deliver a minimum 26,500 net dwellings between 2016 and 2031, has also reset the council’s five-year housing land supply. Due to continued under-delivery, the Council, as of 1st April 2018, has a shortfall of circa 780 dwellings.

Figure 5.4 Housing Target Achievement Rate, 2007-2016



Source: Milton Keynes Council, Housing Delivery Action Plan, 2018

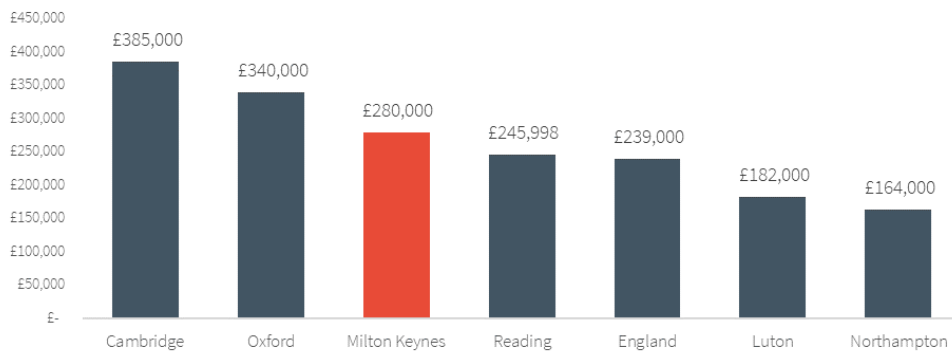
- 5.11 The housing requirement for the Council for the five-year period 2018/19 - 2022/23 is calculated as 11,534, an average annual requirement of 2,307 dwellings. This is however inclusive of a 20% buffer, applied due to the Council’s recent history of persistent under-delivery. It is recognised that the government’s 2018 Housing Delivery Test results for

Milton Keynes indicate a 5% buffer should be applied when calculating the Council’s five-year housing land supply position for 2019 which is likely to result in a reduction to the five-year supply requirement.

House prices

- 5.12 The Land Registry is the key source of house price data for local authority areas, recording the price paid on completion of all house sales. The median average house price in Milton Keynes was £280,000 in September 2018, compared to £320,000 across South East England. House prices in Milton Keynes are closer to the average for England of £239,000.
- 5.13 House prices in Milton Keynes are much lower than the average for South East England; but the change in house prices in Milton Keynes has followed a similar pattern to that observed across England.

Figure 5.5 Median house price 2018 (£)



Source: ONS, Median house prices for administrative geographies, 2018

- 5.14 However, the compound annual growth rate in house prices seen in Milton Keynes has been higher than England’s.

Figure 5.6 Compound Annual Growth Rate in house prices, 2008-2018

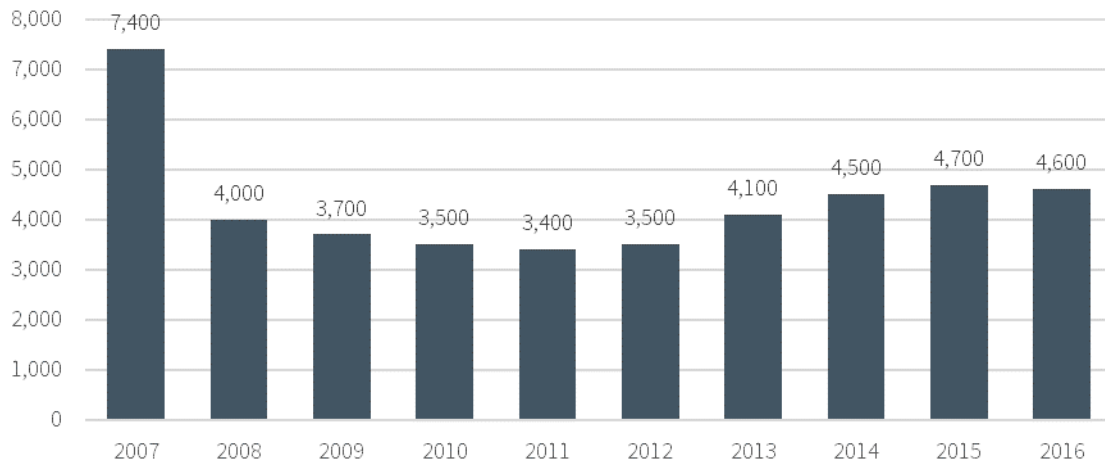


Source: ONS, Median house prices for administrative geographies, 2008-2018

Number of property transactions

- 5.15 The Land Registry also provides data on property transactions which indicate the scale of activity in the market. In 2016, there were 4,600 property transactions in Milton Keynes. The number of transactions in Milton Keynes has been in the high 3,000s/4,000s since 2008, just after the recession. Prior to the recession, the volume of property transactions in Milton Keynes was higher than 6,000 transactions annually.
- 5.16 The number of transactions has grown steadily since then but experienced a slight dip in 2016.

Figure 5.7 Number of residential property sales per year, 2007-2016



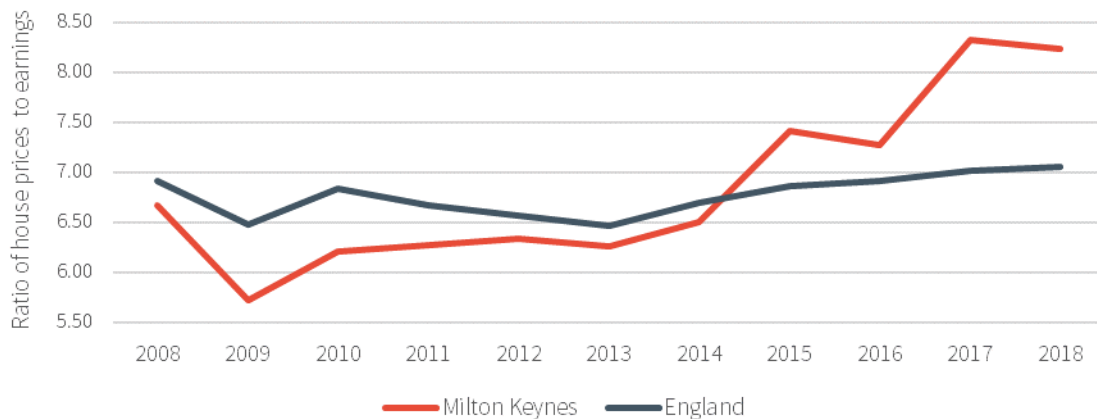
Source: ONS, Median house prices for administrative geographies, 2008-2018

Affordability

5.17 Combining information on house prices (Land Registry) and the annual earnings of residents (ONS ASHE) enables a ratio of affordability to be calculated. Analysis by ONS Digital published in 2018 found that:

- In Milton Keynes, the average house price was 8.2 times the average salary
- This ratio indicates that Milton Keynes’s houses are less affordable in comparison to England’s ratio of 7.1.

Figure 5.8 House price to earnings affordability ratios, 2008-2018



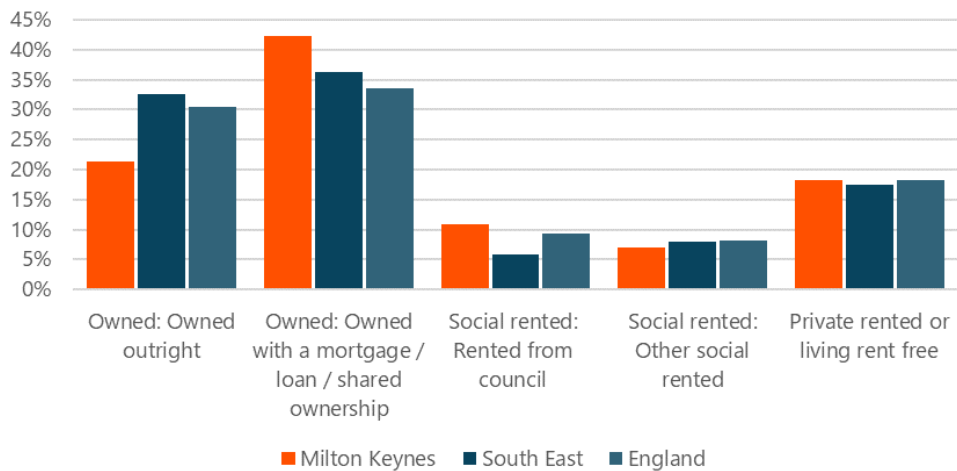
Source: ONS, Ratio of House Prices to Earnings, 2008-2018

Tenure and Help To Buy

5.18 The latest data showing the tenure people live in, is only available at local authority level in the 2011 Census. This shows that around two-thirds of households live in owned properties (either owned outright, or with a mortgage / loan / shared ownership), with 18% socially rented, and 18% privately rented (or rent free). Milton Keynes has a higher proportion of people living in properties owned with a mortgage / loan / shared ownership

than owned outright. This partly reflects higher property prices in Milton Keynes and the relatively new age of housing stock in the area.

Figure 5.9 Tenure Types



Source: ONS Census, 2011

- 5.19 The housing market has evolved since the 2011 Census, with a growing number of schemes being developed to support people onto the housing market, particularly into new-build accommodation.
- 5.20 The help-to-buy scheme makes it possible for first time buyers to purchase a property with as low as a 5% deposit. In Milton Keynes there has been a gradual increase in the number of these loans given out each year, with 140 equity loans given in Q1 of 2018. Since it was launched in 2013, more than 2,000 loans have been offered in Milton Keynes

Figure 5.10 Number of Help to Buy Equity Loans



Source: Ministry of Housing, Communities & Local Government, 2018

Rental Market

- 5.21 Data on prices in the rental market is more difficult to obtain, as rentals are not accurately recorded in the same manner that purchases are. Listings data from Zoopla provides an indication as to the mean (average) rental price of properties in Milton Keynes, and how

this has changed over time. This finds that rental prices have been increasing over the last eight years, with particularly strong growth between 2014 and 2015, and more recently around the summer of 2018. The average (mean) rental prices is now £1,000 per calendar month.

Figure 5.11 Average Rental Prices, 2011-19



Source: Zoopla

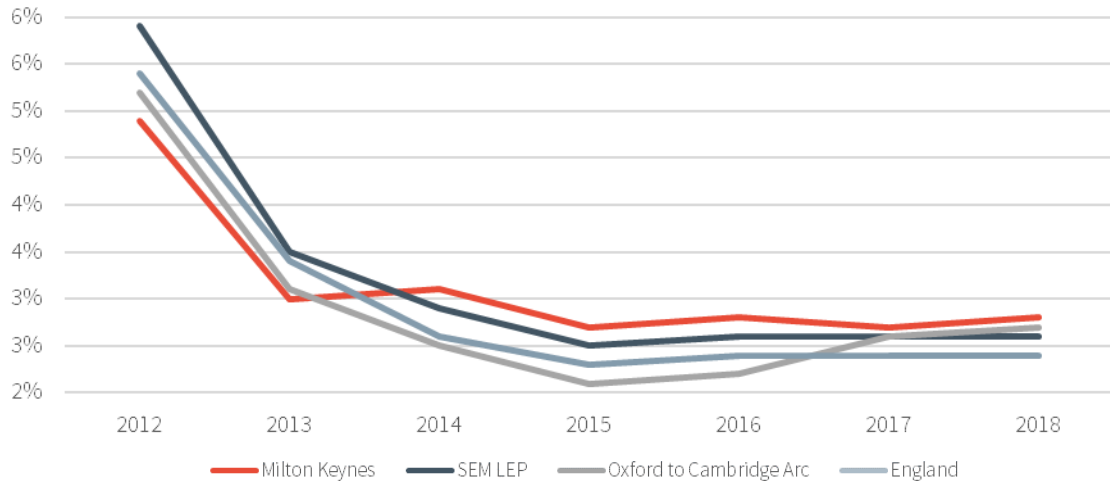
Commercial Property

- 5.22 CoStar is a commercial property database which provides intelligence on retail, industrial and office space, including vacancy rates and rents. This provides a useful indication as to the recent performance of the commercial property market in Milton Keynes, although this data is not comprehensive of all activity taking place locally (rather it is dependent on agents reporting individual transactions). Further insights have also been added into this section from local property agents.

Retail floorspace

5.23 In 2018, 2.8% of Milton Keynes’ retail floorspace was still vacant, compared to 2.7% in the Oxford-to-Cambridge Arc, 2.6% in the SEMLEP area and 2.4% in England.

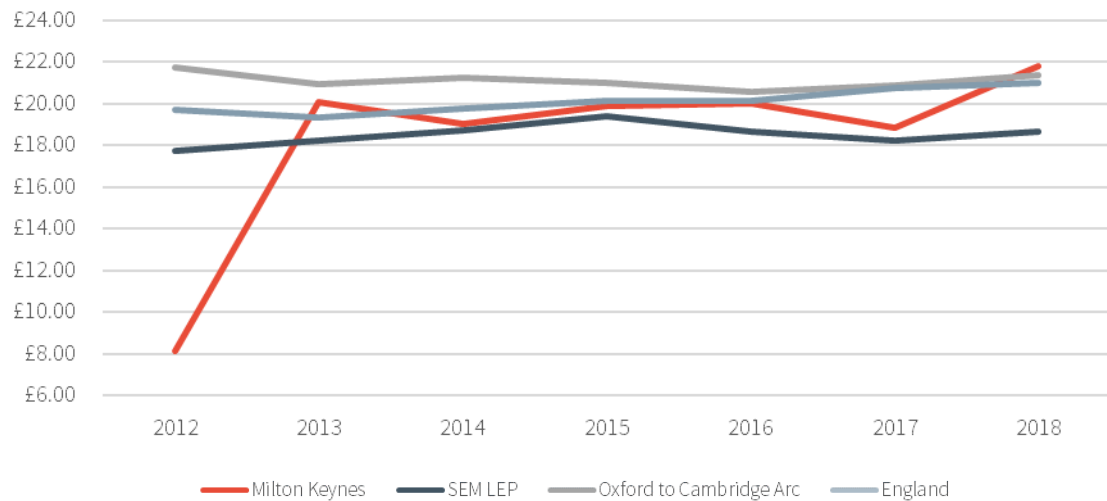
Figure 5.12 Retail vacant floorspace



Source: COSTAR, 2019

5.24 Over the 2012-2018 period, retail rents per square foot have increased from £8.16 to £21.82 in Milton Keynes. Since 2017, Milton Keynes has seen a sharp increase in its retail rents, increasing by 16% compared to 2% in the SEMLEP area and the Oxford-to-Cambridge Arc.

Figure 5.13 Retail rents per square foot (£)



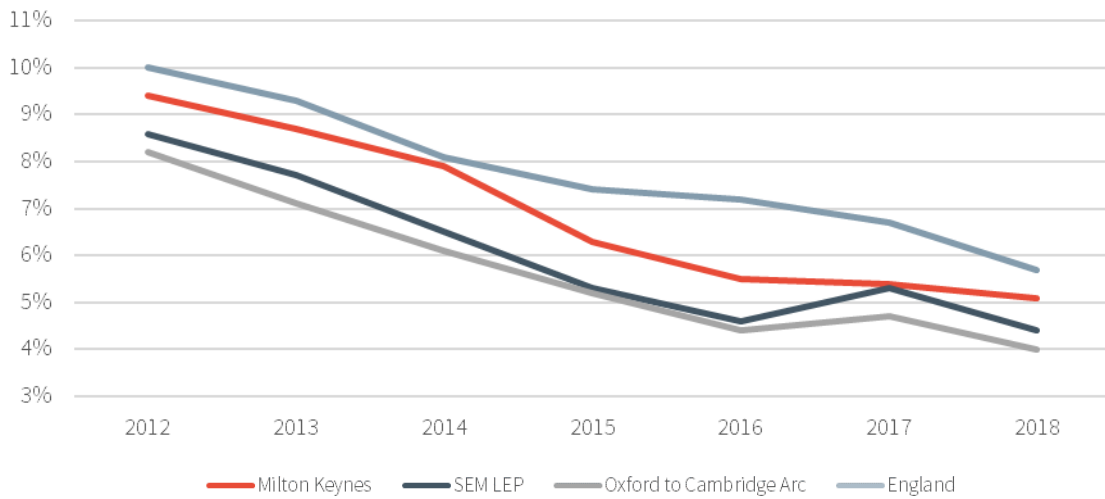
Source: COSTAR, 2019

Office floorspace

5.25 In 2018, Milton Keynes had 890,780 square foot of available office floorspace. 5.1% of this floorspace was still vacant, which is comparatively higher than the SEMLEP average

(4.4%) and the Oxford-to-Cambridge average (4%) but lower than the England average (5.7%).

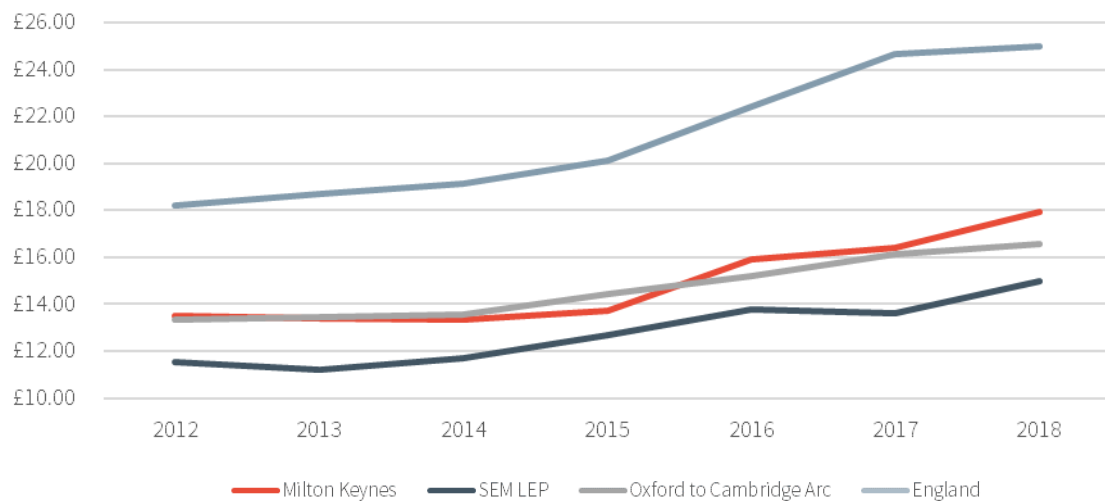
Figure 5.14 Office vacant floorspace



Source: COSTAR, 2019

5.26 Office rents per square foot have been on the rise across the four comparator areas, with Milton Keynes’ rents higher than those found across the SEMLEP area and the Oxford-to-Cambridge area. Office rents per square foot in 2018 totalled £17.96 in Milton Keynes, £14.96 in the SEMLEP area and £16.57 in the Oxford-to-Cambridge Arc.

Figure 5.15 Office rents per square foot (£)



Source: COSTAR, 2019

5.27 The quality of office space can be measured by the range of facilities and services provided. CoStar has developed a system by which office space can be graded²³. This

²³ This ranges on a scale from 1 star to 5 star depending on the building characteristics. 1 star buildings would typically be in need of significant refurbishment, have limited functionality and offer the cheapest rents in the market. 5 star buildings would typically be new or refurbished stock, be highly sustainable, be in desired areas and have high rents.

data shows that the majority of office buildings are rated 2 or 3 star, with this implying that they generally offer a similar standard to average. This reflects typical office rankings for towns outside London, which generally don't attract the highest star ratings (often given to high-end offices in Central London).

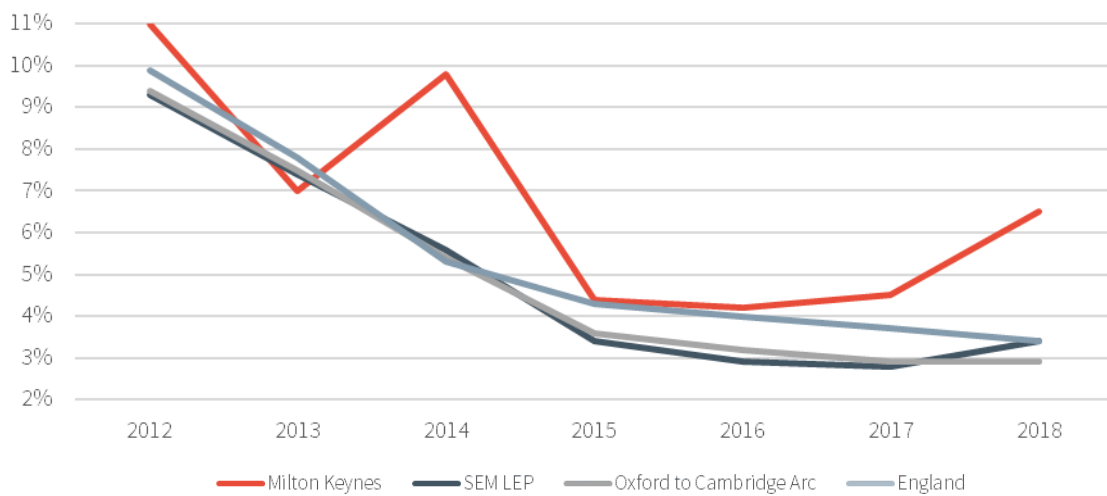
Table 5.1 Office Quality	
	Office Buildings in MK meeting CoStar standards
1 Star	12
2 Star	150
3 Star	268
4 Star	31
5 Star	0

Source: COSTAR, 2019

Industrial floorspace

5.28 There have been supply shortages in the amount of large distribution in and around Milton Keynes in 2018. Vacancy rates amongst industrial space has generally been low for the last four years, with a recent rise largely reflecting development at Gazeley's Altitude at Magna Park. In 2018, around 6.5% of industrial floorspace was vacant in Milton Keynes.

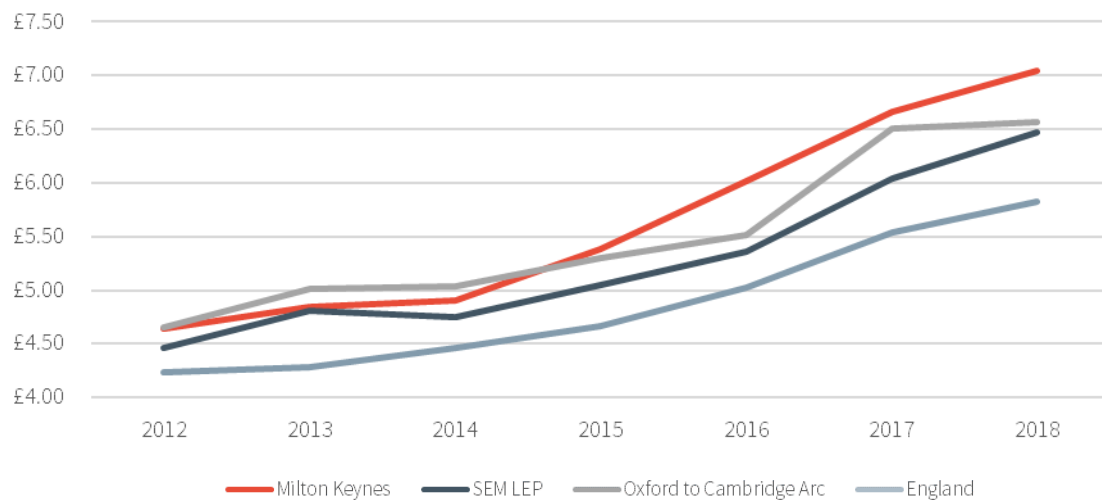
Figure 5.16 Industrial vacant floorspace



Source: COSTAR, 2019

5.29 Industrial rents per square foot in 2018 reached £7.05 in Milton Keynes, £6.47 in the SEMLEP area, £6.57 in the Oxford-to-Cambridge area and £5.83 across England.

Figure 5.17 Industrial rents per square foot (£)



Source: COSTAR, 2019

5.30 The quality of industrial space can be measured on a similar scale to office space, considering the range of facilities and services provided by a building. CoStar has developed a system by which industrial space can be graded, with a similar scale to office space. This data shows that the majority of industrial space is rated as 3 star, offering less flexible space, being slightly older in character and having average or near average market rents.

Table 5.2 Industrial Quality

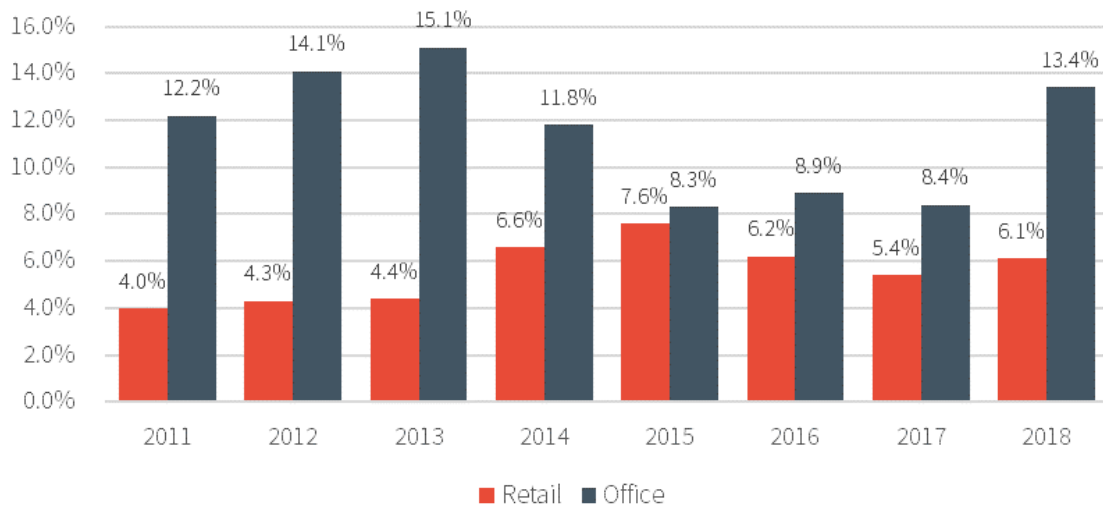
	Industrial Buildings in MK meeting CoStar standards
1 Star	22
2 Star	117
3 Star	360
4 Star	20
5 Star	2

Source: COSTAR, 2019

Central Milton Keynes

5.31 Within Central Milton Keynes, demand for office and retail space is particularly strong and this is reflected in vacancies of space locally. Retail vacancies in Central Milton Keynes have been below 8% over the last seven years, with 6.1% of retail space currently available. For office space, this is slightly higher, although this partly reflects a large proportion of new office space coming onto the market which may take time to fill. Currently 13.4% of office floorspace is available, although this has been much lower over the last three years (typically between eight and nine percent).

Figure 5.18 Available floorspace (sq. ft) in Central Milton Keynes



Source: COSTAR, 2019

Table 5.3 Rating of Office Space in CMK

Office Buildings in CMK meeting CoStar standards	
1 Star	0
2 Star	2
3 Star	62
4 Star	19
5 Star	0

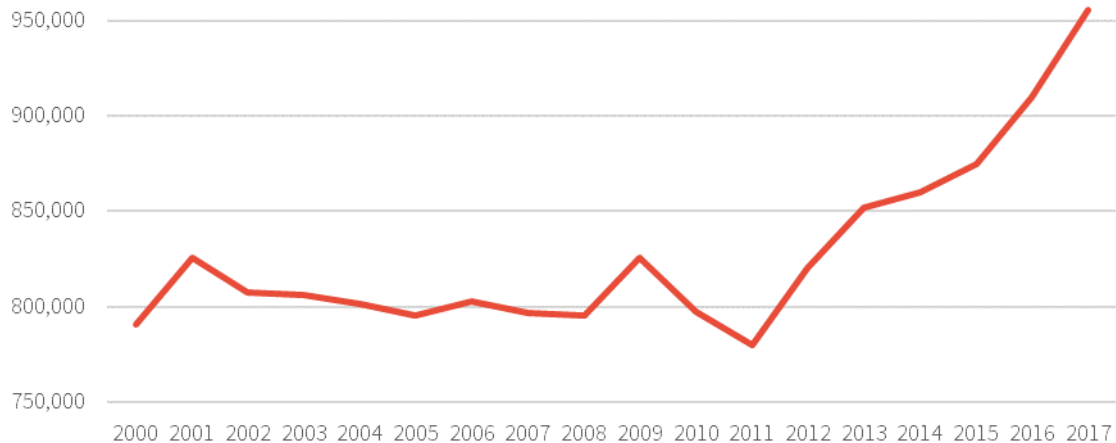
Source: COSTAR, 2019

Transport

Traffic counts

- 5.32 Since 2000, traffic counts in Milton Keynes have increased by 21%. The number of motor vehicles counted in Milton Keynes began to sharply increase in 2011, reaching a total of 955,900 motor vehicles passing through Milton Keynes in 2017.

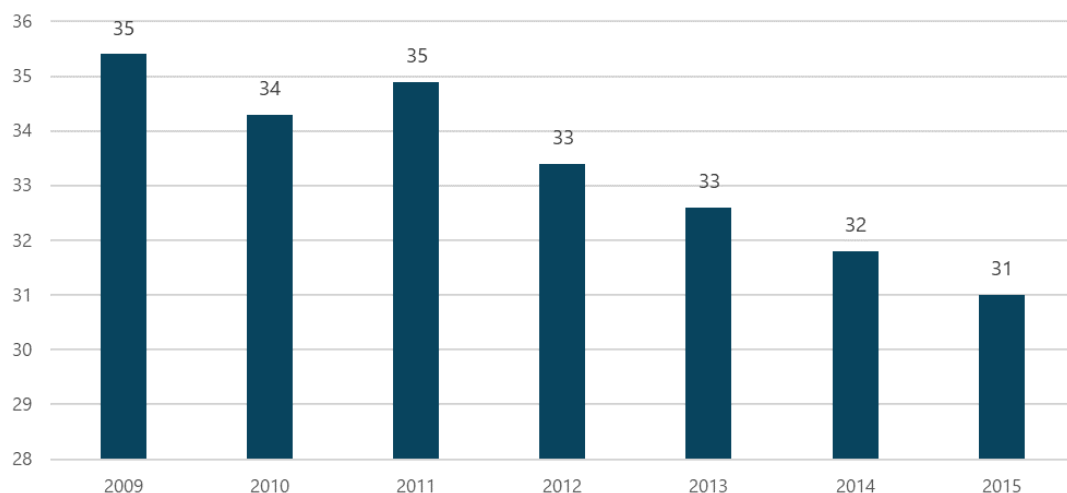
Figure 5.19 Traffic counts of all motor vehicles in Milton Keynes per year



Source: DfT, Traffic Counts, 2017

- 5.33 This increasing number of motor vehicles on the roads of Milton Keynes has created an increasing level of congestion. The latest available data on average vehicle speeds on roads in Milton Keynes (last published in 2015) shows there was a decrease in the average speed at which vehicles were travelling on locally managed 'A' roads during the weekday morning peak, suggesting an increase in congestion levels. Higher congestion levels have the potential to impact on the economic performance of Milton Keynes in the future, as goods and labour spend more time in traffic jams, increasing costs of production, and making the area a less attractive place in which to do business.

Figure 5.20 Average vehicle speeds on Milton Keynes' roads (miles per hour)



Source: ONS, Average vehicle speeds during the weekday morning peak on locally managed 'A' roads

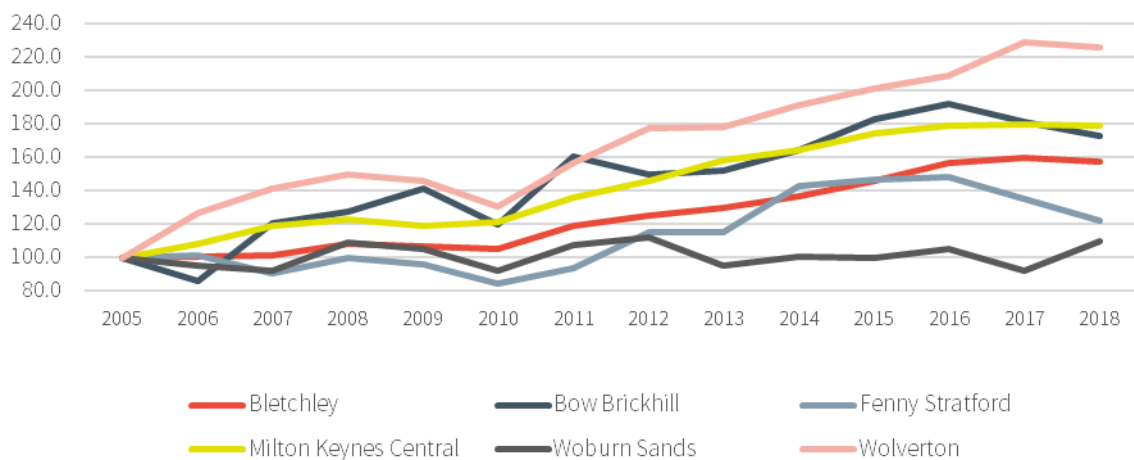
Road connectivity

- 5.34 The DfT has produced experimental transport statistics including a measure of road connectivity for local authority areas. This provides an indicator of Milton Keynes' relative road connectivity (a weighted connectivity indicator for travel to major road junctions by morning peak traffic in 2013). The indicator works on a scale of 0-1 in which Warwickshire has the highest score (0.97, indicative of the county's place in England's motorway network) and Cornwall the lowest (0.26).
- 5.35 The indicator shows that: Milton Keynes has a road connectivity score of 0.84. This is higher than that for other comparator areas, such as Luton (0.82), Reading (0.73), or Swindon (0.72). The relatively high score is shaped by data that around a third of the population in Milton Keynes is within a 15 minutes' drive from a major road junction. All of the area's population is within a 30 minutes' drive (at most) from a major road junction.

Rail passengers

- 5.36 Milton Keynes Central is the area's central train station, serving the town. Bletchley station serves the population around the urban area towards the south of the borough and Wolverton station to the north.
- 5.37 Data shows that out of all the rail stations in Milton Keynes, growth in the total number of entries and exits per year was most important at Wolverton station, followed by Milton Keynes station and Fenny Stratford station.

Figure 5.21 Total number of entries and exits per year, 2005-2018



Source: Office of Rail and Road, 2005-2018

- 5.38 In terms of stations with the highest usage out of England's 2,563 stations, data shows that Milton Keynes Central ranks 70th. Growth in the number of passengers has been particularly strong since 2012, with 23% more passengers using Milton Keynes Central than previously.

Table 5.4 Ranking of Milton Keynes stations in terms of highest usage out of England's 2,563 stations (station with highest number of entries and exits is ranked at 1)

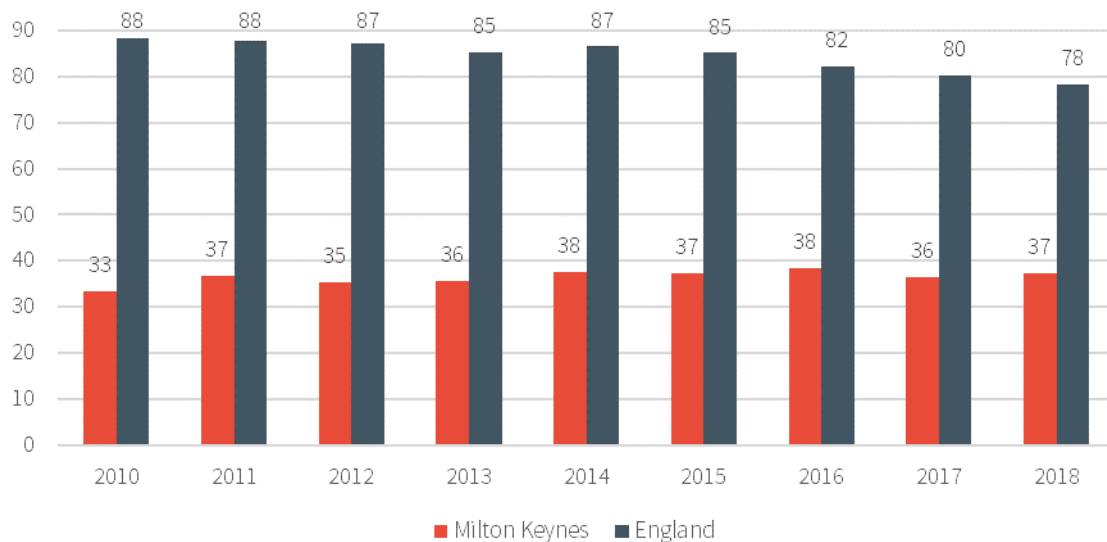
Station name	National Rank	Entries and exits	% Change 2012-18
Milton Keynes Central	70	6,824,326	+ 23%
Bletchley	532	1,066,282	+ 26%
Wolverton	934	460,204	+ 27%
Woburn Sands	2,009	46,606	- 2%
Bow Brickhill	2,065	38,846	+ 15%
Fenny Stratford	2,194	22,634	+ 6%

Source: Office of Rail and Road, 2018

Bus passenger journeys

5.39 The Department of Transport also produces data on passenger journeys on local bus services in Milton Keynes. This shows that Milton Keynes has a relatively low number of passenger journeys per head compared to the national average.

Figure 5.22 Passenger journeys on local bus services per head by local authority



Source: GOV UK, Local Bus Passenger Journeys

Airport connectivity

5.40 Milton Keynes is located close to a number of airports, many of which are of national importance. The distances from Milton Keynes to:

- Heathrow Airport, 64km.
- Luton, 30km.
- Birmingham International, 83km.
- Gatwick Airport, 104km.
- Stansted, 69km.

- 5.41 Data from DfT shows that Luton Airport is within 60 minutes using public transport and a further three airports are within 120 minutes using public transport.
- 5.42 Travel times to airports decrease considerably when travelling by car. DfT reports that there is one airport within 60 minutes' drive and no fewer than 9 airports within 120 minutes' drive from Milton Keynes.
- 5.43 The DfT has produced experimental transport statistics including a measure of travel to airports connectivity for local authority areas. This provides an indicator of relative airport connectivity (a weighted connectivity indicator for travel to airports, data source?). The indicator works on a scale of 0-1 in which Hillingdon has the highest score (1.00 as home to Heathrow) and Cornwall the lowest (0.20). The indicator shows that:
- Milton Keynes has an access to airports connectivity score of 0.58
 - This is similar to comparator areas such as Reading (0.57), higher than Swindon (0.47) but lower than Luton (0.85, with its own airport).
- 5.44 Cranfield Airfield (in Bedfordshire, located 8km from Milton Keynes) has a CAA Ordinary Licence that allows flights for the public transport of passengers or for flying instruction as authorised by the licensee (Cranfield University, situated next to the site). It is used for business aviation, private flights, and for research and development activities.

Digital Infrastructure

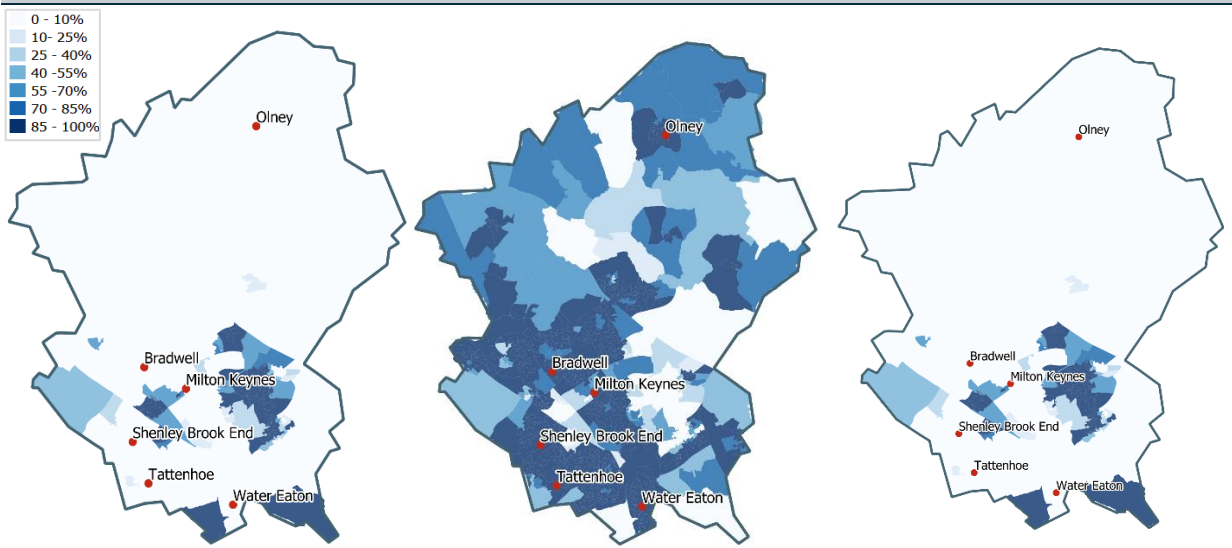
- 5.45 Broadband provision in Milton Keynes has improved in recent years, with a high proportion of residents and businesses able to access full fibre and super-fast broadband. Milton Keynes generally ranks poorly in national ranking statistics, which tend to rely on ultrafast broadband availability, in which Centre for Cities ranked Milton Keynes as the 62nd worst city in the UK in terms of (out of 63 cities). This does not reflect the whole story in Milton Keynes. Out of the 114,791 premises in Milton Keynes:
- 32.7% have access to full fibre²⁴ broadband (against 7.1% nationally)
 - 41.5% have access to ultra-fast²⁵ broadband (against 59.8% nationally).
 - 98.5% have access to super-fast²⁶ broadband (against 96.2% nationally)
- 5.46 The maps below highlight that premises with access to full fibre, superfast fibre or ultrafast fibre tend to be located in the southern part of Milton Keynes.

²⁴ Full fibre broadband uses fibre optic cables to connect a home/business directly to a street cabinet, offering speeds of up to 1Gbps

²⁵ Ultrafast broadband relates to speeds of more than 300Mbps, but less than 1Gbps

²⁶ Superfast broadband relates to speeds of more than 24Mbps, but less than 300Mbps

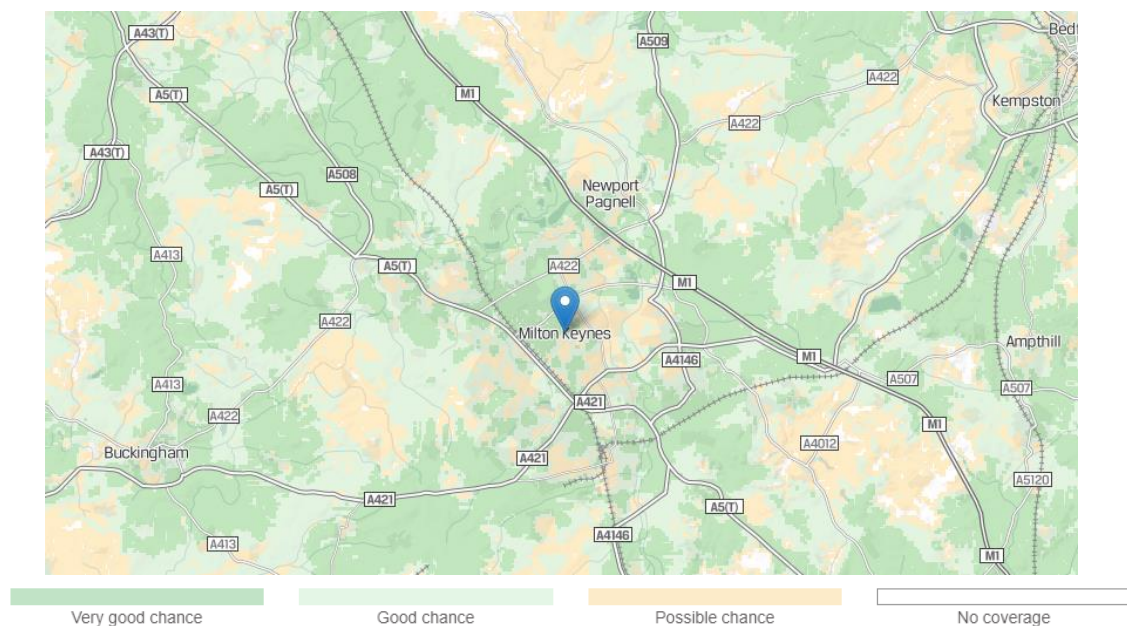
Figure 5.23 Percentage of premises with full fibre, superfast fibre and ultrafast fibre (left to right)



Source: Ofcom, 2018

- 5.47 In a bid to improve broadband provision in Milton Keynes, CityFibre have invested around £40m to roll-out full fibre across the whole city in partnership with Vodafone. This is expected to reach nearly every home and business in the city and provide broadband services of up to 1,000mbps.
- 5.48 The availability of mobile infrastructure is more difficult to track, in part because it does not rely on physical connections and is more easily interfered by physical and man-made objects. Maps showing the coverage of 4G in and around Milton Keynes, shows that the majority of Milton Keynes is able to access 4G in some form. However, there are a number of noticeable areas in which service provision is relatively poor (rated as only a 'possible chance of 4G'), with this being the case in towards the South-West of Milton Keynes, and north of Newport Pagnell.

Figure 5.24 4G availability (provided by EE operator)



Source: Ofcom, Mobile and broadband checker, 2019

CMK Renaissance

Background overview

Of the six projects led by the MK 2050 Commission, the fifth is called “CMK Renaissance”. It represents a programme of sub-projects which aim to create “an even stronger and more successful city centre that is fit for the challenges of the mid-21st century. Through investment in new employment, residential, retail and leisure opportunities, drawing on the benefits that could be created by a new city centre university, and (re)developing vacant or underused buildings and land, Renaissance:CMK will help to create a prosperous city centre and capitalise on our position on the Cambridge-MK-Oxford corridor.”

Renaissance:CMK aims to tackle a series of challenges including:

- the need for businesses to be more diverse and have more mixed commercial/cultural uses;
- the need for more open spaces for events in the city centre, such as civic square or pedestrian-only areas;
- the need for independent and small retailers alongside flagship stores on highstreets, which can bring back into use currently under-use or empty spaces;
- the need for innovative use of shared spaces;
- the need for more attractive and affordable housing.

To answer some of these challenges, Renaissance: CMK has the ambition to provide 435,000 sq ft of new prime office space, over 2,560 new homes, including both affordable and build-to-rent developments, three new hotels, shops, cafés, restaurants and retail. A new marina and canal-side development will complement the refurbishment of the Theatre district.

There are a number of potential positives and negatives that can be generated by Renaissance:CMK, in addition to some opportunities and weaknesses that could be created. These include:

Strengths/opportunities

Development with a commitment to three best practice principles. These are **Innovation** in design and development; **Success** – to generate new opportunities; and **Vibrancy** – to allow for more inclusive opportunities and lifestyles

Weaknesses/threats

- A short-term risk of displacing economic activity by large scale construction in and around the centre.
- Design risk related to the provision of public realm and other spaces
- The potential for MK: U and students to drive out alternative uses and activity
- Accessibility and other issues, related to parking and wider public transport provision.

The impact of greater working from home on future demand for office space / parking

As is mentioned in Plan:MK, around 12,600 residents across Milton Keynes (14% of the population) currently work from home. It can be expected that this number has increased since the 2011 census, especially in light of trends in technology, self-employment and the rise of hot-desking by employees. This also aligns with trends observed at the national level, where 14% of workers (4.4 million) worked mainly from home in 2017, an increase by 35% in the number of home-workers since 2011 (Centre for Cities, 2018).

According to a report by the International Labour Organization (ILO)²⁷, “the expanding use of digital technologies such as smartphones, tablets, laptops and desktop computers for work at home and elsewhere is rapidly transforming the traditional model of work. It can improve work-life balance, reduce commuting time, and boost productivity, but it can also potentially result in longer working hours, higher work intensity and work-home interference”.

As teleworking becomes prominent, it is not only working methods that will change. So too will the nature of work and the skills required. According to Centre for Cities, “while technological innovation and changing working practices provide the opportunity for more and more people to work in different, more flexible ways, the changes to the overall demand for jobs – and for tasks within jobs – are actually going in the opposite direction.”²⁸

Although it is difficult to quantify the true scale of change that will be derived from an increasing shift towards home working, this will have a number of impacts on the current situation:

- People working from home will reduce peak time traffic congestion, improving the flow of traffic and reducing environmental emissions.
- The increasing use of shared, co-working space will improve the efficiency of commercial space, with the ability to offer office space at a higher density than currently. This is particularly the case for businesses within the knowledge-intensive sectors, which are largely dependent on knowledge exchange for their development.
- Increasing levels of homeworking, and co-working, will likely increase the number of co-working operators in the city (and subsequently the demand for office space in the short-term). Companies such as Regus, WeWork and Club Workspace have all grown dramatically in London over the last ten years, and all are expanding nationally.
- Research undertaken by TfL²⁹ found that increases in homeworking meant employers are better able to increase the efficiency of space in their buildings, ensuring that all of the desks are full but that there are more staff assigned to them. This results in the same demand for parking spaces, but with a wider range of people using them.
- A more flexible workforce, particularly those using flexible workspace, will spread the peaks and troughs in parking space demand in Milton Keynes, with people more likely to work earlier and later in the day to meet their personal needs.

²⁷ ILO, *Working anytime, anywhere: The effects on the world of work*, 2017

²⁸ Centre for Cities, *Will working from home mean the end of cities?*, 2018

²⁹ TfL, *Smarter Working Guide*, 2007

6. Future Prospects

Summary

- Milton Keynes is already making strong plans for its future, with the Milton Keynes Futures 2050 Commission producing a report in 2016 entitled “Making a Great City Greater”. The city is implementing the Commission’s proposed vision and is planning on the basis of a 2050 population for the “Metropolitan Milton Keynes” area (covering Milton Keynes and the immediately adjoining areas) of 500,000 people.
- Milton Keynes’ strategic position at the heart of the Oxford-to-Cambridge Arc present it with a number of opportunities for the future, particularly in relation to infrastructure investment across the area, and a move towards a more technology-driven and higher value economy.
- The Milton Keynes economy is not immune to wider macroeconomic factors in the UK economy. At present, the UK economy is undergoing one of its highest periods of uncertainty, largely driven by Brexit. This has impacted on business confidence, investment and trade across the UK, and will be having a bearing on the future of Milton Keynes’ economy.
- Continued cuts to public sector funding, particularly to local government, will impact on the ability of Milton Keynes council to provide services and investment in the future.
- Milton Keynes is expected to continue its recent growth trajectory, with strong growth expected in the population and the number of jobs. Population projections, however, show there is likely to be a rise in the number of people aged over 65, with requiring additional resources in the future to support this ageing population.
- There are a number of significant major business and infrastructure investment expected in Milton Keynes over the coming years, which has the potential to increase the growth trajectory of the city. This includes Milton Keynes University (MK:U, the planned new technology university), the Oxford-Cambridge Expressway and the East-West Rail Link.

- 6.1 This section understands the context in which Milton Keynes’ economy will find itself in the future and examines the growth prospects and potential of the economy to grow moving forward. It examines Milton Keynes’ resilience to near-term risks, and its long-term exposure to changes in the economic structure of the economy.

Preparing for the Future

- 6.2 A number of reports, plans and strategies have been produced to prepare and plan for the future development and growth of Milton Keynes. This section provides a brief overview of some of these key documents.

Making a Great City Greater, Milton Keynes Futures 2050 Commission (2016)

- 6.3 Alongside the Council plan, the Milton Keynes Futures 2050 Commission produced a report in 2016 entitled “Making a Great City Greater”. The Council’s vision is ambitious, aiming to make Milton Keynes “the biggest and most ambitious urban development project seen anywhere in England for several decades”.
- 6.4 The vision set out in this document is guided by six big projects:

- **Project One - Growth and Strategy:** making Milton Keynes the hub of the Oxford-to-Cambridge Arc;
- **Project Two – MK:U, new university:** to promote research, teaching and practice which provide realistic solutions to problems facing fast-growth cities;
- **Project Three – Learning 2050:** a focus on STEM to give students the skills for the future of work and be able to access MK:U;
- **Project Four – Smart, Shared, Sustainable Mobility:** everyone who lives, works, studies and does business in the city is able to move freely and on-demand
- **Project Five – Renaissance CMK:** (Re)create an even stronger city centre fit for the 21st century
- **Project Six – The Creative and Cultured City:** Harness the energy and motivation of the city’s most important asset – its people

6.5 To summarise, the goals of the Commission are to transform Milton Keynes into a locus for advanced technology and global IT firms; entrepreneurial culture; low-carbon and eco-companies; home to an international, creative and innovative urban population, with attractive mixed-use developments.

Council Plan 2016-2022, Milton Keynes Council (2016)

6.6 Milton Keynes Council produced a new plan setting out the future trajectory for the council up to 2022 and a vision to create “a thriving city of 500,000 people, growing to be the greenest and most sustainable city in the world, ensuring a fairer, hardworking and more equal Milton Keynes for all”.

6.7 Three important aims sit behind this vision:

- **A City of Opportunity** – ensuring that every person has the chance to get a good, well paid job and is able to get the skills needed to do it within an economy which has an international reputation for innovation.
- **An Affordable City** – creating communities that can attract, retain and enable people from every background. This includes promoting more affordable good quality housing and creating the space needed for businesses to thrive.
- **A Healthy City** – making Milton Keynes an active, vibrant place with people living long, healthy and fulfilling lives.



Draft Milton Keynes Council Growth Study – Economic Scenarios Research

6.8 This study was produced by Ortus Economic Research and focused on the creation of economic growth scenarios in the areas of Milton Keynes, Aylesbury Vale and South Northamptonshire.

- 6.9 It identifies several key spatial trajectories in the future development of these areas, including:
- Capitalising on the role Milton Keynes can play as a more technology-driven and higher value economy, driving growth at the heart of the Oxford-to-Cambridge Arc
 - Capitalising on the role of town centres and its implications for vitality, transportation and amenities provision
 - Providing employment sectors which currently require large amounts of employment land with opportunities to innovate and design more efficient manufacturing systems and machines
 - Moving towards more collaborative, flexible and shared spaces to better respond to changing ways of working
 - Considering how best to plan future mobility around public transport, employment location and leisure/education flows.
 - Developing an accessible education and skills system

Milton Keynes Council Infrastructure Plan, 2019

- 6.10 This document provides an overview of existing transport infrastructure and transportation patterns in Milton Keynes, while looking ahead to the future by setting out a medium-term transport plan to continue supporting the growth of the city.
- 6.11 Milton Keynes will soon be benefitting from the East-West rail development and the Oxford-Cambridge Expressway.
- 6.12 The council has also been on the frontlines of transport innovation, being home to the Connected Places Catapult, having encouraged the uptake of electric vehicles and supporting the development of a demand responsive public transport and 'Mobility as a Service' business model.
- 6.13 Looking to the future, some of the council's most important strategic objectives relating to transport include:
- Providing good transport connectivity to all
 - Having a well-maintained, free-flowing and efficient transport operation system
 - Maximising the use of technology and innovation to inform traveller and provider options
 - Protecting transport users by protecting the environment and reducing transport pollution

Resilience to Near-term Risks

- 6.14 The prospects for the Milton Keynes economy over the next 3-5 years will be heavily influenced by wider macro-economic factors within the national economy. These are described in more detail below:

Uncertainty in the UK Economy and Brexit

- 6.15 This Local Economic Assessment is written at a time (April 2019) where there is significant uncertainty within the UK economy. A large part of uncertainty has been created by the UK's decision to leave the European Union (EU). On 23rd June 2016 the UK voted in a referendum to leave the EU, with the government at the time promising to

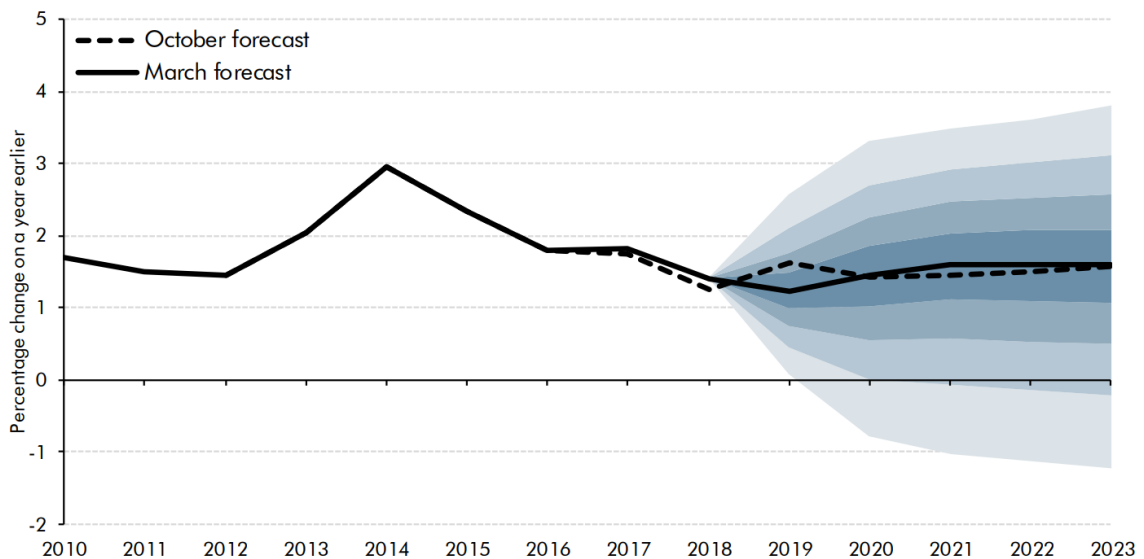
implement the result of this referendum. As a result, on the 29th March 2017, it initiated the official EU withdrawal process (Article 50), which gave the UK two years to negotiate its exit from the EU, and the terms under which it would do this.

- 6.16 At the time of writing, the UK is still negotiating the terms under which it will leave the EU, having got an extension to the Article 50 deadline twice. As the terms are not yet confirmed, this makes it difficult to analyse how Brexit might impact on the Milton Keynes economy.
- 6.17 In the meantime, the uncertainty created by Brexit is already having a number of impacts on the UK economy (and to an extent the Milton Keynes economy):

- **Business Investment** – uncertainty within the business community have seen business investment nationally fall for a second successive calendar year in 2019 – its weakest performance since the financial crisis. Business confidence has also been impacted, with it currently being at the lowest level since the previous recession (according to data from the ICAEW UK Business Confidence Monitor).
- **Foreign Direct Investment** – there has been a drop-off in the number of foreign direct investment projects into the UK since the referendum was undertaken.
- **Exchange Rate** – since the referendum was held, the sterling has depreciated by around 13%. This makes UK exports more competitive in the global market, however it also increases the costs of imports, raising the costs of production for UK-based businesses.

- 6.18 With so much uncertainty within the economy, and no clear indication as to which path the UK will leave the EU, it is extremely difficult to predict the UK's future growth. The Office for Budget Responsibility (OBR) produces its Economic and Fiscal Outlook for the UK Government. This forecast points towards a central GDP growth rate of approximately 1.5-1.7% per annum over the next five years. However, given the current degree of uncertainty, the OBR produces a fan chart to show the potential options going forward. This points towards low growth or a recession but also possibilities of much higher growth going forward.

Figure 6.1 OBR UK Real GDP Growth Fan Chart



Source: ONS, OBR

6.19 With such uncertainties over the UK’s future relationship with the EU, any forecasts for future economic growth in Milton Keynes carry a considerable degree of scepticism, especially in the short term.

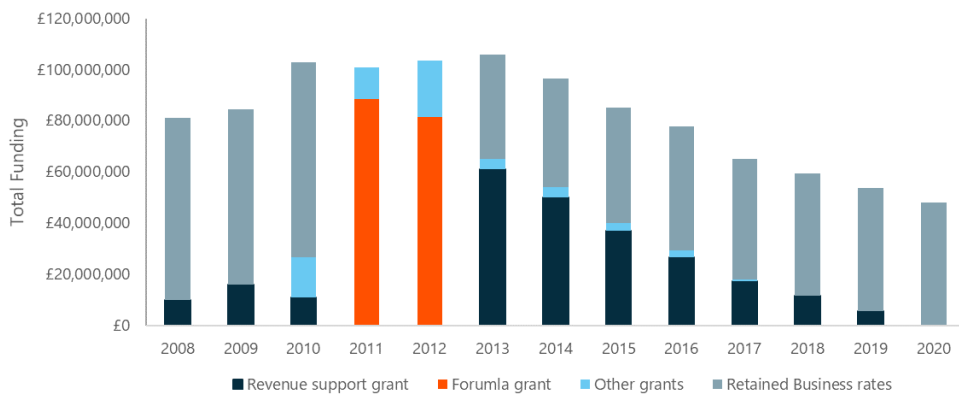
6.20 The macro-economic conditions created by Brexit are also impacting on households nationally and are likely to be impacting residents in Milton Keynes. There are three main ways in which Brexit is likely to impact on households in Milton Keynes:

- **Costs of Living:** The UK experienced rising levels of inflation in 2017, primarily driven by the collapse of the Sterling following the referendum. This has led to a wage squeeze, with the purchasing power of households being reduced. The effect of this is likely to impact more heavily on lower-income households, who spend a greater proportion of their income on food and clothing. Research from the Joseph Rowntree Foundation found that the fall in the value of sterling after the EU referendum result, pushed up inflation by 1.6%pt for households in the bottom quintile of income. This has effectively increased the cost of living for the average UK household by over £400 annually.
- **Job Security:** Increased economic instability will reduce job security, particularly in sectors which are more exposed to the impacts of Brexit. Some work is also likely to become more precarious such as jobs based on zero-hour contracts, many of which pay at, or slightly above, the minimum wage.
- **Income Inequality:** Brexit is expected to have a negative impact on real wage growth as prices across the economy rise faster than real wages (i.e. wages after inflation is considered). This reduces the disposable income available to households.

Continued Public Sector Funding Reductions

6.21 There have been ongoing cuts to public sector funding in light of the increasing level of national government debt that has been accrued. Although the government has made progress in improving the health of public finances since 2010, there is an ongoing commitment to reducing the government deficit (which has now been reduced by four-fifths since 2010). With this, there has been a reduction in central government Spending to local governments. This has had a significant impact on the funding that Milton Keynes Council has received from central government. The latest Budget Books for the Council show that central government Funding has been reduced by 44% since its peak in 2013, and this is expected to continue into the future.

Figure 6.2 Central Government Funding to Milton Keynes Council



Source: Milton Keynes Budget Books, 2008-2018

- 6.22 The ongoing uncertainty around Brexit means that central government funding into the future also remains uncertain, especially if the government needs to intervene in the economy if it suffers from the effects of Brexit.

Automation

- 6.23 Milton Keynes economic sector strengths, particularly within manufacturing and warehousing & logistics make its economy more exposed to the potential impact of automation. From self-service supermarket checkouts to self-driving cars, technology is changing the way in which the economy operates. There is an increasing fear that as production processes become more automated, there will be a rise in 'technological unemployment' in which technology begins to eliminate jobs.
- 6.24 The latest Centre for Cities report entitled "Cities Outlook, 2018" found that Milton Keynes was one of the most exposed cities nationally, with it being at risk of losing up to 22% of its jobs due to automation. This rate was considerably higher than other cities in the Oxford-to-Cambridge Arc, with Cambridge and Oxford at risk of losing only 13% of jobs.

Competition from Other Towns in Oxford-to-Cambridge Arc

- 6.25 The expected infrastructure delivery and associated house building along the Oxford-to-Cambridge Arc will unlock economic growth across the region. Although this is likely to generate benefits for Milton Keynes (particularly in improving access to Oxford and Cambridge), it also opens up new opportunities for towns along the route and the periphery to benefit from improved access to new (or existing) markets.
- 6.26 This might result in the displacement of businesses located in Milton Keynes to benefit from its transport access to move elsewhere as infrastructure is improved and new employment space is unlocked.

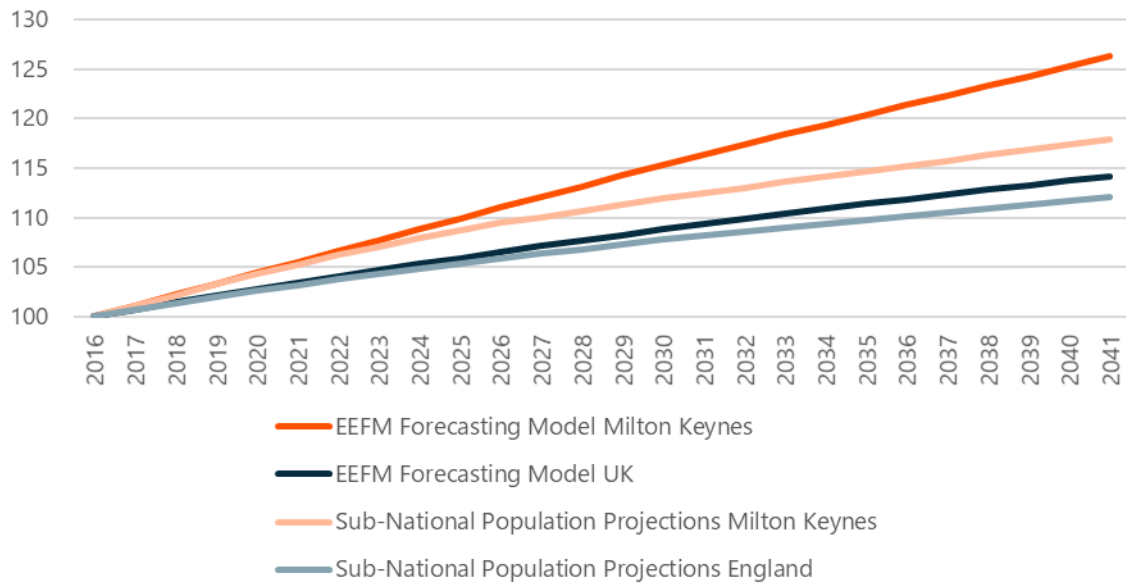
Future Change

- 6.27 Over the long-term, there are a number of clear trends shaping the future of Milton Keynes, particularly in regard to long-term demographic and industrial change. These are considered below, in addition to the impact these may have on Milton Keynes' future trajectory.

Long-term Population Growth

- 6.28 Milton Keynes has undergone rapid population growth since it was designated as a New Town in the 1960s. This growth has continued to this day, and much of it is expected to continue into the future, especially given the ambitious targets set out within the MK:Plan and MK Futures 2050 documents.
- 6.29 To understand how Milton Keynes might continue to develop in the future, two different population projections have been analysed. This includes the official Sub-National Population Projections (SNPP) produced by the ONS and those developed by Cambridge Econometrics for the East of England Forecasting Model (EEFM).
- 6.30 There is a degree of variation between the two forecasts. It is expected that by 2036:
- The EEFM projects a population of 320,900.
 - The SNPP projects a population of 306,800.

Figure 6.3 Population Projections for Milton Keynes, 2016-2041



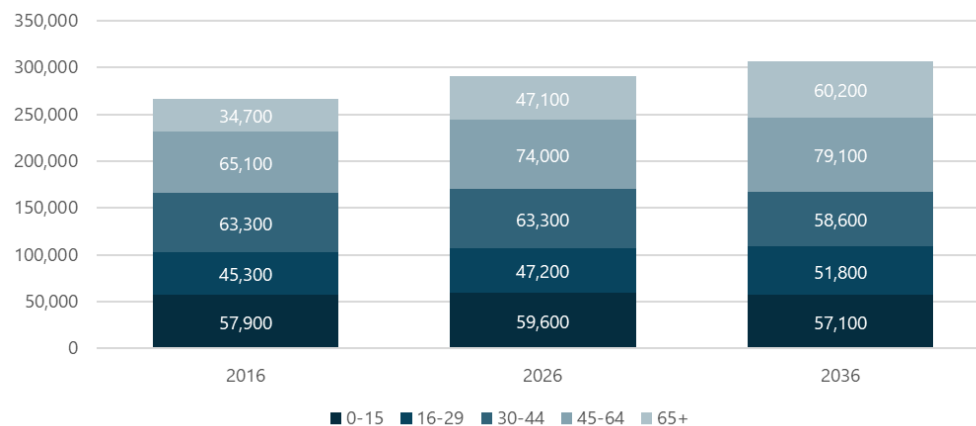
Source: ONS SNPP, 2016-based; East of England Forecasting Model, 2017

Ageing Population

6.31 When assessing the population growth that is expected in Milton Keynes, it is important to understand how the age structure of the area might change in the future. The ONS SNPP provides data showing how the age profile is projected to change in the future, with highlights being:

- The number of people aged 0-15 in Milton Keynes is expected to decline by 1% between 2016 and 2036.
- The number of people aged 30-44 in Milton Keynes is also expected to decline over the same period by 7%.
- The number of people aged over 65 is expected to increase dramatically, with 73% more people in this age group in 2036 compared to 2016.

Figure 6.4 Population Growth by Age Group, 2016-36

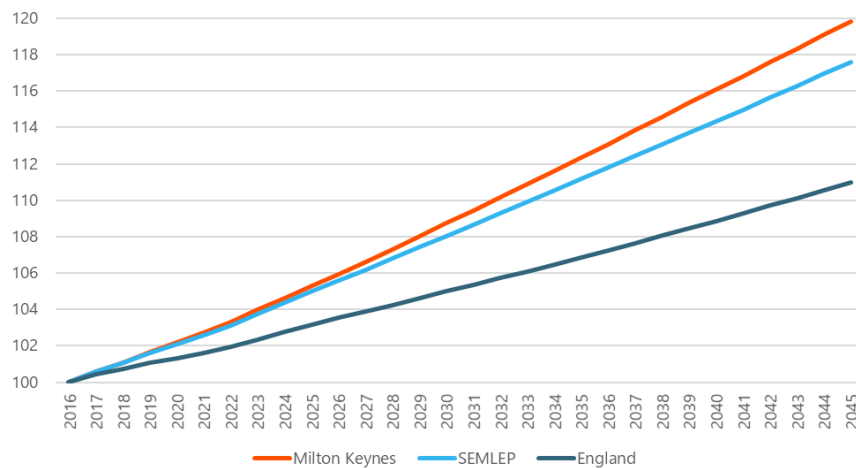


Source: ONS SNPP, 2016-based

Projected Employment Growth

- 6.32 Forecasts developed by Cambridge Econometrics for the EEFM also provide information on the employment projections for Milton Keynes. These employment projections project that Milton Keynes' recent economic growth will continue into the future, with employment growth of 20% over the next 30 years. This is slightly above the rate of growth projected across the SEMLEP area (18%), and considerably above the national rate of growth expected (11%).
- 6.33 These employment projections are based on past trends and are therefore not 'policy-on' projections. Milton Keynes Council (through its ambitions in MK Futures 2050) is striving to make major interventions to generate employment growth beyond the trend level.

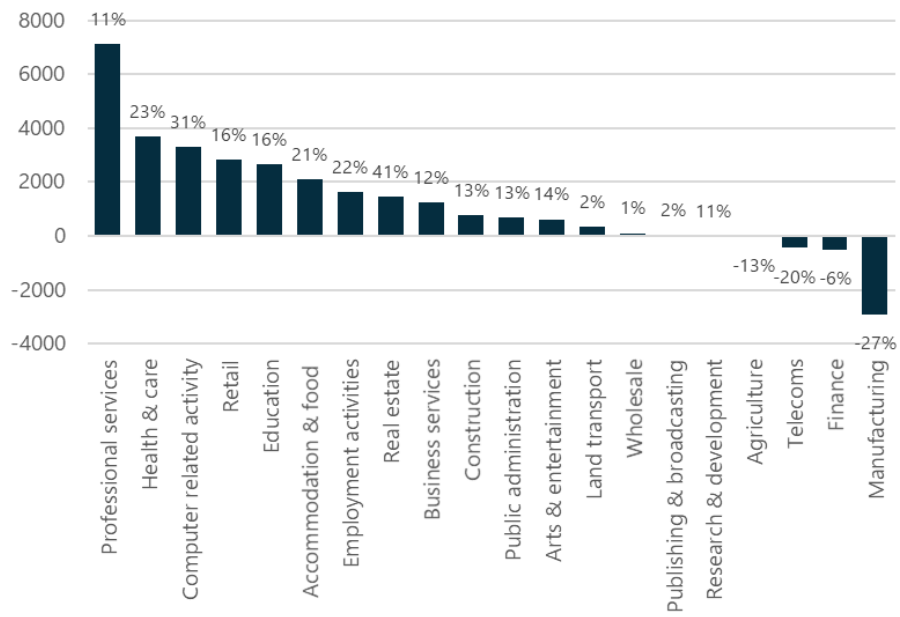
Figure 6.5 Projected Employment Growth, 2016-45



Source: East of England Forecasting Model, 2017

- 6.34 The EEFM model also projects how the sector composition is likely to change in Milton Keynes over the next 20 years. With nearly 25,000 new jobs projected to be created in Milton Keynes by 2036, it is expected that this growth will occur in:
- Professional services (7,140 additional jobs, 11% more than at present)
 - Health & care (3,680 additional jobs, 23% more than at present)
 - Computer related activity (3,300 additional jobs, 31% more than at present).
- 6.35 There are also a number of sectors in which employment is expected to decline. This includes:
- Manufacturing (a loss of 2,900 jobs or 27% of current jobs)
 - Finance (a loss of 520 jobs or 6% of current jobs)
 - Telecoms (a loss of 440 jobs or 20% of current jobs)
- 6.36 These projections are trend-based, and so a degree of scepticism should be applied to these. For example, although it was expected that the number of finance jobs was expected to decline, Milton Keynes has recently attracted investment into the city within this sector (e.g. Goldman Sacs and Santander), which is expected to boost jobs within the sector.

Figure 6.6 Projected Employment Growth and Decline in Milton Keynes, 2016-36



Source: East of England Forecasting Model, 2017

Significant Projects Planned for Milton Keynes

- 6.37 There are a number of large projects planned within Milton Keynes, which are likely to have a significant impact on the future trajectory of the Milton Keynes economy (in many cases for the better). These are described in more detail in the table below:

Development	Description
Milton Keynes University (MK:U)	The creation of MK:U is a significant opportunity to influence the skills base in Milton Keynes. The council is working in partnership with Cranfield University to develop the university, which is initially planned to cater for 5,000 students with the first arriving in 2023. Cranfield University is delivering the project in collaboration with educational, technological and industrial partners including Grant Thornton, MK College, Microsoft and Tech Mahindra. It is expected the University will focus on courses around technology, including digital, cyber, autonomy, robotics and artificial intelligence.
Santander Tech Hub	Santander unveiled plans for a state-of-the-art 473,000 sq ft tech centre in Milton Keynes to support its long-term growth strategy, representing an investment in excess of £150m in the town. The new Milton Keynes campus will act as the bank's UK digital technology hub, which is expected to be home to over 5,000 staff.
Bletchley Institute of Technology	A consortium led by Milton Keynes College, including partners such as Microsoft and City & Guilds, is planning to develop an £18m Institute of Technology at the historic Bletchley Park. The institute will offer a range of technology and computing courses for students in Milton Keynes.
New City Place	A partnership between Milton Keynes Development Partnership and Sterling Property Ventures, is designed to provide class-leading office and living space within CMK. Current proposals would make this the tallest building in the city at 12 storeys high and feature 173,000 sq. ft. of offices above a piazza of shops, cafés and restaurants

Key Infrastructure Projects

- 6.38 There are a number of significant infrastructure projects happening in and around Milton Keynes which are likely to have an impact on the area's economy going forward. These all impact on the relative strengths and weaknesses of doing business in Milton Keynes, and therefore have a knock-on effect on the area's trajectory going forward. The following table sets out some of the key infrastructure projects going forward:

Infrastructure Project	Description & Implications for Milton Keynes
A421 Dualling (Eagle Farm Roundabout to Junction 13)	Committed £31m, expected to open in 2020.
Smart Motorways J13-19	Under construction. Will help to improve the flow of traffic along the M1 between Junction 13 (Milton Keynes South) and the Junction with the M6.
Oxford-Cambridge Expressway	Possible. Would improve journey times between MK and the main urban centres across the Oxford-to-Cambridge Arc. Would improve the potential for MK to be a logistics and employment centre, but has the potential to widen the commuter area, particularly to towns which have a worse housing affordability problem than MK.
East-West Rail Link – reopen rail routes via Bletchley east to Bedford and west to Oxford	Likely. Open rail connectivity for new commuter links and wider travel. Improve MK as commuter destination so potential to attract new employers and jobs. But also boost attraction of other towns such as Bedford. Substitute road travel. Currently it is expected that the Bedford/Milton Keynes to Oxford stretch will open in 2023, with the Milton Keynes to Aylesbury connection due to open in 2024. A preferred route for the central section is still being developed between Bedford and Cambridge but is expected to be delivered in the 'mid-2020s'.
High Speed 2	Possible but long term. HS2 not stopping at MK – risk of reducing MK significance relative to Birmingham and cities on HS2 route. But may increase north/south rail commuting capacity for MK. The construction of HS2 is likely to create significant disruption (particularly around weekends and holidays) to services going in and out of Euston station (the southern terminus). This may impact on the ability of residents to get into London for leisure (and business) purposes.
Luton Airport Expansion	Likely. Recently announced a £160m expansion to increase its capacity by 50% allowing it to welcome 18 million passengers by 2020. Also includes a new light rail system to improve connectivity to Midland Mainline. Will increase the number of international connections for residents and businesses.
Heathrow Airport Expansion	Possible. Under Consultation. The House of Commons has voted in favour of a new runway at Heathrow Airport which may improve air cargo and passenger connectivity for MK, but also become a competitor for logistics firms.
CityFibre Rollout	Roll-out of fibre-to-the-premises ultrafast broadband to businesses and residents. £40m+ investment. Will improve digital connectivity for Milton Keynes residents & businesses, helping improve the attractiveness of the area.

This document was produced in partnership by Milton Keynes Council & Hatch Regeneris

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