



Milton Keynes City Council: Housing and Economic Development Needs Assessment 2023

Report of Findings

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Executive Summary

Introduction

1. Milton Keynes City Council appointed Opinion Research Services (ORS) and Hardisty Jones Associates (HJA) to jointly prepare a Housing and Economic Development Needs Assessment (HEDNA). The study provides robust evidence about the need for housing (both market and affordable) and employment over the period 2022-2050.
2. The first section of the study report sets out the existing local context. The second section of the report sets out the Local Housing Needs Assessment. The final section of the report sets out the Economic Development Needs Assessment:

Local Housing Need

3. The National Planning Policy Framework (NPPF) Paragraph 60 identifies that Local Plans should support the Government's objective of significantly boosting the supply of homes. The "*standard method in national planning guidance*" sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. The responsibility for establishing housing need rests with the local planning authority, this is constrained to a minimum figure that is determined centrally by the Government.
4. When considering the need for affordable housing, it is important to recognise that the NPPF introduced a new definition in 2018. Whilst affordable housing was previously for households "*whose needs are not met by the market*", the current definition also includes "*housing that provides a subsidised route to home ownership and/or is for essential local workers*".

Economic policy

5. The NPPF and Planning Practice Guidance (PPG) set out the policy need for, and guidance on how to prepare, evidence to support economic development and growth, with a particular focus on ensuring sufficient land to meet evidence based need.
6. Local and regional policy sets out ambition, drivers of change and areas of focus reflective of the specific context of Milton Keynes and the broader SEMLEP area. The Milton Keynes Strategy for 2050, in particular, sets out a clear ambition for the Greater Milton Keynes area to grow in terms of both its population and economic base, capitalising on its strong innovation and technology ecosystem.

Overview of the Area

7. A Housing Market Area (HMA) is a geographical area defined by household demand and preferences for different types of housing, reflecting the functional linkages between places where people live and work. In 2015 ORS delivered the "*Housing Market Areas in Bedfordshire and surrounding areas*" report on behalf of Central Bedfordshire Council, Bedford Borough Council, Luton Borough Council, Milton Keynes Council, North Hertfordshire District Council, Stevenage Borough Council, and Aylesbury Vale District Council.

8. Its conclusions was that, Milton Keynes has its own HMA, which covers:
 - » **Milton Keynes UA** in its entirety;
 - » **Central Bedfordshire UA**: a very small area covering the settlement of Leighton Buzzard;
 - » **West Northamptonshire UA**: a very small area covering a handful of very small rural settlements;
 - » **Buckinghamshire UA**: a reasonably substantial area, covering the northern part of what would have previously been defined as Aylesbury Vale District.
9. In practical terms, Milton Keynes City Council can be considered to be a self-contained HMA, with neighbouring councils also all working to their own local authority boundaries. This in turn allows neighbouring authorities to work on their own local authority level plans without complications created, for example, by areas of Central Bedfordshire lying in the Milton Keynes HMA.
10. Similarly, the Functional Economic Market Area(s) (FEMA) for Milton Keynes has been considered on the basis of the guidance set out in PPG as well as documentation from the Planning Advisory Service and Department for Communities and Local Government. At the sub-regional level Milton Keynes plays a role as a key service and economic centre within the SEMLEP area, with the largest office market and strong industrial and logistics market, and key role as a leisure and retail centre. In terms of travel to work there are very strong linkages within the Milton Keynes administrative boundary as well as clear relationships in multiple directions to surrounding towns, which then form a network with other locations, reflecting the complexity of such patterns. The conclusion of the review is that it is appropriate to primarily focus on the Milton Keynes administrative area.

Demographic Trends

11. The resident population of Milton Keynes was recorded as 287,100 persons at the time of the 2021 Census. This follows growth of 80,000 persons in the preceding 20 years. The strategic ambition for the Milton Keynes Growth Area is to reach a population of half a million residents by 2050, with 410,000 persons resident within the Milton Keynes administrative area. This would require population growth to be sustained at the level achieved over the previous 20-year period.
12. The resident population of working age has risen in absolute terms but fallen as a proportion of the total population in the period 2015-20 with expectations that this trend will continue, due to the rise in the older population (65 years or over). Nevertheless, the proportion that is working age is higher in Milton Keynes than the averages across the South East and England. Average household size has risen marginally over the 2001-21 period. However, projections anticipate this will fall over the preceding 20-year period.

Labour Market Trends

13. Economic activity rates and employment rates are generally higher than the averages in the South East and the UK, with unemployment rates also staying below regional and national averages. However, there has been a gradual trend towards alignment with regional averages over recent years. Overall there is no evidence of significant 'slack' in the Milton Keynes labour market.
14. Milton Keynes has marginally lower levels of its population with higher order qualifications compared to regional and national averages. However, it also has a lower proportion with no qualifications, indicating a higher proportion with low and intermediate qualifications.

Economic Trends

15. Milton Keynes has performed strongly in economic terms over the past decade. GVA growth is ahead of all of the Core Cities and Fast Growth Cities comparators. Employment growth is ahead of 13 of the 16 comparators and population growth ahead of 11 of the comparators. Milton Keynes is scored highest within the UK Competitiveness Index in comparison to these same comparator cities, and 24th of all 362 local authority areas in the UK.
16. Analysis of sector level performance, drawing on GVA, employment and business data shows strength across a broad range of sectors. This reflects the strong performance of Milton Keynes and its excellent connectivity which are attractive to a variety of activities. Significant strength across a range of indicators is identified for transport and storage; wholesale; financial and insurance; professional, scientific and technical activities; and administrative and support services. There are also strengths in manufacturing; information and communication; education; health; and the leisure economy. These sectors show a strong foundational economy, a range of high value strengths as well as additional areas of competitive advantage.

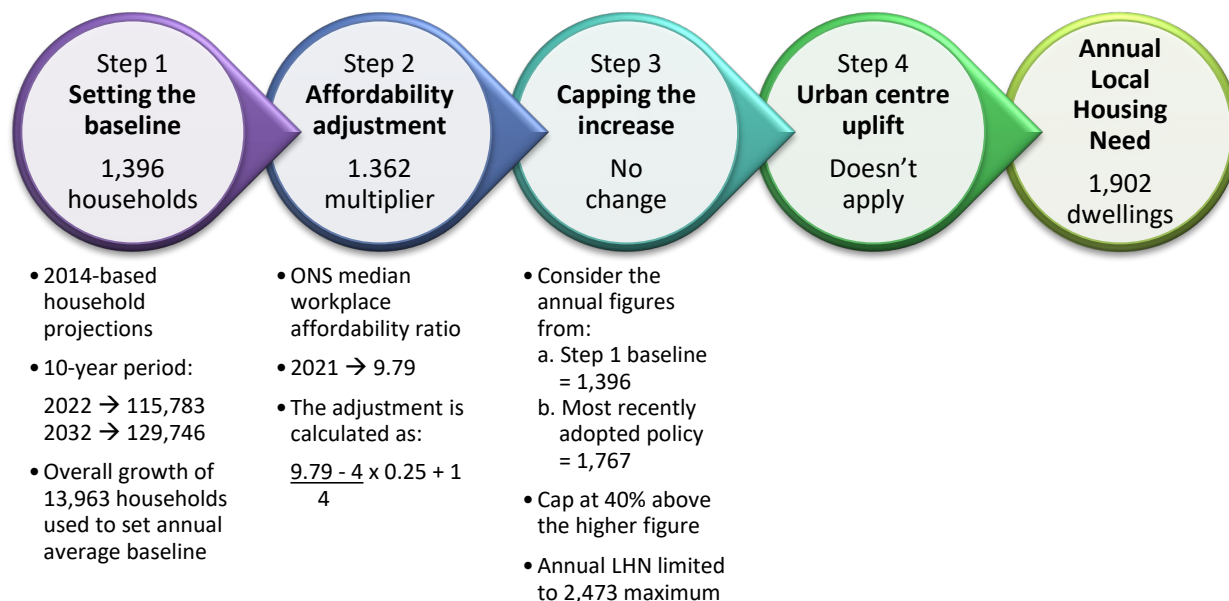
Commercial Market Trends

17. Milton Keynes is one of the major office locations in the M1 corridor with a significant stock of space, a host of multinational occupiers and HQs, excellent connectivity and a highly skilled workforce.
18. In common with other areas, the Covid-19 pandemic has had a major impact on the office market, but Milton Keynes has fared better than most other south-east market locations. Take-up levels have been muted, due to a lack of larger transactions and a shortage of Grade A supply. The market is expected to become increasingly polarised with demand for best-in-class space and a more challenging environment for ageing office buildings that require refurbishment or repurposing – of which Milton Keynes has a substantial stock. Viability of new development is also likely to remain challenging.
19. Milton Keynes has become an increasingly strong industrial and warehousing location, and is now home to many leading occupiers base on excellent transport links, abundance of speculative development and highly skilled workforce. In contrast to the office market, the Covid-19 pandemic created a ‘race for space’ with record levels of demand for industrial and particularly warehousing space. This has pushed up rents by approximately 15%. The strength of demand has put pressure on supply with an acute shortage of units at present.

Objectively Assessed Housing Need

20. The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure.
21. Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20201216] the minimum annual Local Housing Need figure can be established as follows. Based on these calculations, the minimum Local Housing Need figure for Milton Keynes is currently 1,902 dwellings per year.

Figure 1: Annual Local Housing Need for Milton Keynes based on the Government's standard method calculation



22. Although the standard method calculation is informed by the 2014-based household projections, the affordability adjustments results in the LHN figure being notably higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation.
23. The HEDNA has tested three primary scenarios for housing need:
- » Scenario 1: demographic baseline, based on the household projection-based housing need
 - » Scenario 2: standard method calculation, based on 1,902 dwellings each year
 - » Scenario 3: aspirational growth, based on reaching 410,000 persons resident in the LA by 2050.
24. Dwelling-led demographic projections can result in a larger or smaller resident population, depending on the assumptions taken about household formation and the resulting average household sizes. In other words, the same number of homes could accommodate fewer people living in smaller households, or more people as larger households. The HEDNA has tested two secondary scenarios based on the standard method local housing need:
- » Scenario 2a: increased household formation for residents aged under 45, assuming that household representative rates are no lower than the rates recorded in 2001 for each age group
 - » Scenario 2b: household formation based on the household representative rates projected by the official ONS 2018-based household projections.
25. Both scenarios are based on delivering the same number of homes (1,902 dpa) but the differing assumptions about household formation impact on the projected population in terms of the number of persons and the associated number of workers (i.e. the economically active population).

26. The key outputs from each of the housing need scenarios are set out in Figure 2

Figure 2: Key outputs from the HEDNA housing need scenarios (Source: ORS model)

	Scenario 1 Demographic baseline with 10-yr migration	Scenario 2a LHN increased household formation	Scenario 2b LHN with ONS household formation	Scenario 3 MK2050 target for 410k residents
Annual average dwelling growth	1,173	1,902	1,902	2,265
Total 28-year dwelling growth	32,800	53,200	53,200	63,400
Population projected in 2050	333,300	363,500	384,400	410,000
Economically active population growth	19,800	37,100	49,100	63,100
Supported jobs growth	24,900	46,600	61,700	79,400

27. Milton Keynes continues to be a growing city whereas many of the most populated cities and urban centres are far more established. Nevertheless, this continued growth – and the availability of new homes – suggests that household formation may not be constrained in this local area to the same extent as elsewhere.
28. Given this context, the HEDNA has adopted Scenario 2b as the preferred basis for future housing need in preference to Scenario 2a. This assumes the current standard method local housing need figure of 1,902 dpa and accepts that future household formation is most likely to reflect the official rates projected by the 2018-based projections.
29. The HEDNA has considered whether there are exceptional circumstances to justify departing from the standard method in Milton Keynes. The evidence shows that the standard method tracks previous growth rates in Milton Keynes very well, so that is not a clear case for either a lower or higher housing figure in the area, but this would not limit the council to pursuing a higher target rate of growth as part of policy on housing requirement.

Establishing Need for Affordable Housing

30. To assess the current need for affordable housing, the HEDNA identified the number of households who are not suitably housed and who are unable to afford market housing. These include: all households that are currently homeless, those who are currently housed in temporary accommodation, concealed families living as part of another household, households overcrowded in social or private rent, and people otherwise not counted who are in a reasonable preference category on the housing register.
31. Based on a detailed analysis of the past trends and current estimates of households considered to be housing need, our analysis has concluded that an estimated **3,927 households in Milton Keynes are currently living in unsuitable housing and are unable to afford their own housing**. Of these households, 1,413 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 2,514 households in Milton Keynes (3,927 less 1,413 = 2,514) that currently need affordable housing and do not currently occupy affordable housing** (although a higher number of new homes may be needed to resolve all the identified overcrowding).

32. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future; and households that can afford market rents but aspire to home ownership. The following table (Figure 3) summarises the overall impact of:
- » new households adding to housing need,
 - » the households no longer present reducing housing need and
 - » the changes in circumstances impacting existing households.

Figure 3: Summary annual components of Household Growth in Milton Keynes 2022-50 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	6,708	4,256	2,452
All households no longer present	4,935	3,095	1,840
Change in existing households	-	274	-274
Future affordable housing need 2022-50 (Annual average)	+1,773	+1,436	+337

33. Overall reviewing the contribution of each element amounts to an additional 337 households needing affordable housing in Milton Keynes annually over the 28-year period 2022-50.

Needs of Households Aspiring to Homeownership

34. The Government have placed an emphasis on households that cannot afford to own their home reflecting concerns that the proportion of owner occupiers has reduced nationally over the last 20 years. One unexpected consequence of current policy is that households in the Private Rented Sector (PRS) who aspire to home ownership and can afford affordable home ownership are designated as being in housing need of affordable home ownership. At the same time, households in the PRS who can afford private sector rent but cannot afford affordable home ownership are designated as being adequately housed.
35. Figure 4 brings together the information on assessing the unmet need for affordable housing in 2022 together with the future need for affordable housing and those aspiring to home ownership arising over the period 2022-50. On this basis, the HEDNA concluded that the overall need for affordable housing in Milton Keynes comprised a total of 25,914 households over the 28-year period 2022-50: an average of 926 per annum.

Figure 4: Assessing total need for affordable housing 2022-50 – Milton Keynes (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	Households unable to afford	Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2022	2,514	6,077	8,591
Future housing need 2022-50	9,450	7,873	17,323
TOTAL HOUSING NEED	11,964	13,950	25,914

36. Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could afford homeownership products if they were provided.

37. Figure 5 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. It is important to recognise that no 3 or more-bedroom properties are taken forward because they sit over the affordability cap for First Homes.

Figure 5: Affordable homeownership housing mix by household affordability in Milton Keynes 2022-50 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	1,655	132	1,522	646	876	492	387
2 bedrooms	5,706	174	5,532	3,000	2,533	1,578	957
3 bedrooms	5,315	135	5,180	2,759	2,421	1,700	719
4+ bedrooms	1,276	0	1,276	798	478	306	171
TOTAL	13,950	440	13,509	7,202	6,308	4,076	2,233

38. On this basis, there are estimated to be 2,233 households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. This is 16% of the total 13,950 that was originally identified.
39. Whilst it will be a policy decision as to how much of the need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 2,233 households likely to form an effective demand (i.e. those able to afford the various products that will potentially be available) in addition to the 11,964 households unable to afford to rent or own market housing. Figure 6 provides a breakdown of the planned affordable housing on this basis.

Figure 6: Overall need for Affordable Housing 2022-50 in Milton Keynes, including households aspiring to affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	1,663	387	2,050
2 bedrooms	3,350	957	4,307
3 bedrooms	5,653	719	6,372
4+ bedrooms	1,298	171	1,469
TOTAL HOUSING NEED	11,964	2,233	14,197

40. The HEDNA therefore identifies an overall affordable housing need from 14,197 households over the 28-year period 2022-50, equivalent to an average of 507 per annum. This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property.

41. As noted above, the potential demand for affordable home ownership products amounts to 13,950 households, but the modelling shows that only 2,253 of these households will be able to access First Homes. This leaves 11,700 households who may wish to own in Milton Keynes, but will not find First Homes suitable for them. This has a number of important policy implications:
- » National policy, as set out in the NPPF paragraph 65 states that, “Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership...”. However, the level of need from First Homes doesn’t reach the 10% threshold;
 - » Also, First Homes guidance proposes that 25% of all affordable housing should be delivered as First Homes. However, First Homes do not form 25% of the affordable need in Milton Keynes; and
 - » A significant number of households who aspire to own cannot have their need met by First Homes because the mortgage will be too expensive for them, or they require too high a deposit.
42. All three outcomes describe above are not uncommon across England as whole, but the gap between newbuild and second hand house price in Milton Keynes makes the situation particularly stark. However, Milton Keynes has been the pioneer of Shared Ownership housing in England, and this may represent a more accessible option for home ownership in the city. Therefore, while national policy concentrates upon First Homes, alternative products such as existing Shared Ownership schemes may be a more realistic route into home ownership for many households.

Establishing Overall Housing Mix

43. Figure 7 shows the outcome of applying a vacancy rate to the summary of households in Figure 6, and further disaggregating aspire to homeownership into those that can afford First Homes with a 30% discount and those that can afford First Homes with a 50% discount, but not with a 30% discount. The category labelled unable to afford market rent includes both Social and Affordable Rent. The figures also include market needs which represents the need for Use Class C2 bedspaces, such as care homes, equalised to dwellings.

Figure 7: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in Milton Keynes 2022-50 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing to rent Social Rent	Affordable Housing to rent Affordable Rent	Affordable homeownership First Homes with 50% discount	Affordable homeownership First Homes with 30% discount	Total Affordable Housing	Total Market Housing	Total Housing
1 bedroom	1,448	231	152	239	2,070	2,300	4,370
2 bedrooms	2,441	940	966	0	4,347	3,160	7,507
3 bedrooms	4,089	1,617	725	0	6,431	21,059	27,491
4+ bedrooms	950	360	172	0	1,483	11,034	12,517
ALL DWELLINGS	8,929	3,148	2,016	239	14,331	37,554	51,885
PERCENT OF ALL DWELLINGS	17%	6%	4%	0.5%	28%	72%	100%
Allowance for C2 provision		-	-	-	-	1,360	1,360
LHN	8,929	3,148	2,016	239	14,331	38,914	53,245

44. In terms of the policy implications, the overall need for affordable housing is 28%, while the current policy in Milton Keynes seeks 31% affordable housing. However, it is important to recognise that:
- » Not all sites will deliver affordable housing, with sites of 11 units or fewer not expected to provide affordable housing;
 - » Currently under-delivery exists on some sites, so not all large sites will necessarily deliver 31% affordable housing;
 - » The figures will address all existing backlog in affordable housing need, but will not reduce the number of households claiming housing benefit in the private rented sector;
 - » Around 11,700 more households will aspire to own, but will not be able to access First Homes, so there is a case for providing more Shared Ownership.

Housing for Older People

45. The UK population is ageing, and people can expect to live longer healthier lives than previous generations. For Milton Keynes, the current population of 17,500 persons aged 75+ requires around 4,400 specialist homes based on standard toolkit rates, whilst there is an existing stock of around 2,600 specialist older person homes. This results in a current unmet need of around 1,800 homes.
46. The projected increase in population results in a need for an additional 6,200 homes by 2050 based on the same standard formula, resulting in an overall need for 8,000 specialist homes for older persons.
47. The model assumes a continuation of current types of housing for older people, although it is unclear if older people will aspire to these types of specialist housing in the future. Some types of specialist housing are already experiencing lower demand, and other, newer types of provision may appear to meet changing aspirations in the future. The policy aim of supporting people at home for longer along with assistive technology could also reduce or alter demand.
48. In practice, the level of delivery identified as being required is likely to represent a significant challenge. However, it is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix.

Housing for People with Disabilities

49. The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. For dwellings, three standards are considered in guidance:
- » M4(1) Category 1: VISIBLE dwellings – Mandatory, broadly about accessibility to ALL properties
 - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
 - » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.
50. In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.
51. Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

- » It is estimated that there were around 32,100 households living in Milton Keynes in 2022 with one or more persons with a limiting long-term illness or disability. In around 22,300 of these households, this does not affect their housing need, but in around 9,800 households an illness or disability does impact on housing need.
 - » Amongst those households where it does affect housing needs 8,000 households are already living in a suitable home (having moved or made adaptations). This leaves 890 households needing adaptations to their current home and 889 households needing to move to a more suitable home. The 889 households needing to move represent an existing **unmet need** either for M4(2) housing or, given that some may actually be wheelchair users, for M4(3) housing.
52. Therefore, considering the needs of households resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 21,522 households either needing adaptations to their existing housing or suitable new housing to be provided. This is in addition to the 889 households needing to move and the 890 households needing adaptations based on their current health at the start of the Plan period.
53. To provide M4(2) housing for all of the identified need would require housing for up to 23,311 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock. Based on the housing mix in Milton Keynes, it is likely that around 12,700 will live in dwellings that could be converted to meet the M4(1) standard.
54. On this basis, we could assume that at least 9,680 households need to move to adapted or adaptable housing, including the 889 households identified as needing to move at the start of the Plan period. The need for 9,680 adapted homes represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing.
55. The number of households likely to need wheelchair adapted housing in Milton Keynes is likely to increase by 3,010 over the 28-year period. This amounts to 5% of the dwelling target over the same time period, so would suggest a need for 5% of new dwellings to be built to M4(3) standard.
56. Earlier analysis of housing for older people identified a need for around 8,000 specialist older person housing units for households aged 75 or over in Milton Keynes. Whilst not all over 75 households needing wheelchair adapted housing will live in specialist older person housing, it is likely that up to a quarter of those living in specialist older housing could need wheelchair adapted homes. On this basis, it may be appropriate to adopt higher targets for specialist accommodation for older people that is also wheelchair accessible. This could reduce the proportion of general needs housing that would need to meet the M4(3) Category 3 requirements.

Economic Forecasts and Scenarios

57. Two sets of economic forecasts for the period to 2050 have been purchased from Oxford Economics (OE) and Experian. These show a significant degree of divergence in terms of future expectations. OE expect a very modest level of future employment growth compared to Experian forecasting a level of growth closer to historic trend.
58. Following a sector by sector review of the data it is determined that the OE projections take a very pessimistic view of future growth. On the basis of the forecast data, stakeholder consultations, policy ambition and recent historic performance the 'mid-point' between the two baseline forecasts is adopted as the most pessimistic 'low' growth option. The Experian forecast is adopted as the most optimistic 'high' growth option. A further 'mid' scenario has been developed which sits between the low and high scenarios. These scenarios broadly align to the MK2050 Covid adapted growth scenarios and the projected labour supply emerging from the housing need scenarios, as summarised in Figure 8 below.

Figure 8: Comparison of economic scenarios and housing needs scenarios

Scenario	2022–2050	
	Total change	Jobs per annum
Economic scenarios		
Low	43,600	1,600
Mid	59,600	2,100
High	75,700	2,700
Housing need scenarios (based on Figure 49)		
Scenario 2a	46,600	1,700
Scenario 2b	61,700	2,200
Scenario 3	79,400	2,800
MK 2050 Covid adapted scenarios		
Low	50,000*	1,700
High	90,000*	3,100

* MK2050 total change in employment for period 2021-2050

Employment Sites & Premises Requirements

59. The assessment of future employment sites and premises requirements takes account of the needs arising from employment and economic growth as well as the commercial market imperatives to maintain a stock of suitable and fit for purpose premises.
60. A large proportion of future employment growth is anticipated to fall outside the 'traditional employment uses' (i.e. E(g)(i-iii), B2 and B8). This includes employment within the retail, leisure, health, education and other services sectors, as well as homeworking and itinerant jobs. Approximately 33% - 40% of employment

growth is anticipated to fall within the 'traditional employment uses', predominantly offices and warehousing.

61. However, there will continue to be a substantial requirement for new industrial premises in order to meet the needs created through churn in the economy, changing occupier requirements, and replacing stock that is lost from the current supply through obsolescence and other factors. These replacement requirements, which also effect office and warehousing sectors are significant in absolute terms, particularly given the large proportion of existing supply in Milton Keynes which is ageing and anticipated to reach functional obsolescence within the forecast period. Allowance also needs to be made to ensure choice and flexibility, as well as for the potential to reuse and redevelop existing employment sites within the forecast period.
62. A number of the variables within the analysis are subject to uncertainty, as is any forecast based analysis. As a result sensitivity testing has been used to take account of potentially variable levels of hybrid working, the need to replace obsolete stock and employment site re-use.

Office Requirements

63. Future office requirements are estimated in the range of 447,000 – 520,000 sq m over the period 2022-2050, with a midpoint estimate of 483,000 sq m. After allowing for the sensitivity tests the midpoint requirement increases slightly to 489,000 sq m, however, the various sensitivity tests largely offset one another.
64. Historic levels of office development in Milton Keynes are very closely aligned to the low end of the range. Achieving the midpoint estimate would require a 9% uplift on historic activity and an 18% uplift to achieve the high scenario. It is the mid and high scenarios which more closely align to current economic ambitions for Milton Keynes.
65. There are no formal office allocations within the current PlanMK, however, the Central MK area is identified as the primary location for the majority of office space. Analysis suggests a potential supply of approximately 50,000 – 60,000 sq m, which highlights the need to identify significant additional office development capacity, particularly within CMK.

Industrial Requirements

66. Future industrial requirements are estimated to range from 71 – 91 hectares, with the midpoint estimate at 81 hectares. After applying the sensitivity tests the midpoint increases to 112 hectares, showing the pressures to be significantly upwards.
67. Historic levels of general industrial development are well below the low end of the estimated range. On this basis any of the scenarios considered will require a step change in levels of development activity. This uplift is predominantly driven by the need for higher levels of replacement of obsolete stock through the Plan period.

Warehousing Requirements

68. Future warehousing and logistics requirements are estimated to range from 350 – 418 hectares, with the midpoint estimate at 384 hectares. After applying the sensitivity tests the midpoint increases to 470 hectares, showing the pressures to be significantly upwards.

69. Consideration of larger than local analysis undertaken as part of the SEMLEP Warehousing and Logistics Study (2022) indicates the Milton Keynes requirements emerging from this HEDNA could account for 16% - 27% of the SEMLEP need. There is no agreed approach for how the SEMLEP wide requirements should be apportioned, but an initial review as part of this study does not indicate a need for an additional uplift to the estimates.
70. PlanMK identifies 282.1 hectares of employment land at Policy ER1 which is largely focused on industrial and logistics type uses. Analysis of the current position indicates approximately 230 hectares remains. This is set against the total requirement of 420 – 580 hectare requirement 2022-2050. This supply is likely to be sufficient to meet requirements for around 10 years based on estimated take up. Additional supply will need to be identified to meet the total estimated requirement.

1. Introducing the Study

Introduction

- 1.1 Milton Keynes City Council appointed Opinion Research Services (ORS) and Hardisty Jones Associates (HJA) to jointly prepare a Housing and Economic Development Needs Assessment (HEDNA). The study provides robust evidence about the need for housing (both market and affordable) and employment over the period 2022-2050.
- 1.2 The first section of the study report sets out the existing local context: chapter 1 summarises the relevant policy background, chapter 2 provides an overview of the area, chapter 3 sets out the current socio-economic and market context, and chapter 4 summarises the feedback from stakeholder engagement.
- 1.3 The second section of the report sets out the Local Housing Needs Assessment: chapter 5 reviews the evidence for overall housing need, chapter 6 establishes the need for affordable housing, and chapter 7 considers the housing needs of different groups.
- 1.4 The final section of the report sets out the Economic Development Needs Assessment: chapter 8 provides a range of future economic forecasts and scenarios, chapter 9 reviews the demand for employment sites and premises, and chapter 10 establishes the need for employment land.

Government Policy

- 1.5 The latest National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) sets out how Local Plans should provide for objectively assessed needs for housing (including affordable housing) and consider the demand for, and supply of, employment land, ensuring an effective use of land is promoted.

Local Housing Need

- 1.6 NPPF Paragraph 60 identifies that Local Plans should support the Government's objective of significantly boosting the supply of homes. Paragraphs 61 and 62 state that:

To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).

- 1.7 The “*standard method in national planning guidance*” sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is constrained to a minimum figure that is determined centrally by the Government. A Government consultation on proposed changes to the NPPF including to the standard method closed in March 2023¹. The consultation includes measures to allow plans to be brought forward which take account of local constraints on development such as Green Belt and neighbourhood plans by being *clearer about how local constraints can be taken into account and taking a more proportionate approach to local plan examination*. In addition, the Government will review the implications on the standard method of new household projections data based on the 2021 Census, which is due to be published in 2024.
- 1.8 When considering the need for affordable housing, it is important to recognise that the NPPF has introduced a new definition. Whilst affordable housing was previously for households “*whose needs are not met by the market*”, the current definition also includes “*housing that provides a subsidised route to home ownership and/or is for essential local workers*”. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need, which states that assessments must now include the needs of “*those that cannot afford their own homes, either to rent, or to own, where that is their aspiration*” [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford homeownership are now counted as being in affordable housing need.

Economic Growth

- 1.9 NPPF Paragraph 81 indicates how Local Plans should support economic growth and productivity, creating conditions in which businesses can invest, expand, and adapt. Paragraph 82 seeks to ensure that Local Plans encourage sustainable economic growth, providing sufficient and suitable sites to enable this:

Planning policies should:

- a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration*
- b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period*
- c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment*
- d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances*

- 1.10 Paragraph 83 sets out the requirement to consider, recognise and address the needs of different sectors and clusters of activity within the local economy.
- 1.11 The PPG sets out guidance on assessing the need for and supply of employment land. The assessment of need should be evidence based. Need should be assessed at the level of the functional economic market area (FEMA). Consideration of the FEMA is set out in the following section.

¹ [Levelling-up and Regeneration Bill: reforms to national planning policy - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/levelling-up-and-regeneration-bill-reforms-to-national-planning-policy)

- 1.12 The assessment should consider [ID 2a-026-20190220]:
- » The existing stock of employment land
 - » Recent pattern of supply and losses of stock
 - » Evidence of market demand, including market intelligence, surveys, and discussions
 - » Evidence of market failure
 - » Market signals relating to economic growth, diversification, and innovation
- 1.13 Market signals can include [ID 2a-027-20190220]:
- » Economic and employment forecasts
 - » Assessment of local labour supply
 - » Analysis of past take-up and future property market requirements
 - » Consultations, studies of business trends, and an understanding of changes in business models
- 1.14 PPG highlights that the logistics sector needs special consideration as it plays an important role in contributing to the economy. This should include provision of premises for 'last-mile' distribution as well as national and regional logistics sites. The PPG [ID 2a-031-20190722] notes that:
- Where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas.*
- 1.15 The Industrial Strategy (2017) placed a focus on building strong local economies through the delivery of a strong local ecosystem of infrastructure, housing, business investment and development. There was also a vision for developing innovation clusters which brought together research and development. Whilst the Levelling Up White Paper (2022) was generally focussed on economically deprived areas in the north of the country, there was also a focus on driving up productivity through increased R&D and cluster development.
- 1.16 Both strategies make reference to the economic strengths of the area. The Industrial Strategy references the nationally significant concentrations in the information technology, life sciences, automotive engineering, and professional services sectors of the Oxford to Cambridge region, the Levelling Up White Paper refers to the economic significant concentration of activity in the 'Motorsport Valley'.

Regional Policy

- 1.17 Milton Keynes is part of the South East Midlands Local Enterprise Partnership (SEMLEP) area with other local authorities within Bedfordshire and Northamptonshire. This area lies in-between Oxford and Cambridge, and forms part of the Oxford to Cambridge region. Since January 2023 an Oxford to Cambridge pan-regional partnership has been established to champion the region as a world leader of innovation and business and to achieve environmentally sustainable and inclusive growth. Milton Keynes plays an important role in the Local Enterprise Partnership (LEP) area, with high levels of productivity, scale-up rates among businesses, and private sector job growth. It is also home to a Formula 1 team, part of the LEP area's motorsport heritage.
- 1.18 The SEMLEP Local Industrial Strategy (2019) sets out a number of ambitions for the LEP area including to become the 'Connected Core' of the Oxford to Cambridge region which provides to the space to enable ideas to be tested, developed and commercialised into high growth ventures. The LEP area has particular research

strengths in aerospace and automotive testing, advanced manufacturing and engineering, and software development.

- 1.19 The Local Industrial Strategy Evidence Base identified the high productivity sectors in the LEP as construction, manufacturing, real estate, ICT and finance. The logistics and supply chain sectors have been identified as transformational for growth, and the business and financial services sectors have been identified as key sectors with growth and/or high replacement need.
- 1.20 The area suffers from two main constraints to growth: lack of skills, and lack of employment premises. In particular, there is a lack of small and medium industrial units. The LEP area is seeking to develop a pipeline of employment land in the area and deliver a STEM skills-focused university in Milton Keynes. The logistics sector in the LEP area is also struggling with low levels of productivity and innovation. There are plans for a 'Logistics 4.0 Centre of Excellence' at Cranfield University.
- 1.21 Whilst the SEMLEP Warehousing and Logistics Study is not a regional policy or strategy, the study's findings are noteworthy within the context of regional evidence of economic drivers. The Study noted that warehousing employment is an important part of the SEMLEP economy. The study points out that the demand in the logistics and warehousing sector is forecast to rise which will generate additional jobs in the local economy, especially within technical and professional roles. The study provides a range of between 6.4 million sq m and 7.9 million sq m of large scale logistics demand across SEMLEP between 2021–2050.

Milton Keynes Policy

- 1.22 Milton Keynes policies are outward facing, and consider the borough's role in the Oxford to Cambridge region, and a 'Greater' Milton Keynes Growth Area which include the Milton Keynes administrative area together with growth areas in Buckinghamshire, Central Bedfordshire and West Northamptonshire. There is a strategic ambition for the Milton Keynes Growth Area to reach a population of half a million residents by 2050 (with 410,000 in the Milton Keynes administrative area).
- 1.23 Policy is focussed on growing the Milton Keynes economy, and providing a job for everyone. There are currently more jobs than residents in Milton Keynes however, there is a skills mismatch between the high-skill jobs available in the area and some residents with low skills. Currently, labour demands are met by in-commuting.
- 1.24 Currently around half of the jobs in the borough are located on B-use class employment land². The area has established specialisms in the high-performance engineering/motorsport and logistics sectors³. Milton Keynes also has strengths in the digital, creative industries, and financial and professional services sectors³.

Locations for Development

- 1.25 Policy sets out a desire that Central Milton Keynes (CMK) will continue to be the primary location for 'knowledge intensive' employment in the borough. This includes both office and R&D uses.
- 1.26 There are ambitions to increase the density of the development in the city centre, and Local Plan Policy DS3 states that the Council will seek to encourage the replacement of offices which are no longer fit for purpose with developments which provide more floorspace than the buildings than they replace. This policy creates

² Milton Keynes Council (Adopted 2019) Plan: MK 2016-2031

³ Ortus Economic Research Ltd (2019) Growth Study – Economic Scenarios

the potential to supply additional employment floorspace for office uses to meet the requirements of employment growth without a requirement for additional land.

- 1.27 Bletchley is being regenerated, and will be a key location of technology companies. Provision has also been made for large scale logistics development, notably at South Caldecotte and at Milton Keynes East by junction 14 of the M1 motorway.

Drivers of Future Growth

- 1.28 The Milton Keynes Strategy for 2050 indicates that ‘knowledge intensive’ industries such as finance, digital and technology, low carbon industries and the creative industries will be the main drivers of the future economy.
- 1.29 There is an ambition to increase the population of the ‘Greater’ Milton Keynes area to 500,000 by 2050 (with 410,000 in the Milton Keynes administrative area), and there are plans (which are now being realised) for two new higher level education institutions; an in-person Open University (OU) facility in the city centre, and the South-Central Institute of Technology.
- 1.30 The Centre for Cities has ranked Milton Keynes seventh out of 62 towns and cities for its potential to be a ‘growth centre’ based on its innovation capacity. The Council will encourage innovation networks that link university and business research and development facilities across the city, building on those established in the technology sector.
- 1.31 The Milton Keynes tech report indicates that Milton Keynes has a strong tech ecosystem, with the opportunity to grow significantly. The report notes that there is potential to grow the tech sector in Milton Keynes through greater coordination and collaboration across citizens and stakeholders in the area and across the wider region, which include the Oxford to Cambridge region and the Silverstone Tech Cluster.
- 1.32 Developments such as the South Central Institute of Technology (SCIoT) in Bletchley will also support these efforts, providing learners with technical qualifications, apprenticeships and short courses in digital skills. Anchor partners include Microsoft, KPMG, and CCL Group.

2. Overview of the Area

Introduction

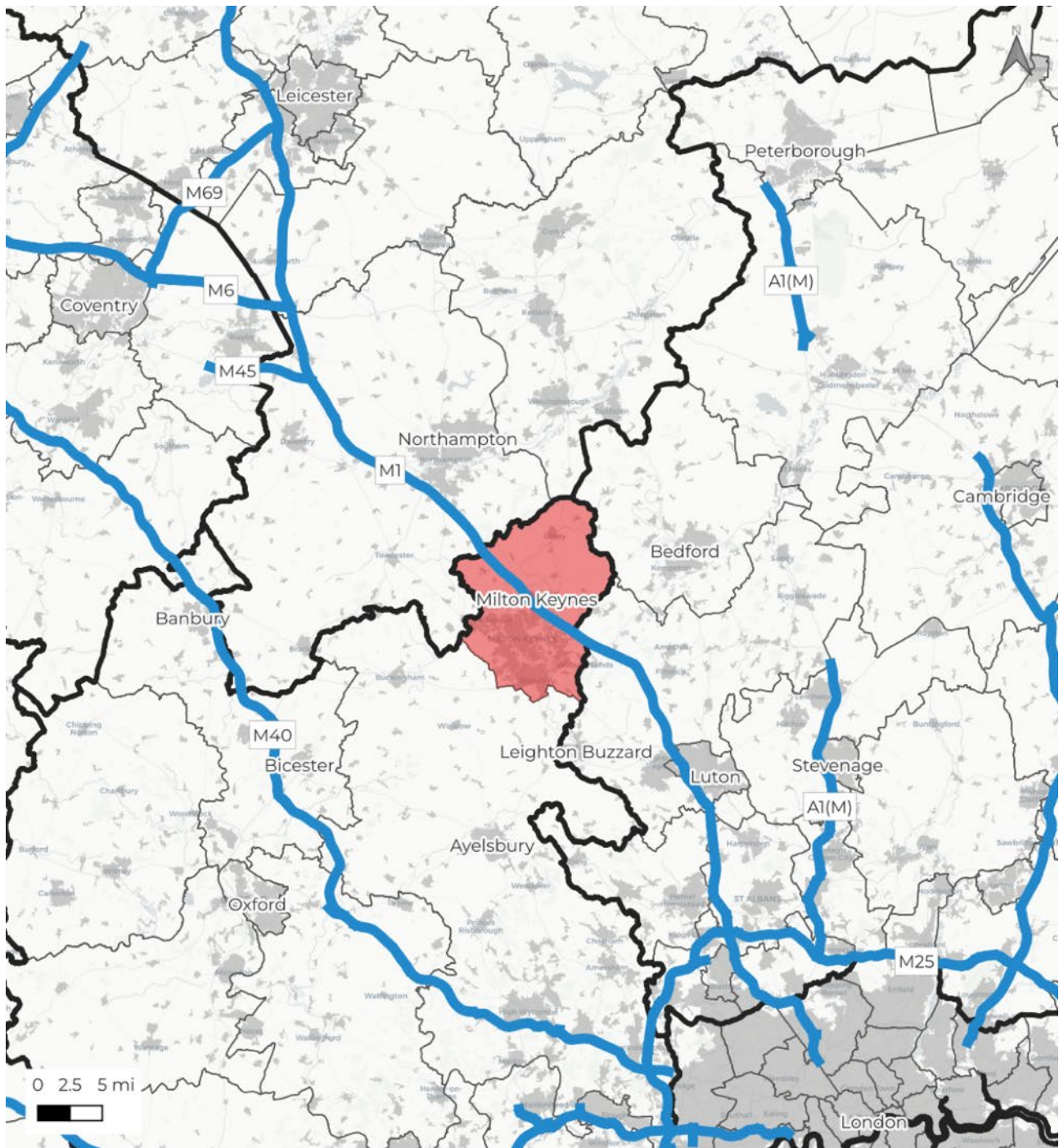
History and Governance

- 2.1 As part of renewed attempts to relieve housing congestion in London in the 1960s, the UK Government identified the existing towns of Bletchley, Stony Stratford, and Wolverton as a suitable location for a large new town – with the name Milton Keynes taken from that of the existing village on the site.
- 2.2 The location was deliberately chosen to be roughly equidistant from London, Birmingham, Leicester, Oxford, and Cambridge, with the intention that it would be a self-sustaining settlement and eventually become a major regional centre in its own right.
- 2.3 In 2022, the borough of Milton Keynes was officially granted city status following its successful bid as part of the Queen’s Platinum Jubilee Civic Honours competition.
- 2.4 The City of Milton Keynes is now a unitary authority (UA) with borough and city status.
- 2.5 Figure 10 shows that the borough directly borders the unitary authority areas of Bedford, Buckinghamshire, Central Bedfordshire, North Northamptonshire and West Northamptonshire. Bedford is of comparable size to Milton Keynes – the remaining bordering local authority areas are much larger.
- 2.6 Milton Keynes is part of the South East Midlands Local Enterprise Partnership (SEMLEP). Figure 11 shows that the borough is therefore associated in economic development terms with Bedford, North Northamptonshire, West Northamptonshire, Central Bedfordshire, and Luton.

Geography

- 2.7 Milton Keynes is located within the ceremonial county of Buckinghamshire.
- 2.8 It is located approximately (by road) 90 km northwest of the City of London, 110 km southeast of Birmingham city centre, 65 km northeast of Oxford, and 80 km west of Cambridge. Other notable locations within its vicinity are Leicester (90 km north), Coventry (70 km northwest), Northampton (30 km north), Luton (30 km southeast), and Bedford (30 km east).
- 2.9 Milton Keynes is located within the South East region of England, however the borough borders the East and West Midlands regions.
- 2.10 The M1, running northwest across the borough, connects Milton Keynes with London to the south and the East and West Midlands to the north.
- 2.11 The principal built-up area in the borough is the Milton Keynes urban area. Three smaller settlements surrounding Milton Keynes have also been carefully considered as part of this analysis:
 - » Cranfield
 - » Buckingham
 - » Leighton Buzzard

Figure 9: Milton Keynes spatial context



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Legend

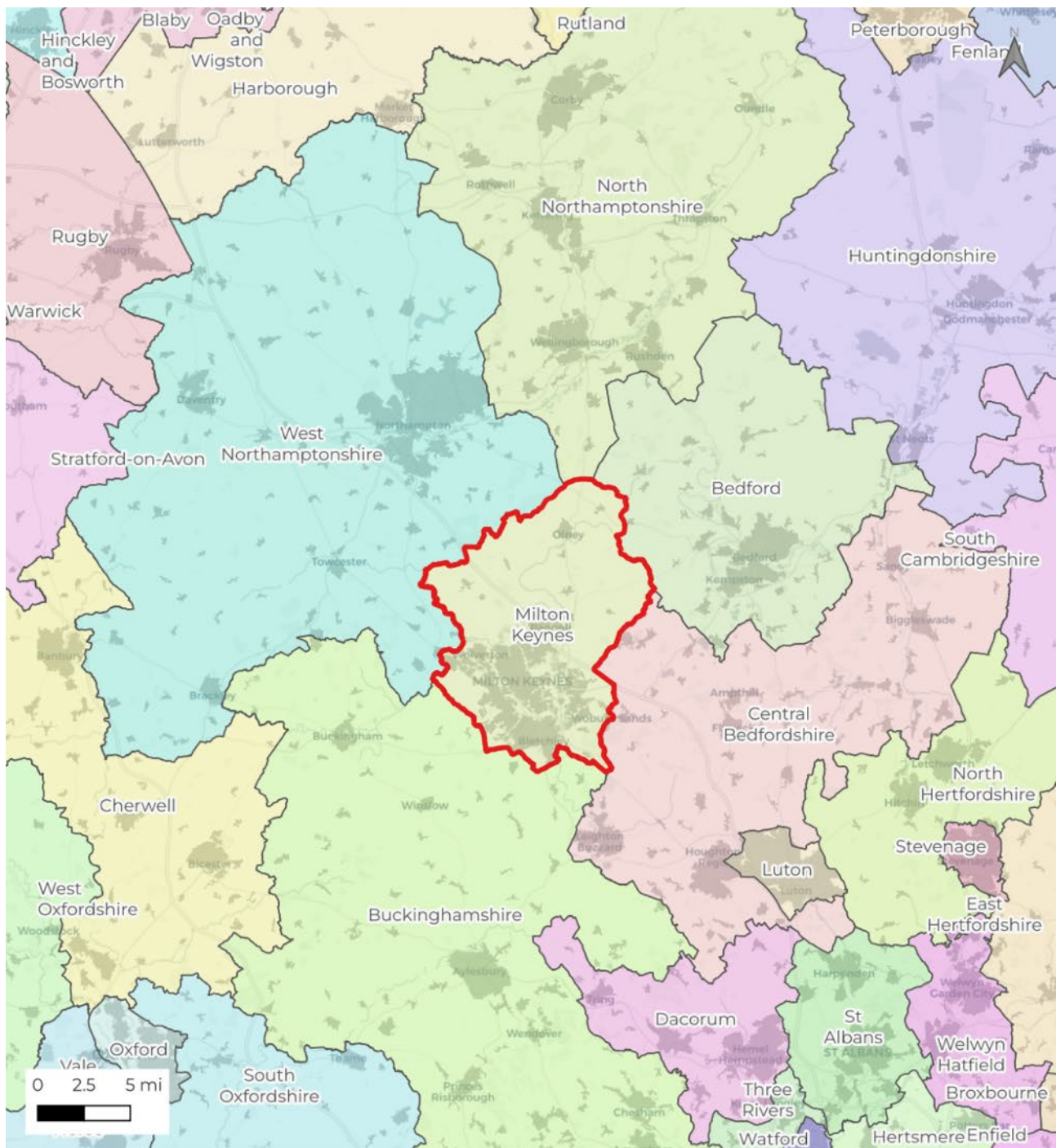
- Regions
- Local Authority Districts
- Milton Keynes
- Motorway

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Project	Milton Keynes HEDNA
Title	Milton Keynes Spatial Context
Date	27 September 2022
Scale	1 : 1,000,000
Revision	1.0
Author	JHJ

Figure 10: Neighbouring Local Authorities



Legend

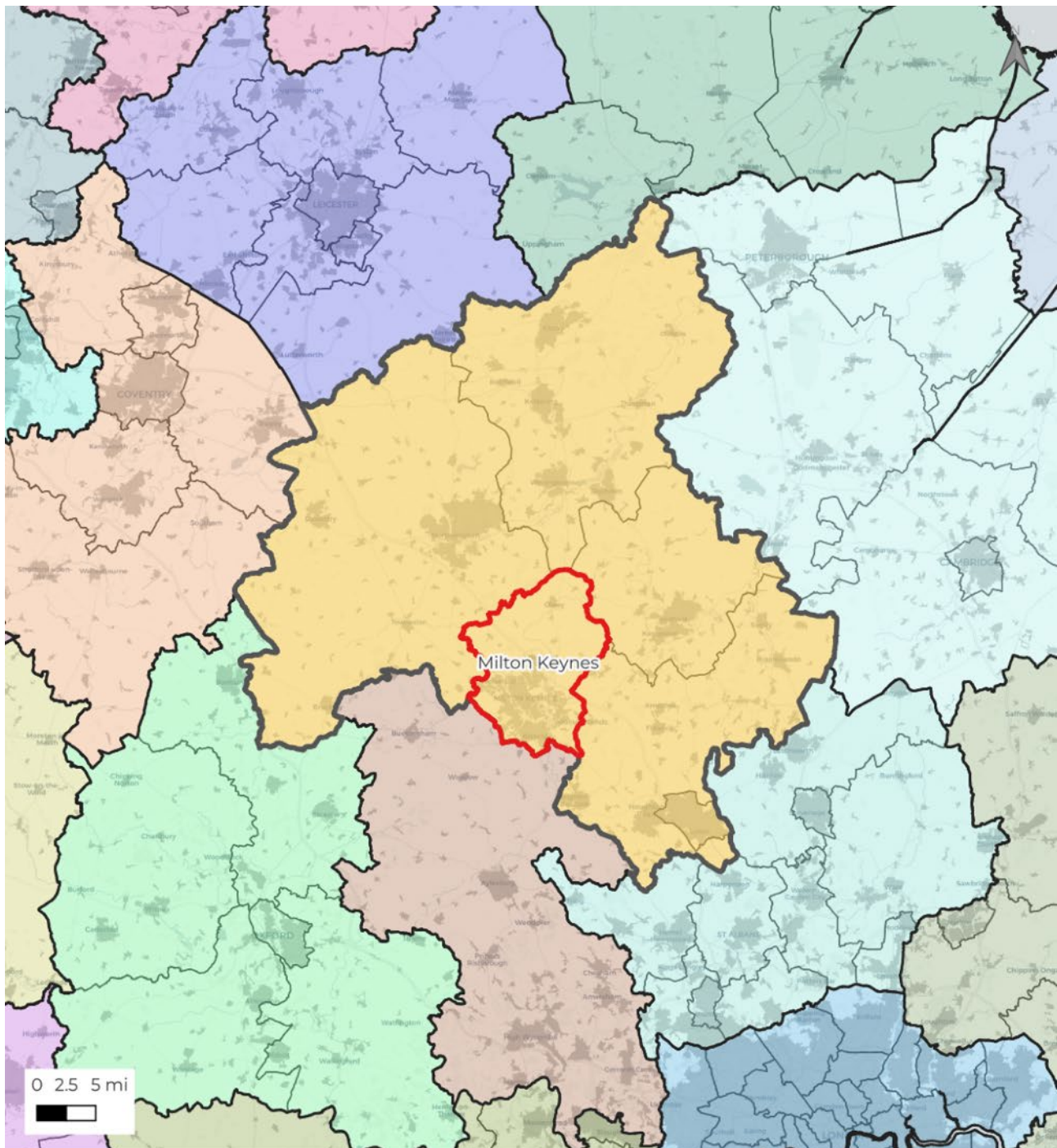
- Local Authority Districts
- Milton Keynes LAD

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Project	Milton Keynes HEDNA
Title	Neighbouring Local Authorities
Date	27 September 2022
Scale	1 : 700,000
Revision	1.0
Author	JHJ

Figure 11: South East Midlands LEP



Legend

- Local Enterprise Partnerships
- Local Authority Districts
- Milton Keynes LAD
- South East Midlands LEP

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Project	Milton Keynes HEDNA
Title	South East Midlands LEP
Date	27 September 2022
Scale	1 : 1,100,000
Revision	1.0
Author	JHJ

2.14 Milton Keynes has its own HMA, which covers:

- » **Milton Keynes UA** in its entirety;
- » **Central Bedfordshire UA:** a very small area covering the settlement of Leighton Buzzard;
- » **West Northamptonshire UA:** a very small area covering a handful of very small rural settlements;
- » **Buckinghamshire UA:** a reasonably substantial area, covering the northern part of what would have previously been defined as Aylesbury Vale District. The Milton Keynes HMA covers a number of small settlements here, including Buckingham. However, in the context of Buckinghamshire as a UA, the area covered by Milton Keynes Travel to Work Area (TTWA) accounts for a very small proportion of Buckinghamshire's urban areas, the most substantial of which are Aylesbury, High Wycombe, Gerrard's Cross, Beaconsfield, Chesham, Amersham, and Marlow - all of which fall outside the Milton Keynes HMA.

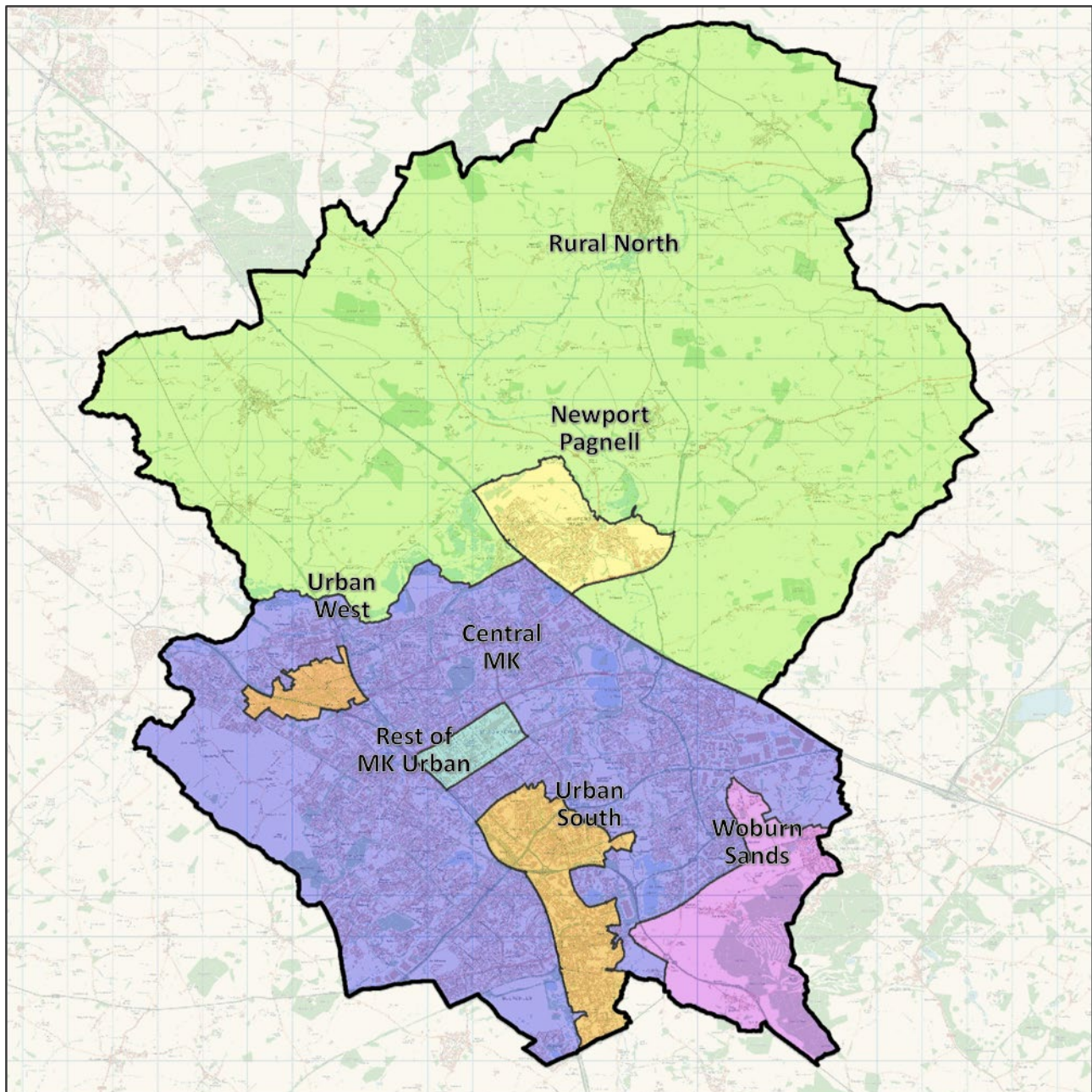
2.15 The study found that it was appropriate to conclude that Milton Keynes borough represented the most appropriate “best fit” for a Milton Keynes functional HMA; however, it is important to recognise that the smaller settlements of Buckingham, Leighton Buzzard, and Cranfield fall within the functional HMA. The conclusions of this study continue to be relevant, as no more recent data has yet been published. In practical terms, Milton Keynes City Council can be considered to be a self-contained HMA, with neighbouring councils also all working to their own local authority boundaries. This in turn allows neighbouring authorities to work on their own local authority level plans without complications created, for example, by areas of Central Bedfordshire lying in the Milton Keynes HMA. Central Bedfordshire is able to count all dwellings delivered within its boundaries as meeting their own need, or unmet need from Luton.

Sub-Areas within Milton Keynes

2.16 Whilst the HEDNA analysis has considered the housing and employment needs of Milton Keynes as a whole, it is important to recognise that there are notable differences between different parts of the authority area.

2.17 Through analysing detailed data available from the 2021 Census and other administrative data sources, the HEDNA has identified a number of sub-areas using an evidence-based analytical approach. Each of the areas have specific characteristics that clearly differentiate them from the overall area as a whole.

Figure 13: Functional sub-housing market areas in Milton Keynes (Source: ORS and UK Census of Population 2021)



2.18 A summary of the key characteristics for each sub-market is set below with the support data in Figure 14 and Figure 15:

- » **Central MK** has a high proportion of smaller homes that are predominantly rented, with a relatively young population including many single persons.
- » **Urban South** and **Urban West** are both areas that comprise stock that was largely built before 1982. Both areas show concentrations of deprivation across numerous indicators, and have low rates of employment with around half of all households living in social rent or renting privately with housing benefit support.

- » **Rest of MK Urban** area includes a cross-section of households and housing stock, but there aren't any other geographically contiguous Lower Super Output Area (LSOA)⁴ groupings which clearly stand out as distinct sub-areas.
- » **Newport Pagnell** sits outside the MK urban area with a higher rate of homeownership, but house prices are much lower than the rest of the rural area with a lower proportion of larger and/or detached homes. There are also slightly more young households and economic activity rates are higher.
- » **Woburn Sands** also sits outside the MK urban area, and whilst house prices are comparable with the rest of the rural area, a much higher proportion of the stock has been built relatively recently. Again, there are slightly more young households and economic activity rates are higher than the rest of the rural area.
- » **Rural North** has the oldest and most expensive stock, with the largest proportions of detached and larger homes and the highest rate of homeownership. The area has the lowest concentrations of deprivation and highest proportion of older households and retired persons.

Figure 14: Property Information for functional sub-housing market areas in Milton Keynes (Source: ORS and UK Census of Population 2021)

	Central MK	Urban South	Urban West	Rest of MK Urban	Newport Pagnell	Woburn Sands	Rural North
Age of Dwelling Stock							
Pre 1965	0.0%	22.1%	21.4%	10.7%	26.6%	29.7%	33.2%
1965 to 1982	23.5%	54.0%	67.3%	24.0%	36.2%	16.5%	22.4%
1983 to 2008	37.6%	11.7%	9.9%	47.7%	32.3%	9.0%	26.9%
2009 onwards	38.9%	12.2%	1.4%	17.6%	4.8%	44.8%	17.6%
Tenure							
Owned outright	5.6%	18.8%	16.9%	22.4%	37.8%	36.0%	39.3%
Owned with mortgage	9.0%	20.8%	21.8%	32.1%	35.2%	32.7%	34.0%
Shared ownership	4.8%	3.4%	2.0%	7.5%	1.7%	3.3%	1.5%
Private rent	59.6%	19.3%	16.2%	21.4%	18.0%	17.3%	15.6%
Social/affordable rent	21.0%	37.7%	43.1%	16.5%	7.4%	10.7%	9.6%
Type, Size & Price							
Detached	1.2%	10.3%	6.8%	30.1%	26.4%	34.2%	43.2%
4 or more bedrooms	3.9%	11.1%	13.0%	27.3%	26.0%	32.5%	36.9%
Up to 2 bedrooms	89.4%	41.2%	33.6%	36.3%	31.2%	33.2%	26.0%
Average house price	£217,431	£244,346	£271,578	£323,368	£302,484	£438,116	£455,147

⁴ Lower Super Output Areas. These are small geographic areas used as statistical building blocks.

Figure 15: Household Information for functional sub-housing market areas in Milton Keynes (Source: ORS and UK Census of Population 2021)

	Central MK	Urban South	Urban West	Rest of MK Urban	Newport Pagnell	Woburn Sands	Rural North
Household Type							
Single person	48.1%	27.5%	26.3%	25.5%	27.1%	29.1%	26.5%
Couple with no dependent children	23.0%	17.1%	16.5%	23.0%	28.7%	29.4%	33.6%
Couple with 1+ dependent children	10.1%	19.0%	20.7%	24.1%	21.4%	21.5%	21.0%
Lone parent with 1+ dep. children	4.3%	12.9%	14.2%	8.2%	6.6%	6.9%	5.1%
Other household type	14.5%	23.5%	22.2%	19.1%	16.2%	13.0%	13.8%
Age of Household Representative							
Under 35	50.2%	16.6%	15.4%	17.1%	13.0%	14.7%	9.8%
35 to 54	36.8%	43.5%	45.8%	44.9%	37.3%	36.2%	35.6%
55 to 64	8.1%	16.9%	18.3%	17.4%	17.6%	18.4%	20.2%
65 to 84	4.4%	20.2%	18.3%	18.2%	27.4%	26.1%	29.4%
85 or over	0.6%	2.7%	2.2%	2.4%	4.7%	4.5%	4.9%
Economic Activity							
In employment	70.5%	55.9%	55.4%	65.6%	61.7%	61.2%	59.7%
Unemployed	5.8%	5.0%	5.7%	3.7%	2.7%	2.5%	2.1%
Retired from paid work	3.8%	15.4%	13.6%	15.3%	25.3%	24.6%	27.7%
Long-term sick	5.2%	7.0%	8.1%	4.7%	3.1%	3.9%	3.6%
Looking after home	3.4%	6.6%	6.1%	3.1%	2.1%	2.5%	1.7%
Commuting							
Travel more than 20km	16.2%	22.5%	24.4%	19.0%	19.7%	19.1%	19.3%
Work from home	44.9%	20.1%	21.0%	37.2%	39.6%	44.5%	46.4%
Access to Private Vehicles							
Household has no vehicles	46.7%	28.9%	25.0%	15.8%	13.1%	10.8%	9.6%
Access to 2+ vehicles	8.7%	27.5%	29.6%	40.0%	45.8%	48.3%	53.0%
Health & Deprivation							
Bad health or very bad health	2.9%	6.8%	6.0%	3.8%	3.9%	3.5%	3.6%
Limiting long-term illness/disability	11.2%	19.3%	18.8%	14.1%	15.3%	15.1%	14.5%
Overcrowded accommodation	8.7%	10.6%	9.3%	5.3%	2.1%	1.8%	1.4%
3+ dimensions of deprivation	5.6%	8.2%	8.7%	3.0%	1.7%	1.7%	1.4%
Financial support for housing costs	30.4%	47.4%	53.1%	24.1%	13.8%	14.9%	14.0%

Functional Economic Market Area Assessment

- 2.19 A functional economic market area (FEMA) reflects the way a local economy works – the relationships between where people live and work, commercial property markets, and the scope of service market areas and catchments. Economic flows often overlap local authority boundaries – this means the functional area over which the local economy and its key markets operate may not necessarily adhere to administrative boundaries (CLG, 2010).
- 2.20 Given the geographies of FEMAs are by definition fluid, a local economy is naturally part of a number of economic market areas. Milton Keynes can be considered as having a role to play in the ‘M1 Corridor’ and Oxford to Cambridge region strategic economic market areas, and is a key player in the SEMLEP area. However, the role Milton Keynes plays in these larger, strategic economic market areas must be considered alongside the need to determine a workable FEMA definition for the purposes of Local Plan preparation, in line with PPG.
- 2.21 This section considers the FEMA relevant to Milton Keynes in the context of its location and economy. It considers the previously set out spatial context, including administrative areas and governance and housing market areas, alongside the following:
- » Policy, guidance, and existing research
 - » Labour market areas
 - » Commercial property market areas
 - » Other indicators such as transport and connectivity, and retail catchments
- 2.22 As well as assessing functional economic linkages between Milton Keynes and external locations, the assessment considers the situation in a number of surrounding areas to provide an additional layer of context. The following locations are included in this definition of ‘surrounding areas’:
- » Bedford UA
 - » Central Bedfordshire UA
 - » Luton UA
 - » Aylesbury Vale (former District Council, now part of Buckinghamshire UA)
 - » South Northamptonshire (former District Council, now part of West Northamptonshire UA)
 - » Northampton (former Borough Council, now part of West Northamptonshire UA)
 - » Wellingborough (former Borough Council, now part of East Northamptonshire UA)
- 2.23 Recent local government reorganisation, with the formation of larger Unitary Authority areas, impacts on the potential definition of a FEMA based on administrative areas (which is necessary given the availability of many datasets using local authority building blocks).

Policy and Guidance

Planning Practice and Guidance

- 2.24 The UK Government’s Planning Practice Guidance (PPG) deals briefly with FEMAs. The guidance section relating to housing and economic needs assessment states that “*Functional economic market areas can overlap several administrative areas so strategic policy-making authorities may have to carry out assessments*

of need on a cross-boundary basis with neighbouring authorities within their functional economic market area.” [ID 2a-025-20190220].

2.25 In the PPG section relating to Plan-making, the section entitled ‘How can functional economic market areas be defined?’ [ID 2a-019-20190220] states:

“Since patterns of economic activity vary from place to place, there is no standard approach to defining a functional economic market area, however, it is possible to define them taking account of factors including:

- » extent of any Local Enterprise Partnership within the area;
- » travel to work areas;
- » housing market area;
- » flow of goods, services and information within the local economy;
- » service market for consumers;
- » administrative area;
- » catchment areas of facilities providing cultural and social well-being; and
- » transport network.”

Planning Advisory Service

2.26 The Planning Advisory Service technical advice note on Objectively Assessed Need⁵ states that (paragraphs 5.32–5.35):

“An economic market area is an area in which businesses search for sites and premises. Much of the demand for land for economic uses can be met by sites either side of an administrative boundary, so long as these sites are in the same economic market area... as noted in the PPG, economic market areas may be defined as labour market areas, which are areas of commuting closure – meaning that a high proportion of all journeys to work occur within the area. They may also be seen as areas of search for business location.

One would expect HMAs and economic market areas to be geographically similar, because in broad terms both are largely determined by the reach of a daily return trip. Just as households’ location decisions are largely driven by access to jobs and services, business location decisions are largely driven by access to the workers that fill those jobs and the customers who consume those services.

For this reason, and also for convenience, it is helpful if HMAs and economic market areas are coterminous. This makes both analysis and policy-making more manageable.”

Communities and Local Government

2.27 Published by Communities and Local Government (CLG), Functional Economic Market Areas (FEMAs): An economic note (2010) forms much of the basis for the existing PPG position on FEMA analysis⁶.

2.28 The note establishes there is no universal approach to defining FEMAs, with the pattern of economic flows differing depending on the local market under consideration. It argues for the use of Census commuting or

⁵ Planning Advisory Service (2015) Objectively Assessed Need and Housing Targets Technical Advice Note: Second Edition

⁶ Although the note does not represent Government policy, it was authored by the Spatial Analysis Unit at CLG, and peer reviewed by Mike Coombes from the Centre for Urban and Regional Development Studies at Newcastle University.

migration data as the most reliable flow data, and supplementing this information with data from other key markets such as: housing markets; supply chains in industry and commerce; and service markets for consumers.

2.29 Whilst Census 2021 origin destination data has been released, it is highly problematic. According to the ONS⁷:

The data shows there was an increase in home working from 10.3% in 2011 to 31.2% in 2021 but, of course, the government advised people to stay at home and only attend work if you had no alternative at that time.

Large numbers of people were still being supported by government furlough schemes and it is not clear how question guidance provided was followed; some people may have provided employment and travel information for the last time they worked, or answered based on their behaviours on Census Day.

2.30 As discussed in paragraphs 9.39–9.44, the most significant potential impact as a result of the Covid-19 pandemic is the increased level of home or hybrid working. This has been discussed with consultees as well as a desk review of available evidence. The overriding conclusion of this research is there is a high degree of uncertainty as to exactly how this will play out. There are examples of office occupiers that are looking to encourage high levels of home working, those considering hybrid working approaches with a mix of office and home working, and those anticipating bringing as many staff as possible back to offices. The effects across sectors may also not be uniform. Much of the commentary is based on armchair empiricism, with real world data only recently beginning to emerge. It will therefore be vital to monitor trends over the coming years. It is unwise to make long term planning decisions in the midst of a significant unusual event – close monitoring of hybrid working trends and its effects on travel to work patterns should continue, in particular over the next 3–5 years.

2.31 Due to the unique nature of the circumstances within which Census 2021 origin destination data was captured, and the inherent uncertainty embedded within the data, Census 2011 commuter flow data is considered to be a more reliable source.

2.32 The note sets out the following key indicators as being relevant to defining the boundaries of a FEMA.

Labour markets

2.33 The most widely accepted approach to identifying FEMAs is by reference to TTWA. These are “*relatively self-contained, internally contiguous labour market areas.*” Drawing on Census data, the note recommends that a common definition is that: “*of the resident economically active population at least 75 per cent work in the area; and of all those working in the area at least 75 per cent also live in the area.*”

2.34 There are some limitations with official TTWA definitions, in that there are no overlaps, and they can fail to capture the full extent of commuting patterns and relationships.

Housing markets

2.35 FEMAs can be defined based on housing market areas (HMAs), where the area containing the origin and destination of the majority of moves is the basis of a FEMA.

⁷ <https://blog.ons.gov.uk/2022/12/08/understanding-commuting-patterns-from-census-2021/>

Supply chains in industry and commerce

- 2.36 Measuring the flow of goods, services and information across a local economy can help to map local economic activity. Supply chains are, however, very difficult to map as national data sources of sub-regional supply chains and linkages are not available.

Service markets for consumers

- 2.37 Service markets can be used to map the spatial area from which users of goods and services are drawn. On this basis FEMAs can be identified by analysing travel patterns to higher order services, which have a wider catchment area, such as: major shopping centres, airports, concert halls or hospitals; the patterns of sub-regional newspaper readership; the audience geography of local radio stations; or further education college ‘travel to learn’ areas. This information only shows the pull of certain services, however, and will need to be used as part of a comprehensive approach to defining FEMAs.

Administrative areas

- 2.38 It is within administrative boundaries that services and strategies are applied and developed, based on analyses using FEMAs – the importance of administrative boundaries therefore also needs to be recognised. This can be done through ‘best fitting’ FEMA boundaries to local authority administrative areas so they are approximated in terms of whole local authority boundaries, upper or lower tier.

Transport Networks

- 2.39 In practice, the key role of transport will be reflected using other FEMA definitions, such as TTWAs, as these flows are partly shaped by transport availability.

Existing Research

Employment Land Review and Economic Growth Study Phase 1, Technical Analysis: Final Report

- 2.40 *The Employment Land Review and Economic Growth Study Phase 1, Technical Analysis: Final Report* (November 2015) contains a short section which assesses Milton Keynes’ ‘functional economic area’. This work does not establish one singular definition, concluding that:

“... the functional economic and market area within which Milton Keynes operates is not singular, with the reach and relationship between Milton Keynes and other local authority areas defined by a complex set of business, market and people dynamics.

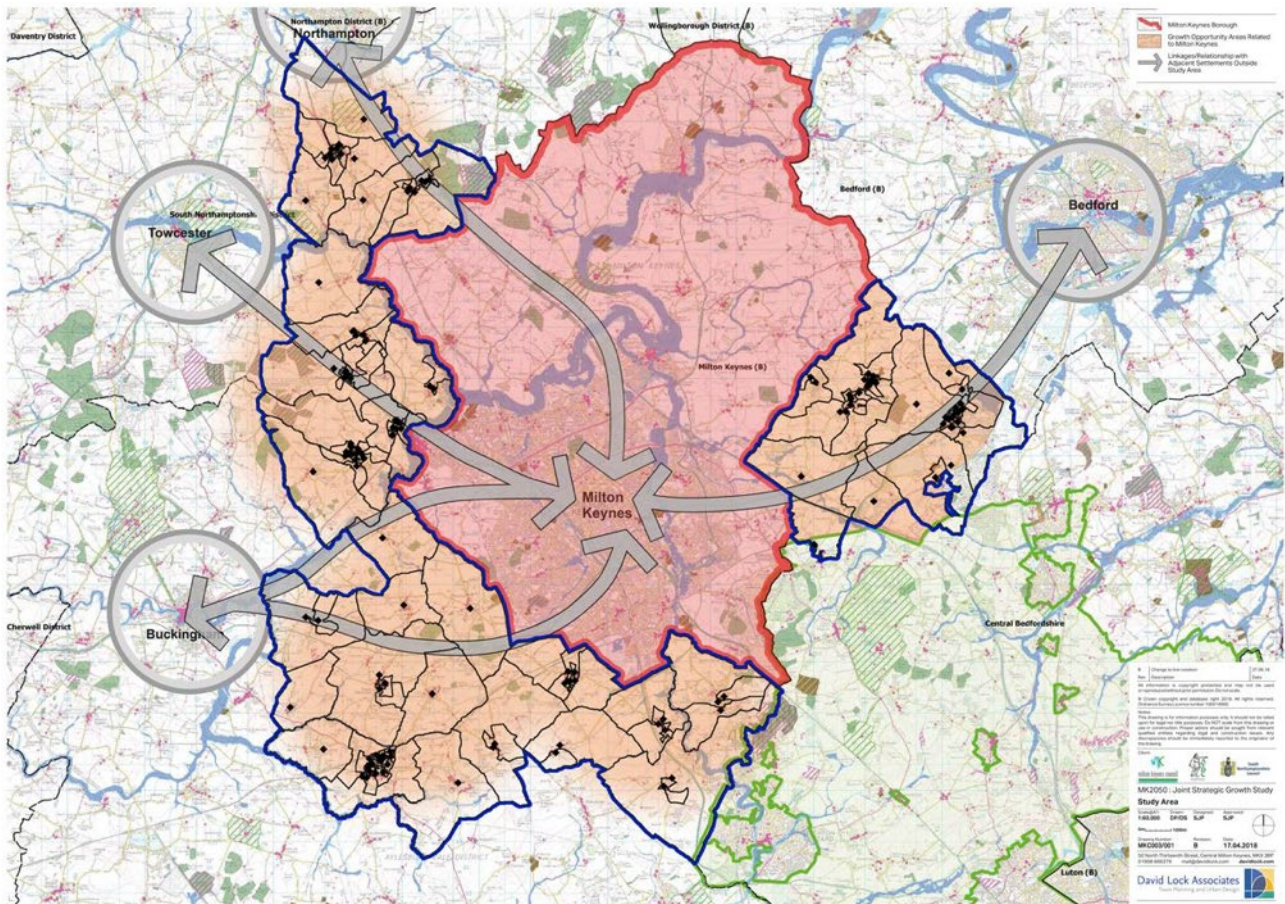
In commercial property and business orientation terms the area stretches a considerable distance, way beyond the SEMLEP area to link up London, Oxford, Birmingham and Cambridge. In labour market terms there is a narrower focus, with relationships primarily extending into the neighbouring boroughs in terms of jobs within Milton Keynes i.e. the immediately bordering authorities (in order of labour force contribution) of Central Bedfordshire, South Northamptonshire, Aylesbury Vale, Northampton, Bedford and Luton. The labour force contribution of Milton Keynes, however, extends to London and Birmingham.”

- 2.41 This is an area of significant spatial coverage but with a centre on the Milton Keynes local authority area and its immediate hinterland.

Milton Keynes 2050 Growth Study: Demographic Modelling Analysis Technical Summary

- 2.42 The *Milton Keynes 2050 Growth Study: Demographic Modelling Analysis Technical Summary* (2020) establishes a Milton Keynes 'Growth Area' on the basis of LSOAs. This Growth Area was established as a statistical geography for the purpose of demographic modelling. It includes small parts of Aylesbury Vale (now part of Buckinghamshire UA), Central Bedfordshire, and South Northamptonshire (now part of West Northamptonshire UA).
- 2.43 The Growth Area does not have a precise boundary, but has a 'fuzzy' boundary which recognises that specific locations for growth over the longer-terms have yet to be established and agreed.

Figure 16: Milton Keynes growth area (Source: MKC, 2020)

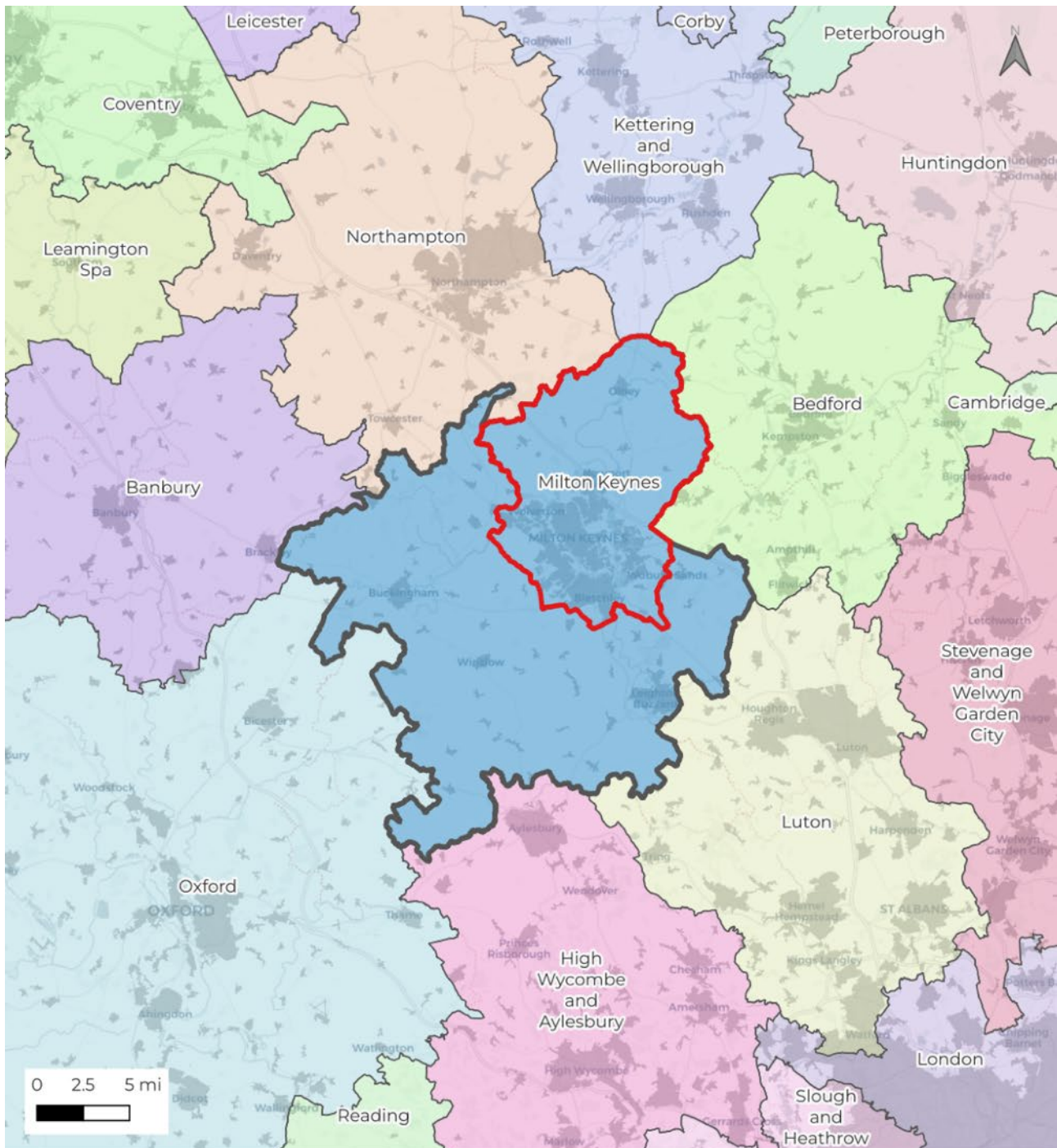


Labour Market Areas

ONS Travel to Work Areas (TTWAs)

- 2.44 According to the ONS: “TTWAs have been developed as approximations to self-contained labour markets reflecting areas where most people both live and work. As such they are based on a statistical analysis rather than administrative boundaries, though consistency with existing local authority boundaries is one of a number of different considerations when defining the TTWAs.”
- 2.45 The 2011 TTWAs were produced by Newcastle University having analysed commuting flows from Census 2011 data. LSOAs are used to define TTWAs. The criteria used to define TTWAs is that at least 75% of the area’s resident workforce work in the area and at least 75% of the people who work in the area also live in the area. The area must also have an economically active population of at least 3,500.
- 2.46 As shown in Figure 17, Milton Keynes has its own TTWA. The Milton Keynes TTWA covers:
- » **Milton Keynes UA** in its entirety;
 - » Central Bedfordshire UA: a very small area covering the settlement of Leighton Buzzard;
 - » West Northamptonshire UA: a very small area covering a handful of very small rural settlements;
 - » Buckinghamshire UA: a reasonably substantial area covering what would have previously been defined as Aylesbury Vale District. The Milton Keynes TTWA covers a number of small settlements here, including Buckingham and Winslow. However, in the context of Buckinghamshire as a UA, the area covered by Milton Keynes TTWA accounts for a very small proportion of Buckinghamshire’s urban areas, the most substantial of which are Aylesbury, High Wycombe, Gerrard’s Cross, Beaconsfield, Chesham, Amersham, and Marlow – all of which fall outside the Milton Keynes TTWA.
- 2.47 The smaller settlements of Buckingham and Leighton Buzzard fall within the Milton Keynes TTWA, and Cranfield falls outside it.

Figure 17: Milton Keynes travel to work area 2011



Legend

- Travel to Work Areas 2011
- Milton Keynes LAD
- Milton Keynes Travel to Work Area 2011

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Project	Milton Keynes HEDNA
Title	Milton Keynes Travel to Work Area 2011
Date	27 September 2022
Scale	1 : 700,000
Revision	2.0
Author	JHJ

Workplace-based Commuter Flows

- 2.48 Using Census 2011 Origin Destination data, it is possible to visually represent commuter flows between middle-layer super output areas (MSOA).
- 2.49 Figure 18 displays commuter flows for individuals working within Milton Keynes (workplace-based commuting).
- 2.50 There are very strong primary linkages between MSOAs located within Milton Keynes, as indicated by the strong, dark blue cluster of flow lines within the borough.
- 2.51 There are some secondary linkages with surrounding settlements, as indicated by the flow lines connecting to MSOAs in Bedford, Northampton, and Luton. There are also linkages with smaller surrounding settlements such as Buckingham, Aylesbury, Leighton Buzzard, Rushden, Wellingborough, and Towcester.
- 2.52 In order to understand whether or not these linkages warrant consideration in terms of a Milton Keynes functional economic market area, it is necessary to analyse the linkages these other locations have with places apart from Milton Keynes.
- 2.53 Figure 19 displays the commuter flows for individuals working within MSOAs in Bedford UA, Borough of Wellingborough⁸, Northampton Borough⁹, South Northamptonshire District¹⁰, Aylesbury Vale District¹¹, Luton Borough, and Central Bedfordshire UA.
- 2.54 This indicates that Luton, Bedford, and Northampton are all hubs of their own workplace-based commuter catchments – which is consistent with the ONS 2011 TTWAs.
- 2.55 Analysing a number of smaller surrounding settlements in turn:
- » Buckingham: has other primary linkages southwards towards Aylesbury as well as its primary linkages to Milton Keynes. Also has secondary linkages to Brackley and Bicester – away from Milton Keynes.
 - » Aylesbury: has connections with a number of other locations apart from Milton Keynes and is something of a hub in its own right. Part of its own ONS 2011 TTWA (High Wycombe and Aylesbury).
 - » Leighton Buzzard: has other primary linkages towards Luton as well as its primary linkages to Milton Keynes. Also has secondary linkages towards Aylesbury.
 - » Rushden: has primary linkages to Northampton and Bedford – by comparison linkages to Milton Keynes are secondary.
 - » Wellingborough: has primary linkages to Northampton – by comparison linkages to Milton Keynes are secondary.
 - » Towcester: has primary linkages to Northampton as well as its primary linkages to Milton Keynes. Also has secondary linkages towards Brackley and Daventry – away from Milton Keynes
 - » Cranfield: has primary linkages to Milton Keynes, Bedford, and Luton i.e. not exclusively to Milton Keynes.

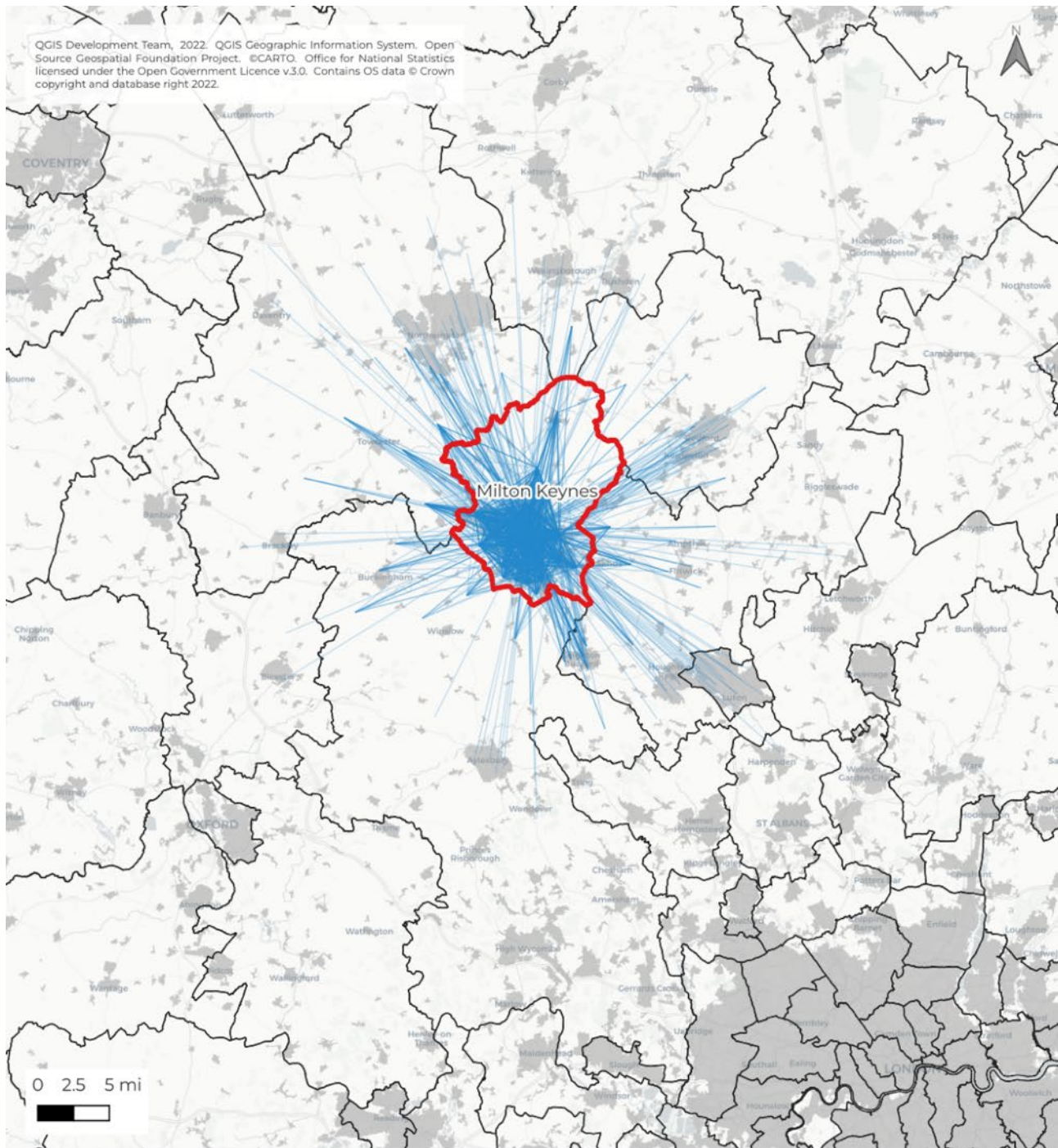
⁸ Now part of North Northamptonshire UA.

⁹ Now part of West Northamptonshire UA.

¹⁰ Now part of West Northamptonshire UA.

¹¹ Now part of Buckinghamshire UA.

Figure 18: Milton Keynes workplace commuting (based on 2011 Census data)



Legend

- Local Authority Districts
- Milton Keynes

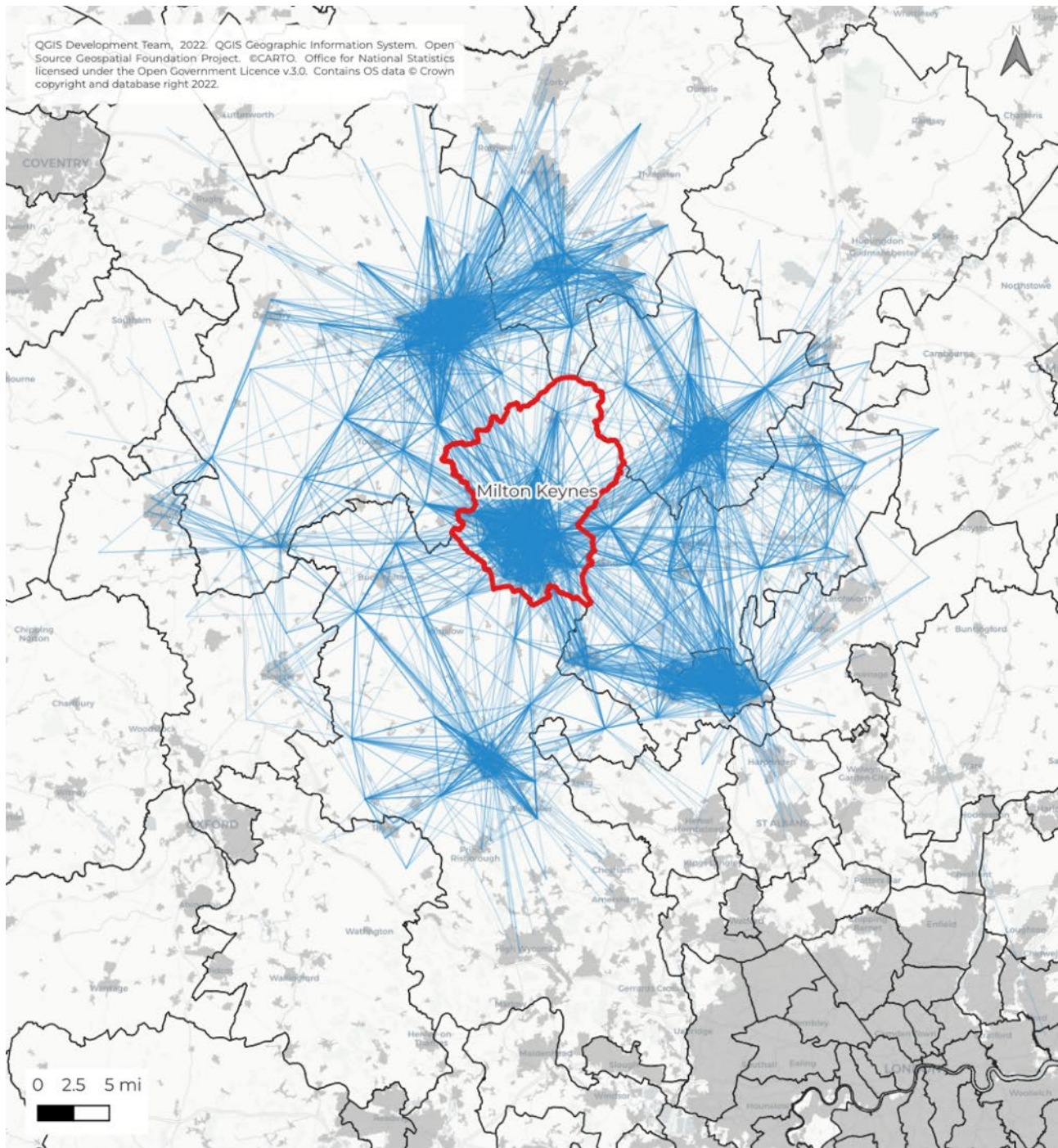
Number of Commuters

- 20–49
- 50–99
- 100–199
- 200+



Project	Milton Keynes HEDNA
Title	Milton Keynes Workplace Commuting
Date	26 September 2022
Scale	1 : 900,000
Revision	1.0
Author	JHJ

Figure 19: Surrounding areas workplace commuting (based on 2011 Census data)



Legend

- Local Authority Districts
- Milton Keynes

Number of Commuters

- 20-49
- 50-99
- 100-199
- 200+



Project	Milton Keynes HEDNA
Title	Surrounding Areas Workplace Commuting
Date	26 September 2022
Scale	1 : 900,000
Revision	1.0
Author	JHJ

Resident-based Commuter Flows

- 2.56 Figure 20 displays commuter flows for individuals living within Milton Keynes (resident-based commuting).
- 2.57 There are very strong primary linkages between MSOAs located within Milton Keynes, as indicated by the strong, dark blue cluster of flow lines within the borough.
- 2.58 There are some weak secondary linkages with surrounding settlements, as indicated by the flow lines connecting to MSOAs in Bedford, Northampton, and Luton. There are also some weak secondary linkages with smaller surrounding settlements such as Buckingham and Leighton Buzzard.
- 2.59 A number of MSOAs in Milton Keynes also display secondary linkages with locations in central London – this is unsurprising given that central London is easily accessible by train from Milton Keynes.
- 2.60 Overall, Milton Keynes' resident-based commuter flow is very self-contained.
- 2.61 In order to understand whether or not external linkages warrant consideration in terms of a Milton Keynes functional economic market area, it is necessary to analyse the linkages these other locations have with places apart from Milton Keynes.
- 2.62 Figure 21 displays the commuter flows for individuals living within MSOAs in Bedford UA, Borough of Wellingborough¹², Northampton Borough¹³, South Northamptonshire District¹⁴, Aylesbury Vale District¹⁵, Luton Borough, and Central Bedfordshire UA
- 2.63 This indicates that Luton, Bedford, and Northampton are all hubs of their own resident-based commuter catchments – which is consistent with the ONS 2011 TTWAs.
- 2.64 Analysing some smaller surrounding settlements in turn:
- » Buckingham: has other primary linkages southwards towards Aylesbury as well as its primary linkages to Milton Keynes. Also has secondary linkages to Brackley and Bicester - away from Milton Keynes.
 - » Leighton Buzzard: has other primary linkages towards Luton, Hemel Hempstead, and Aylesbury, as well as its primary linkages to Milton Keynes.
 - » Cranfield: has primary linkages to Milton Keynes, Bedford, and Luton i.e. not exclusively to Milton Keynes.

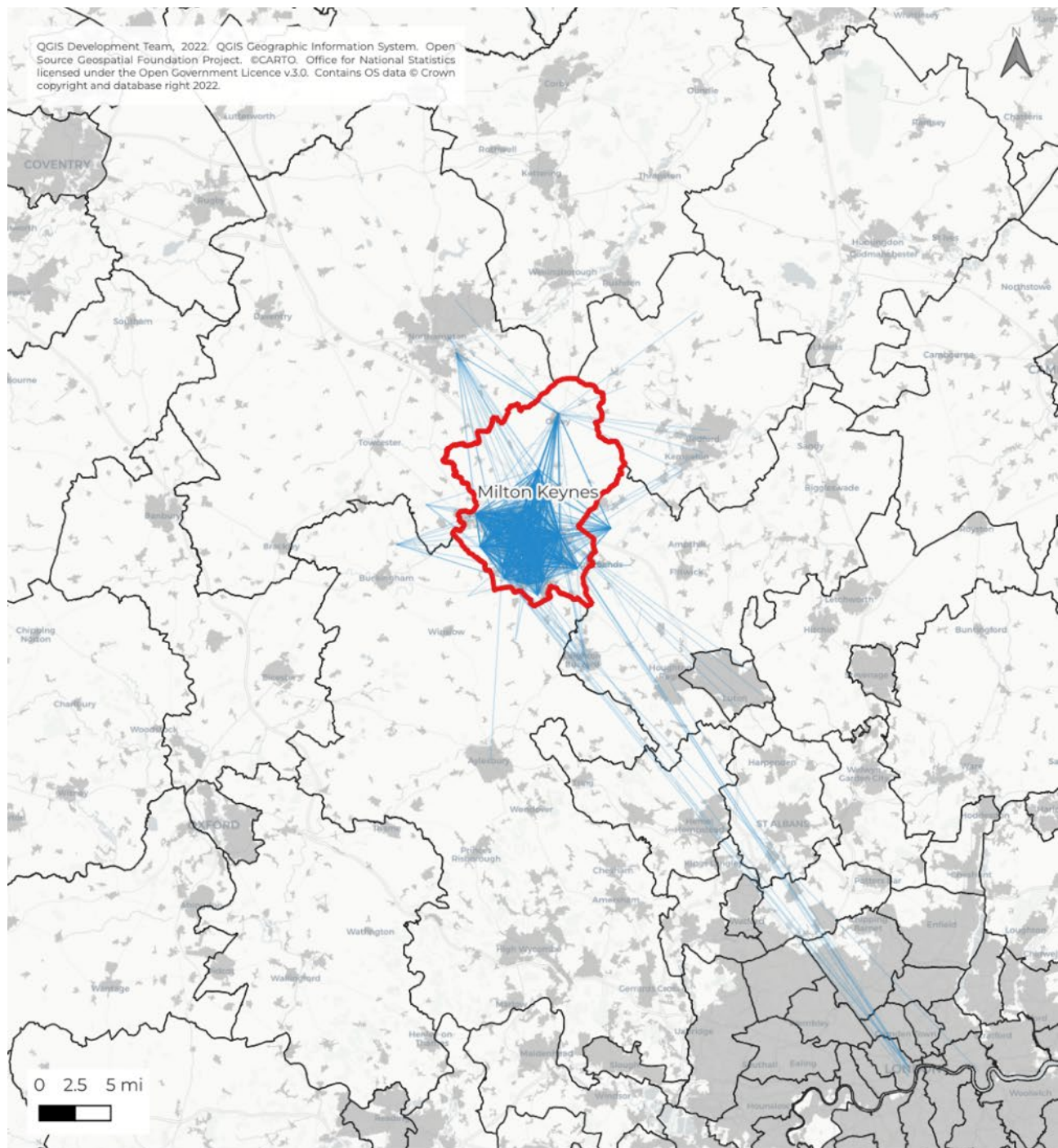
¹² Now part of North Northamptonshire UA.

¹³ Now part of West Northamptonshire UA.

¹⁴ Now part of West Northamptonshire UA.

¹⁵ Now part of Buckinghamshire UA.

Figure 20: Milton Keynes resident commuting (based on 2011 Census data)



Legend

- Local Authority Districts
- Milton Keynes

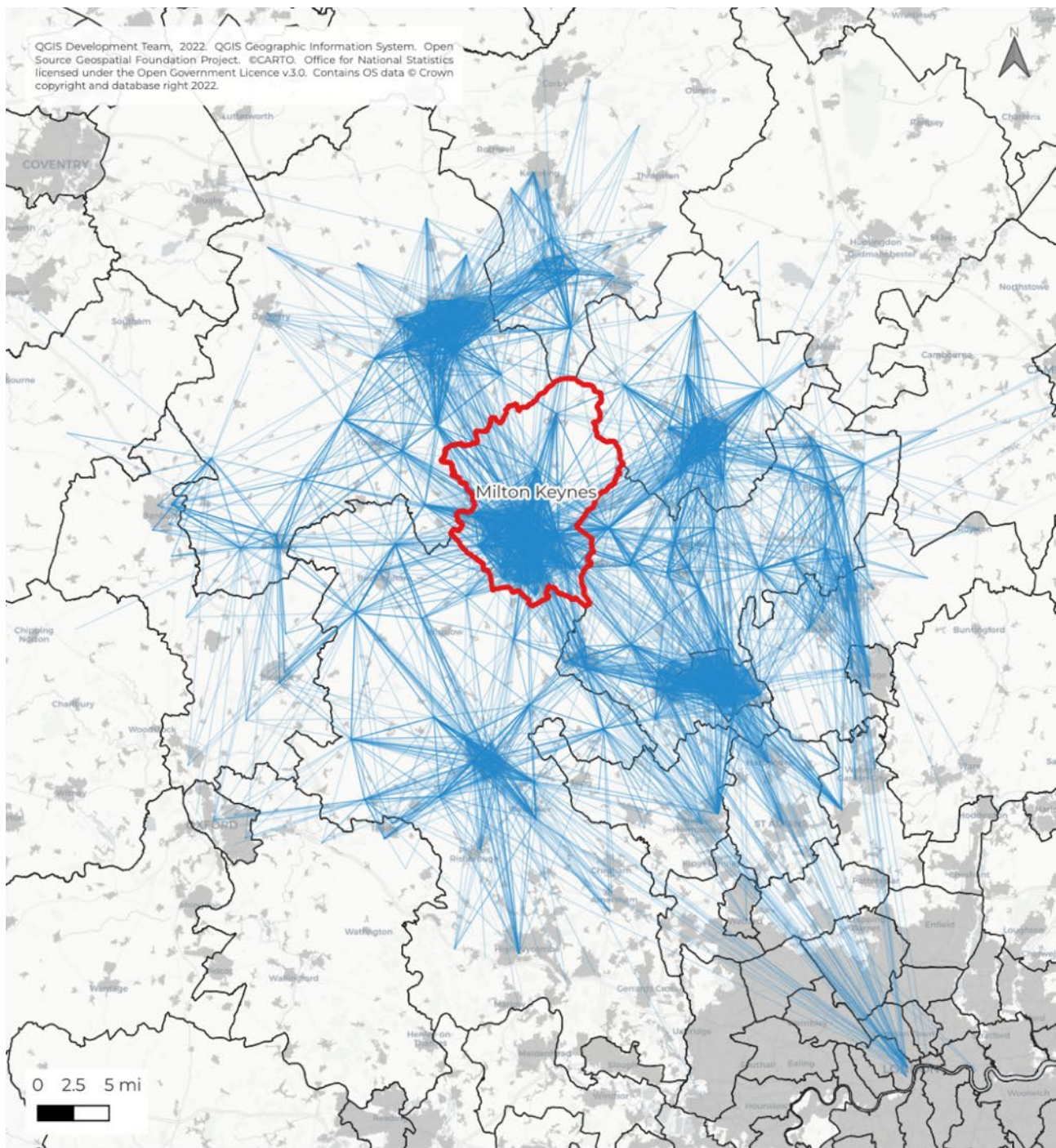
Number of Commuters

- 20–49
- 50–99
- 100–199
- 200+



Project	Milton Keynes HEDNA
Title	Milton Keynes Resident Commuting
Date	26 September 2022
Scale	1 : 900,000
Revision	1.0
Author	JHJ

Figure 21: Surrounding areas resident commuting (based on 2011 Census data)



Legend

- Local Authority Districts
- Milton Keynes

Number of Commuters

- 20–49
- 50–99
- 100–199
- 200+

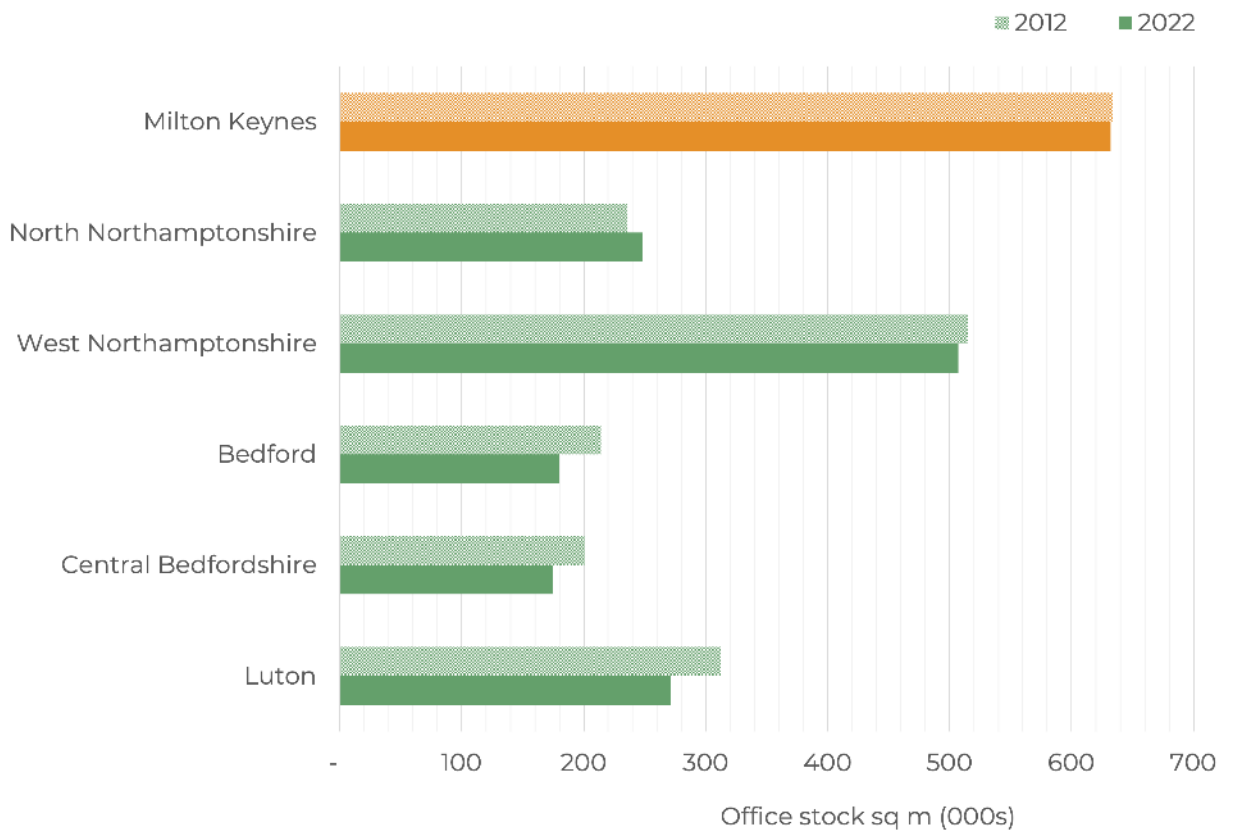


Project	Milton Keynes HEDNA
Title	Surrounding Areas Resident Commuting
Date	26 September 2022
Scale	1 : 900,000
Revision	1.0
Author	JHJ

Commercial Property Market Areas

Office Premises

Figure 22: Surrounding areas office premises stock (Source: HJA analysis of Valuation Office Agency 2022 Non-Domestic Rating: Business Floorspace)



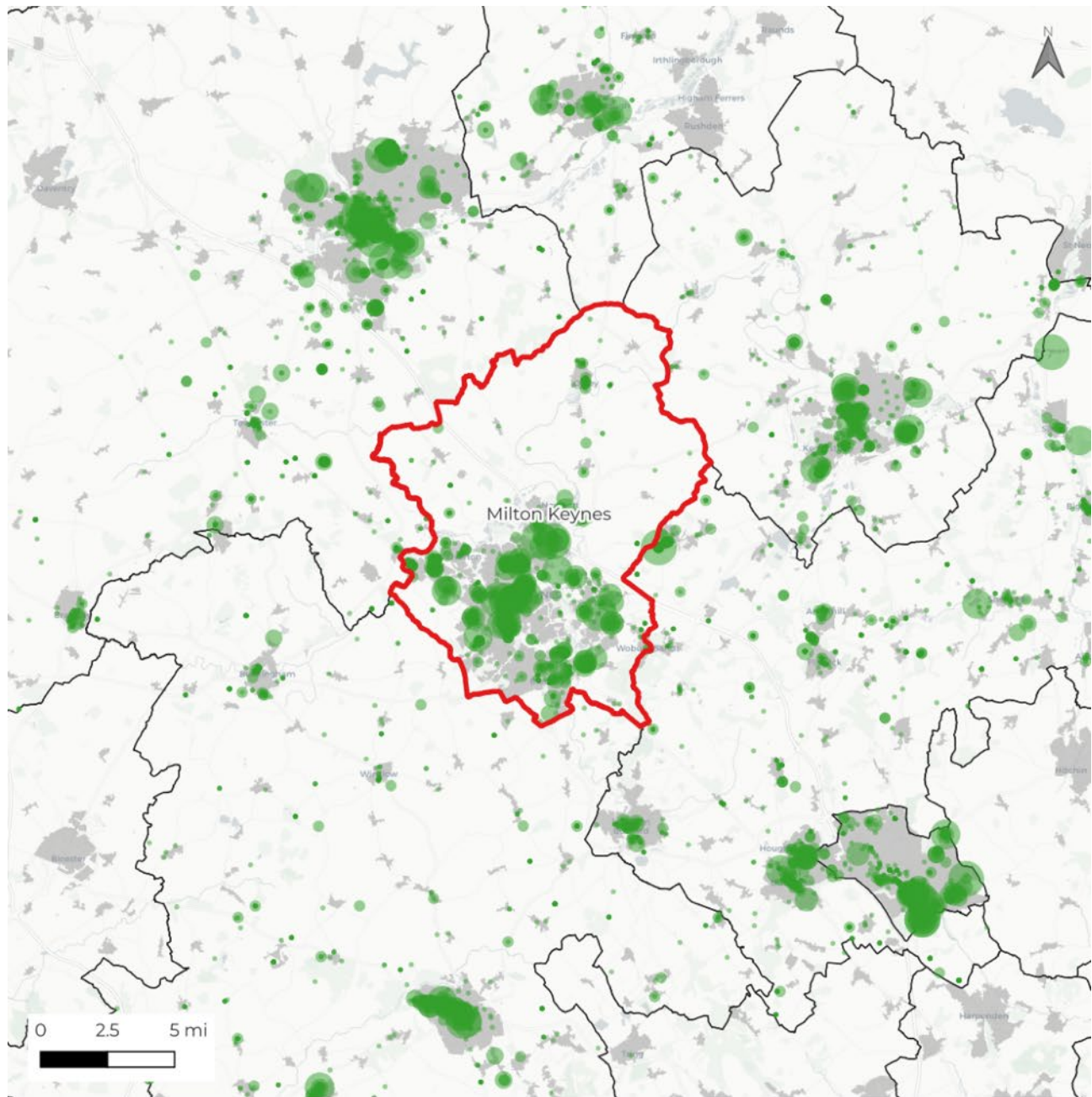
2.65 Aggregated Valuation Office Agency ([VOA](#)) data indicates the Milton Keynes office market stock stood at around 632,000 sq m in 2022. This is a negligible change from 2012. Milton Keynes' office stock makes it the largest office market in the SEMLEP area.

2.66 Based on an analysis of VOA data¹⁶, as shown in Figure 23 there are distinct office markets centred on the main settlements of Milton Keynes, Northampton, Bedford, and Luton. Aylesbury and Wellingborough display the density of secondary markets in this context. It is likely occupants from Leighton Buzzard would need to look to Luton and Milton Keynes markets to fulfil larger requirements or to access greater choice and flexibility.

2.67 Analysis by Lambert Smith Hampton (LSH) summarised in the final section of Chapter 3 and in more detail at Appendix F sets Milton Keynes within the M1/north M25 market, which means occupiers will be considering locations across a relatively wide geography when looking at large office requirements in particular.

¹⁶ The latest available VOA data at the point of analysis was 2017 non domestic ratings summary valuations data.

Figure 23: Surrounding areas office premises (Source: Valuation Office Agency 2017 Non-Domestic Rating: Summary Valuation)



Legend

- Local Authority Districts
- Milton Keynes

Office Premises (sq m)

- < 250
- 250 – 1,000
- 1,000 – 2,500
- 2,500 – 5,000
- 5,000 – 10,000
- 10,000+

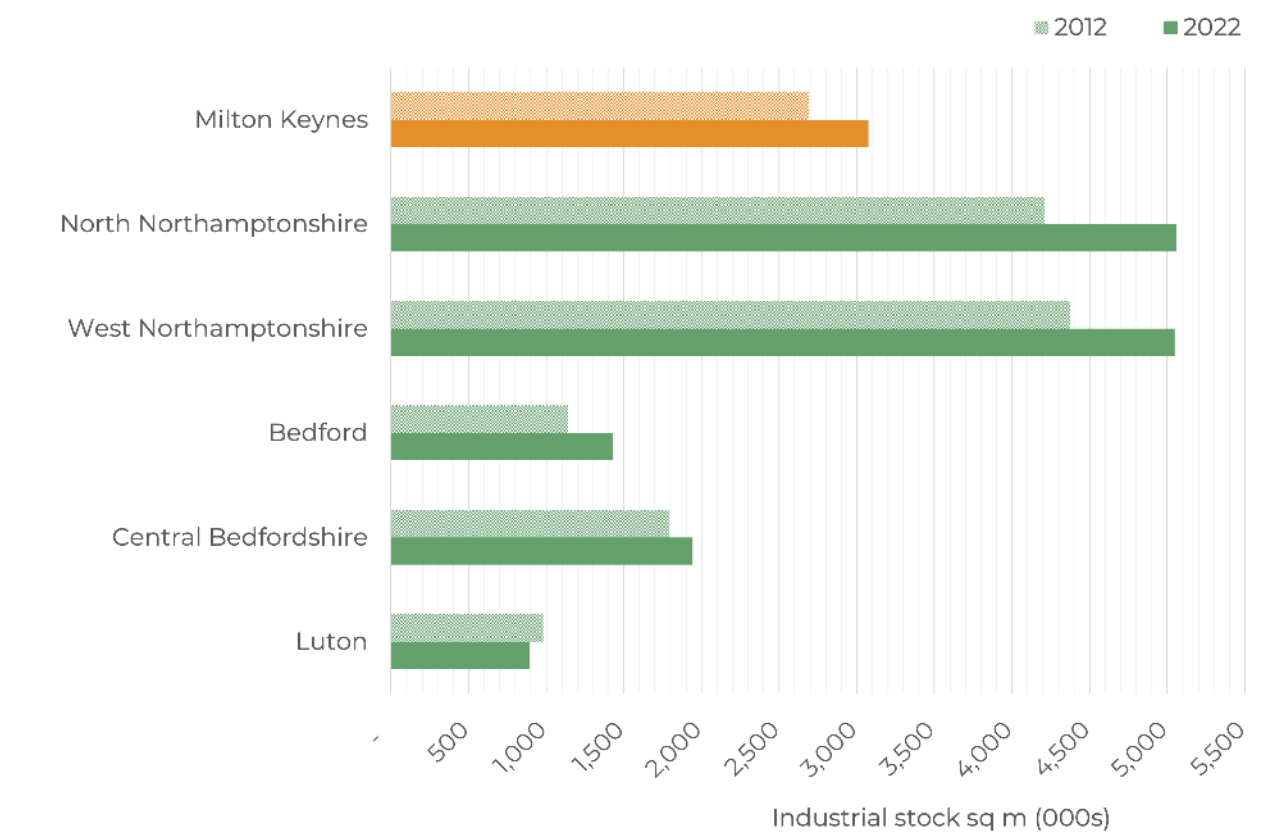
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Project	Milton Keynes HEDNA
Title	Surrounding Areas Office Premises
Date	26 September 2022
Scale	1 : 500,000
Revision	1.0
Author	JHJ

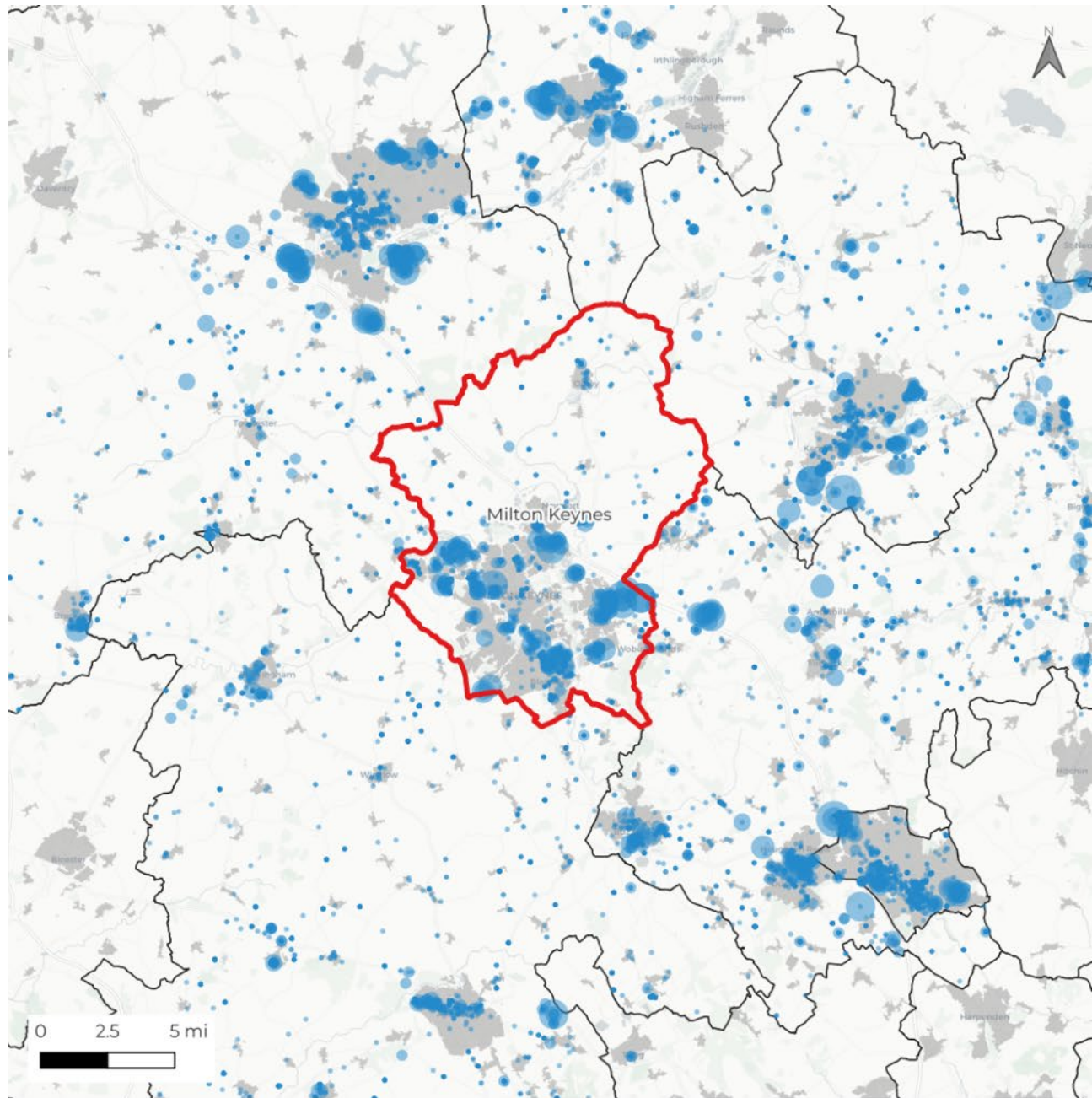
Industrial and Warehousing Premises

Figure 24: Surrounding areas industrial and warehousing premises stock (2022). (Source: HJA analysis of Valuation Office Agency 2022 Non-Domestic Rating: Business Floorspace)



- 2.68 Analysis of Valuation Office Agency data indicates the Milton Keynes industrial and warehousing market stock stood at around 3.1 million sq m in 2022 (VOA). This makes it the third largest industrial and warehousing market in the SEMLEP area – North Northamptonshire (5.1 million sq m) and West Northamptonshire (5.0 million sq m) have significantly larger stocks of industrial and warehousing premises.
- 2.69 As shown in Figure 25 the industrial and warehousing market is similar to offices – distinct markets centred on Milton Keynes, Northampton, Bedford, and Luton. Wellingborough displays the density of a secondary market. It is likely occupants from Aylesbury and Leighton Buzzard would need to look to the Luton and Milton Keynes markets to fulfil larger requirements or to access greater choice and flexibility.
- 2.70 Analysis by LSH summarised in the final section of Chapter 3 and in more detail at Appendix F highlights the excellent transport connectivity as a key asset and sits at the centre of the UK logistics network. The area will compete with other locations along the M1 corridor.

Figure 25: Surrounding areas industrial and warehousing premises (Source: Valuation Office Agency 2017 Non-Domestic Rating: Summary Valuation)



Legend

- Local Authority Districts
- Milton Keynes

Industrial Premises (sq m)

- < 2,500
- 2,500 – 10,000
- 10,000 – 25,000
- 25,000 – 50,000
- 50,000 – 100,000
- 100,000+

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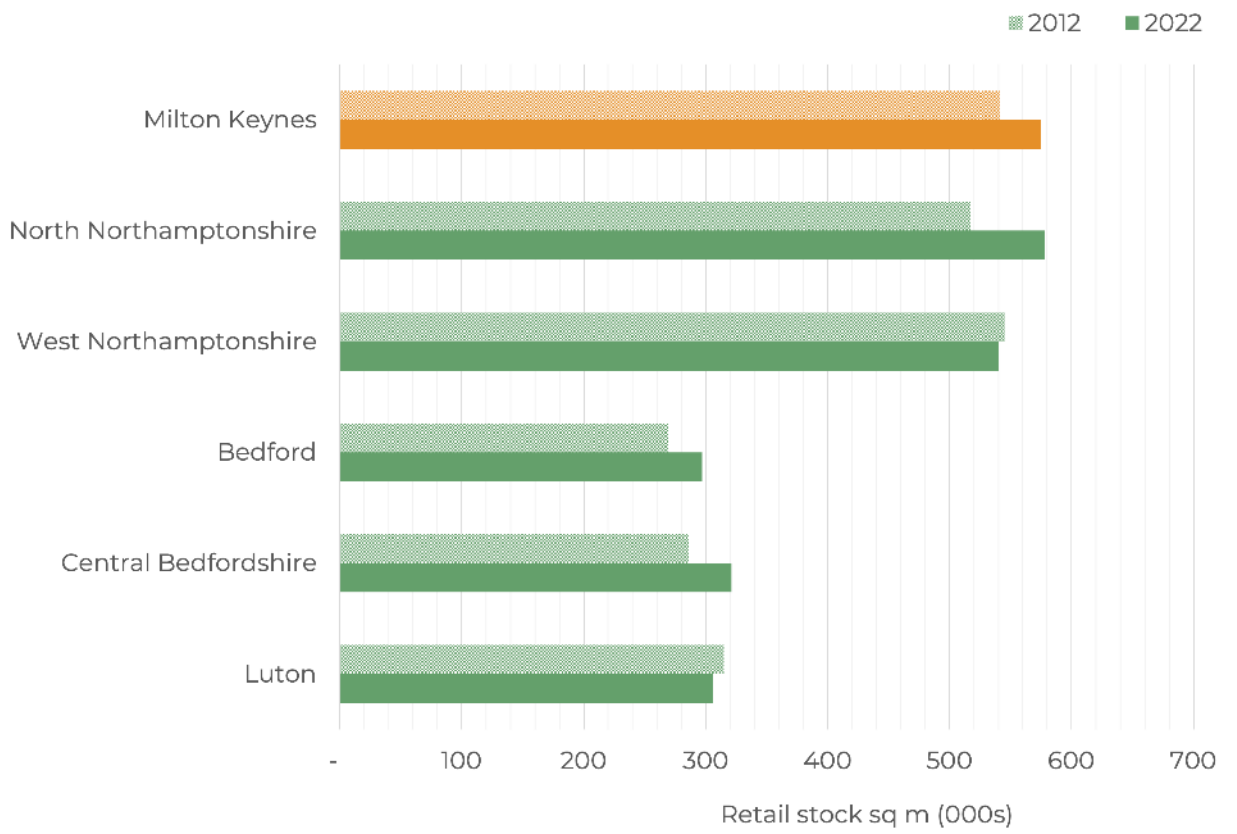


Project	Milton Keynes HEDNA
Title	Surrounding Areas Industrial Premises
Date	26 September 2022
Scale	1 : 500,000
Revision	1.0
Author	JHJ

Other Functional Economic Market Indicators

Retail Catchments

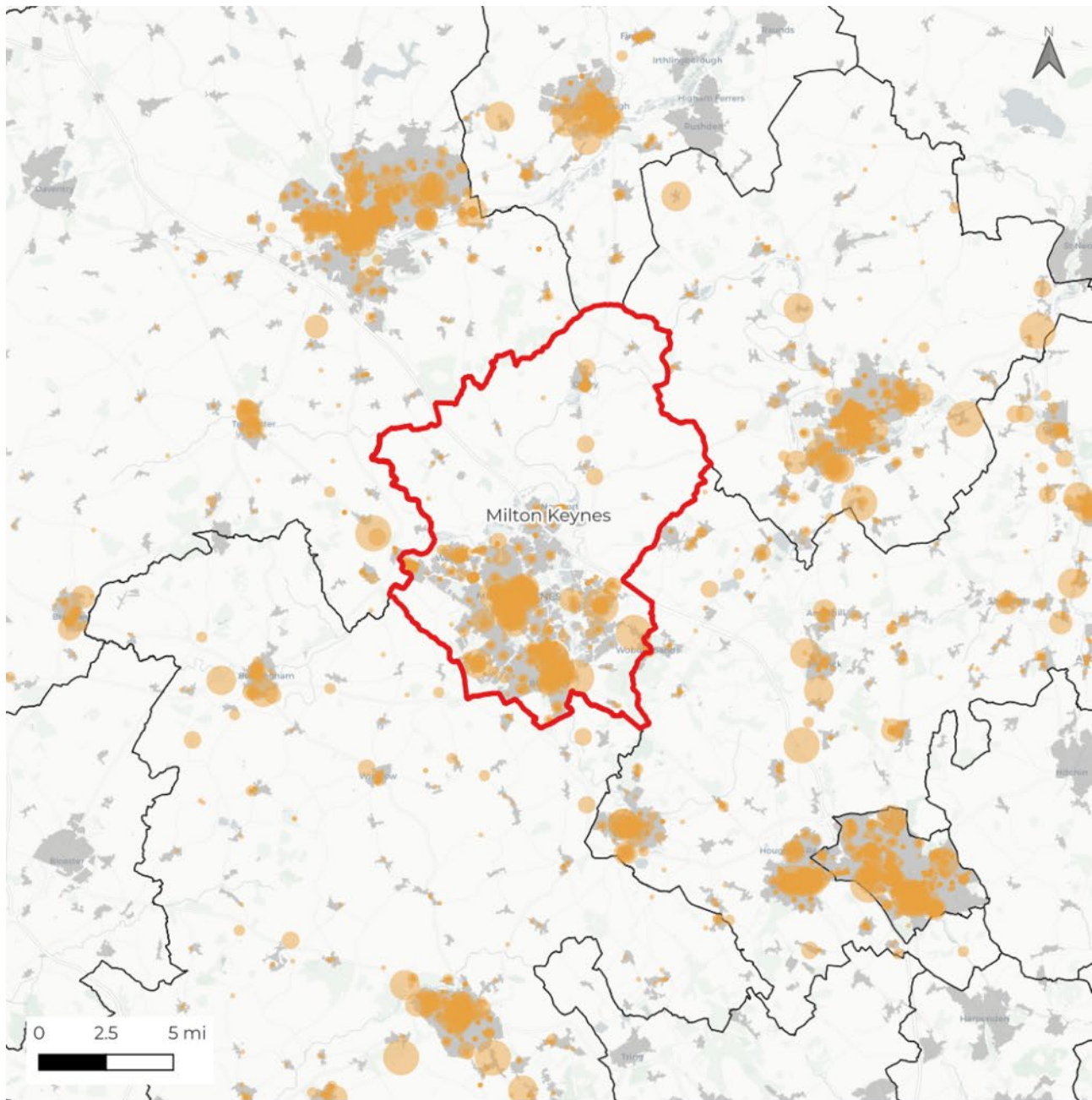
Figure 26: Surrounding areas retail premises stock (2022). (Source: HJA analysis of Valuation Office Agency 2022 Non-Domestic Rating: Business Floorspace)



^{2.71} Analysis of Valuation Office Agency data indicates the Milton Keynes retail market stock stood at around 575,000 sq m in 2022 (VOA). This effectively makes it the largest retail market in the SEMLEP area, along with North Northamptonshire (578,000 sq m) and West Northamptonshire (540,000 sq m).

^{2.72} As shown in Figure 27 there are distinct retail markets centred on the main settlements of Milton Keynes, Northampton, Bedford, Luton, and Aylesbury. Wellingborough displays the density of a secondary market in this context. Leighton Buzzard does display some density, although consumers would likely need to look to the Luton and Milton Keynes retail markets to access greater choice.

Figure 27: Surrounding areas retail premises (Source: Valuation Office Agency 2017 Non-Domestic Rating: Summary Valuation)



Legend

- Local Authority Districts
- Milton Keynes

Retail Premises (sq m)

- < 250
- 250 – 1,000
- 1,000 – 2,500
- 2,500 – 5,000
- 5,000 – 10,000
- 10,000+

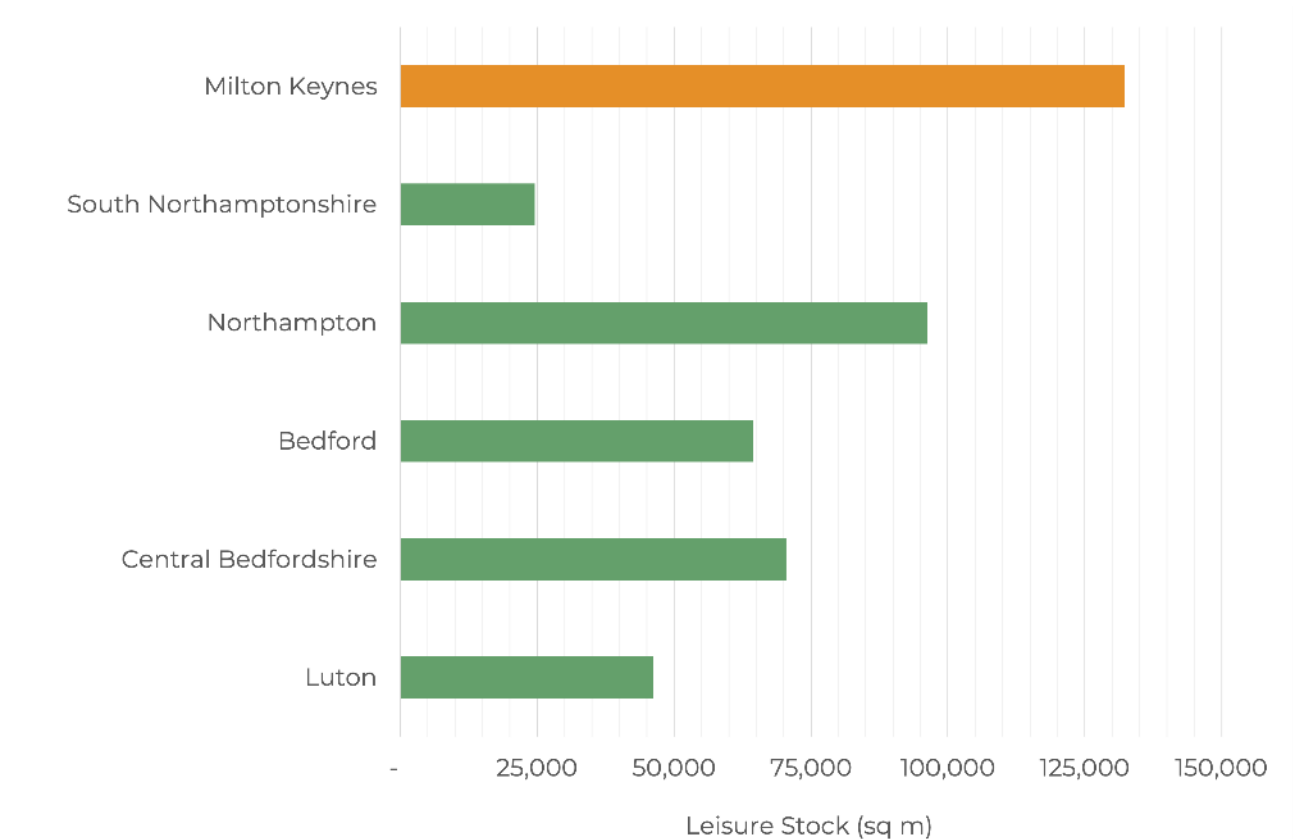
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Project	Milton Keynes HEDNA
Title	Surrounding Areas Retail Premises
Date	26 September 2022
Scale	1 : 500,000
Revision	1.0
Author	JHJ

Leisure, Assembly, and Food and Drink

Figure 28: Surrounding areas leisure premises stock (2017)¹⁷. (Source: HJA analysis of Valuation Office Agency 2017 Non-Domestic Rating Summary Valuations)

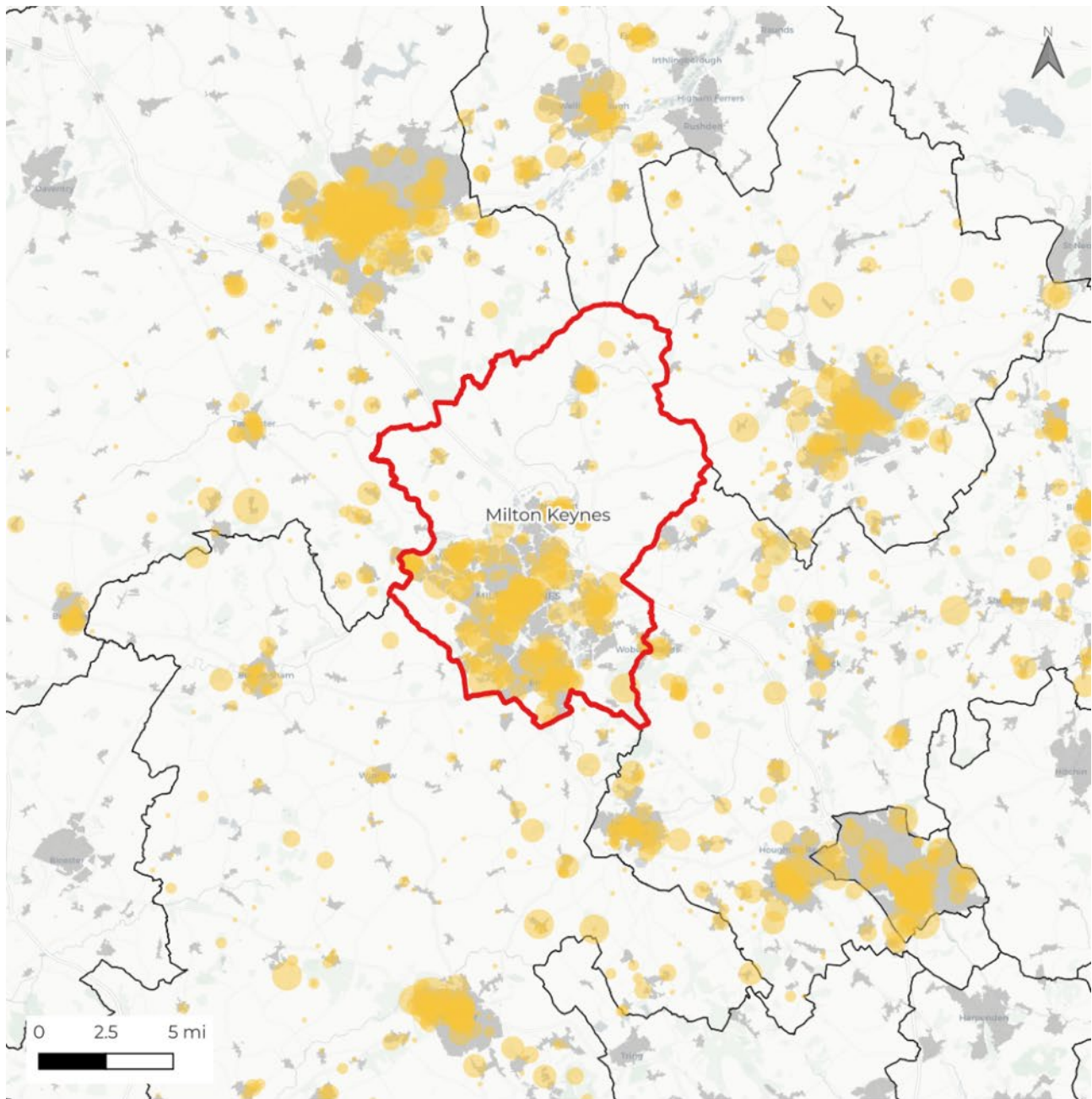


^{2.73} Analysis of Valuation Office Agency data indicates the Milton Keynes leisure market stock stood at around 130,000 sq m in 2017 (VOA). This makes it the largest leisure market in the SEMLEP area.

^{2.74} As shown in Figure 29 there are distinct leisure markets centred on the main settlements of Milton Keynes, Northampton, Bedford, and Luton. Aylesbury and Wellingborough display the density of a secondary markets in this context. Leighton Buzzard does display some density, although residents would likely need to look to the Luton and Milton Keynes leisure markets to access greater choice.

¹⁷ Data for 2022 is unavailable for leisure premises.

Figure 29: Surrounding areas leisure premises (food and drink, and assembly and leisure)



Legend

- Local Authority Districts
- Milton Keynes

Food & Drink and Assembly & Leisure Premises

- 1 – 100
- 100 – 250
- 250 – 500
- 500 – 1,000
- 1,000 – 2,500
- 2,500+

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Project	Milton Keynes HEDNA
Title	Surrounding Areas Leisure Premises
Date	26 September 2022
Scale	1 : 500,000
Revision	1.0
Author	JHJ

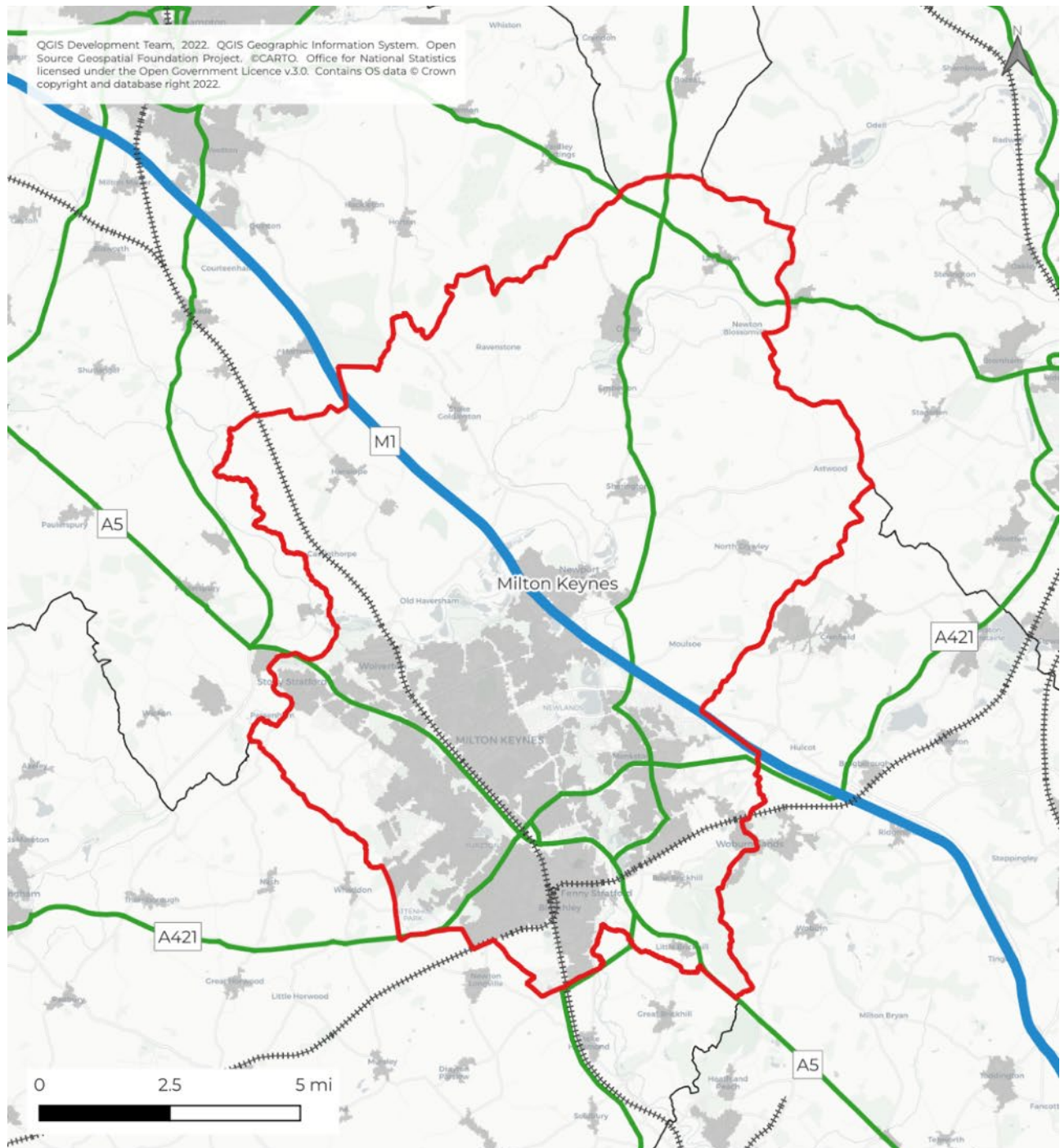
Transport and Connectivity

2.75 There are a number of key transport links in Milton Keynes:

- » **M1:** connecting London to Leeds, the M1 is one of the busiest motorways in the UK based on vehicle flow. It cuts across Milton Keynes UA from southeast to northwest. Junction 14 is located at the northeast edge of the Milton Keynes urban area. The M1 (Junction 6A) connects to the M25 at Junction 21.
- » **A5:** also known as the London-Holyhead Trunk Road, the A5 is a major road in England and Wales. It runs directly through the centre of the Milton Keynes urban area, and directly connects the UA with central London via the M1 (see above). On entering Milton Keynes the A5 becomes an (almost) full grade-separated dual carriageway, before resuming as a single carriageway after entering Northamptonshire.
- » **A421:** an important road for east/west journeys across south central England, together with the A428, A43, and A34 it forms the route from Cambridge to Oxford via Milton Keynes. The section between the A1 and the A5 (in Milton Keynes) is a national primary route.
- » **A509:** a short A-road for north-south journeys in south central England, connects the A5 in Milton Keynes to Kettering in Northamptonshire. It is a key route for travelling north/south within Milton Keynes UA.
- » **West Coast Main Line:** one of the primary railway lines in the UK, it connects the major cities of London and Glasgow with branches to Birmingham, Liverpool, Manchester, and Edinburgh. The main London terminal – London Euston – is accessible directly from Milton Keynes Central in as little as 35 minutes.

2.76 Potential improvements to East West rail links, designed to strengthen links across the Oxford to Cambridge region are likely to be the most significant infrastructure changes in the short-medium term with the potential to change the nature of existing functional relationships. Construction of the east-west railway line section between Bicester and Bletchley has started and when completed passenger trains are expected to run from Oxford to Milton Keynes by 2025. After the Oxford to Bletchley/Milton Keynes connection is delivered the existing train line from Bletchley to Bedford will be upgraded. This will enable trains to run from Oxford to Bedford. The final section of east-west rail is from Bedford to Cambridge. When completed passenger train services will be able to run from Oxford to Cambridge via Bletchley for the first time since the 1960s.

Figure 30: Milton Keynes transport infrastructure



Legend

- Local Authority Districts
- Milton Keynes
- Motorway
- Primary Road
- Railway Line



Project	Milton Keynes HEDNA
Title	Milton Keynes Transport Infrastructure
Date	26 September 2022
Scale	1 : 250,000
Revision	1.0
Author	JHJ

Summary

- 2.77 The assessment has considered a wide range of evidence. This identifies that Milton Keynes has multiple functional economic market areas, and as with all FEMAs, these tend to have ‘fuzzy’ boundaries and be difficult to define with precision.
- 2.78 At the highest level Milton Keynes forms part of a large strategic FEMA which includes London, Oxford, Cambridge and Birmingham. The M1 in particular is a key driver of the London to Birmingham linkage. The location of Milton Keynes at the centre of these four important cities was the reason for Milton Keynes’ development at its outset. Milton Keynes is also a pivotal location within the Oxford to Cambridge region. Whilst this strategic picture is relevant, these areas are too wide for practical planning purposes in terms of employment and economic needs.
- 2.79 At a more sub-regional level Milton Keynes plays a role as a key service and economic centre within the SEMLEP area. It has the largest office market within the SEMLEP area. In terms of industrial and warehousing premises, Milton Keynes plays a substantial but more comparative role within the SEMLEP area to the other large markets of North Northamptonshire and West Northamptonshire. Milton Keynes is an important retail and leisure centre in the SEMLEP area, alongside North Northamptonshire and West Northamptonshire, but with greater density. Milton Keynes also exhibits travel to work movements in multiple directions to and from other towns in the surrounding area. However, these other towns also have strong relationships to other locations.
- 2.80 The Milton Keynes local authority area has very strong travel to work linkages within its own boundaries, particularly in terms of resident-based employment.
- 2.81 The conclusion of the analysis suggests that it is appropriate for the purposes of Local Plan preparation to consider the Milton Keynes FEMA to be primarily focused on the local authority area of Milton Keynes. Whilst there are some strong relationships with some surrounding settlements, the nature of administrative boundaries (particularly following the formation of larger unitary authority areas) does not suggest any other areas should reasonably form part of the Milton Keynes FEMA for planning evidence purposes. However, any analysis needs to be mindful of the wider economic role Milton Keynes plays, particularly as an employment and wider service centre.
- 2.82 The remainder of the analysis relating to the economy is therefore undertaken on the basis of the Milton Keynes City Council area¹⁸.

¹⁸ The results of the analysis have been cross referenced with the recent SEMLEP Warehousing and Logistics Study (2022).

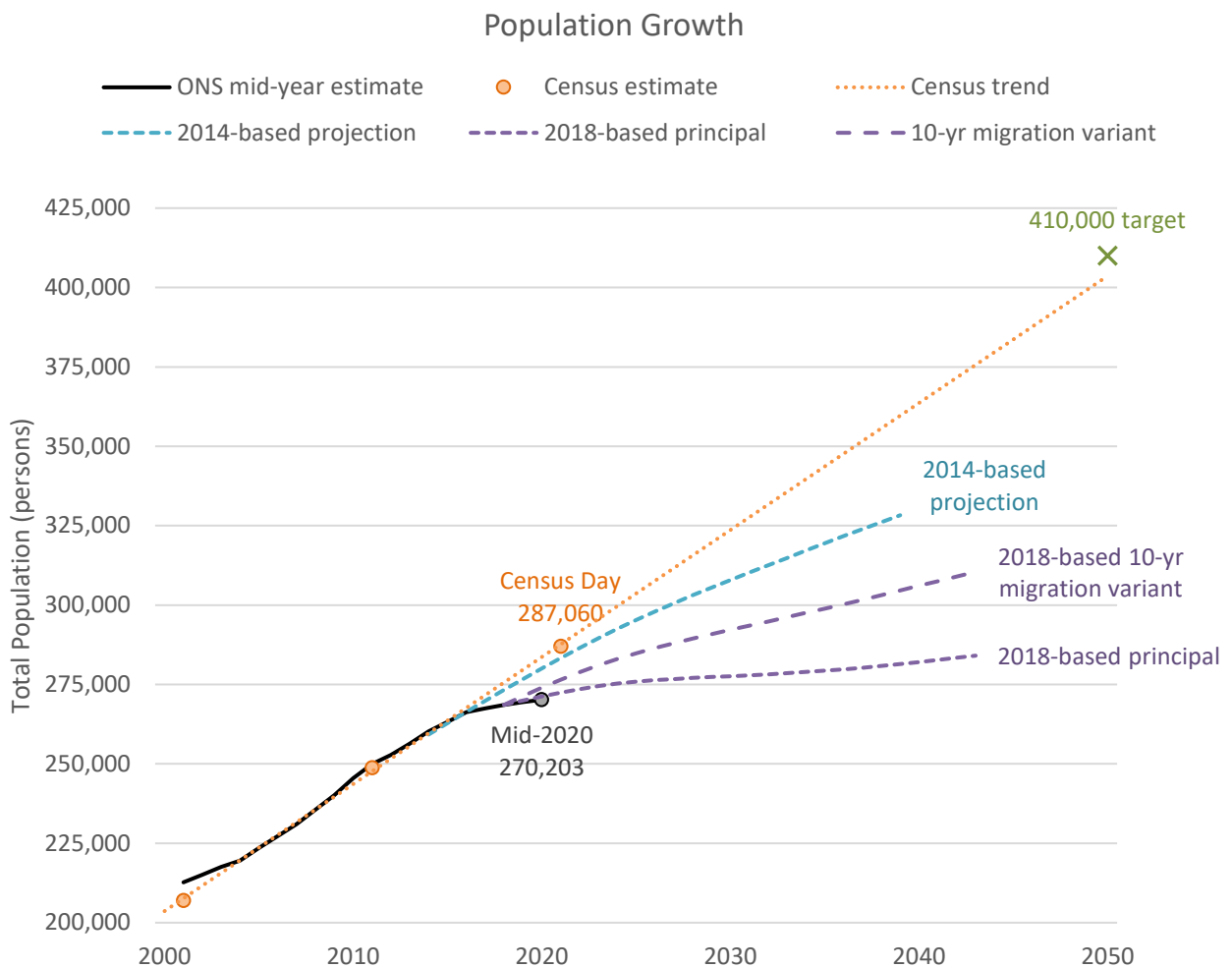
3. Socio-demographic, Economic and Local Market Context

Demographic Trends

Population Growth

- 3.1 The Census identified that Milton Keynes had a resident population of 287,100 persons in 2021, compared to 248,800 in 2011 and 207,100 in 2001. This represents a growth of 80,000 persons over the 20-year period 2001-2021, equivalent to an average increase of 4,000 persons each year.
- 3.2 As previously noted, there is a strategic ambition for the Milton Keynes Growth Area to reach a population of half a million residents by 2050, which would result in around 410,000 persons living in the administrative area. This would require annual population growth to be sustained at around 4,000 persons each year, but the latest 2018-based official population projections identify a much lower rate of growth (Figure 31).

Figure 31: Population trends and projections (Source: Census 2001, 2011 and 2021, ONS; Mid-Year Population Estimates 2001-2020, ONS; 2014-based and 2018-based Sub-National Population Projections, ONS)



3.3 The 2018-based population projections principal scenario is based on 2-year trends for domestic migration from the period 2016-2018. During that period, the population estimates showed relatively low levels of growth, increasing from 266,200 persons in mid-2016 to 268,600 persons in mid-2018: an average increase of 1,200 persons each year.

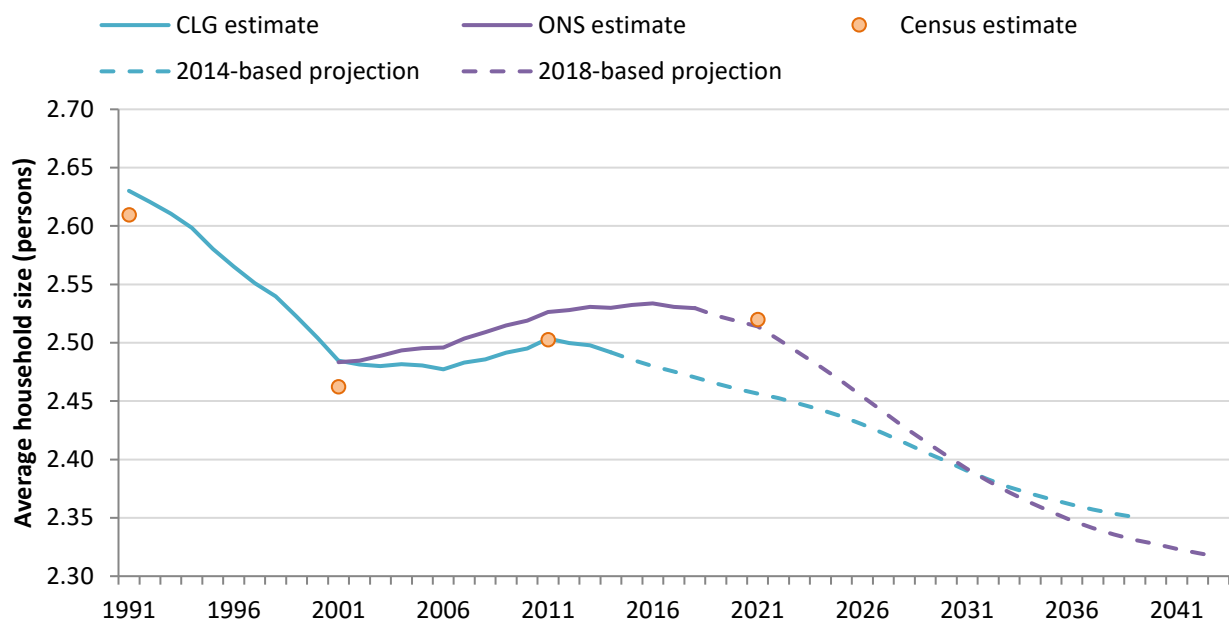
3.4 More recent population estimates suggest that low rates of growth continued for the following two years, with the official population estimates identifying 270,200 persons in mid-2020: an increase of 800 persons per year on average from 2018-2020. Nevertheless, the Census estimate of 287,100 persons was far higher: a difference of nearly 17,000 persons. Whilst some of this difference relates to the different reference dates, the official estimates appear to have underestimated population growth – and as the official population projections are based on these estimates, it is likely that this underestimate has also impacted the future projections.

Household Size

3.5 When considering demographic trends, it is often helpful to review changes to the average household size. Census estimates for Milton Keynes show that household sizes reduced on average between 1991 and 2001 but have since steadily increased over the periods to 2011 and 2021.

3.6 The CLG estimates reflected this trend over the period 1991-2011 but suggested that household sizes started to decline again from 2011-2014, and subsequently projected that this reduction would continue over the 25-year projection period. The ONS is now responsible for the household projections, and their estimates broadly reflect the Census trends over the period 2001-2021 – although these estimates suggest that the average peaked in 2016 and has since started to reduce once again. It is notable that the ONS projection suggests a greater decline in future average household size than had previously been identified by the CLG projection, as the equivalent figures for most local areas suggest a lower decline under the ONS method. It has often been argued that this slower rate of decline results from fewer households being able to form due to a shortfall of housing nationally, so the trend may be different in Milton Keynes as housing was available.

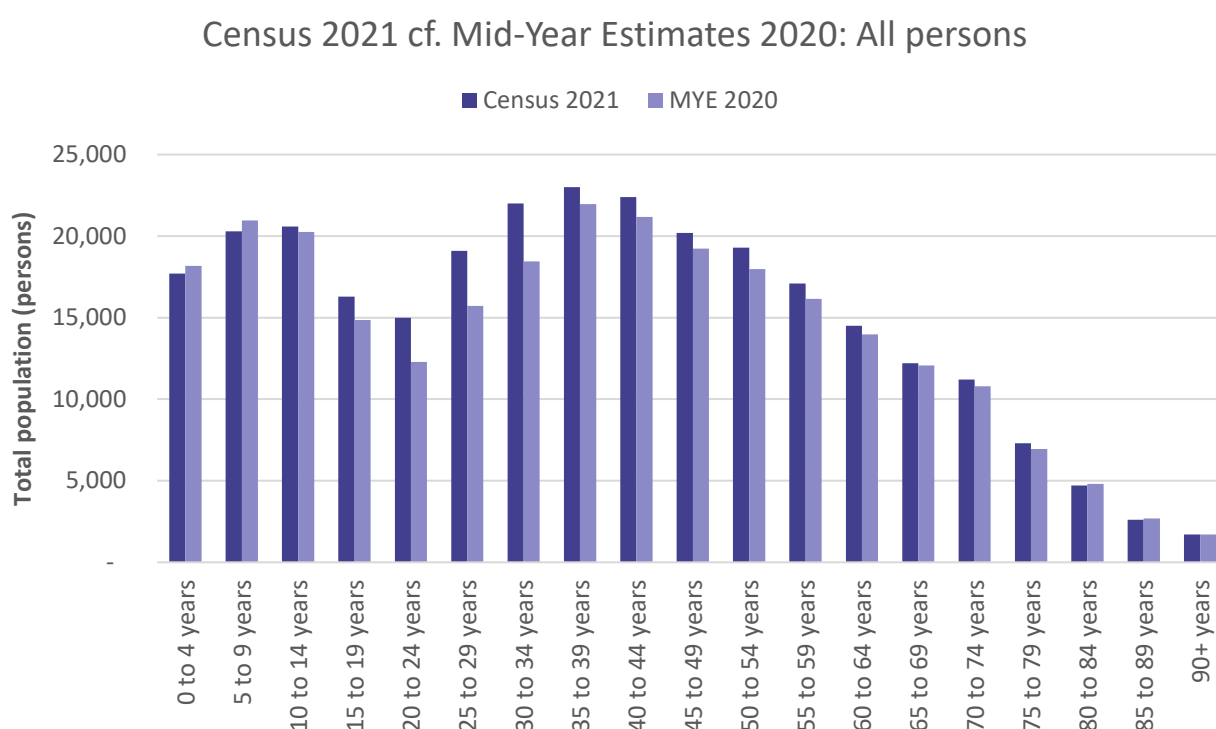
Figure 32: Average household size estimates and projections for Milton Keynes for the period 1991-2043 (Source: Census 1991 to 2021, ONS; 2014-based household projections, CLG; 2018-based household projections, ONS)



Working Age Population

- 3.7 The official population estimates showed that Milton Keynes had a working age population of 168,400 in mid-2020, and that the share of population of working age (16-64 years) had fallen over the 5-year period 2015-2020, with a notable increase in the older population aged 65 years or over.
- 3.8 Nevertheless, whilst there clearly has been a growth of older population in Milton Keynes over recent years, early outputs from the 2021 Census suggest that the additional population that was identified is not equally distributed by age or gender, and there was actually a considerably higher number of residents aged 20-34 resident in the area than had been estimated by the official estimates (Figure 33).

Figure 33: Comparison of ONS mid-2020 population estimate and UK Census of Population 2021 for Milton Keynes (Source: Mid-2020 Population Estimates, ONS; Census 2021, ONS)



- 3.9 Considering the change over the intercensal period 2011-2021, the working age population (aged 16-64) living in Milton Keynes increased from 165,900 to 185,200 persons, an increase of 19,300 persons (11.6%). However, the population of working age represented 66.7% of all residents in 2011 and this share had reduced to 64.5% in 2021, equivalent to a 2.2% point reduction. Despite this reduction, the proportion of working age residents in 2021 remained higher in Milton Keynes than across the South East (62.0%) and England (63.0%).
- 3.10 The older population (aged 65 or over) increased substantially over the intercensal period, from 27,500 in 2011 to 39,600 persons in 2021, an increase of 12,100 persons (43.9%). Proportionately, the older population increased from 11.1% to 13.8% of the overall population in Milton Keynes, which remains lower than the proportion of older persons in the South East (17.2%) and England (16.3%).

Labour Market

Economic Activity Rate

- 3.11 Data on economic activity rates and resident-based employment are collected via the Annual Population Survey. As this is a survey, data from smaller areas tend to exhibit more volatility than data from larger areas due to smaller sample sizes. To account for this the data has been ‘smoothed’ using a three-year rolling average
- 3.12 From 2019-2021, the employment rates, out of those economically active, in Milton Keynes increased slightly by +1.4 percentage points. Milton Keynes also had a higher employment rate than both the South East region and the UK throughout this period. Whilst between 2019-2021 the economic activity rate decreased in the South East and the UK, which could be attributed to the Covid pandemic, the rate in Milton Keynes continued to increase. In 2021, there was a higher number of economically active 16–64-year-olds and the percentage of those in employment within Milton Keynes was 83.6%.

Unemployment

- 3.13 Data for those who meet the international definition of unemployment is gathered via the Annual Population Survey. Due to small sample sizes across local authority areas, direct estimates from this survey are generally not robust at this geographical level. To overcome this problem, a model-based estimate is generated by the ONS (Office for National Statistics) using a combination of Annual Population Survey data and, data from the Claimant Count.
- 3.14 In 2021 the unemployment rate in Milton Keynes was 3.8%. Milton Keynes’ unemployment rate has been consistently lower than the rates in Great Britain, but has had a higher rate when compared to the South East region. Between 2015-2019, the unemployment rate in Milton Keynes declined and between 2019-2021, the unemployment rate declined again and was the same as the rate found in the South East (3.8%).

Skills and Qualifications

- 3.15 Milton Keynes’ share of working age residents qualified to NVQ4+ level was 43.3% in 2021. This is slightly below the South East (43.5%) average and below the UK (45.1%) average. At NVQ3+ level (61.1%) Milton Keynes perform at a similar level as the South East (61.4%), but do not perform as well as the UK (63.7%) averages. Milton Keynes’ working population with no qualifications was 4.4%, performing better than the South East (6.7%) and the UK (5.0%) averages.

Earnings

- 3.16 In 2021, the workplace-based median gross annual earnings in Milton Keynes were £32,472, which was above the South East (£31,285) average. The workplace-based median gross annual earnings in Milton Keynes between 2015-2020 have been consistently higher than the averages in the South East and the UK, but in 2021 was below the UK average (£32,810).

Economic Context

3.17 This chapter sets out Milton Keynes' economic history, and profiles its recent economic performance.

Economic History

3.18 Founded in the 1960s, Milton Keynes emerged out of the post-war New Towns Programme aimed at dispersing the overcrowded population in London. Milton Keynes was designated a New Town more than 20 years after the start of its development.

3.19 From 1967 to 1992 the development of Milton Keynes was overseen by the Milton Keynes Development Corporation. This provided the basis for rapid and planned growth. Milton Keynes was granted city status in 2022, supplying 179,400 jobs in 2021, with a population increase of 15.4% between 2011 to 2021.

3.20 The economy of Milton Keynes has exhibited significant growth with a high economic activity rate. It also ranks highly on the UK Local Competitiveness Index, ranking as the 25th most competitive local authority in the UK (out of 362 in total).

3.21 Milton Keynes is part of the South East Midlands Local Enterprise Partnership (SEMLEP), which was incorporated in 2011. Within the SEMLEP are the following local authorities:

- » Bedford
- » Central Bedfordshire
- » Luton
- » Milton Keynes
- » North Northamptonshire
- » West Northamptonshire

3.22 The SEMLEP area is a rapidly growing economy and occupies a strategically important location, surrounded by Oxford, Cambridge, London and the Midlands.

3.23 Milton Keynes, in 2020, made up 15.8% of the SEMLEP's population, and contributed the highest Gross Value Added (GVA) per capita (28.7%) when compared to the other local authorities in the SEMLEP area. This demonstrates its economic significant for the region.

UK Comparator Locations

3.24 Compared to the 12 self selected UK "core cities" Milton Keynes is far smaller, although it has performed very strongly over the last 10 years. Compared to the other five "fast growth cities" as defined by the Centre for Cities think tank, Milton Keynes is the largest in terms of population, employment, and GVA, and is one of the strongest performers over the last 10 years.

3.25 Due to quirks of administrative boundaries, there can be limitations in considering either the comparator cities themselves or their city regions as a whole.

3.26 Based on the local administrative areas, Milton Keynes has 13th largest population, and respectively the 12th largest level of employment¹⁹, out of the thirteen locations. Milton Keynes ranks 7th in population growth

¹⁹ BRES does not provide employment data for Belfast.

and 4th in employment growth between 2010 and 2020. In terms of GVA, Milton Keynes is 7th largest location and 1st in terms of growth over the last 10 years – this shows the strong recent performance of the city.

Figure 34: Population, employment, and GVA – Milton Keynes vs. core city and fast growth city comparators. (Source: HJA analysis of ONS data. Equivalent data not available for Belfast for employment data; note all figures rounded for transparency)

Local authority	Population 2020	Population Change 2010-2020	Employment (total jobs) 2020	Employment (total jobs) Change 2010-2020	GVA 2020	GVA Change 2010-2020
Belfast	343,000	3%			13,800	41%
Birmingham	1,140,000	7%	598,000	18%	27,900	34%
Bristol, City of	466,000	10%	319,000	20%	15,900	37%
Cardiff	369,000	8%	240,000	14%	12,400	44%
City of Edinburgh	528,000	12%	379,000	14%	24,300	44%
Glasgow City	636,000	8%	458,000	11%	22,400	31%
Leeds	799,000	7%	504,000	12%	26,800	31%
Liverpool	500,000	8%	283,000	17%	13,800	24%
Manchester	556,000	13%	455,000	32%	24,800	51%
Newcastle upon Tyne	307,000	11%	200,000	7%	9,100	28%
Nottingham	337,000	12%	223,000	6%	10,600	37%
Sheffield	589,000	8%	292,000	9%	13,200	23%
Cambridge	125,000	4%	121,000	27%	6,400	43%
Norwich	142,000	9%	98,000	8%	4,100	30%
Oxford	152,000	2%	133,000	17%	6,800	45%
Peterborough	203,000	11%	131,000	24%	6,500	40%
Swindon	223,000	8%	126,000	6%	9,300	20%
Milton Keynes	270,000	10%	191,000	22%	14,000	60%

3.27 Compared to the UK core city comparator locations Milton Keynes scores the highest in the UK Competitiveness Index. This reflects its strong recent economic performance.

Figure 35: UKCI score and rank – Milton Keynes vs. core city comparators (Source: Huggins et al, 2021. Equivalent data not available for Belfast in UKCI ranking by local authority).

Core city (local authority only)	UKCI score 2021	UKCI rank 2021
City of Edinburgh	112.5	37
Manchester	105.6	68
Bristol, city of	103.1	83
Leeds	100.4	100
Glasgow city	98.1	118
Cardiff	96.1	133
Liverpool	93.1	154
Nottingham	91.9	169

Core city (local authority only)	UKCI score 2021	UKCI rank 2021
Newcastle upon Tyne	91.6	172
Birmingham	91.1	181
Sheffield	86.8	234
Cambridge	112.1	39
Norwich	92.5	160
Oxford	103.7	79
Peterborough	95.4	136
Swindon	104.8	74
Milton Keynes	117.2	25

Competitiveness

3.28 Data on the competitiveness of local economies can be found in the UK Competitiveness Index (UKCI). The UKCI provides a benchmarking of the competitiveness of different spatial scales across the UK, namely local authorities, cities, LEAs, and regions (but not counties). It is designed to be an “integrated measure of competitiveness focusing on both the development and sustainability of businesses and the economic welfare of individuals”. The report considers competitiveness to be the capability of an economy to ‘attract and maintain firms with stable or rising market shares in activity’, while maintaining stable or increasing standards for residents.

3.29 The competitiveness of places in the UK are measured according to a number of factors, which are summarised in Figure 36 below.

Figure 36: Three factor model underlying the UK Local Competitiveness Index (Source: Huggins et al, 2021)

Input Factors
Economic activity rates
Business start-up rates per 1,000 inhabitants
Number of business per 1,000 inhabitants
Proportion of working age population with NVQ Level 4
Proportion of knowledge-based business
Output Factors
Gross Value Added per head at current basic prices
Productivity – output per head
Employment rates
Output Factors
Gross weekly pay
Unemployment rates

3.30 These factors are combined to produce a score of 100 for the UK. A score below 100 indicates a location that is less competitive than average, and a score above 100 suggests a location that is more competitive than average. Districts and unitary authorities are ranked from one (the most competitive) to 362 (the least competitive).

Figure 37: Summarised UK Local Competitiveness Index findings for Milton Keynes vs. LEP and Region (Source: Huggins et al, 2021)

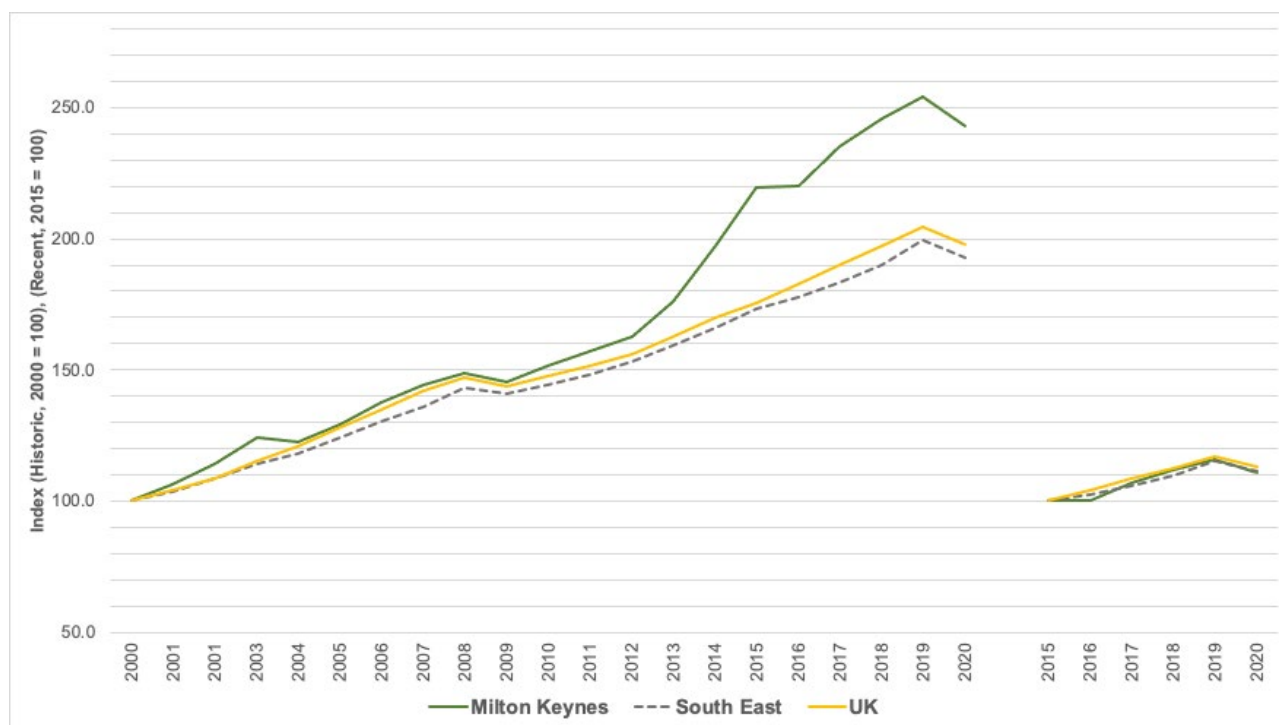
Geography	Location	2018 Score	2018 Rank	2021 Score	2021 Rank	Change Score	Change Rank
Local Authority	Milton Keynes	118.0	24	117.2	25	-0.8	-1
Local Authority	Luton	97.5	119	96.1	134	-1.4	-15
Local Authority	Bedford	96.3	131	98.9	112	+2.6	+19
Local Authority	West Northamptonshire	99.8	98	99.5	108	-0.3	-10
Local Authority	Oxford	105.9	68	103.7	79	-2.2	-11
Local Authority	Cambridge	112.6	38	112.1	39	+0.6	-1
LEP	South East Midlands	101.4	10	100.8	11	-0.7	-1
Region	South East	102.4	114	102.4	111	0.0	+3

- 3.31 Milton Keynes ranks 24th out of 362 local authorities in 2018, this indicates its strong performance and high competitiveness. This is consistent with the Centre for Cities findings of fast growth potential in Milton Keynes as a result of its innovation capacity.
- 3.32 Within the context of the South East Midlands LEP and the South East region, Milton Keynes has not experienced any considerable change between the 2018 and 2021 release. Although, it has seen a decrease in rank (-1), and its score has fallen (-0.8), Milton Keynes still remains more competitive than the average with its UKCI score being well above 100.
- 3.33 Milton Keynes (117.2) scores significantly higher than other local authorities, such as Luton (96.1), Bedford (98.9), and West Northamptonshire (99.5) who's UKCI scores are lower than average. Oxford (103.7) and Cambridge (112.2), whilst having above average scores for competitiveness, still score lower than Milton Keynes, showing the strong competitiveness of Milton Keynes' economy.
- 3.34 Milton Keynes significantly outperforms the average for the South East Midlands LEP. Its overall score is +16.4 above the LEP's. Between 2018 and 2021 the South East Midlands LEP's ranking fell (-1) and Milton Keynes' rank also fell by -1.
- 3.35 Milton Keynes performs significantly better compared to the South East regional average. Whilst between the 2018 and 2021 release Milton Keynes saw a decrease (-1) in rank compared to the South East which increased (+3), its overall UKCI score is +14.8 above the South East's. It ranks +86 places above the South East's average local authority ranking. Of 64 South East Local Authorities, Milton Keynes ranks 9th.
- 3.36 Milton Keynes was only granted a city status in 2022 and so its competitiveness as the city level has not been ranked or scored in the 2018 and 2021 UKCI release.

Gross Value Added

- 3.37 GVA measures the contribution to an economy of an individual producer, industry, sector or region. The latest data available indicates that in 2020 Milton Keynes' economy contributes £14.0 billion in GVA to the national economy based on current prices. This equates to 4.9% of the South East's economy, and 0.7% of the UK economy.
- 3.38 Since 2000, the growth rate of Milton Keynes' GVA has consistently remained above of the UK and the South East. Over the last 5-year period for which ONS data is available (2015-2020), Milton Keynes' GVA growth rate has performed broadly in line with the South East and the UK. Figure 38 shows both the long term and short term performance

Figure 38: Historic and recent GVA performance, index (Source: HJA analysis based on Regional gross value added (balanced) by industry: local authorities by ITL1 region: TLJ South East (ONS, May 2022) and Regional gross value added (balanced) by industry: all ITL regions (ONS, May 2022))

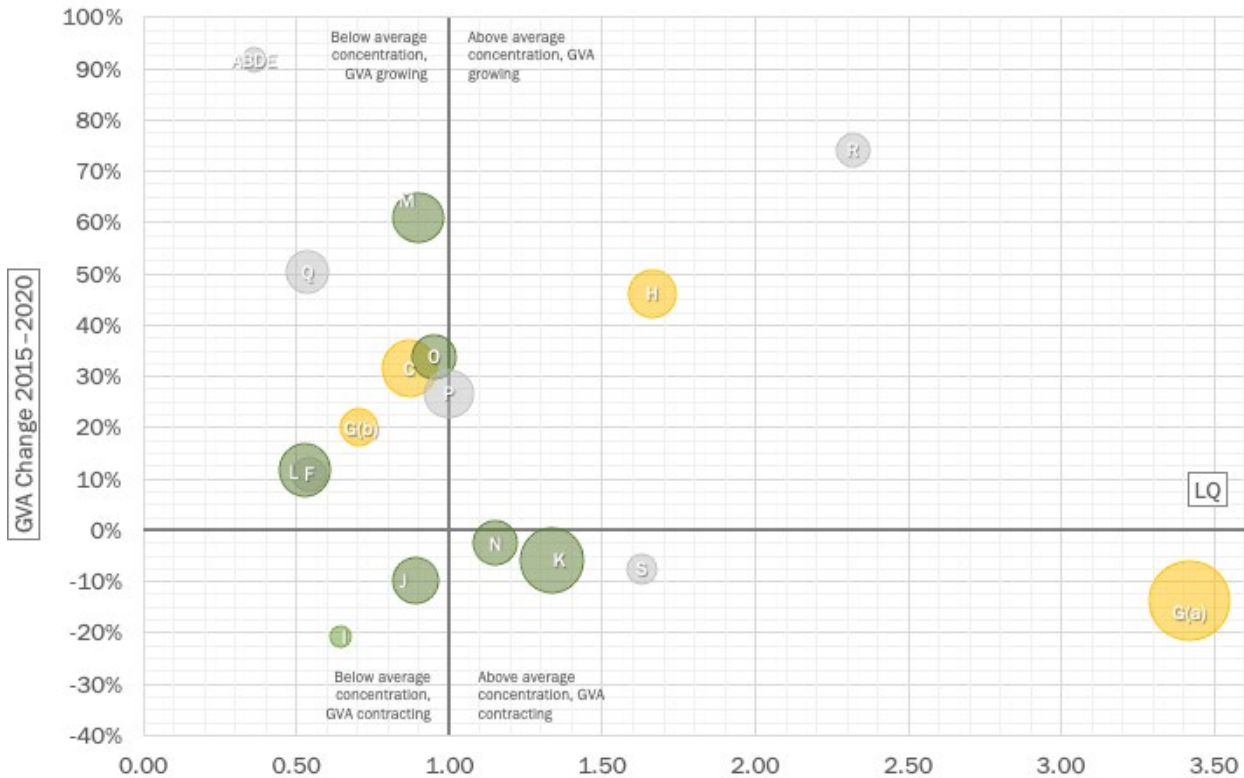


- 3.39 Figure 39 sets out the contribution of each sector to Milton Keynes's economy in terms of:

- » Magnitude: the overall GVA contribution of each sector – indicated by 'bubble' size. The larger the bubble, the greater that sector's GVA contribution to the Milton Keynes' economy.
- » Concentration: the relative share of each sector's GVA contribution – horizontal axis. Concentration is represented by Location Quotient (LQ) on the horizontal axis. LQ is a way of quantifying how concentrated a particular sector is in a specific location as compared to the national average. This is calculated by dividing the share of each sector's GVA in a given area by the share of GVA in the same sector in the UK. An LQ above 1 indicates an above average GVA concentration, whilst an LQ below 1 indicates a below average GVA concentration.
- » Change: each sector's GVA change over the period 2015–2020 – vertical axis.
- » Employment Premises: an indication of the type of employment premises most likely to be occupied by each sector is provided through the use of colour coding. Green relates to primarily

office based activities, yellow covers industrial and warehousing based activities, and grey cover sectors which do not typically occupy property traditionally classed as 'employment uses'.

Figure 39: Magnitude (2020), concentration (2020), and change (2015–2020) in total GVA by SIC sector , Milton Keynes (Source: HJA analysis based on Regional gross value added (balanced) by industry: local authorities by ITL1 region: TLJ South East (ONS, May 2022) and Regional gross value added (balanced) by industry: all ITL regions (ONS, May 2022))



3.40 The sectors can be divided into four categories. These are discussed below.

Category 1: Above average GVA concentration, GVA growing (top right)

- » *Transport and storage (H)*
- » *Arts and entertainment (R)*
- » *Education (P)*

3.41 These sectors exhibit above average concentration (i.e. they are over represented in Milton Keynes when compared to the national average) and show signs of strength given recent GVA growth. As such they should be considered as very important to Milton Keynes' economy. They may not be the largest sectors in absolute terms, but are performing very strongly.

Category 2: Below average GVA concentration, GVA growing (top left)

- » *Professional, scientific and technical activities (M)*
- » *Real estate (L)*
- » *Public administration and defence (O)*
- » *Manufacturing (C)*
- » *Retail (G(b))*

- » *Health and social care* (Q)
- » *Construction* (F)
- » *Primary industries* (ABDE)

3.42 Although these sectors exhibit below average concentration, they also show signs of strength given recent GVA growth. Alongside the sectors in Category 1, these should also be considered as important to Milton Keynes' economy. *Professional, scientific and technical activities* (M) has grown significantly between 2015-2020, and has a LQ of 0.9, indicating the sector is close to being included into Category 1.

Category 3: Above average GVA concentration, GVA contracting (bottom right)

- » *Finance and insurance* (K)
- » *Administrative and support services* (N)
- » *Wholesale* (G(a))
- » *Other services* (S)

3.43 *Wholesale* (G(a)) has exhibited above average GVA concentration, and also provides a significant GVA output to Milton Keynes' economy. *Finance and insurance* (K) is also a very large sector in terms of output. Even though *Administrative and support services* (N) has shown negative growth (-3%), the decrease is marginal.

Category 4: Below average GVA concentration, GVA contracting (bottom left)

- » *Information and communication* (J)
- » *Accommodation and food services* (I)

3.44 The *Information and communication* (J) and *Accommodation and food services* sectors have exhibited negative GVA growth over the period 2015-2020, and a below average GVA concentration.

3.45 Figure 40 provides a summary of the largest sectors as measured by GVA, those with the largest absolute growth over the period 2015-20 and those with the highest LQs in Milton Keynes. This confirms the importance of the *Transport and storage* (H) sector which occurs on all three lists. Sectors appearing in at least two columns are across a wide range of production and service activities showing the wide range of strengths.

Figure 40: Summary: best performing sectors based on GVA magnitude, growth, and concentration

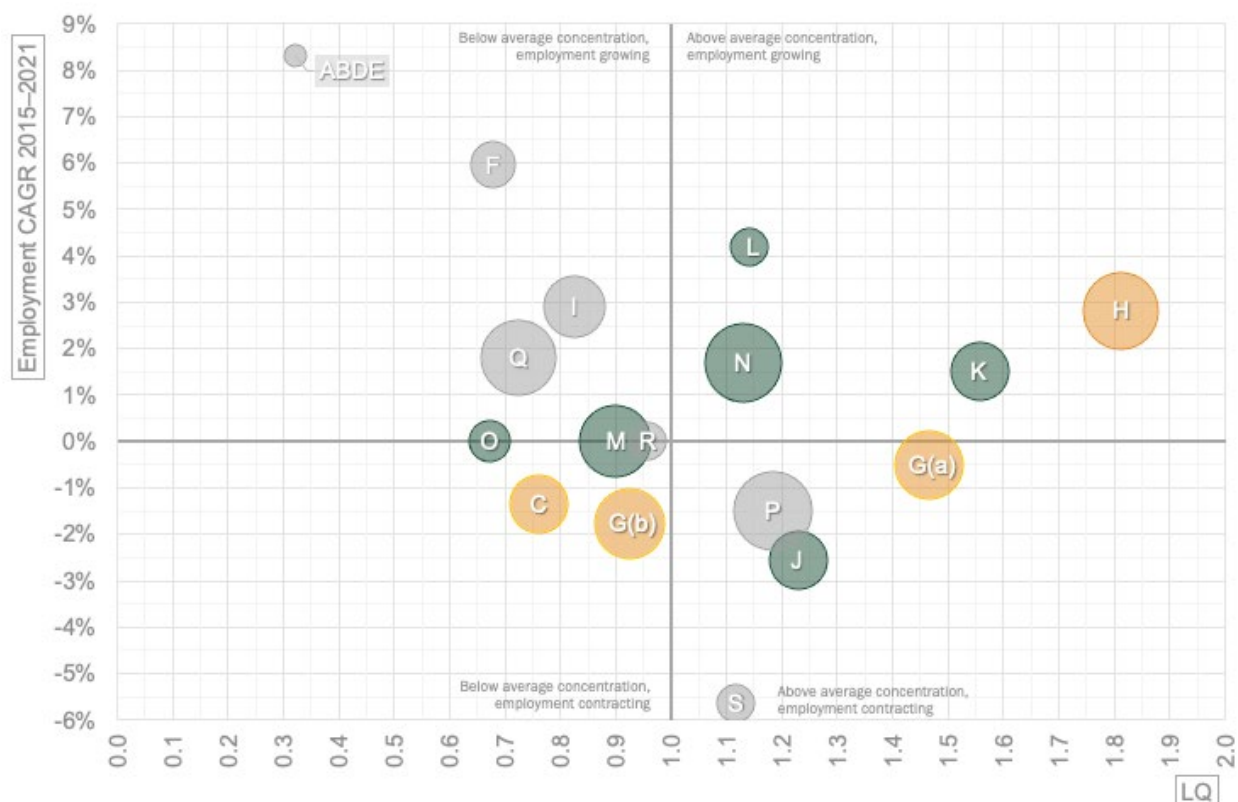
	GVA (2020)	Total change (2015–2020)	Concentration (2020)
1	G(a): Wholesale (£2,510m)	M: Professional services (+£370m)	G(a): Wholesale (3.42)
2	K: Finance and insurance (£1,610m)	C: Manufacturing (+£280m)	R: Arts and entertainment (2.32)
3	C: Manufacturing (£1,170m)	H: (+£270m)	H: (1.66)
4	L: Real estate (£1,010m)	Q: Health and social care (+£230m)	S: Other services (1.63)
5	M: Professional services (£970m)	P: Education (+£190m)	K: Finance and insurance (1.33)
6	P: Education (£900m)	O: Public administration (+£180m)	N: Admin. and support services (1.15)
7	H: (£850m)	R: Arts and entertainment (+£180m)	P: Education (1.00) ⁺
8	J: Information and comms. (£790m)	L: Real estate (+£110m)	O: Public administration (0.95) ⁺
9	N: Admin. and supp. services (£730m)	ABDE: Primary industries (+£100m)	M: Professional services (0.90) ⁺
10	O: Public administration (£720m)	G(b): Retail (+£90m)	J: Information and comms. (0.89) ⁺

⁺ shown in grey text as LQ is not greater than 1, so no notable concentration of activity

Employment

- 3.46 The Business Register and Employment Survey (BRES) provides the most robust, and detailed workplace-based measure of sectoral employment and will be relied upon for the following section. Analysis is provided for the period 2015 to 2021 as there is a discontinuity with earlier data following the inclusion of PAYE only businesses in the dataset.
- 3.47 Total employment in Milton Keynes in 2021 was approximately 180,000 according to BRES.
- 3.48 Figure 41 sets out the contribution of each sector to Milton Keynes's economy in terms of:
- » **Magnitude:** the overall employment contribution of each sector – indicated by 'bubble' size. The larger the bubble, the greater that sector's employment contribution to the Milton Keynes economy;
 - » **Concentration:** the relative share of each sector's employment contribution – horizontal axis. Concentration is represented by LQ on the horizontal axis. LQ is a way of quantifying how concentrated a particular sector is in a specific location as compared to the national average. This is calculated by dividing the share of each sector's employment in a given area by the share of employment in the same sector in England. An LQ above 1 indicates an above average employment concentration, whilst an LQ below 1 indicates a below average employment concentration;
 - » **Change:** each sector's employment growth over the period 2015–2021 – vertical axis; and
 - » **Employment premises:** an indication of the type of employment premises most likely to be occupied by each sector is provided through the use of colour coding. Green relates to primarily office based activities, yellow covers industrial and warehousing based activities, and grey cover sectors which do not typically occupy property traditionally classed as 'employment uses'.

Figure 41: Employment Magnitude (2021), Concentration (2021), and Change (2015–2021) by SIC sector, Milton Keynes (Source: HJA analysis of Business Register and Employment Survey (ONS, December 2022))



3.49 The following assessment summarises the most significant sectors in terms of employment.

3.50 The sectors can be divided into four categories. These are discussed below.

Category 1: Above average employment concentration, employment growing (top right)

- » Finance and insurance (K)
- » Administrative and support services (N)
- » Real estate (L)
- » Transport and storage (H)

3.51 These sectors exhibit above average employment concentration, and show signs of strength given recent employment growth. As such they should be considered very important to Milton Keynes' Economy. *Real estate* (L) has shown significant growth in employment, although employment levels in this sector do not contribute as highly to Milton Keynes' economic base compared to sectors such as *Transport and storage* and *Administrative and support services*.

Category 2: Below average employment concentration, employment growing (top left)

- » Public administration and defence (O)
- » Professional, scientific and technical activities (M)
- » Accommodation and food services (I)
- » Health and Social Work (Q)
- » Construction (F)
- » Primary industries (ABDE)

» *Arts and entertainment (R)*

3.52 Although these sectors exhibit below average employment concentration, many exhibit robust employment levels and show signs of strength given recent employment growth. As such, the majority should be considered as important to Milton Keynes' economy alongside Category 1 sectors.

Category 3: Above average employment concentration, employment contracting (bottom right)

» *Information and communication (J)*

» *Wholesale (G(a))*

» *Education (P)*

» *Other services (S)*

3.53 These sectors exhibit above average employment concentration but are showing signs of weakness given the recent decrease in employment levels. However, employment levels in the *Education (P)* sector do contribute highly to Milton Keynes' economic base. These are therefore important sectors at present but with risk associated with the direction of travel.

Category 4: Below average employment concentration, employment contracting (bottom right)

» *Manufacturing (C)*

» *Retail (G(b))*

3.54 These sectors have exhibited negative employment growth over the period 2015–2021, and a below average employment concentration. These sectors show clear signs of risk in employment terms, driven by rising automation and other economic trends (e.g. the move to online retail). Both sectors displayed growing GVA.

3.55 Figure 42 provides a summary of the largest sectors as measured by employment, those with the largest absolute growth over the period 2015–20 and those with the highest LQs in Milton Keynes. Both *Finance and insurance (K)* and *Transport and storage (H)* feature in all three columns, with a range of public and private service sector activities featuring in two columns.

Figure 42: Summary: best performing sectors based on employment magnitude, growth, and concentration

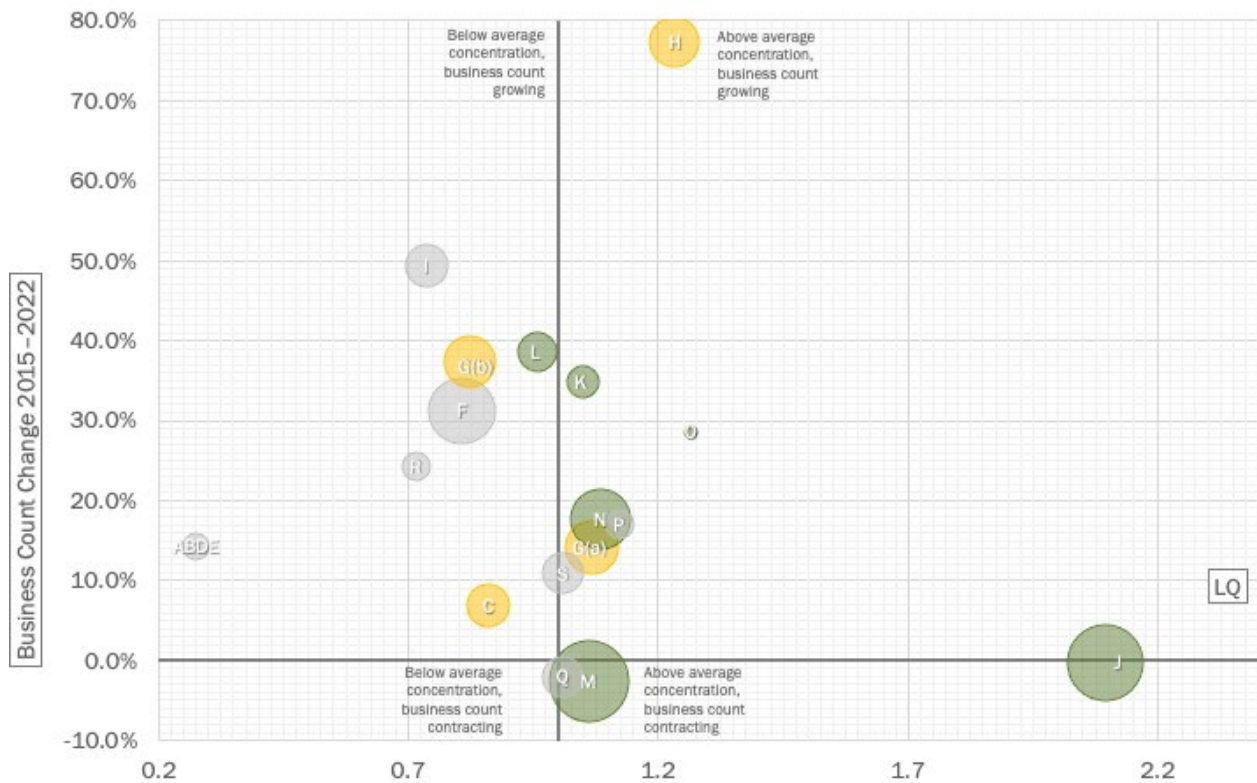
	Employment (2020)	Total change (2015–2020)	Concentration (2020)
1	G: Wholesale and retail (31,000)	H: Transport and storage (+2,000)	H: Transport and storage (1.78)
2	H: Transport and storage (18,000)	F: Construction (+1,000)	K: Finance and insurance (1.65)
3	N: Admin. and support (18,000)	I: Accommodation and food (+1,000)	J: Information and comms. (1.56)
4	P: Education (18,000)	K: Finance and insurance (+1,000)	M: Professional services (1.50)
5	Q: Health and social care (17,000)	L: Real estate (+1,000)	S: Other services (1.28)
6	M: Professional services (15,000)	O: Public administration (+1,000)	P: Education (1.24)
7	C: Manufacturing (11,000)	Q: Health and social care (+1,000)	L: Real estate (1.16)
8	I: Accommodation and food (11,000)	R: Arts and entertainment (+500)	R: Arts and entertainment (1.11)
9	J: Information and comms. (11,000)	ABDE: Primary industries (+400)	G: Wholesale and retail (1.10)
10	K: Finance and insurance (9,000)		N: Admin. and support services (1.04)

Business Demography

- 3.56 Data on the number of businesses in a location is available from the ONS UK Business Counts dataset. Data is available for both the number of enterprises and the number of local units.
- 3.57 The number of enterprises in Milton Keynes increased between 2015-2019 (+3,155)²⁰. Since 2019, the number of enterprises has decreased and in 2022 the figure stood at 12,670. Between 2019 and 2022, Milton Keynes' number of enterprises fell (-10.2%) which is a significantly greater reduction than the South East (-0.6%) and UK (+1.8%) changes within this period. It is likely this is linked with the negative economic effects of the pandemic, with Milton Keynes' business count yet to return to the strong rate of growth observed pre-pandemic.
- 3.58 The vast majority of enterprises in Milton Keynes are 'micro' enterprises, i.e., with fewer than ten employees, which is also the pattern on both a regional and national level. Milton Keynes' share of enterprises that are micro (89.0%) is marginally lower than the South East (90.0%) and the UK (89.5%) averages. Milton Keynes' share of enterprises that are 'small' (8.6%) is marginally higher than the South East (8.2%) average and is the same as the UK (8.6%) average. Milton Keynes' share of medium enterprises (1.9%) is higher than the South East (1.4%) and UK (1.5%) averages. Similarly, Milton Keynes' (0.6%) share of large enterprises is higher than the South East (0.4%) and UK (0.4%) averages. Although in percentage terms the difference is minimal, given the size of these 'large' enterprises in question, such a difference should be considered significant.
- 3.59 Figure 43 sets out the contribution of each sector to Milton Keynes' economy in terms of:
- » **Magnitude:** the overall business base contribution of each sector – indicated by 'bubble' size. The larger the bubble, the greater that sectors' business base contribution to the Milton Keynes' economy.
 - » **Concentration:** the relative share of each sector's business base contribution – horizontal axis. Concentration is represented by LQ on the horizontal axis. LQ is a way of quantifying how concentrated a particular sector is in a specific location as compared to the national average. This is calculated by dividing the share of each sector's business base in a given area by the share in the same sector in the UK. An LQ above 1 indicates an above average business base concentration, whilst an LQ below 1 indicates a below average business base concentration.
 - » **Change:** each sector's business base change over the period 2015–2022 – vertical axis.
 - » **Employment Premises:** an indication of the type of employment premises most likely to be occupied by each sector is provided through the use of colour coding. Green relates to primarily office based activities, yellow covers industrial and warehousing based activities, and grey cover sectors which do not typically occupy property traditionally classed as 'employment uses'.

²⁰ Comparison with ONS Business Demography data suggests this is a plausible growth trend, with growth in 2018 potentially on the weaker side, and growth in 2019 potentially on the stronger side.

Figure 43: Magnitude (2022), Concentration (2022), and Change (2015–2022) in Business Count by SIC sector, Milton Keynes
(Source: HJA analysis based on UK Business Count (ONS, 2022))



3.60 The following assessment summarises the most significant sectors in terms of business count.

Category 1: Above average business concentration, business count growing (top right)

- » *Information and communication (J)*
- » *Administrative and support services (N)*
- » *Finance and insurance (K)*
- » *Public administration and defence (O)*
- » *Transport and storage (H)*
- » *Wholesale (G(a))*
- » *Education (P)*
- » *Other services (S)*

3.61 These sectors exhibit above average business concentration, and show signs of strength given recent business count growth. As such, they should be considered as very important to Milton Keynes' economy. In particular, *Information and communication (J)* exhibits a significant business count and above average business concentration (2.1), and *Transport and storage (H)* has shown strong growth between 2015 and 2022.

Category 2: Below average business concentration, business count growing (top left)

- » *Real estate* (L)
- » *Retail* (G(b))
- » *Manufacturing* (C)
- » *Construction* (F)
- » *Arts and entertainment* (R)
- » *Accommodation and food services* (I)
- » *Primary industries* (ABDE)

3.62 Although these sectors exhibit below average business concentration, they do also exhibit robust business counts and show signs of strength given recent business count growth. As such the majority should be considered as important to Milton Keynes' economy. It is worth noting that the *Real estate* (L) sector in this category has a LQ's of 0.96 indicating they are close to being included in category 1 and are also important to Milton Keynes' economy. *Primary industries* (ABDE) is a small sector with very low concentration. This is less important to the urban area, but of greater importance to the rural part of the authority area.

Category 3: Above average business concentration, business count contracting (bottom right)

- » *Professional, scientific and technical activities* (M)
- » *Health and social care* (Q)

3.63 This sector exhibits above average business concentration but is showing signs of weakness as its business count is contracting. Both the *Professional, scientific and technical activities* (M) (-2.6%) and *Health and social care* (Q) (-2%) sectors have decreased in growth, but it has been marginal.

Category 4: Below average business concentration, business count contracting (bottom left)

3.64 It is worth noting that there are no sectors in this category for Milton Keynes. Whilst it can be interpreted that Milton Keynes's business base has been in relatively good health, the outcome of this may be due to the significant growth in businesses between 2015-2019. Note the business count between 2019-2022 decreased significantly (-10.2%).

3.65 Figure 44 provides a summary of the largest sectors as measured by business count, those with the largest absolute growth in the number of businesses over the period 2015-20 and those with the highest LQs in Milton Keynes. *Wholesale* (G(a)), *Transport and storage* (H), *Other services* (S) and *Administrative and support services* (N) feature in all three columns showing their strength across a range of measures.

Sectors Summary

3.66 The sectors analysis, considering GVA, employment and business counts data shows the strength of the Milton Keynes economy across a wide range of sectors and activities. Its well connected location is a great asset which makes it an attractive proposition for a wide variety of activities. However, there is strength across the majority of measures from *Transport and storage* and *Wholesale* as well as *Finance and insurance*, *Professional, scientific and technical activities*, and *Administrative and support services*. Below these sectors there is then a broad base across *Manufacturing*, *Information and communication*, *Education*, *Health* and the leisure economy (*Arts and entertainment*, *Accommodation and food services*). These also reflect the scale of Milton Keynes as a city.

Figure 44: Summary: best performing sectors based on business count magnitude, growth, and concentration

	Business count (2022)	Total change (2015–2022)	Concentration (2022)
1	M: Professional services (2,100)	H: Transport and storage (+340)	J: Information and comms. (2.09)
2	J: Information and comms. (1,880)	F: Construction (+330)	O: Public administration (1.26)
3	F: Construction (1,400)	G(b): Retail (+230)	H: Transport and storage (1.23)
4	N: Admin. and support services (1,140)	I: Accommodation and food (+195)	P: Education (1.12)
5	G(a): Wholesale (900)	N: Admin. and support services (+170)	N: Admin. and support services (1.08)
6	G(b): Retail (850)	L: Real estate (+135)	G(a): Wholesale (1.07)
7	H: Transport and storage (780)	G(a): Wholesale (+115)	M: Professional services (1.06)
8	I: Accommodation and food (590)	K: Finance and insurance (+75)	K: Finance and insurance (1.05)
9	C: Manufacturing (500)	S: Other services (+50)	S: Other services (1.01)
10	S: Other services (510)	R: Arts and entertainment (+45)	Q: Health and social care (1.01)

Commercial Market Analysis

3.67 This chapter provides a summary of more detailed commercial market analysis set out at Appendix F to this report. This analysis was prepared by LSH.

Office Market Summary

3.68 Milton Keynes is one of the major office locations in the M1 corridor and North M25 region with a significant stock of office space, a host of multinational occupiers and HQs, excellent connectivity and a highly skilled workforce.

3.69 Prior to the pandemic the office market in Milton Keynes had improved in recent years with the return of speculative development, inward investment, rental growth and good occupier take-up.

3.70 The pandemic is having a major impact on the office market and in general the indicators suggest that occupiers will look to lease less office space but of better quality. Supply levels have remained fairly stable and fair better than most other South East markets, but this could potentially increase in the medium term as surplus space is released upon lease events.

3.71 Take-up of office space has been muted below the 10 year average in 2021 and 2022 forecast, mainly due to an absence of larger transactions in excess of 10,000 sq ft. With a real paucity of Grade A supply, the levels of take-up could continue at below the long term average in the immediate future.

3.72 LSH anticipates the office market to continue to be polarised between best in class space and secondary buildings, with occupiers willing to pay good rents on smaller space that meets all of their requirements in attracting and retaining talent.

3.73 There is a substantial stock of ageing office buildings in Milton Keynes that will require refurbishment or repurposing in the medium to long term, either through a combination of obsolescence or a structural lack of demand. Permitted Development Rights have already removed a substantial amount of secondary buildings in CMK, which assisted the office market by removing a glut of poor quality supply. Protections against such changes of use will now safeguard office use in this location, which we consider as a strategic office hub that will continue to outperform peripheral locations.

- 3.74 In out of town locations we may witness more redevelopment of tertiary offices to industrial and logistics, with other potential employment opportunities in the long term with the arrival of transport infrastructure in the Oxford to Cambridge region.
- 3.75 Milton Keynes has been successful in attracting major occupiers by the availability of land for large scale developments and the excellent fundamentals of the city as an office location.
- 3.76 However, Milton Keynes has suffered from a cyclical lack of new speculative office development for numerous reasons and in turn there continues to be a paucity of Grade A supply. The absence of high quality office stock will inhibit the ability to attract new occupiers, assist the growth of existing businesses and to compete with other major South East office locations.
- 3.77 Viability of new office development will remain challenging and therefore it may need to form part of mixed use schemes in order to ensure deliverability, whilst enabling excellent amenities and a sense of place.

Industrial and Warehousing Market Summary

- 3.78 Milton Keynes continues to go from strength to strength as an industrial and warehousing location and is now home to many of the leading occupiers in the market including Amazon, John Lewis, H&M and Red Bull Racing.
- 3.79 The excellent transport links, abundance of speculative development, pool of highly skilled workforce and key existing occupiers combine to enhance the draw of Milton Keynes.
- 3.80 The city has been a well-established industrial and warehousing location for many years with numerous multi-let estates and a handful of larger detached units scattered throughout, however, the position of Milton Keynes as a key location has elevated following the start of the Magna Park development in 2014.
- 3.81 A wave of new developments, the majority of which are of Mid/Big Box units (50,000 sq ft +), have followed this and brought additional demand with it.
- 3.82 Since the pandemic, the race for space has intensified with record levels of demand and take up across the Milton Keynes Industrial and warehousing market, in particular the 'big box' market which has seen unprecedented levels reached.
- 3.83 In response to this, market rents have pushed on to impressive record levels with an average growth of approximately 15% since the pandemic, a figure which is still showing no signs of slowing down.
- 3.84 The extreme levels of take up have seen pressure building on supply. There is an acute shortage of units in excess of 50,000 sq ft as second hand stock becomes increasingly scarce and new builds are unable to keep up with demand.
- 3.85 The smaller/medium size occupiers are also subject to a decreasing quantity of second hand stock, which is only compounded by the lack of new multi-let estates and sub 50,000 sq ft units under construction.
- 3.86 The supply in short to mid-term does, however, look promising in the big box market, with over 4 million sq ft of space either under construction or in for planning.
- 3.87 With a strong pipeline the future for industrial and logistics in Milton Keynes looks bright, but the effects of inflation and the extreme hikes in gas/electric prices have not been fully felt yet. Alongside this the looming reassessment of business rates in 2023 does cast doubt over the continued growth in the market.

Summary

- 3.88 In 2021, Milton Keynes was home to a working age population of 185,200 persons and accommodates 143,900 jobs.
- 3.89 The area has experienced significant population growth across all age groups. The working aged population (aged 16-64) increased by 19,300 persons over the intercensal period 2011-2021, but the share of the population of working age reduced from 66.7% to 64.5% over the same period. This remains higher than the proportion in the South East (62.0%) and England (63.0%). The older population (aged 65 or over) increased substantially over the intercensal period, but the proportion remains lower than the South East and England.
- 3.90 Economic activity rates and employment rates are generally higher than the averages in the South East and UK. Unemployment rates have stayed below the average in Great Britain, but were generally above the South East average. Milton Keynes has seen a gradual alignment towards the South East's average over recent years. However, overall the labour market is fairly 'tight' without evidence of any significant slack.
- 3.91 Milton Keynes' population has marginally lower levels of higher qualifications compared to benchmark areas but does have a lower percentage of those with no qualifications in comparison.
- 3.92 Milton Keynes has a number of key sectors. *Finance and insurance* performs well in terms of its concentration within the local economy compared to other locations, strong employment growth, and is the second largest sector in Milton Keynes in terms of overall GVA contribution. Based on BRES employment data, this is underpinned by high activity in banks, building societies, savings banks, and credit unions²¹. *Information and communication* shows a high concentration of jobs and businesses within the local economy and is an important sector in terms of total GVA, employment, and businesses – however, growth in the sector has stalled over recent years. Based on BRES employment data, this is underpinned by activity in computer consultancy activities²², covering the planning and designing of computer systems which integrate computer hardware, software and communication technologies. *Transport and storage* has also performed incredibly strongly in recent years. Whilst this is not always perceived as a high value sector the excellent transport accessibility of Milton Keynes, in proximity to key markets; and with good land availability, has made the area highly attractive. These sectors are categorised as '**Competitive Advantage**' sectors as they present an opportunity for Milton Keynes to distinguish itself from other local economies by capitalising on its strengths in these high value sectors.
- 3.93 The *Manufacturing, Real estate, and Professional, scientific and technical activities* are categorised as part of the '**High Value Sectors**' – these may not exhibit the same competitive advantage as the three aforementioned sectors in terms of concentration within the local economy and recent growth, but they are nonetheless a vital component of Milton Keynes' economy in terms of GVA and employment contribution. These are sectors that support a significant level of high value GVA, employment, and business activity, and they are considered 'high value' in the sense they have a high GVA per job rate. According to BRES employment data, the *Manufacturing* and *Real estate* sectors are not underpinned by any particular activity – activity in the *Manufacturing* sector is distributed across a very broad range of activities. The *Professional, scientific and technical activities* sector is underpinned by activity in accounting²³, head office activities²⁴

²¹ SIC07 6419: Other monetary intermediation

²² SIC07 6202 : Computer consultancy activities

²³ SIC07 6920 : Accounting, bookkeeping and auditing activities; tax consultancy

²⁴ SIC07 7010 : Activities of head offices

(covering head offices as well as district or regional offices), and consultancy activities²⁵ (covering a broad range of consultancy, including financial management).

^{3.94} The *Wholesale, Retail, Education, Administrative and support services, Health and social care, and Accommodation and food* sectors are categorised as **'Foundational'** sectors. Overall, these are sectors that are not considered as vital in terms of a competitive advantage to Milton Keynes over other local economies, and they do not exhibit strong growth trends. They are typically not 'high value' activities in the sense they have a lower GVA per job rate. Nevertheless, these sectors support significant levels of GVA, employment, and business activity within the Milton Keynes economy.

Figure 45: Milton Keynes' key sectors

Competitive Advantage	High Value Sectors	Foundational
K: Finance and insurance	M: Professional, scientific and technical	G(a): Wholesale
J: Information and communication	C: Manufacturing	G(b): Retail
H: Transport and storage	L: Real estate	P: Education
		N: Administrative and support services
		Q: Health and social care
		I: Accommodation and food

²⁵ SIC07 7022 : Business and other management consultancy activities

4. Feedback from Stakeholder Consultation

- 4.1 This chapter sets out a summary of key issues raised in the stakeholder consultation programme undertaken by ORS and HJA as part of establishing the evidence base to inform the HEDNA.
- 4.2 Virtual 1-2-1 meetings were held with fifteen stakeholders, which collectively provide a range of perspectives on the Milton Keynes housing market and economy. Appendix A provides a list of those consulted.
- 4.3 This summary is structured around core headings that map to the key analysis areas.

Social issues

- 4.4 The dominant issues identified by housing stakeholders in Milton Keynes related to the national and local economy: the cost of living crisis in general, increasing housing costs for mortgaged and rented properties, and the decreasing affordability of housing. Other issues raised in the interviews followed from these three overarching themes, particularly the potential effects of decreasing affordability on increasing debt, homelessness and ill health. The historic problem of homelessness in Milton Keynes was also a key issue for several stakeholders.
- 4.5 Housing development in Milton Keynes was considered to be challenging. There is considerable competition, as Milton Keynes is seen as a desirable market in which to develop. The Milton Keynes City Council development framework was seen as disadvantaging smaller developers because they do not have the resources to tender for some schemes that larger housebuilders with ample resources will bid for. There is also competition for development among Registered Providers (RPs), which some stakeholders suggest may be exacerbated by Milton Keynes City Council owned Milton Keynes Development Partnership (MKDP), which is run by an independent board. MKDPs *primary role is to use and develop its portfolio of land assets to advance MKC's objectives to develop the city*²⁶ including public infrastructure such as the Blue Light Hub, working with private developers to build homes, and other commercial ventures. MKDP has recently set up a local housing company to become a Registered Provider of Social Housing²⁷.
- 4.6 There was also some feeling that development is becoming less viable in Milton Keynes.
- 4.7 Some stakeholders noted differences in the earlier and later housing stock in Milton Keynes, with some housing from the 1970s and 1980s being of a lower quality than later developments; notably in relating to energy efficiency including insulation. Some earlier properties were built using 1970s prefab techniques and these properties were thought to exhibit some problems. As one stakeholder put it; *they have not stood the test of time*.
- 4.8 Along with the economic issues noted above, historic and continuing homelessness was the main social issue raised by stakeholders.

²⁶ [Our Story – MKDP | Milton Keynes Development Partnership](#)

²⁷ [MKDP Business Plan 2022-2025](#)

The local housing market

- 4.9 The local housing market was described as being very buoyant, with prices remaining strong and people continuing to buy. All stakeholders spoke about mortgage rates increasing, including a concern about more costly borrowing leading to fewer buyers.
- 4.10 Nevertheless, Milton Keynes is seen as a desirable place to develop due to having prime sites and a strong market with good sales (unless concerns about fewer buyers are realised). One stakeholder pointed out that *all the big house builders are keen to invest there*.
- 4.11 One stakeholder said that interest rates are not leading RPs to change their business plans as yet, but there is considerable concern about risk, and the tenures being delivered could change, perhaps with less shared ownership and more rent.
- 4.12 Development costs and build costs in particular are a concern. While this is a national issues rather than being local to Milton Keynes, increased costs lead to well recorded challenges; supply chain issues, shortage of labour and shortage of materials have added considerable cost to development.
- 4.13 One stakeholder noted that supply chain and materials costs can be absorbed by larger house builders because of the scale of their purchasing, but have a disproportionate effect on smaller developers. This is an important consideration if Milton Keynes City Council wish to support a mixed market of smaller house builders alongside larger house builders.
- 4.14 Risks have increased, with continually rising prices for land, materials and labour leading to uncertainty. One stakeholder commented that: *You're not getting any 6 month build contracts from contractors, the contracting world has been turned upside down. Prices are continually rising. To try to buy a piece of land and not know what costs you're faced with is a very big risk*.
- 4.15 The increasing cost of borrowing combined with a cap on RP rents led to stakeholders predicting a squeeze on RPs whose business models will be threatened by rising costs combined with lower than projected rental income.
- 4.16 There is some feeling among stakeholders that developments are becoming less viable in Milton Keynes due to the factors listed above. One specific issue that was raised was the viability of developing existing buildings which can be difficult to develop, with more complicated sites being less viable, particularly when contaminated such as with asbestos.
- 4.17 In Milton Keynes, a range of properties are considered to be viable, from high density to family housing and large properties. One stakeholder summarised this: *Milton Keynes is one of those areas where most unit types work; one bedroom to four beds*.

Housing need

- 4.18 The general view is that more affordable and social rented properties are needed in Milton Keynes.
- 4.19 This is seen as a historic issue and that more were needed before the current crises arose, but the current cost of living crisis, notably inflation and housing costs brings the issue into sharp focus. Milton Keynes rental prices are high, house prices are high and the Local Housing Allowance does not cover many private rents. This combination of factors risks a large number of households needing to move from private rented and owner occupation to affordable rented properties, but there being too few affordable properties to

accommodate them. That is the current situation. Of course, it would take some time to provide additional stock of affordable and social housing. It is also possible that the crisis may recede before causing this level of distress on a large scale; commentators express differing views on how long higher inflation and a UK recession might last.

- 4.20 House prices in Milton Keynes encourage many households to buy through shared ownership. Stakeholders involved with development favoured the shared ownership model in the City for two reasons. It is seen as a viable model, including providing some cross subsidy for affordable rented housing. At the same time, it provides affordable home ownership for many households.
- 4.21 One stakeholder commented that: Shared ownership is standard. It's a good subsidy model. In most deals we prefer to do 50:50 half rent, half shared ownership. There's a lot of people need rented, but to make a site viable you've got to go for shared ownership.
- 4.22 Shared ownership can also provide an opportunity to buy a larger dwelling for some households. Speaking about shared ownership, one stakeholder said: *If you're a young couple starting out you don't generally want a one bed, you want a two bed or three bed. Or if you have special needs you might want a spare room. It's different practicalities really.*
- 4.23 First Homes were seen *as a distraction* with considerable scepticism about how the scheme would work and concern that it would draw development away from shared ownership, which can be accessed with a smaller deposit than First Homes and is more flexible (although possibly with higher monthly costs). First Homes is considered to be *a private market-led product, not really affordable*. The fact that the discounted property would need to be sold at a discount leads to concerns about how it would work for young families in practice and as part of the wider housing market; *If you need to buy a larger house you've got a big gap.*
- 4.24 Build-to-rent was seen as a niche market for more affluent households who need or wish for a flexible tenure. It was felt that there is a place of build-to-rent in Milton Keynes as part of the growth of the City, but not as an affordable tenure.

Homelessness

- 4.25 Stakeholders see homelessness in all its forms as a significant historic and growing problem in Milton Keynes from street sleepers to sofa surfing to families in temporary accommodation and the number of homelessness presentations. Both the existing population and recent international migrants, currently from Ukraine and Afghanistan, are seen as being vulnerable to homelessness.
- 4.26 The housing stock and tenures in the city are considered to exacerbate the risk of homelessness and health and safety problems. House prices are high, as noted above, and the LHA does not cover the full private rent in many cases. At the same time, homeless households and other renters may experience poor conditions that are detrimental to health.
- 4.27 The Milton Keynes City Council Private Sector Housing Team have a successful policy of dealing with reported problems through engagement with landlords with minimum use of statutory powers. This approach helps to maintain good landlord-tenant relationships. However, the Team express concern about tenants who do not report problems; is that because those who do report are more knowledgeable, or that they feel secure in their tenancy while others feel insecure and live with repair problems, damp and other poor conditions? Several stakeholders suggested that the older 1970s and 1980s stock falls below the more recent

developments in terms of quality, with insulation and other environmental aspects being the most common examples identified.

- 4.28 Stakeholders are concerned about homeless households being placed in unsuitable properties, particularly those which may be detrimental to health, and feeling trapped in those properties. Homeless people placed in HMOs are seen as less likely to be at risk of health and repair problems because HMOs are inspected under licensing.
- 4.29 There is a risk of the level of homelessness increasing in Milton Keynes, with the main threat coming from inflation and the cost-of-living crisis, particularly, increasing housing costs in conjunction with higher energy costs. Stakeholders felt that these issues present a real threat of previously secure households becoming homeless. As noted above, it is difficult to deal with this potential increase in numbers quickly because the need is for more affordable homes; assuming that the crisis does not recede before a large number of households experience difficulties.
- 4.30 Leaving the current situation aside and considering action to deal with the historic as well as future levels of homelessness in a planned way, stakeholders consistently stated the need for affordable rented housing in Milton Keynes, stressing the importance of rented and low-cost homeownership being *truly* affordable.
- 4.31 The Chief Executive of Milton Keynes Homelessness Partnership suggested several ways to increase the effectiveness of the response to homelessness in the city.
- 4.32 Firstly, to investigate and fully understand in depth the specific problems affecting Milton Keynes and why the city has such a high level of homelessness²⁸: *We need to get under the skin of homelessness, working with some of our recognised partners to see what they're seeing on the ground so that we can get a more realistic perspective.* Some organisations within the Homelessness Partnership could bring their detailed knowledge to help with this. Data could be collected and shared to give a fuller picture of what is happening and to measure progress over time, though in reporting this we recognised that there will be data protection issues to consider.
- 4.33 Secondly, structural improvements could be made to the way in which Milton Keynes City Council and other members of the Homelessness Partnership work, notably improved communication and co-ordination of effort. It should be stressed that these were put forward as improvements, not as criticism.

FEMA

- 4.34 The key potential development identified by stakeholders was the East West rail link, strengthening transport connections to Oxford and Cambridge. It is noted that this will make it easier to travel out as well as in. Milton Keynes is keen to capitalise on any overheating in the Oxford and Cambridge economies, using its more abundant land supply. However, the timing of this is highly uncertain.
- 4.35 Overall, the strong location of Milton Keynes was highlighted as a key advantage and reason behind its economic success, well located for London, Birmingham, Oxford and Cambridge.

²⁸ This is one among many possible measures and others will show something of a different picture, but to demonstrate that there is a high level of homelessness in Milton Keynes: in April to June, 2022, only three local authorities had a higher proportion of households assessed as homeless than Milton Keynes; Manchester, Salford and Middlesbrough [Live tables on homelessness - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/live-tables-on-homelessness)

4.36 Milton Keynes is heavily reliant on the car. This includes travel to work from its hinterland and travel around the city itself. This is an important consideration in terms of future growth and the sustainable movement of people. It can be noted that as part of the New City Plan, the Council is investigating the feasibility of introducing a Mass Rapid Transit system within and around the city as a means of reducing car dependency.

Scale of Future Economic Growth

4.37 There were very positive expectations across all stakeholders for continued strong economic growth. It was highlighted that Milton Keynes is a very aspirational place. It has a different culture to many places. Whilst there are currently negative external market factors Milton Keynes had bucked trends through the 2008 financial crash. Whilst the area may not be unaffected from global and national economic conditions, there is a view it will continue to outperform its peers. There were also generally positive views about partnership working and role of Milton Keynes City Council in supporting economic development and growth.

4.38 It was noted that long historic trend rates of growth may be unhelpful given its strong and supported growth from a small base. However, it was suggested the last 10-15 years may be a better indication of the period since reaching a level of maturity.

4.39 It was generally a consensus view that Milton Keynes should continue to grow at least as fast as historically. However, labour availability was identified as the key potential risk. It was noted that Milton Keynes has continued growth focused policy and strategy ambitions, available development land and significant planned housing growth.

4.40 In terms of sectoral focus consultees suggested the plan is to build on existing rather strengths than seek to aggressively develop new specialisms.

4.41 As noted above the potential strengthening of connections across the Oxford to Cambridge region could bring new impetus. Milton Keynes remains very well located strategically with good proximity to a range of key markets.

4.42 The new university (The OU) is a further improvement in supporting infrastructure. The OU's governing Council has agreed to initiate work on the strategic and financial case for a multi-million-pound relocation of the OU's existing campus in suburban Milton Keynes to a new site adjacent to the central railway station. This includes developing a proposal for a new 'sister university' serving students who want to study the OU's online courses in-person, supported by teaching on site and a range of accommodation, entertainment and sport offers in the city centre. This will add to the Milton Keynes offer and help to attract young people to the city. This will provide casual labour for some sectors (particularly hospitality), as well as a more creative/entrepreneurial culture that is sometimes seen as lacking in Milton Keynes. The presence of resident young people will also drive demand for a wider range of leisure/hospitality/creative activities and services. The new Institute of Technology will also contribute higher level skills with a strong STEM focus to support economic growth.

4.43 Related to this, it was suggested that the business start-up culture is typically more lifestyle (create small or micro businesses and generate a good income) rather than the aggressive founder type model that might be associated with London, seeking venture capital, high growth and exit strategy.

4.44 A key policy focus is around city centre regeneration/reimagination. The centre was designed in a particular way. This includes a heavy retail focus with a very large shopping centre which is a destination in its own right. However, unlike more historic towns and cities it doesn't offer a mixed use integrated centre. It is also

highly reliant on the car. Current plans are to deliver a much higher density mixed use centre including retail, leisure, residential and employment uses. This will likely require a change in culture and it was noted that this strategy is not without risk. Car parking standards may have to be changed, but there is uncertainty as to whether public transport infrastructure is of the required standard. However, it was noted that there is work ongoing on mass transit solutions.

4.45 The labour market is potentially the key constraint. It was suggested that there just aren't enough people. A variety of views were expressed around skills and labour market. There are clear recruitment challenges in certain industries (particularly construction and hospitality – two sectors significantly impacted by Brexit). It was suggested that labour shortages are putting a major brake on employer growth aspirations and it is believed this will continue for some time yet. Also, tech/digital employers are having difficulties recruiting. It was noted that *“it has been a long time since software developers have not been in top five unfilled vacancies”*. There was some suggestion that many employers are not engaging with the support that is available (via skills providers, DWP etc). It was also noted there is some brain drain (although others disagreed with this, and the OU relocation and redevelopment may respond to this). It was highlighted that this could be linked to the current lifestyle offer of MK to younger people. Improving this is a focus of city centre repurposing. However, a counter view also put forward by stakeholders is that without securing a wide range of jobs Milton Keynes could become a dormitory for London, Oxford and Cambridge, particularly with more affordable housing and excellent transport linkages.

4.46 Linked to labour market are risks around housing affordability. New city centred apartment developments were reportedly being marketed at broadly London prices. Public transport was the other highlighted issue – particularly for anyone without a car. The need for a car was frequently cited. It was noted that a more dispersed development/planning strategy with integrated hubs/centres would allow for easier access to work with lower time and travel costs – particularly to the benefit of those without cars. Parking charges and the need for a car (particularly if working late shifts) were cited as a key challenge to the hospitality sector, noting that in many cases accepting hospitality in some locations was just not viable based on minimum wage.

4.47 A further potential risk to growth that was highlighted is that of land hungry logistics uses swallowing up land and crowding out other activities. This needs to be considered in more detail. Not everyone is concerned about this, with a view that a wide variety of occupiers can comfortably be accommodated and existing land supply should allow for that to be the case for at least the short-medium term and possibly beyond.

Future Employment Sites and Premises Requirements

4.48 Overall, there were no major concerns based on the short term situation. There was not significant concern relating to residential uses crowding out employment sites and premises delivery.

Office

4.49 There is significant uncertainty as to the future office market following Covid, with hybrid working expected to be permanent. Current data (Google Mobility, cited by SEMLEP) shows a lower rate of return to office working in Milton Keynes than some other towns and cities. The peak days are Tuesdays, Wednesdays and Thursdays. 2021 Census data shows a higher proportion of workers in Milton Keynes (36.4%) were working from home compared to the English and Welsh average (31.2%). It is expected that any release of office floorspace would be triggered by lease events.

- 4.50 However, examples were provided of companies taking a wide variety of decisions. Some taking on more space to have far lower density of occupation with more meeting and collaboration space (the Google model with large informal areas was cited). Other occupiers are releasing space. It was noted that if there is a move to have a high percentage of workers in on the same working days that doesn't easily allow for release of space. Consultees believe it is too early to be definitive. It was also suggested that there is potential for the cost of living crisis to drive some workers back to the office to save costs at home.
- 4.51 It was noted that even though some occupiers will require/demand less space, they will continue to demand accommodation of a suitable quality to attract staff. High quality working environments could become a differentiator in recruitment, with high quality amenity offerings to retain top young talent.
- 4.52 The city centre repurposing discussion is relevant to the office debate. There was a desire expressed that significant office allocations outside the city centre are not made so as to undermine the strategy to deliver a higher density mixed use centre. This point was also made in the context of development viability being a challenge/marginal. Without concentrating activity in one location to support increased rents there may be difficulty.
- 4.53 It was noted that Milton Keynes, as with other areas, has lost a lot of older city centre office stock through permitted development to residential uses.
- 4.54 Parking was highlighted as a key issue by a number of stakeholders with the city centre described as a central business park due to its high parking provision. Transitioning away from this will be challenging, as noted above with risks around changing the model on which Milton Keynes' success has been built.

Industrial and Warehousing

- 4.55 Two key themes emerged. The first is the strength of the logistics sector given the excellent location of Milton Keynes and the presence of two motorway junctions. This is creating almost insatiable demand for logistics space. The second is around technology and advanced manufacturing firms. This is seen as a key sector but there is some concern that high land values for logistics could limit opportunity for SMEs in particular.
- 4.56 It was noted that many of the jobs in logistics are actually high quality jobs and not picking/packing roles. Many are tech and advanced roles linked to robotics and systems planning. This was contrary to much public perception.
- 4.57 SEMLEP highlighted their expectation for logistics demand to grow across all demand scenarios.

General

- 4.58 It was noted that across both office and industrial and warehousing uses, that there is lots of ageing property that is unviable to upgrade and is either currently, or will soon be in need of replacement.
- 4.59 A key issue highlighted for smaller businesses in particular is affordable business space. This is made against a backdrop of rising rents and the need for further rent rises to enable viable new development.

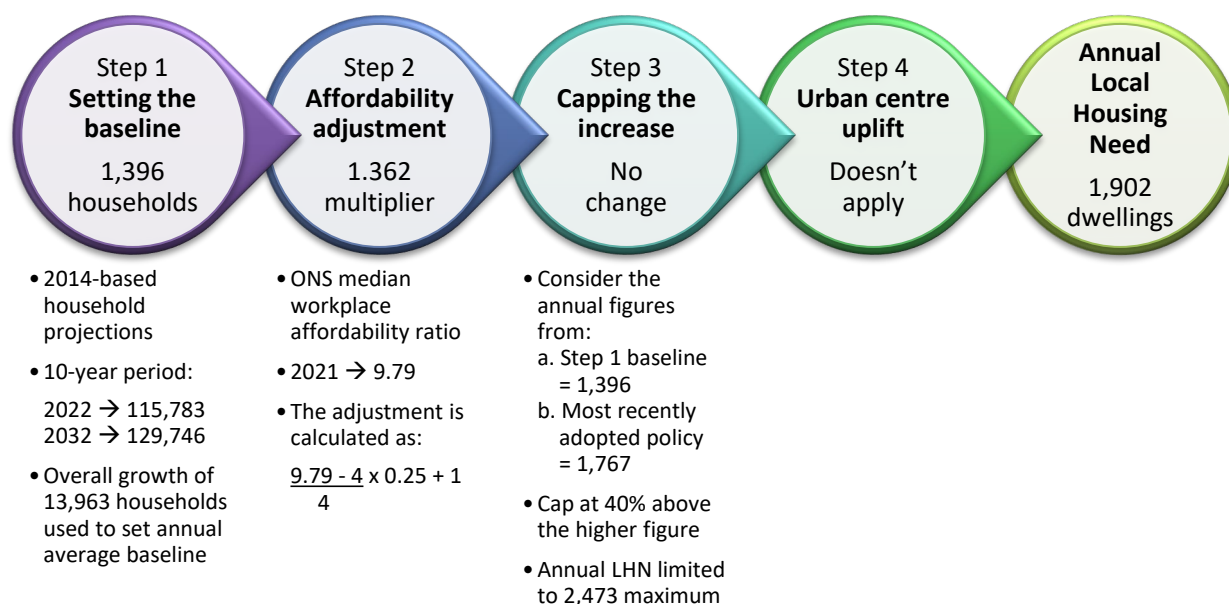
5. Establishing Local Housing Need

Local Housing Need based on Standard Methodology

5.1 The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure.

5.2 Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20201216] the minimum annual Local Housing Need figure can be established as follows. Based on these calculations, the minimum Local Housing Need figure for Milton Keynes is currently 1,902 dwellings per year.

Figure 46: Annual Local Housing Need for Milton Keynes based on the Government's standard method calculation



5.3 The minimum Local Housing Need figure that the Government's standard method calculation identifies for Milton Keynes can be set in the context of the current and future demographic trends.

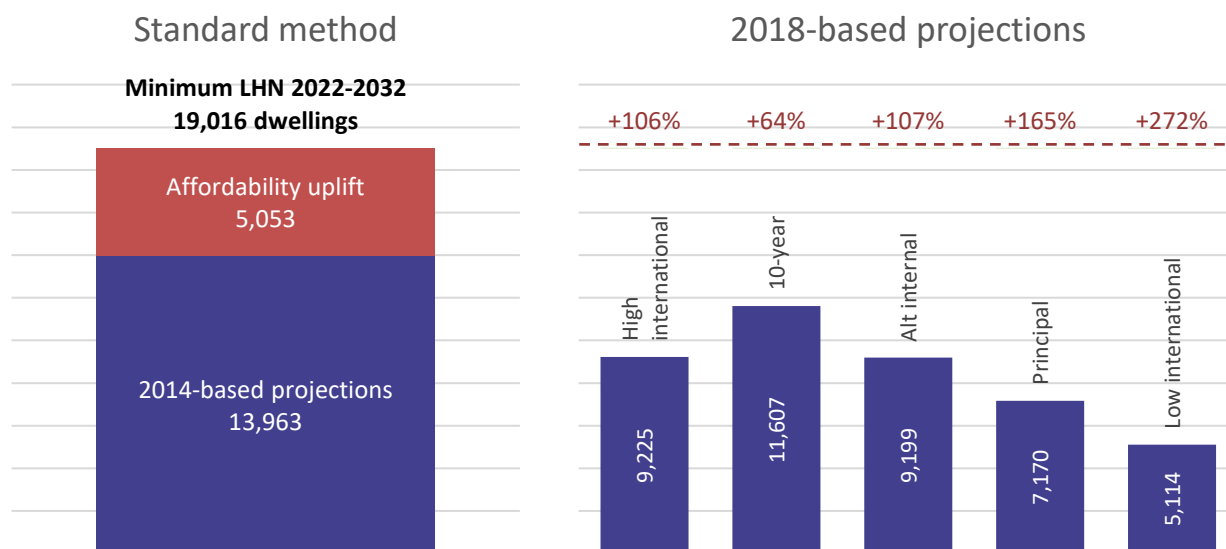
5.4 The latest figures published by the ONS are the 2018-based household projections, informed by the 2018-based sub-national population projections. The Office for Statistics Regulation (OSR) has designated both publications as National Statistics, which means that they are fully compliant with the Code of Practice for Statistics and meet the highest standards of trustworthiness, quality and value.

5.5 There is often debate around how many years of data should be used to inform the projected population change at local level. In general, the ONS uses five years of data, but just two years of data was used for internal migration in the 2018-based principal population projection as only two years of data was available using the current method. The ONS also published a range of variant projections:

- » High international migration variant
- » Low international migration variant
- » Alternative internal migration variant
- » 10-year migration variant.

- 5.6 The high and low international migration variants assume either higher or lower levels of net international migration to England as a whole, but the proportional distribution at local authority level remains the same. The alternative internal migration variant uses five years of data for internal migration (two using the new method and three using the old method); and the 10-year migration variant uses 10 years of data for all migration trends (internal, cross-border and international).

Figure 47: Comparing the standard method figure with the official household projections for Milton Keynes 2022-2032 (Source: 2014-based household projections, CLG; 2018-based household projections, ONS)



- 5.7 For the 10-year period 2022-2032, the latest official projections identify a growth of between 5,114 and 11,607 households for Milton Keynes, which are based on the low international and 10-year migration variant projections respectively. On this basis, the Local Housing Need figure identified by the Government's standard method calculation represents an uplift of between 64% and 272% of the projected household growth.

- 5.8 Considering the other projections:

- » The principal projection identifies a growth of 7,170 households (based on 2-year trends for internal migration) and the standard method figure represents an uplift of 165%
- » The alternative internal migration variant identifies a growth of 9,199 households (based on 5 years of data for all migration trends) and the standard method figure represents an uplift of 107%
- » The high international migration variant identifies a growth of 9,225 households, and the standard method figure represents an uplift of 106%.

- 5.9 For the purposes of assessing housing need, ORS would normally take a 10-year migration trend as this typically provides a more stable projection for plan-making. This was the approach that was recommended by the Strategic Housing Market Assessment that ORS produced for Milton Keynes before the Government's standard method was introduced. Whilst the 10-year migration trend variant scenario projects the highest rate of growth for Milton Keynes from the 2018-based population and household projections, it is important to recognise that this may still understate future growth as a result of recent population estimates being too low (see chapter 3, paragraph 3.4). However, as this provides the latest official projection, it provides a reasonable demographic scenario for the HEDNA to consider as a baseline.

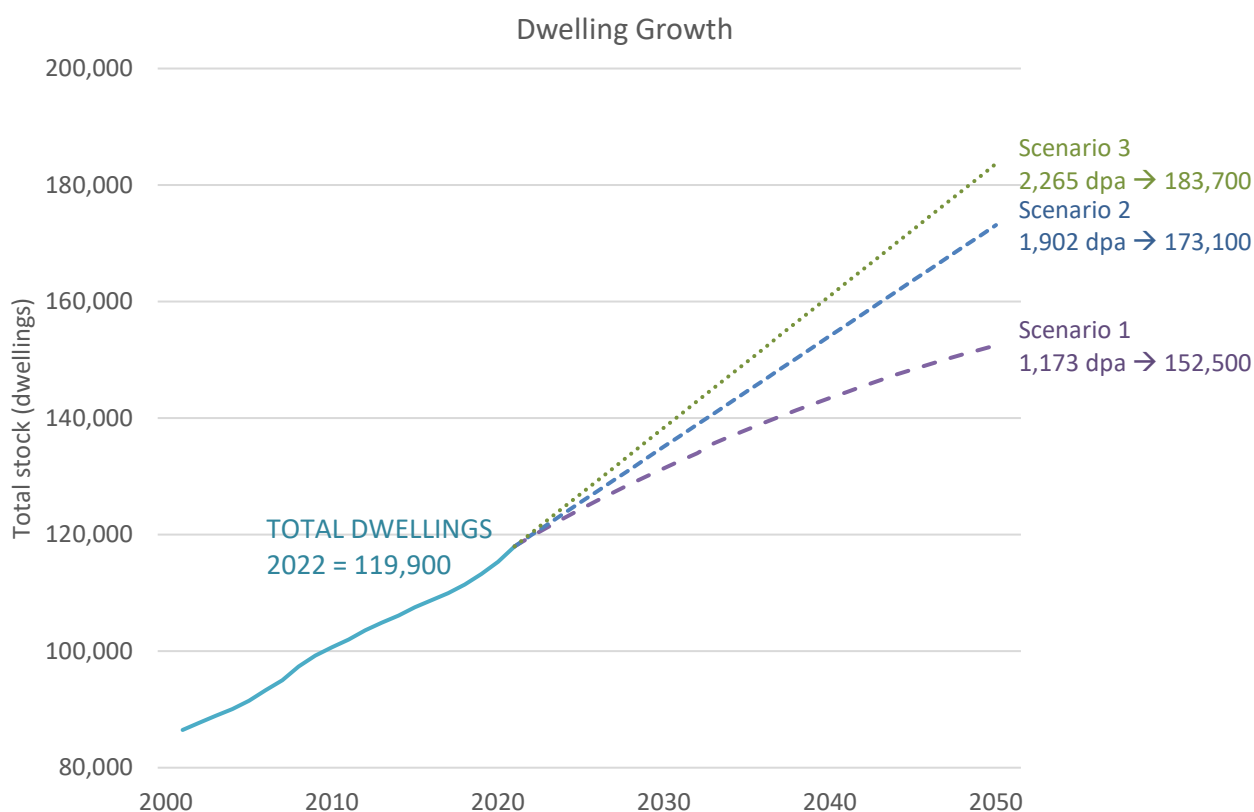
Dwelling-led Population and Household Projections

- 5.10 Although the standard method calculation is informed by the 2014-based household projections, the affordability adjustments results in the LHN figure being notably higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation.
- 5.11 Given this context, delivering the number of homes that the minimum LHN identifies will yield a different population and household growth to that projected based on past trends alone. In assessing the appropriate mix of housing, it is necessary to establish demographic projections that align with the number of homes identified.
- 5.12 The demographic projections for the HEDNA are based on the latest official projections and cover the 28-year period 2022-50. They are informed by the latest ONS mid-year estimates (for the period to mid-2020) and initial outputs from the 2021 Census, and take account of the most up-to-date fertility and mortality rates and the latest migration trends.
- 5.13 It is important to recognise that the 2021 Census identified a considerably higher number of residents for Milton Keynes than had previously been estimated. This included a significant number of additional persons aged 20-34 as previously shown (Figure 33). As a consequence, the female population of childbearing age was notably higher than had previously been assumed, which will have an impact on the latest fertility rates. The fertility and mortality rates have therefore been updated to take account of the Census data, ensuring that the extra population does not artificially inflate the projected number of births and deaths.
- 5.14 Whilst recent trends provide the starting point, the dwelling-led projections seek to align household growth with the LHN target through aggregating key assumptions:
- » The starting population is based on 2021 Census estimates, projected forwards to 2022 based on the detailed modelling data from the ONS 2018-based sub-national population projections;
 - » Household growth is established for the 28-year plan period 2022-2050 using trend-based projections informed by the 2018-based 10-year migration trend variant scenario;
 - » Institutional population growth needing communal accommodation over the 28-year plan period is established using rates from the 2018-based household projections;
 - » Dwellings without a usually resident household either vacant homes, second homes or holiday lets are estimated based on rates from the 2011 Census. This includes any properties which are temporarily vacant due to households moving out before a new household moves in, as well as properties which have no usual resident due to them being second homes or holiday lets;
 - » Household formation rates are based on rates from the 2018-based household projections, but higher formation rates are also tested; and
 - » The rate of inward domestic migration is increased to ensure that population and household growth aligns with the number of dwellings identified by the LHN target.
- 5.15 On this basis, the HEDNA has tested three primary scenarios for housing need:
- » Scenario 1: demographic baseline, based on the household projection-based housing need
 - » Scenario 2: standard method calculation, based on 1,902 dwellings each year
 - » Scenario 3: aspirational growth, based on reaching 410,000 persons resident in the LA by 2050.

5.16 Figure 48 shows the dwelling growth identified for each of the three scenarios.

- » Scenario 1 is based on the demographic baseline, which reflects household growth reducing in later years of the projection as a consequence of the increasing number of deaths projected, with dwelling growth averaging 1,173 dpa over the period to 2050
- » Scenario 2 is based on delivering the standard method local housing need of 1,902 dpa, which leads to higher rates of domestic migration in latter years to offset the increasing deaths
- » Scenario 3 is based on reaching the target of 410,000 resident population by 2050, which would require housing delivery to average 2,265 dpa.

Figure 48: Dwelling growth identified by the HEDNA scenarios for housing need (Source: ORS model)



5.17 Dwelling-led demographic projections can result in a larger or smaller resident population, depending on the assumptions taken about household formation and the resulting average household sizes. In other words, the same number of homes could accommodate fewer people living in smaller households, or more people as larger households.

5.18 The HEDNA has tested two secondary scenarios based on the standard method local housing need:

- » Scenario 2a: increased household formation for residents aged under 45, assuming that household representative rates are no lower than the rates recorded in 2001 for each age group
- » Scenario 2b: household formation based on the household representative rates projected by the official ONS 2018-based household projections.

5.19 Both of these scenarios are based on delivering the same number of homes (1,902 dpa) but the differing assumptions about household formation impact on the projected population in terms of the number of persons and the associated number of workers (i.e. the economically active population).

5.20 Figure 49 sets out the key outputs from each of the housing need scenarios.

Figure 49: Key outputs from the HEDNA housing need scenarios (Source: ORS model)

	Scenario 1 Demographic baseline with 10-yr migration	Scenario 2a LHN increased household formation	Scenario 2b LHN with ONS household formation	Scenario 3 MK2050 target for 410k residents
Annual average dwelling growth	1,173	1,902	1,902	2,265
Total 28-year dwelling growth	32,800	53,200	53,200	63,400
Population projected in 2050	333,300	363,500	384,400	410,000
Economically active population growth	19,800	37,100	49,100	63,100
Supported jobs growth	24,900	46,600	61,700	79,400

5.21 The assumptions about household formation tested in Scenario 2a and Scenario 2b demonstrate that if more young households were to form, with household sizes being smaller on average as a consequence, then the population could have more than 20,000 fewer residents than if household formation continues as is currently projected. This assumption also has a notable impact on the resulting labour force – reducing growth in the economically active population from 49,100 to 37,100 additional workers.

5.22 Whilst it is not possible to directly influence household formation, ensuring that sufficient housing is provided will help enable young households to form should they choose to do so. Nevertheless, there are many reasons why household representative rates may not return to those recorded in 2001, which was the basis for the increased household formation scenario tested in Scenario 2a.

5.23 It is often argued that if more housing had been delivered over the period since 2001 at a price that was sufficiently affordable for local residents, more young people would have been able to form new households and average household sizes would have continued to fall. However, there are many socio-economic factors driving the change in household formation.

- » Increased participation rates for higher education mean that many young adults will no longer seek a job when they leave school; and whilst youngsters entering employment would often leave home permanently at that time and many would not return, far more tend to return to their family home after completing university – especially those that have yet to secure employment after graduating
- » Young couples are now less likely to form lifetime partnerships in their late teens and early twenties than had been the norm for previous generations; and the absence of such long-term relationships inevitably leads to fewer couples choosing to get married or otherwise cohabit
- » There are different cultural approaches to young adults living independently, with some groups choosing to live as extended families, so changes in the ethnic mix of the population over time has also impacted on household formation.

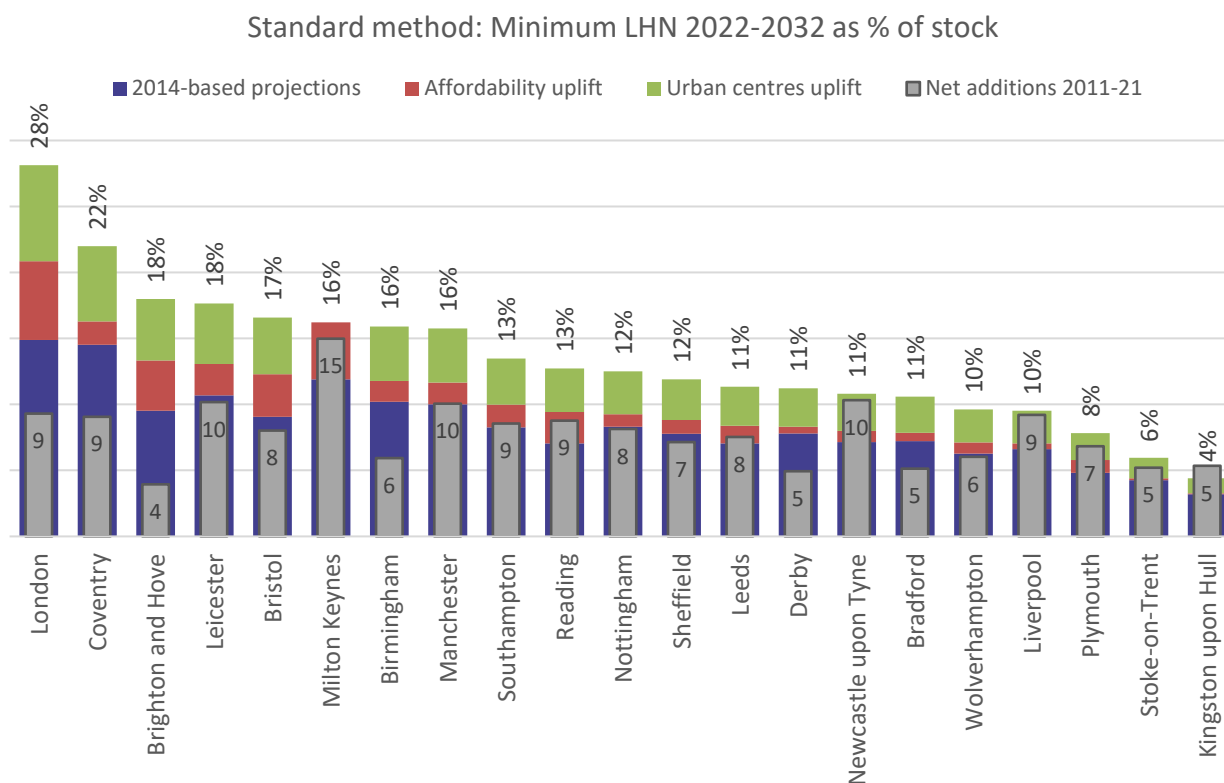
5.24 On this basis, it is clear that housing supply and affordability is one of many drivers affecting household formation – but when establishing housing need, it is important to also take account of any historic under-supply which could have resulted in higher numbers of multi-adult and multi-family households and more young adults living with their parents. On this basis, we have proceed with Scenario 2b as our central assumption, while recognising that Scenario 2a may represent a policy target. The consequences of any

historic under-supply would be evident in the household representative rates that provide the basis for projected household formation, which impacts average household size.

- 5.25 As previously noted (Figure 32), household formation in Milton Keynes differs from national trends given that the new ONS household formation method results in smaller household sizes on average being projected in future than the previous CLG method. Whilst this will inevitably be due to a number of different factors, one of the most notable is that housing supply has not been constrained in Milton Keynes in the same way as it may have been elsewhere.
- 5.26 Figure 50 shows the rate of growth identified by the standard method local housing need figure for the next decade (2022-2032) together with the rate of housing that was delivered over the last decade (2011-2021) for Milton Keynes and each of the twenty areas that are subject to cities and urban centres uplift at step 4 of the standard method calculation.
- 5.27 This clearly demonstrates two points:
- » Firstly, the rate of growth that the standard method identifies for Milton Keynes is at the upper quartile of the rates across the most populated cities and urban centre – the growth rate for Milton Keynes is 16% which is higher than fifteen of the twenty areas, despite there being no additional uplift added at step 4
 - » Secondly, past growth in Milton Keynes has been considerably higher over the last decade than any of the most populated cities and urban centre – net additions represent 15% of the stock compared to a maximum of 10% elsewhere.
- 5.28 This is perhaps not surprising, as Milton Keynes continues to be a growing city whereas many of the most populated cities and urban centres are far more established. Nevertheless, this continued growth – and the availability of new homes – suggests that household formation may not be constrained in this local area to the same extent as it might be elsewhere.
- 5.29 It is also noteworthy that the most recent 5 year housing land supply assessment for Milton Keynes, covering 2022/23-2026/27²⁹ shows that the city has exceeded its current dwelling delivery target of 1,767 per annum in every year since 2018 and is anticipated to average 2,043 dwellings for the next 5 years. Therefore, Milton Keynes has been delivering homes at a rate consistent with the current standard method and is expected to deliver more homes than the standard method requirement for the next 5 years.

²⁹ [Copy of Housing Trajectory 2022-2027 .xlsx \(milton-keynes.gov.uk\)](#)

Figure 50: Comparing the minimum LHN 2022-32 and net dwelling additions 2011-21 as percentage of stock for Milton Keynes with the areas subject to the “urban centres” uplift at step 4 of the standard method



5.30 Given this context, the HEDNA has adopted Scenario 2b as the preferred basis for future housing need in preference to Scenario 2a. This assumes the current standard method local housing need figure of 1,902 dpa and accepts that future household formation is most likely to reflect the official rates projected by the 2018-based projections. While it is possible that household formation rates will increase in the future if more dwellings are delivered, there is no evidence that suppressed household formation has occurred in Milton Keynes.

5.31 As set out above, we have considered if exceptional circumstances exist to depart from the standard method in Milton Keynes. The evidence shows that the standard method tracks previous growth rates in Milton Keynes very well, so that is not a clear case for either a lower or higher housing figure in the area, but this would not limit the council to pursuing a higher target rate of growth as part of policy on housing requirement.

5.32 As shown in Figure 50, a net additional need of 1,902 dwellings per annum will still require a higher rate of delivery in Milton Keynes than was achieved on average in the period 2011-2021, but it does represent a relatively small uplift compared to other areas and in 2019/20, Milton Keynes completed 2,075 dwellings and in 2020/21 it completed 1998 dwellings, so the target is currently being met. In 2020/21 a further 2,864 dwellings were under construction.³⁰

5.33 However, the housing conditions seen in 2019/20 and 2020/21 no longer still apply with mortgage interest rates having risen and constructions starts on-site falling across the country. The impact of rising interest rates may also see fewer households be able to access mortgages and remain in the private rented sector for

³⁰ [2020-21 Authority Monitoring Report - final version .pdf \(milton-keynes.gov.uk\)](#)

a longer period of time. The 1,902 dwellings per annum housing need figure is an average over the life of the plan, so if dwelling delivery falls in the early years of a new plan, then this can be recovered at a later date.

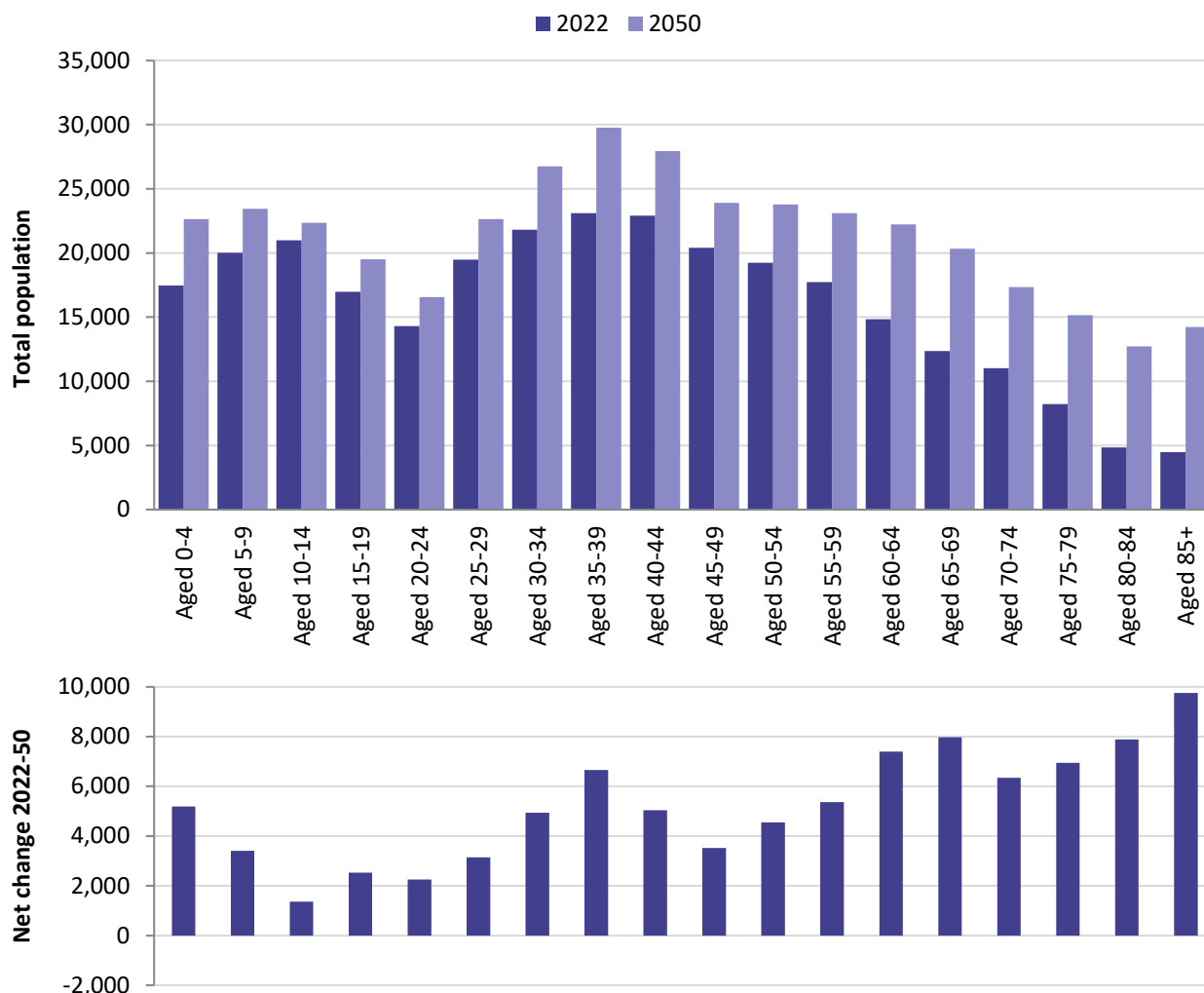
5.34 On this basis, the following analysis is therefore based on the dwelling-led household and population projections based on the assumptions previously set out for Scenario 2b.

Projected Population Age Profile

5.35 Figure 51 shows the projected change in Milton Keynes population by 5-year age band for the 28-year period 2022-50 based upon demographic growth as set out in Scenario 2b. More detailed breakdowns for each chart presented in this section can be found for the periods 2022-2030, 2030-2040 and 2040-2050 in Appendix C of this report.

5.36 The overall population is projected to increase from around 290,200 persons in 2022 to 384,400 persons by 2050, which represents a growth of 94,200 persons (32%) over the 28-year period. The older age groups account for a significant proportion of the overall growth: the population aged 65 to 74 is projected to increase by 14,300 persons with an increase of 24,600 persons aged 75 or over (including 9,800 aged 85+), which collectively represent 41% of the overall growth. This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

Figure 51: Population projections 2022-50 by 5-year age cohort for Milton Keynes (Source: Adjusted ONS 2018 based sub-national projections)



Household Projections by Age

5.37 Figure 52 summarises the total number of households in Milton Keynes in 2022 and 2050 in terms of the age of household representatives (the eldest economically active person in the household) together with the change in the number of households in each category over the period 2022-50 using 5-year age bands from the 2018-based ONS household projections and 2021 Census data.

Figure 52: Total projected households in Milton Keynes for 2022 and 2050 and summary of 28-year change by age of household representative (Note: Figures may not sum due to rounding. Source: ORS Model)

Age of Household Representative	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2022	2,400	15,000	26,100	24,800	20,000	13,900	9,300	2,900	114,400
2050	2,700	18,100	32,900	29,900	27,800	22,600	20,300	10,200	164,500
TOTAL CHANGE 2022-50	+300	+3,200	+6,800	+5,100	+7,800	+8,600	+11,000	+7,300	+50,100

5.38 Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. The increase in households aged 65+ represents 75% of the total household growth. Many of these older households will already be established and living in existing homes; they will simply get older during the 28-year period. It is therefore also important to consider household growth in relation to age cohorts.

5.39 Figure 53 shows the projected number of households in each cohort, showing their age in 2022 and 2050.

Figure 53: Total projected households in Milton Keynes for 2021 and 2050 and summary of 28-year change by age cohort of household representative (Note: Figures may not sum due to rounding. Source: ORS Model)

Age in 2022	-	0-6	7-16	17-26	27-36	37-46	47-56	57+	
Age in 2050	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2022	-	-	500	4,900	17,200	25,800	23,800	42,200	114,400
2050	2,700	18,100	32,900	29,900	27,800	22,600	20,300	10,200	164,500
TOTAL CHANGE 2022-50	+2,700	+18,100	+32,400	+25,100	+10,600	-3,300	-3,600	-31,900	+50,100

5.40 The data shows a total of 4,900 households aged 17-26 in 2022. The same households would be aged 45-54 by 2050. The trend-based projection identified that total number of households aged 45-54 in 2050 would total 29,900; therefore, an extra 25,100 households: partly due to new household formations and partly due to net migration. These formations are in addition to those households aged 15-24, 25-34 and 35-44 in 2050: 2,700, 18,100 and 32,400 household formations respectively.

5.41 Based on the cohort analysis, it is apparent that a total of around 88,900 extra households aged under 65 (in 2050) will be likely to form in Milton Keynes over the 28-year period 2022-50. However, this growth is offset against a reduction of 38,800 households aged 65 or over (in 2050) to yield an increase of 50,100 households overall. Most of this reduction is due to household dissolution following death (although some may result from net migration); for example:

- » Around 42,200 households were aged 57+ in 2022, who would be aged 85+ by 2050 if they were survive to that age
- » However, by 2050 the number of households aged 85+ is projected to be around 10,200 (after allowing for deaths) which represents a reduction of 31,900 households.

5.42 Therefore, although the increase in overall households is largely within the groups aged 65 or over, most of the new households seeking housing will be in their twenties and thirties at the time that they form. However, the overall number of new households will be considerably higher than the net household growth; and it is important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.

Projected Household Types

5.43 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.

5.44 Figure 54 shows the household numbers for Milton Keynes for 2022 and 2050 based on the trend-based projections by household type and age; together with the net change for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that housing needs are more likely to be influenced by the actual age rather than the year of birth.

Figure 54: Total projected households for 2022 and 2050 and summary of 28-year change by household type and age of household representative for Milton Keynes (Note: Figures may not sum due to rounding. Source: ORS Model)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2022	Single person	610	3,060	4,010	4,790	3,580	4,810	5,170	1,800	27,800
2022	Couple without children	340	2,960	2,700	7,450	13,030	7,020	2,480	720	36,700
2022	Families with child(ren)	1,170	7,070	18,640	11,090	1,970	500	240	30	40,700
2022	Other households	250	1,870	710	1,470	1,450	1,590	1,430	390	9,200
2022	TOTAL	2,400	15,000	26,100	24,800	20,000	13,900	9,300	2,900	114,400
2050	Single person	290	1,830	2,860	5,620	2,200	7,060	7,810	4,480	32,100
2050	Couple without children	170	2,000	920	4,060	18,790	9,640	6,000	3,430	45,000
2050	Families with child(ren)	1,930	10,230	28,540	18,710	4,260	1,540	1,080	220	66,500
2050	Other households	310	4,080	550	1,550	2,530	4,310	5,400	2,110	20,800
2050	TOTAL	2,700	18,100	32,900	29,900	27,800	22,600	20,300	10,200	164,500
Change	Single person	-320	-1,230	-1,160	+830	-1,380	+2,260	+2,640	+2,670	+4,300
Change	Couple without children	-160	-960	-1,780	-3,390	+5,760	+2,620	+3,530	+2,710	+8,300
Change	Families with child(ren)	+760	+3,160	+9,890	+7,620	+2,300	+1,050	+850	+190	+25,800
Change	Other households	+50	+2,210	-160	+70	+1,080	+2,720	+3,970	+1,720	+11,700
Change	TOTAL	+300	+3,200	+6,800	+5,100	+7,800	+8,600	+11,000	+7,300	+50,100

5.45 In summary:

- » Families with dependent children represent 51% of the overall household growth: an increase of 25,800 households over the 28-year period;
- » Single person households represent only 8% of the overall 2022-50 household growth, but this includes 7,600 extra single persons aged 65+ years, with 1,700 fewer aged under 65;
- » Couples without dependent children represent 17% of the household growth (an increase of 8,300) which comprises an extra 14,600 aged 55+ years, offset against 6,300 fewer younger couples.
- » The increase in “Other” households represents 23% of the growth (an increase of 11,700). These include multi-generation living, student households and Houses in Multiple Occupation (HMOs).

Establishing the Housing Target

- 5.46 The LHN provides the starting point for establishing the final housing requirement which will be planned for through strategic policies. This is confirmed by PPG at the outset of the section on assessing housing and economic development needs:

Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

Planning Practice Guidance, ID 2a-001-20190220

- 5.47 In determining the local plan housing target, it will be necessary for the local authorities to consider whether, or not, the LHN could be met within their area, taking account of any constraints on land availability.
- 5.48 It is important to recognise that the LHN figure identifies the minimum number of homes needed, and where the planned housing requirement is based on meeting the local housing need in full it may still be appropriate for the Local Plan to allocate land that could enable a higher number of homes to be delivered.
- 5.49 Given this context, Milton Keynes could establish a housing requirement of around 53,500 dwellings over the 28-year period 2022-2050 which would meet the identified housing need in full, but allocate land to meet the overall target of around 63,500 dwellings that would be needed to achieve their strategic aspiration for growth. On this basis, the plan would ensure that the identified housing need was delivered, whilst also enabling the market to deliver at a higher rate of growth.

6. Affordable Housing Need

Housing options and cost of housing in Milton Keynes

Housing Tenure Trends

6.1 Clear trends are evident in the local data for Milton Keynes, even while recognising that the 2011 Census is now over 10 years old³¹. Figure 55 to Figure 57 show that there has been a steady increase in the overall number of owner occupiers since 1981, though the proportion in owner occupation fell back to 1981 levels between 1991 to 2011. Similarly, the absolute numbers of social renters decreased only slightly between 1981 and 2011, but the proportion of social renters decreased from 47% to 18% (likely in part as a result of the introduction of the Right-to-Buy in 1980). More recent products such as Affordable Rent had not been introduced in 2011. The number and proportion of private renters has increased, from 4% to 18%.

Figure 55: Number of Households by Tenure in Milton Keynes 1981-2011 (Source: UK Census of Population)

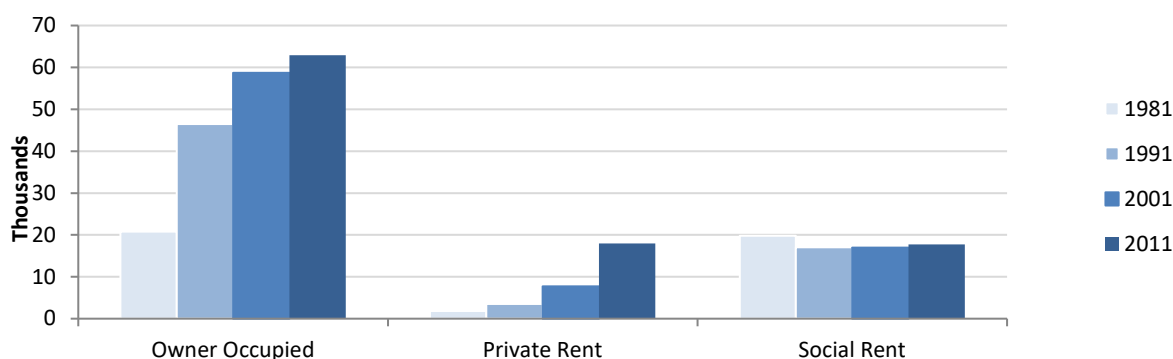
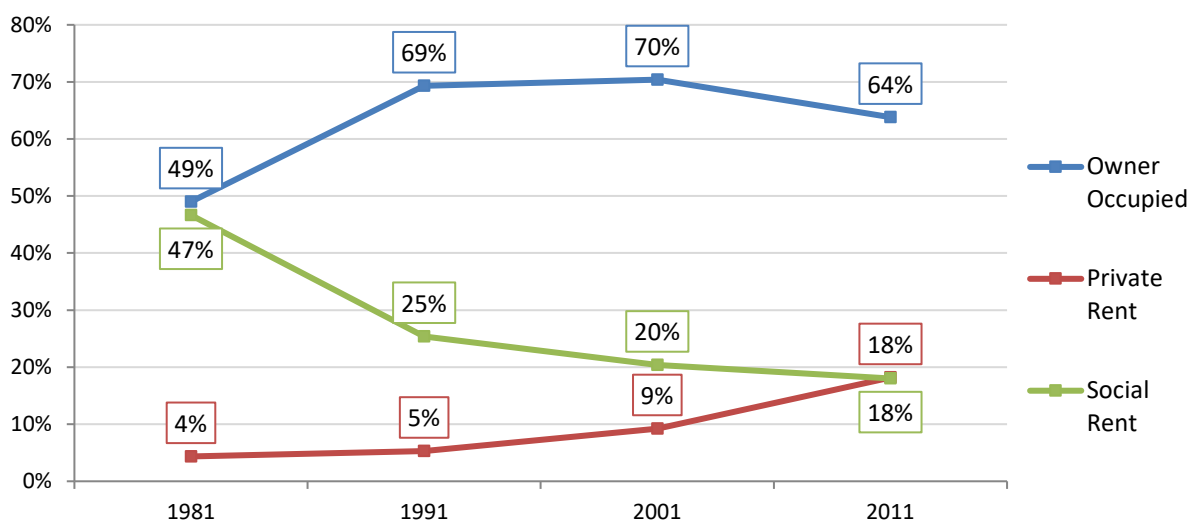


Figure 56: Percentage of Households by Tenure in Milton Keynes 1981-2011 (Source: UK Census of Population)



³¹ Publication of Census 2021 data is planned for early 2023

Figure 57: Households by Tenure for Milton Keynes 1981-2011 (Source: UK Census of Population)

Tenure	Total Households 1981	Total Households 1991	Total Households 2001	Total Households 2011	Net Change 1981-1991	Net Change 1991-2001	Net Change 2001-2011
Owner occupied	20,816	46,482	58,679	62,898	+25,666	+12,197	+4,219
Private rent	1,850	3,549	7,699	17,923	+1,699	+4,150	+10,224
Social rent	19,816	17,038	16,981	17,763	-2,778	-57	+782
TOTAL	42,482	67,069	83,359	98,584	+24,587	+16,290	+15,225
Owner occupied as a %	49.0%	69.3%	70.4%	63.8%	+20.3%	+1.1%	-6.6%
Private rent as a %	4.4%	5.3%	9.2%	18.2%	+0.9%	+3.9%	+8.9%
Social rent as a %	46.6%	25.4%	20.4%	18.0%	-21.2%	-5.0%	-2.4%

Housing Stock by Size

6.2 Figure 58 shows the housing stock of Milton Keynes by tenure and number of bedrooms.

6.3 In general, the owner-occupied stock is dominated by 3- and 4-bedroom properties. Two bedrooms are the most common private rented property size followed by 3-bedroom then 1-bedroom. In social rent there is a broad three-way split between 1, 2 and 3-bedroom properties, with slightly more 2-bedroom properties than other sizes.

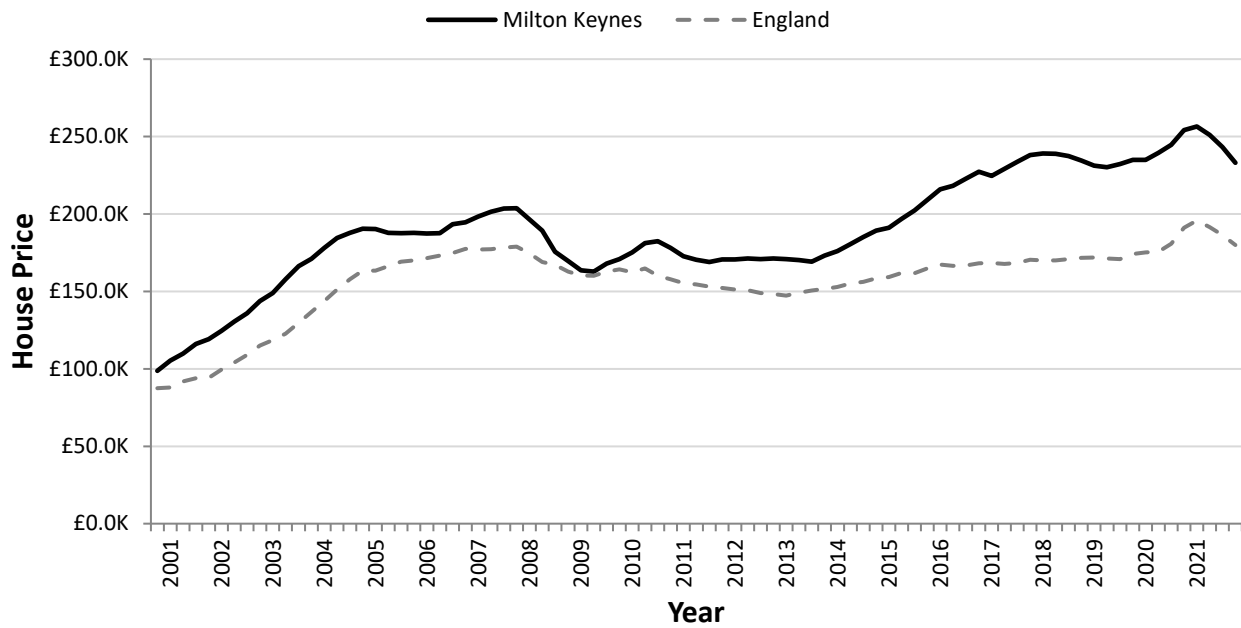
Figure 58: Dwelling stock by tenure and number of bedrooms in Milton Keynes (Source: UK Census of Population 2011)

Property Type	Owner Occupied	Private Rent	Social Rent	TOTAL
1 bedroom	2,564	3,463	5,205	11,232
2 bedrooms	11,859	6,509	5,966	24,334
3 bedrooms	28,371	5,759	5,771	39,901
4 bedrooms	15,819	1,632	704	18,155
5+bedrooms	4,285	560	117	4,962

Cost of Home Ownership

6.4 House price trends (2001-2021) are shown in Figure 59 based on lower quartile house prices. Lower quartile prices are used to consider the entry level price for home ownership. As the value of money has also changed during this period, the data is adjusted to take account of and remove the impact of inflation; therefore, the values reflect real changes in house prices since 2001.

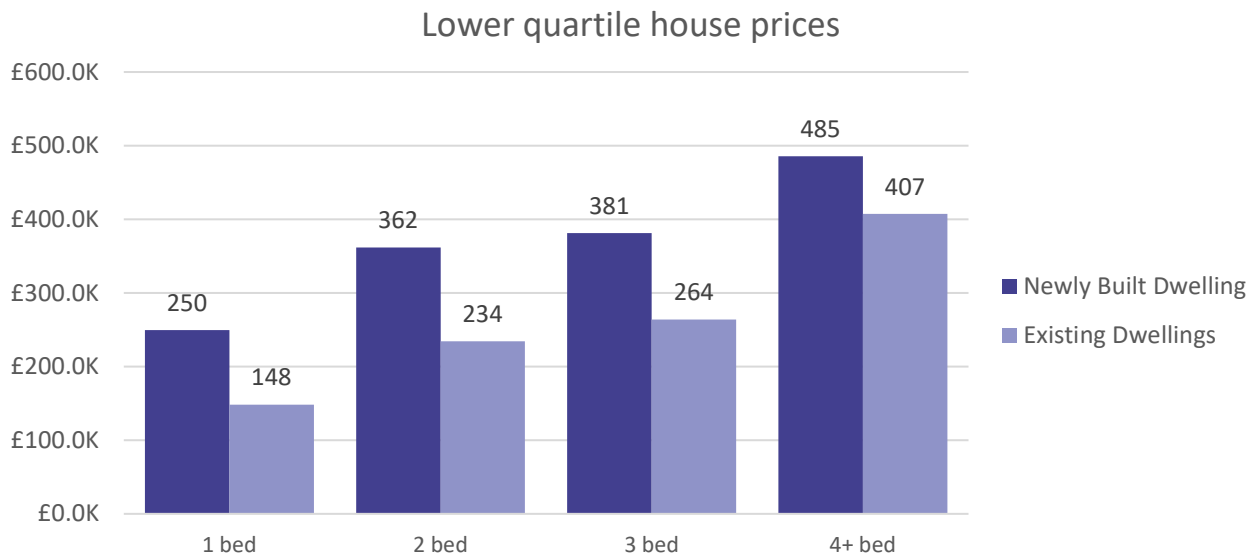
6.5 It is evident that real house prices in Milton Keynes increased substantially in the period 2001-2008. Values reduced during the economic downturn and continued to decline over the period to 2014, but have since increased to over £250,000 in 2021, but are now showing a decline. For most of the time since 2021, movement in Milton Keynes house prices has broadly mirrored, although been higher, than changes in England as a whole.

Figure 59: Real House Price Trends: Lower Quartile Prices adjusted to 2021 values using CPI (Source: ONS; Bank of England)

6.6 Overleaf Figure 60 shows the lower quartile house prices by bedroom size for Milton Keynes. The data shows both the lower quartile price for existing properties and new build dwellings, with prices taken from the Land Registry records for the sales prices of individual properties. When considering first time buyers in particular, many of the purchasers are likely to be newly forming households seeking one and two bed properties, although some will seek larger properties. As discussed below, schemes such as the new First Homes product which sells new homes at a 30% or more discount compared to market prices to local first-time buyers may make home ownership more accessible for this group.

6.7 The degree to which new build properties are more expensive than existing homes varies due to a range of factors which include the location of newbuild housing, the relative size of properties, gardens and the availability of parking, comparative quality and condition of existing stock, and other intangible factors such as character. In general, new build properties in Milton Keynes are much more expensive than existing dwellings, ranging in lower quartile properties from new build 4+ bed dwellings being 19% more expensive, to new build 1-bed dwellings being 68% more expensive than existing dwellings. Given the price of new build properties, a higher level of delivery will make affordability worse in the short-term by increasing median property prices, thus leading to a higher uplift in the Standard Method. The provision of First Homes at a 30% discount may not mitigate this increase as they are only marginally cheaper than existing properties.

Figure 60: Lower quartile prices for existing dwellings and newly built dwellings (2021-2022) by property size in Milton Keynes
(Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)



Income Needed for Home Ownership

6.8 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).

6.9 Below is an illustrative example based on Milton Keynes prices, for an existing 1-bedroom property. As this example is purely for illustration and not used in any calculation, it does not take account of some of the complexities of the market such as any increased borrowing rates for Affordable Home Ownership:

- » The lower quartile price recorded was £148,000;
- » Based on a 90% loan-to-value mortgage, a deposit of £14,800 would be needed (equivalent to 10% of the overall price) with the mortgage covering the remaining £133,200;
- » Using a mortgage income multiplier of 3.5x would therefore need an annual income of £38,100.

6.10 To purchase the same property with a 95% loan-to-value mortgage would reduce the deposit needed to £7,400 (equivalent to 5% of the overall price) but the income required would increase to £41,200 per year. Borrowing at a 4.0x income multiplier would reduce the income needed; but households would still need an income of between £33,300 and £35,100 based on a 5-10% deposit. Therefore, to purchase an existing 1-bedroom property at an overall cost of £148,000 is likely to require an annual income of at least £33,300 (assuming a 10% deposit and a 4.0x multiplier); but with a lower deposit and a lower income multiplier an income of up to £50,200 per year could be needed.

6.11 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, taking the initial assumptions of a 10% deposit and a 3.5x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to afford home ownership.

6.12 Based on these assumptions, Figure 61 shows the household income levels needed to buy 1 and 2 bedrooms properties in terms of both existing dwellings and newly built dwellings in Milton Keynes. When purchasing larger homes, households will typically have larger deposits available which often include equity from the sale of a smaller property. On this basis, it is relatively artificial to consider incomes in isolation. Nor do these

figures take account of the variation in price across the Borough, in particular between some of the rural areas and Milton Keynes urban area.

Figure 61: Annual income required to afford properties based on a 10% deposit and 3.5 times income mortgage by property size (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)

Property Size	Newly Built Dwellings	Existing Dwellings
1 bedroom	£64,200	£38,100
2 bedrooms	£93,000	£60,300
3 bedrooms	£98,000	£67,800
4+ bedrooms	£124,800	£104,800

Cost of Renting

6.13 Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit based on Broad Rental Market Areas (BRMAs). The LHA was previously based on the 30th percentile private rent, however more recent increases have based on CPI and rates were frozen in the July 2015 Budget before being increased in 2020.

6.14 Whilst BRMAs do not align with local authority boundaries, the Milton Keynes BRMA covers the whole of Milton Keynes. Figure 62 sets out the maximum local housing allowance by size of property in the Milton Keynes BRMA:

Figure 62: Maximum Local Housing Allowance thresholds 2022 (Source: Valuation Office Agency)

Property type	Weekly Rent £
Room only	£70.00
1 bedroom	£149.59
2 bedrooms	£189.86
3 bedrooms	£224.38
4+ bedrooms	£299.18

6.15 Figure 63 sets out the weekly rents for different property sizes. This includes:

- » Median and lower quartile private rent;
- » Affordable rent; and
- » Social rent based on existing average rents.

Figure 63: Weekly rent thresholds in Milton Keynes 2022 (Source: Private Rental Market Statistics, Valuation Office Agency; Regulator of Social Housing Statistical Data Returns. Note: Private rent data excludes housing benefit funded tenancies)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
1 bedroom	£189.73	£172.48	£126.39	£78.65
2 bedrooms	£218.48	£205.83	£156.98	£95.25
3 bedrooms	£274.83	£241.48	£188.45	£99.85
4+ bedrooms	£343.82	£310.47	£236.43	£112.99

6.16 It is evident that for all property sizes, the median private rent is the highest followed in turn by the lower quartile private rent, affordable rent and target social rent. While the LHA rates are higher than the equivalent lower quartile private rents, it is important to note that the private rent figures exclude housing benefit funded tenancies. Therefore, there would appear to be only limited opportunity for an increase in the number of households in receipt of housing benefit given that lower quartile rents are already close to the maximum housing benefit. Many private rental properties outside of the urban area are likely to be higher cost and urban areas likely to be lower cost.

Income Needed to Rent Housing

6.17 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)³² stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross household income**”* (page 42)

6.18 However, this previous Guidance was rescinded in March 2014 following the publication of the Original NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that *“care should be taken ... to include **only those households who cannot afford** to access suitable housing in the market”* [ID 2a-020-20190220] (emphasis added).

6.19 Results from the English Housing Survey (EHS) 2015-16³³ provides information about the percentage of gross household income that households currently spend on their housing costs³⁴:

- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent; and
- » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.

6.20 The EHS demonstrates that many households in both private and social rented properties currently pay considerably more than 25% of gross household income on their housing costs. Whilst it is arguable that some households currently pay too much for their rent, it is unrealistic to suggest that all households paying more than 25% are unable to afford suitable housing in the market.

6.21 The proportion of household income allocated to housing costs is necessarily based on a judgement. At the lower end of the range, the previous CLG Practice Guidance sets out a percentage of 25%. However, as the EHS identifies that households renting privately currently spend 41% of their gross income on average, there must be many households currently spending more than 41% of their income on housing costs (which will be offset against others spending lower proportions).

6.22 On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs was at least 25% but no more than 45% of gross income. This leads to our judgement that **35% of income** provides a reasonable basis for assessing the maximum that households should reasonably expect to

³² <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

³³ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

³⁴ Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit), by tenure, 2010-11 to 2015-16

pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.

6.23 As an illustrative example, we can establish the income needed to rent a 1-bedroom property in Milton Keynes based on a 35% income multiplier:

- » The lower quartile weekly rent recorded was £178.23;
- » Based on a 35% income multiplier, a weekly income of £509.23 would be needed which equates to a gross annual income of £26,479

6.24 To rent the same property based on a 25% income multiplier would increase the gross income required to £37,070 per year. Therefore, to rent a self-contained 1-bedroom property in Milton Keynes, at a lower quartile rent overall cost of £178.23 per week is likely to require an annual income of at least £26,479 (assuming a 35% multiplier); although it is evident that the required income is very sensitive to the multiplier used.

6.25 Given this context, although some households will choose to pay a higher proportion of their income to rent their home (and others might be forced to do so due to the lack of any other housing options), taking the initial assumption of a 35% income multiplier provides a reasonable benchmark to establish the rental income needed. Based on this assumption, Figure 64 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent.

Figure 64: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size in Milton Keynes (Source: ORS based on Valuation Office Agency data Oct 2020 to Sep 2021)

Annual Income £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
1 bedroom	£28,286	£25,714	£18,842	£11,725
2 bedrooms	£32,571	£30,686	£23,403	£14,200
3 bedrooms	£40,971	£36,000	£28,094	£14,886
4+ bedrooms	£51,257	£46,286	£35,248	£16,844

6.26 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid.

6.27 Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Therefore, housing costs at 35% of gross income would represent 41.4% of their net income, which would leave £9,880 (£189 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24; so, on this basis, this household could afford to pay at least 35% of their income on housing costs and still have sufficient disposable income;
- » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income, which would leave £12,559 (£241 per week) as disposable income to cover their other

living expenses. The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over); so this household could not afford to pay 35% of their income on housing costs as it would not leave them with sufficient disposable income.

- 6.28 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take account of different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for different types of household on different incomes, based on the rents for suitable housing in terms of the number of bedrooms needed.
- 6.29 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 65 sets out the incomes for housing benefit eligibility for different types of households.

Figure 65: Maximum annual income for households in receipt of housing benefit support by household type in Milton Keynes
(Source: ORS based on Department for Work and Pensions data)

Property type	Household type	Maximum Annual Income for HB support
ROOM ONLY	Single person aged 16-24	£8,805
ROOM ONLY	Single person aged 25-34	£9,637
1 BEDROOM PROPERTIES	Single person aged 35+	£16,026
1 BEDROOM PROPERTIES	Couple (both aged under 18)	£16,819
1 BEDROOM PROPERTIES	Couple (one or both aged 18 or over)	£18,325
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£22,953
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 2 children	£26,647
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 1 child	£25,251
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 2 children	£28,946

Income Needed for Other Types of Housing

- 6.30 Another housing option that could be made available in Milton Keynes, thereby increasing the variety of products available, is Build to Rent. Build to Rent is defined by the NPPF Glossary as:

Build to Rent: purpose-built housing that is typically 100% rented out.

Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

NPPF 2021 (Glossary)

- 6.31 Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low Cost Home Ownership options.
- 6.32 The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided in the form of affordable private rent. The PPG offers a “generally suitable” benchmark that 20% of any given build to rent scheme should be provided as affordable rent (maintained in perpetuity). In terms

of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).

- 6.33 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL³⁵ shows that the average Build to Rent option is 9.3% more expensive than the median rent. If it is assumed that these rent levels were to be the case in Milton Keynes, and a discount of 20% were to be applied to these rents (as is suggested by the NPPF) for the affordable units, then the range of rental costs available would be as Figure 66:

Figure 66: Weekly rent thresholds in Milton Keynes (Source: Valuation Office Agency 2020-21; SDR 2022, JLL)

Weekly Rent £	Upper Quartile Private Rent	Build to Rent (Median + 9.3%)	Median Private Rent	Local Housing Allowance	Lower Quartile Private Rent	Affordable Build to Rent (20% discount)	Affordable Rent	Social Rent
1 bedroom	£206.98	£207.38	£189.73	£149.59	£172.48	£165.90	£126.39	£78.65
2 bedrooms	£247.23	£238.80	£218.48	£189.86	£205.83	£191.04	£156.98	£95.25
3 bedrooms	£298.97	£300.38	£274.83	£224.38	£241.48	£240.31	£188.45	£99.85
4+ bedrooms	£379.47	£375.79	£343.82	£299.18	£310.47	£300.64	£236.43	£112.99

- 6.34 The local housing allowance would not be sufficient to cover the costs of affordable Build to Rent units for all dwelling types. It is still the case that the promotion of build to rent with a substantial discount, such as 20%, could be a potentially useful mechanism for bringing forward affordable housing options.

Summary of Housing Costs

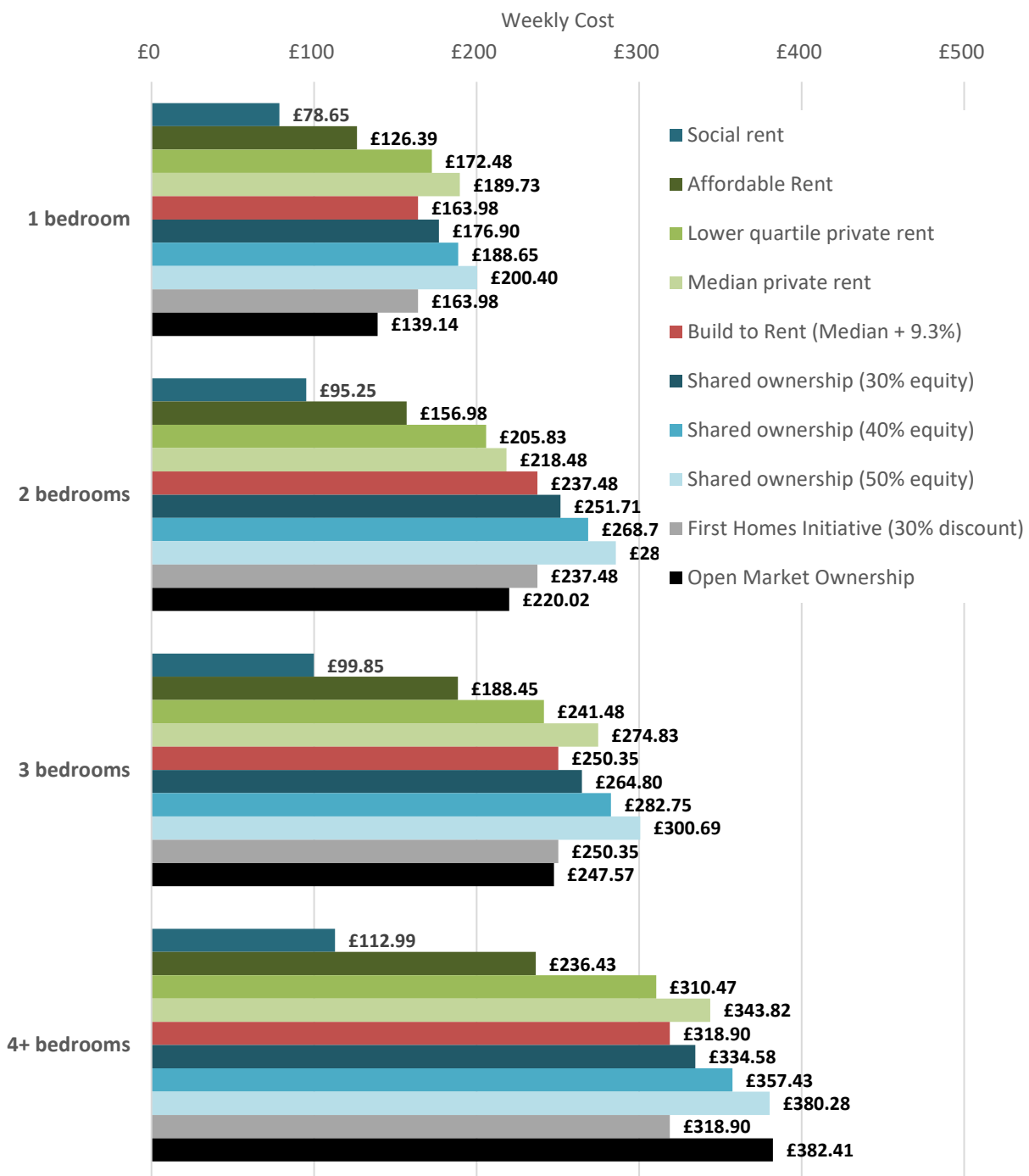
- 6.35 This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 67 (overleaf) summarises these costs for each property size using the same assumptions as throughout the report; assuming a 10% deposit for example.
- 6.36 Open market ownership for each property size is the most expensive in terms of weekly costs, followed by Build to Rent then median private rent and shared ownership at 50% and 40%, depending on the size of property. Lower quartile market rent is cheaper than a 70% First Homes mortgage in every property size apart from 1-bedrooms, but a First Homes mortgage is cheaper than median rent for all property sizes except for 2 bedrooms.
- 6.37 The cost of shared ownership predictably varies depending on the equity size purchased, however the fact that it is more expensive on a weekly basis than First Homes for all three equity levels illustrated is evidence of the significance of the rent payable on the equity retained and service charges on weekly costs. Nonetheless, weekly costs for 40% shared ownership are below median rents for all but 3-bedroom properties. It is also much more flexible than First Homes for reasons such as not being restricted to first time buyers and being able to ladder up the equity share, and therefore may meet the needs of different households.
- 6.38 The cost of occupying a Build-to-Rent property is very similar to that for First Homes. This underscores that occupants of Build-to-Rent typically have sufficient income to access home ownership options; yet choose not to.

³⁵ <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

6.39 Overall, compared to rental options, the range of affordable home ownership products shown appear to be relatively accessible, however it should be noted that the chart takes no account of the initial cost of a deposit on a property, which is a barrier to many households that seek to get onto the housing ladder. Furthermore, despite the weekly costs being cheaper, the underlying income necessary to obtain a mortgage on a First Home will be meaningfully higher than the underlying income required to rent a property due to the constraint of mortgage income multipliers discussed previously.

6.40 At the time of writing, interest rates are expected to rise. This will impact mortgaged properties first, which be followed quite quickly by a growing number of private rents as individual fixed terms reach renewal.

Figure 67: Comparison of weekly housing costs by property size in Milton Keynes (Source: ORS analysis)



Identifying households who cannot afford market housing

Introduction

- 6.41 The definition of affordable housing was changed by the NPPF 2019, with a specific emphasis now placed on affordable homeownership. This was retained in the NPPF 2021 update and does not explicitly include First Homes. Annex 2 of the Revised NPPF now defines affordable housing as being:

Affordable housing

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)

Revised NPPF 2021, Annex 2

- 6.42 To reflect this change, paragraphs of PPG were updated in February 2019. These were further updated with a new set of guidance on “Housing needs of different groups” published on 22nd July 2019³⁶.
- 6.43 Further guidance to reflect the need to consider First Homes was then added on May 24th 2021. The changes between the archived PPG and the current revision are highlighted below:

How can the current unmet gross need for affordable housing be calculated?

Strategic policy-making authorities will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market.

The unmet (gross) need for affordable housing by assessing (sic) past trends and current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in over-crowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and*
- » *the number of households from other tenures in need and those that cannot afford their own homes, **either to rent, or to own, where that is their aspiration.***

Planning Practice Guidance, ID: 2a-020-20190220

Emphasis added shows change first introduced in September 2018

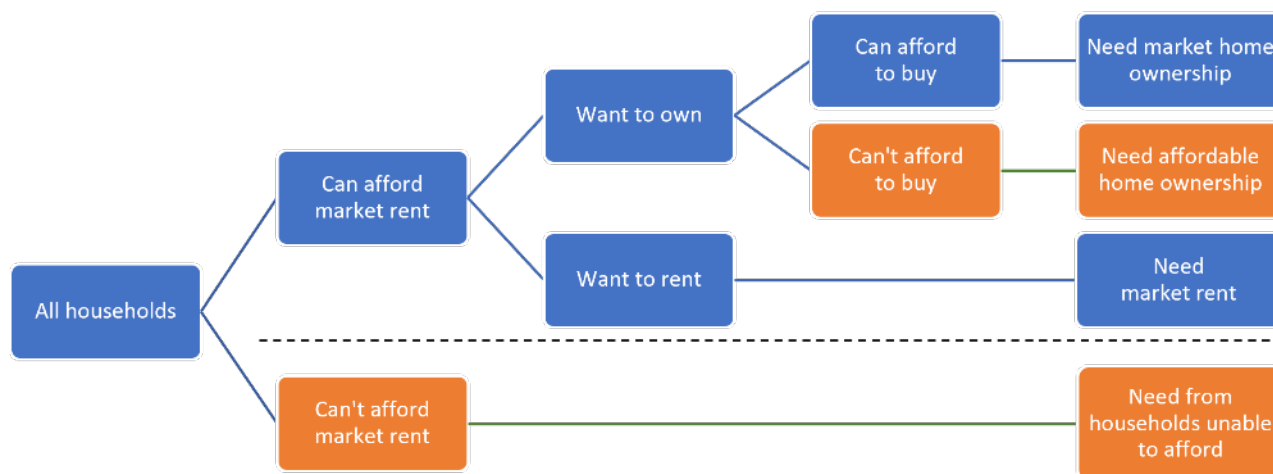
- 6.44 On this basis, it is clear that the assessment of affordable housing need must now consider those households who would like to own but are unable to do so, in addition to those households unable to afford to own or rent which have formed the longstanding basis for assessing affordable housing needs.

³⁶ <https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing>

Establishing the Need for Affordable Housing to Rent and to Own

- 6.45 Demographic projections provide the basis for identifying the LHN for all types of housing, including both market housing and affordable housing. There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing; however, when considering the needs of households who can afford to rent but would prefer to own, it is necessary to further develop the existing methods given that PPG provides no additional guidance on how this need should be assessed.
- 6.46 Below, Figure 68 illustrates the different groups of households that must now be considered when assessing the need for affordable housing. The needs of those households that cannot afford market rent need to be added to the needs of those that can afford market rent but who want to own but cannot afford to buy.

Figure 68: Establishing the need for market and affordable housing



Affordable Housing Need: Households Unable to Afford

- 6.47 PPG notes that affordable housing need is based on households “*who lack their own housing or who cannot afford to meet their housing needs in the market*” [ID 67-006-20190722]; though goes on to say that this should include the needs of those that can afford market rent but who want to own but cannot afford to buy. Given this context, the following section firstly considers the needs of those households who cannot afford to meet their housing needs, either through buying or renting. The additional needs of those who can afford to rent but who want to own will be considered in the next section.
- 6.48 PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How is the total annual need for affordable housing calculated?

The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and then converting total net need into an annual flow based on the plan period.

Planning Practice Guidance, ID 67-008-20190722

Current Unmet Need for Affordable Housing

- 6.49 In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

How can the current unmet gross need for affordable housing be calculated?

Strategic policy-making authorities will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market.

The unmet (gross) need for affordable housing by assessing (sic) past trends and current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in over-crowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and*
- » *the number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance, ID 67-006-20190722

- 6.50 Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
 - » All those currently housed in **temporary accommodation**; and
 - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.
- 6.51 Given this context, our analysis counts the needs of all these households when establishing the need for affordable housing at a base date of March 2022.
- 6.52 The analysis counts the needs of all households living in overcrowded rented housing when establishing the need for affordable housing, (which could marginally overstate the affordable housing need) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Milton Keynes.
- 6.53 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household; and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Councils have a range of statutory enforcement powers to improve housing conditions.

6.54 Concealed families are defined as, “family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”³⁷. When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently). Concealed families in a reasonable preference category on the housing register are counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged 18-54 years (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).

6.55 Figure 69 sets out the assessment of current affordable housing need for Milton Keynes. The ‘increase in overall need’ shows the number of households who will not be counted by the household projections because of being homeless or concealed households. Because of this, these households should be added to the total housing need.

Figure 69: Assessing current unmet gross need for affordable housing – Milton Keynes in 2021 (Sources: CLG P1E returns; Census 2001 and 2011; English Housing Survey 2021; DWP Housing Benefit; CLG Local Authority Housing Statistics)

Current unmet need classification	Current status	Affordable Housing Gross Need	Affordable Housing Supply	Affordable Housing Net Need	Increase in Overall Need
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in communal establishments (B&B or Hostels)	0		0	0
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	892		892	
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in affordable housing (LA or RSL stock)	0	0	0	
Homeless households in priority need [Source: CLG P1E returns]	Households accepted as homeless but without temporary accommodation provided	0		0	0
Concealed households [Source: Census 2001 and 2011]	Growth in concealed families with family representatives aged u55	480		480	480
Overcrowding based on the bedroom standard [Source: Census 2011 and EHS]	Households living in overcrowded private rented housing	823		823	
Overcrowding based on the bedroom standard [Source: Census 2011 and EHS]	Households living in overcrowded social rented housing	1,386	1,386	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move on medical or welfare grounds, including grounds relating to a disability	346	27	319	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move to a particular locality in the authority, where failure to meet that need would cause hardship	0	0	0	
TOTAL	TOTAL	3,927	1,413	2,514	480

³⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

- 6.56 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that an estimated **3,927 households in Milton Keynes are currently living in unsuitable housing and are unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible), but does use estimated data for issues such as overcrowding, so is not an exact figure.
- 6.57 Of these households, 1,413 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 2,514 households in Milton Keynes (3,927 less 1,413 = 2,514) that currently need affordable housing and do not currently occupy affordable housing** (although a higher number of new homes may be needed to resolve all the identified overcrowding).
- 6.58 These numbers include a total of 480 households that would not be counted by the household projections because of their being homeless or concealed households.

Projected Future Affordable Housing Need

- 6.59 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

How can the number of newly arising households likely to be in affordable housing need be calculated (gross annual estimate)?

Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need. This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current costs in this process, but may wish to factor in anticipated changes in house prices and wages). It can then assess what proportion of newly forming households will be unable to access market housing.

Planning Practice Guidance, ID 2a-021-20190220

- 6.60 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Local Housing Need (LHN). The Model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.³⁸ The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 6.61 Whilst PPG identifies that "Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need." [ID: 2a-021-20190220], **the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age**. Therefore, the appropriate proportion is determined separately for each household type and age group.

³⁸ Detailed data from CLG 2014-based household projections and sources identified in Figure 63, Figure 69 and Figure 70

- 6.62 The affordability percentages in Figure 70 are calculated using detailed information on existing households living in Milton Keynes from the 2011 Census alongside data published by DWP about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. The defining factor here is whether a household can pay for their housing without requiring affordable housing or housing benefit. Therefore, this is the proportion of households in each age and household composition group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

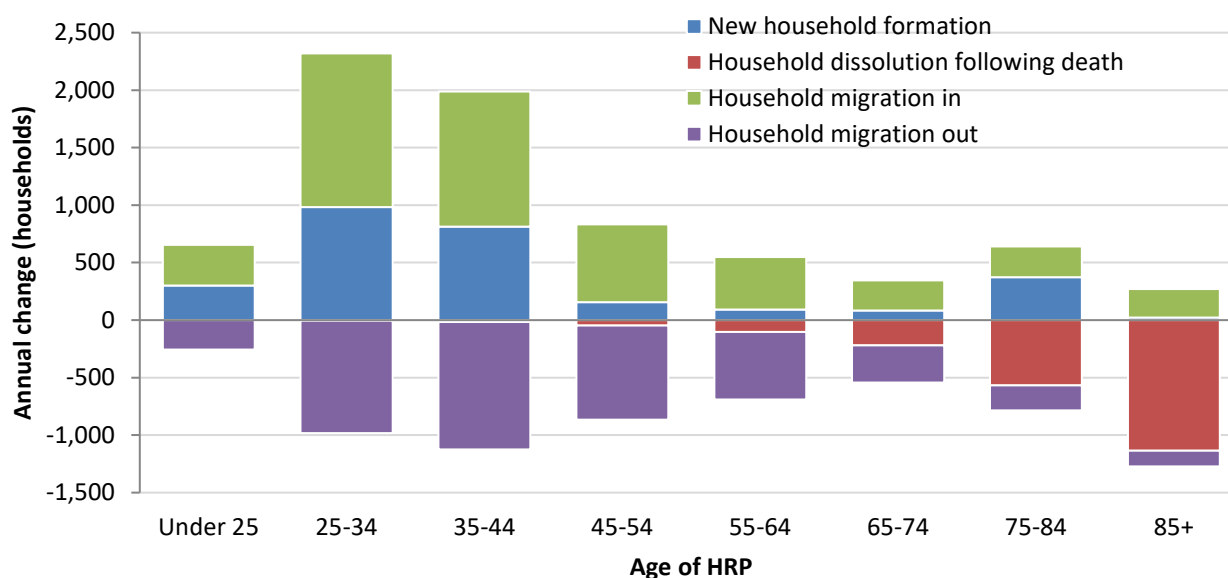
Figure 70: Assessing affordability by household type and age for Milton Keynes (Source: Census 2011 and DWP)

Percentage unable to afford market housing in Milton Keynes	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	44%	19%	29%	33%	39%	39%
Couple family with no dependent children	15%	5%	9%	9%	9%	17%
Couple family with 1 or more dependent children	50%	30%	17%	14%	17%	22%
Lone parent family with 1 or more dependent children	83%	87%	65%	49%	46%	40%
Other household type	45%	17%	24%	23%	22%	16%

Establishing the Future Affordable Housing Need for Households Unable to Afford

- 6.63 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “*gross annual estimate*” [ID 2a-021-20190220] suggesting that “*the total need for affordable housing should be converted into annual flows*” [ID 2a-024-20190220].
- 6.64 Below, Figure 71 shows the age structure of each of the components of household change for 2022 to 2050. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 71: Annual change in Milton Keynes household numbers in each age cohort by age of Household Representative Person for 2022-50 (Source: ORS Housing Model, ONS 2018 based sub-national projections and CLG 2014 based sub-national projections)



6.65 Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs.

Figure 72: Newly forming and in-migration: Annual components of Household Growth 2022-50 in Milton Keynes (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	2,646	1,660	986	37%
Households migrating into the area	4,062	2,597	1,465	36%
All new households	6,708	4,256	2,452	37%

6.66 The ORS Model identifies 2,646 new households projected to form in Milton Keynes each year, of which 37% will be unable to afford their housing costs. This amounts to 986 households each year.

6.67 The model also considers new households migrating to the area. The projection is for 4,062 households per year, of which 36% (1,465 households) will be unable to afford their housing costs. Migrating households are less likely to be in housing need because they typically have higher incomes and equity from property elsewhere.

6.68 This results in a total of 2,452 new households in need of affordable housing per annum in Milton Keynes.

6.69 PPG identifies that “there will be a current supply of housing stock that can be used to accommodate households in affordable housing need” and that it is necessary to establish “the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need” (ID 2a-022).

Figure 73: Dissolution and out-migration: Annual components of Household Growth in Milton Keynes 2022-50 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,504	933	571	38%
Households migrating <u>out</u> of the area	3,431	2,162	1,269	37%
All households no longer present	4,935	3,095	1,840	37%

6.70 In Milton Keynes, the model identifies 1,504 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright however, 571 of these are likely to have been unable to afford market housing and will mostly be living in social rented housing.

6.71 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that in Milton Keynes 3,431 households will migrate out of the area each year, including 1,269 households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).

6.72 Altogether, there are 1,840 households per annum who will vacate affordable dwellings or will no longer be waiting for a home in Milton Keynes.

6.73 PPG also identifies that it is important to estimate “the number of existing households falling into need”. Whilst established households that continue to live in the local authorities will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. Needs of these households are counted based on changes in affordable housing and housing benefit uptake between cohorts in the population, and it is estimated that 582 established households in Milton Keynes will fall into need each year.

6.74 However, established households’ circumstances can also improve. For example:

- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
- » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

6.75 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies that the circumstances of 855 households will improve such that they become able to afford their housing costs, having previously being unable to afford. This is again calculated by analysing flows of households moving into affordable housing and housing benefit claimants between population cohorts. Therefore, considering the changing needs of existing households overall, there is a net decrease of 274 existing households needing affordable housing each year in Milton Keynes (Figure 74).

Figure 74: Existing households: Annual components of Household Growth in Milton Keynes 2022-50 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-582	+582	100%
Existing households climbing out of need	-	+855	-855	0%
Change in existing households	-	+274	-274	-

6.76 The following table (Figure 75) summarises the overall impact of:

- » new households adding to housing need,
- » the households no longer present reducing housing need and
- » the changes in circumstances impacting existing households.

Figure 75: Summary annual components of Household Growth in Milton Keynes 2022-50 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	6,708	4,256	2,452
All households no longer present	4,935	3,095	1,840
Change in existing households	-	274	-274
Future affordable housing need 2022-50 (Annual average)	+1,773	+1,436	+337

6.77 Overall reviewing the contribution of each element amounts to an additional 337 households needing affordable housing in Milton Keynes annually over the 28-year period 2022-50.

Overall Affordable Housing Need for Households Unable to Afford

6.78 Below, Figure 76 brings together the information on assessing the unmet need for affordable housing in 2021 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 28-year period 2022-50.

Figure 76: Assessing total need for market and affordable housing for Milton Keynes (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	Housing Need (households) Market housing	Housing Need (households) Affordable housing	Overall Housing Need
Unmet need for affordable housing in 2022 (see Figure 69)			
Total unmet need for affordable housing (a)	-	3,927	3,927
Supply of housing vacated (b)	2,034	1,413	3,447
Current housing need (c) = (a) - (b)	-2,034	+2,514	+480
Projected future housing need 2022-50 (see Figure 75)			
Average annual housing need (d)	1,436	337	1,773
Future housing need (e) = (d) x 28	+40,194	+9,450	+49,644
Total need for market and affordable housing (f) = (c) + (e)	+38,160	+11,964	+50,124
Average annual household growth (g) = (f) / 28	+1,363	+427	+1,790
Proportion of overall need for market and affordable housing	76.1%	23.9%	100.0%

6.79 Overall, in Milton Keynes, there is a need to provide affordable housing for 11,964 households unable to afford to rent or buy over the Plan period 2022-50, which equates to **427 households per year**.

Summary for Households Unable to Afford Market Housing

6.80 In Milton Keynes, the housing mix analysis identified a need to provide additional affordable housing for 11,964 households over the 28-year period 2022-50. **This is equivalent to 427 households per year**. These levels would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but any future losses from the current stock (such as demolition, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

6.81 The analysis also assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Private rented housing (with or without housing benefit) does not meet the definitions of affordable housing and is not counted as affordable housing supply; however, **households in receipt of housing benefit are assumed to be able to afford their housing costs, so they are not counted towards the need for affordable housing**. Nevertheless, if housing benefit support was no longer provided (or if there was not sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.

6.82 As policy decisions about housing benefit support provided to households living in the private rented sector are determined by the Government, it will be necessary for the local planning authorities to consider the possible impact of any changes when determining the most appropriate affordable housing targets for the area. Furthermore, given the net unmet need from 378 households needing affordable housing at the start of the Plan period, it will be appropriate to maximise affordable housing delivery in the early years of the Plan, providing that this does not unduly compromise overall levels of housing delivery in the area.

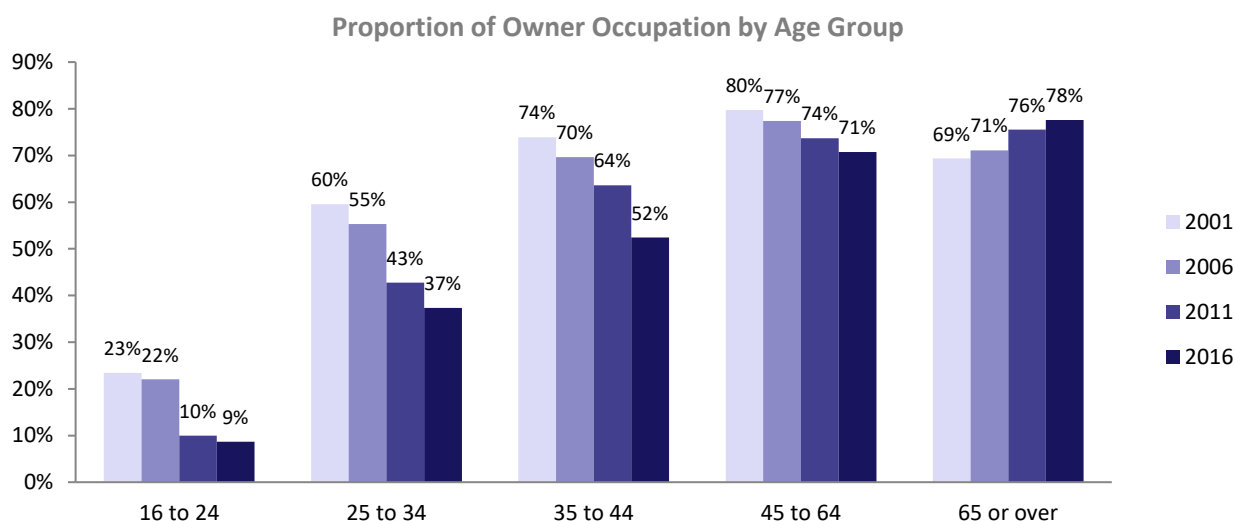
Needs of Households Aspiring to Homeownership

Home Ownership Trends

6.83 The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.

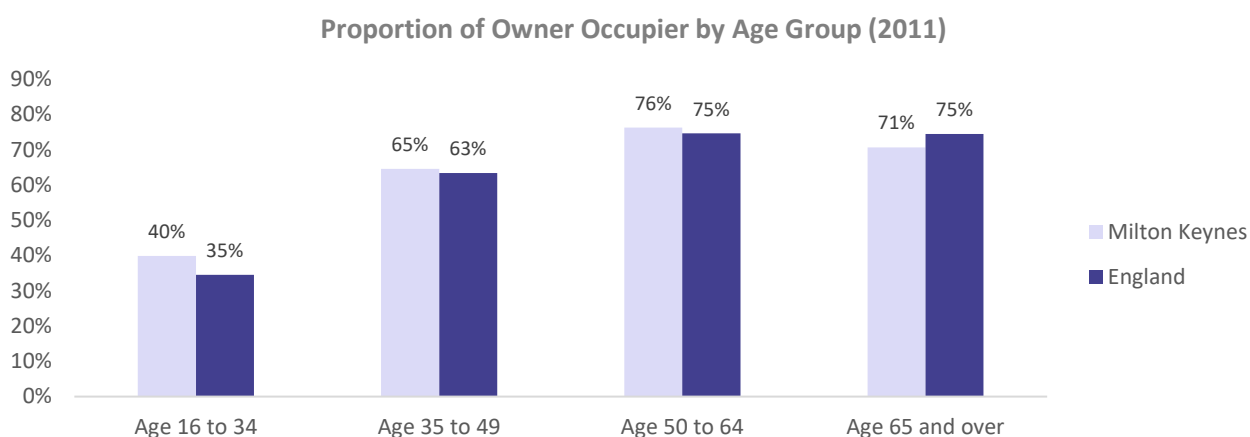
6.84 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 77).

Figure 77: Percentage of Owner Occupiers in England by Age Group 2001-2016 (Source: English Housing Survey)



6.85 The English Housing Survey does not contain robust data on owner occupation by age group at the local level, however an indication of the comparison between owner occupation levels by age in Milton Keynes versus the national average can be gathered from the 2011 Census (Figure 78). Rates of owner occupation in Milton Keynes are higher than the national average across all age groups reported by the 2011 Census.

Figure 78: Proportion of Owner Occupation by age group 2011 (Source: Census 2011)



Establishing the number of households aspiring to home ownership

6.86 English Housing Survey data shows that, unsurprisingly, 96% of households who currently own their property wish to stay as owner occupiers in the long term. In terms of potential demand over half (54%) of households who rent privately and almost a fifth (18%) of those in social rented housing aspire to homeownership.

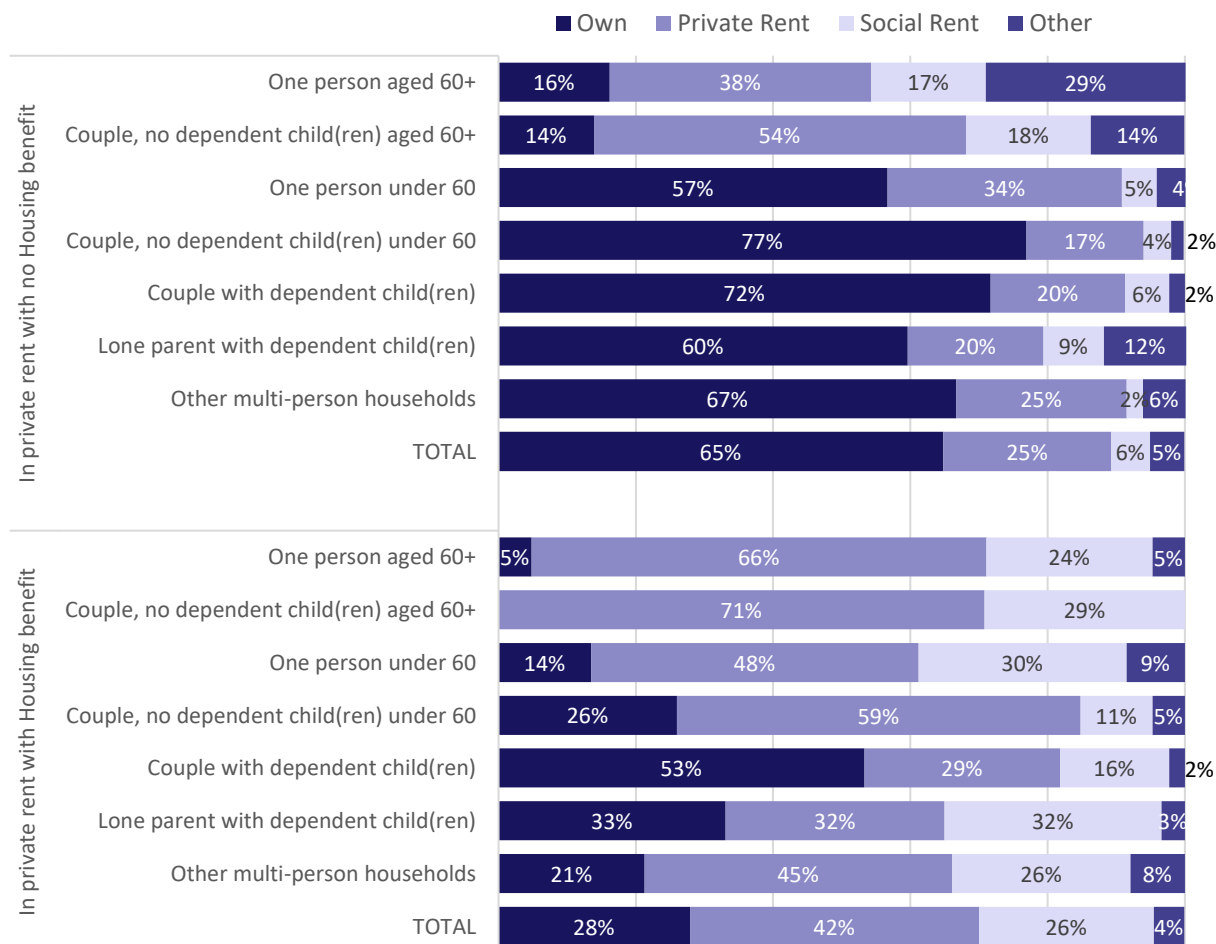
Figure 79: Long-term aspirations for England (Source: English Housing Survey 2013/4)

Current Tenure	Long-term Tenure Plan to be Owner Occupier	Long-term Tenure Plan for Shared Ownership	Long-term Tenure Plan to Rent from Private Landlord	Long-term Tenure Plan to Rent from Social Landlord	Long-term Tenure Plan is Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Social rent	18.1%	1.8%	1.9%	77.0%	1.1%

6.87 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy. Figure 80 shows long-term tenure aspirations of different types of households currently renting privately either with or without housing benefit.

Figure 80: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)

Long-term tenure expectations of those currently in private rented sector



6.88 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future. The proportion is much lower for those households with a Household Representative Person (HRP) over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).

6.89 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

Additional Need for Affordable Homeownership

6.90 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent with the aspiration data from the EHS 2013-14, Figure 81 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need. It is important to recognise that all of these households are able to meet their own housing costs in the private rented sector, when they find a dwelling that suits them, so would typically not be considered for social or Affordable Rent.

Figure 81: Households currently living in the Private Rented Sector in Milton Keynes and paying their own rent that aspire to home ownership by Age of Household Representative (Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	104	609	487	126	0	13	1,340
Couple without children	139	960	346	284	152	41	1,922
Families with child(ren)	90	572	1,057	150	0	0	1,869
Other households	53	645	116	79	53	0	947
Total Volume	386	2,786	2,007	639	206	54	6,077
<i>Percentage of households</i>	<i>6%</i>	<i>46%</i>	<i>33%</i>	<i>11%</i>	<i>3%</i>	<i>1%</i>	<i>100%</i>

6.91 Based on this analysis, we can estimate that there is a total of around 6,077 households currently resident in Milton Keynes who cannot afford to own their own home but would aspire to do so. Of these households, 52% are aged 25-34 with the substantial majority (85%) aged under 45.

6.92 In addition to the current need, it is also important to consider new households that are projected to form over the period 2022-50. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 6,942 households that form over the 28-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, in Milton Keynes there are likely to be 13,018 households who aspire to homeownership but who cannot afford to buy their own home over the period 2022-50, a net annual need of 465 per year.** The vast majority of this group of private renters can be assumed to be potential first-time buyers, as it is far more common for a renter to become a homeowner (i.e. as a first-time buyer) than the reverse (i.e. entering the rental market having previously owned a home). Figure 83 below assesses how many of these 13,018 in Milton Keynes may be able to afford affordable home ownership, taking account of incomes and savings.

6.93 As noted earlier in Chapter 4, the government have recently introduced a new housing product entitled First Homes, which are properties to be sold with at least a 30% discount to first-time buyers. While the figure of 13,018 households who aspire to homeownership in Milton Keynes sets an upper threshold for the number who could seek to access First Homes, it would still be the case that these households would require a deposit and to be able to afford to service the cost of a mortgage. We explore the importance of this point below.

Identifying the Overall Affordable Housing Need

6.94 Below, Figure 82 brings together the information on assessing the unmet need for affordable housing in 2021 together with the future need for affordable housing and those aspiring to home ownership arising over the 28-year period 2022-50. All data relates to households and this will be converted to dwellings when we add a vacancy rate in the next chapter. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options; some may be able to afford home ownership but have not found a suitable property yet.

Figure 82: Assessing total need for affordable housing 2022-50 – Milton Keynes (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2022	2,514	6,077	8,591
Future housing need 2022-50	9,450	7,873	17,323
TOTAL HOUSING NEED	11,964	13,950	25,914

6.95 On this basis, in Milton Keynes we can conclude that the overall need for affordable housing would comprise a total of 25,914 households over the 28-year period 2022-50, equivalent to an average of 926 per annum.

6.96 In Milton Keynes, this represents an only slightly lower level of growth to that identified by the ONS 2018-based household Principal projection for the LHN period 2022-2032 (10-year variant, Figure 47). This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

- » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- » *the anticipated deliverability of different forms of provision, having regard to viability.*

Planning Practice Guidance, ID 67-001-20190722

- 6.97 The size, type and tenure of homes also needs to be calculated separately from the standard method. PPG February 2019 states:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.

Planning Practice Guidance, ID 2a-017-20190220

- 6.98 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established.
- 6.99 It will be important to plan for the needs of **all** households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing.
- 6.100 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent. But these households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less expensive second-hand housing market. Similarly, some households may not ultimately need affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if Affordable Home Ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.
- 6.101 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, PPG for First Homes states at paragraph 2 that:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The First Homes criteria are the minimum requirements a housing unit must meet in order to qualify as a First Home. Affordable Housing Update Written Ministerial Statement published on 24 May 2021, the national standards for a First Home are that:

- a) a First Home must be discounted by a minimum of 30% against the market value;*
- b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and,*
- c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria.*

Planning Practice Guidance, ID: 70-002-20210524

6.102 It goes on at paragraph 4 to outline that:

Can the required minimum discount be changed?

In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.

However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.

In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home. Developers who are able to offer higher discounts within their contributions should be free to do so but the local authority cannot require this. In such cases, whatever discount (as a percentage of market value) is given at the first disposal should be the same at each subsequent sale. These minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis.

If local authorities or neighbourhood planning groups choose to revise their required minimum discounts in any future alterations to their plans, this should not affect the minimum discounts required for previously sold First Homes when they come to be resold, as these will be bound by the section 106 agreements entered into at the time of their first sale.

Planning Practice Guidance, ID: 70-004-20210524

6.103 Therefore, in summary, First Homes are a national policy with 25% of all newbuild affordable homes expected to be delivered in this form. Local authorities have the ability to vary a range of policy considerations including:

Minimum discount – while First Homes require a discount of at least 30% on market sale prices, local authorities have the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this.

Price caps – First Homes outside of London must be priced at below £250,000 after the discount has been applied, but local authorities have the discretion to set lower price caps if they can demonstrate a need for this.

Eligibility criteria - Purchasers of First Homes outside of London, should have a combined annual household income not exceeding £80,000 in the tax year immediately preceding the year of purchase. Local authorities can apply eligibility criteria in addition to the national criteria described above. This may involve lower income caps if this can be justified, a local connection test, or employment-based criteria such as key worker status.

- 6.104 Previously Figure 60 shows that the current lower quartile newbuild prices for a 4-bedroom property in Milton Keynes is around £485,000, so 70% of this price would be above the cap limit. It would be necessary to apply a 50% discount to bring these properties within the First Homes maximum value of £250,000 value. While 1 to 3-bedroom properties would come in below the £250,000 with a lower discount, it is still the case that a property discounted by 50% will be much more affordable than one discounted by 30%, but the consequences of using a 30% discount are also explored later in this report. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme. However, we then assess how many of these households can also afford at a 30% discount.
- 6.105 Given this context, Figure 83 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent.
- 6.106 It should be remembered that, as set out in Figure 67, First Homes are typically more affordable on a weekly cost basis than shared ownership in Milton Keynes, but of course shared ownership does often require a lower deposit. It is also the case that First Homes won't be managed by Registered Providers, which may appeal to some buyers and day to day running costs may be lower because shared ownership also includes a rental element and service charge. On the other hand, anyone purchasing a First Homes cannot benefit from staircasing the remaining property value over time. They therefore risk owning 70% of a property which can only be sold through a longer process than normal house sales to a household who qualify for First Homes in Milton Keynes. This in turn could see households becoming stuck in a First Homes because it is harder to sell.
- 6.107 This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.
- 6.108 In Milton Keynes, of the 13,950 households who can afford to rent but who aspire to homeownership, there would be 440 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 7,202 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values (Figure 83). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 4,076 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (and other up-front costs) of purchasing a home in the local area.

Figure 83: Affordable homeownership housing mix by household affordability in Milton Keynes 2022-50 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	1,655	132	1,522	646	876	492	387
2 bedrooms	5,706	174	5,532	3,000	2,533	1,578	957
3 bedrooms	5,315	135	5,180	2,759	2,421	1,700	719
4+ bedrooms	1,276	0	1,276	798	478	306	171
TOTAL	13,950	440	13,509	7,202	6,308	4,076	2,233

6.109 On this basis, there are estimated to be 2,233 households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. This is 16% of the total 13,950 that was originally identified. As previously noted, it is likely that the vast majority of these households would be first-time buyers.

6.110 In terms of the other policy issues relating to First Homes, we would note the following conclusions:

Minimum discount –the case for why a discount larger than 30% could be applied in Milton Keynes is shown in both Figure 60 and below in Figure 85. Figure 60 shows that for 1-3 bedroom properties, a 30% discount on newbuild properties would still leave most priced at a higher price than the equivalent second hand market price. Therefore, a 30% discount on a First Homes will only bring the price down to the level of the existing second hand market, where the private rented who are the target market for First Homes cannot currently afford to buy. House prices are also above the £250,000 price cap for First Homes for larger properties with a 30% discount, so there is a strong case for a larger discount than 30% because this would allow a significantly higher number of households to be able to afford First Homes. However, we would note that this impacts upon the viability of schemes, so to deliver any volume of First Homes may require a lower number of other affordable units to be delivered. If Milton Keynes continue to seek to deliver significant numbers of shared ownership dwellings then there is a case to apply the 30% discount to any First Homes properties and allow shared ownership to offer a more affordable entry point to home ownership for households.

Price caps - in Milton Keynes, there is no clear case for setting a price cap of less than £250,000 for First Homes. For larger properties, £250,000 would still represent a significant discount on open market sale prices. However, this requires a flexible policy to reflect prices in the market in the future, so if entry level market price rises or falls the price cap should also rise or fall.

Eligibility criteria –The need for affordable home ownership in Milton Keynes is insufficient to justify a 25% target within affordable housing delivery and does not reach 10% of the outstanding Local Plan delivery target if a 50% discount is applied. However, it is still the case that First Homes are meant to benefit both key worker households and local residents, while releasing some pressure on the local private rented stock. Therefore, there is case for setting local eligibility criteria to allow local and key worker households to have early access to First Homes, while allowing these criteria to drop away quickly to allow developers to complete sales if there is insufficient local interest.

6.111 Whilst it will be a policy decision as to how much of the need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 2,233 households likely to form an effective demand (i.e. those able to afford the various products that will potentially be available) in addition to the 11,964 households unable to afford to rent or own market housing. Figure 84 provides a breakdown of the planned affordable housing on this basis.

Figure 84: Overall need for Affordable Housing 2022-50 in Milton Keynes, including households aspiring to affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Milton Keynes	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	1,663	387	2,050
2 bedrooms	3,350	957	4,307
3 bedrooms	5,653	719	6,372
4+ bedrooms	1,298	171	1,469
TOTAL HOUSING NEED	11,964	2,233	14,197

6.112 The HEDNA therefore identifies an overall affordable housing need from 14,197 households over the 28-year period 2022-50, equivalent to an average of 507 per annum. This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property.

6.113 As noted above, the potential demand for affordable home ownership products amounts to 13,950 households, but the modelling shows that only 2,253 of these households will be able to access First Homes. This leaves 11,700 households who may wish to own in Milton Keynes, but will not find First Homes suitable for them. This has a number of important policy implications:

- » National policy, as set out in the NPPF paragraph 65 states that, “Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership...”. However, the level of need from First Homes doesn’t reach the 10% threshold;
- » Also, First Homes guidance proposes that 25% of all affordable housing should be delivered as First Homes. However, First Homes do not form 25% of the affordable need in Milton Keynes; and
- » A significant number of households who aspire to own cannot have their need met by First Homes because the mortgage will be too expensive for them, or they require too high a deposit.

6.114 All three outcomes describe above are not uncommon across England as whole, but the gap between newbuild and second hand house price in Milton Keynes makes the situation particularly stark. However, Milton Keynes has been the pioneer of Shared Ownership housing in England, and this may represent a more accessible option for home ownership in the city. Therefore, while national policy concentrates upon First Homes, alternative products such as existing Shared Ownership schemes may be a more realistic route into home ownership for many households.

6.115 It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

Establishing Overall Housing Mix

- 6.116 Figure 85 shows the outcome of applying a vacancy rate of 0.9% for affordable homes to the summary of households in Figure 84, and further disaggregating aspire to homeownership into those that can afford First Homes with a 30% discount and those that can afford First Homes with a 50% discount, but not with a 30% discount. This latter group will therefore require the provision of a more accessible product than 70% First Homes (e.g., a form of shared ownership, first homes with a larger discount, or similar). These affordable homes are subtracted from the overall dwelling need calculated above, disaggregating the number of market homes from the LHN. The category labelled unable to afford market rent includes both Social and Affordable Rent. Shared ownership remains a relevant tenure that may be more accessible than First Homes because of the smaller initial deposit and the flexibility of the tenure, as noted above when discussing the data shown in Figure 67.
- 6.117 The figures also include market needs which represents the need for Use Class C2 bedspaces, such as care homes, converted to dwellings. The Class C2 figure is outlined in Figure 85, which considers the projected growth in those in Class C2 in the population and household projections. The household projections assume that the percentage of persons aged 75 years and over who move to Class C2 remains constant over time and that would release the equivalent of 1,360 households for sale or relet. However, in practice if these households do not move to Class C2 then the properties will remain occupied. It is important to note that we are not assuming that the equivalent of 1,360 dwellings in Milton Keynes are delivered as Class C2 bedspaces. Instead, the population and household projections assume that the equivalent of 1,360 dwellings will be vacated by those moving to Class C2. If these moves do not occur because Class C2 bedspaces are not delivered, then 1,360 more Class C3 dwellings will be required. If Class C2 bedspaces are delivered they can be counted at a ratio of 1.81 bedspaces equals 1 dwelling in the LHN figures.

Figure 85: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in Milton Keynes 2022-50 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

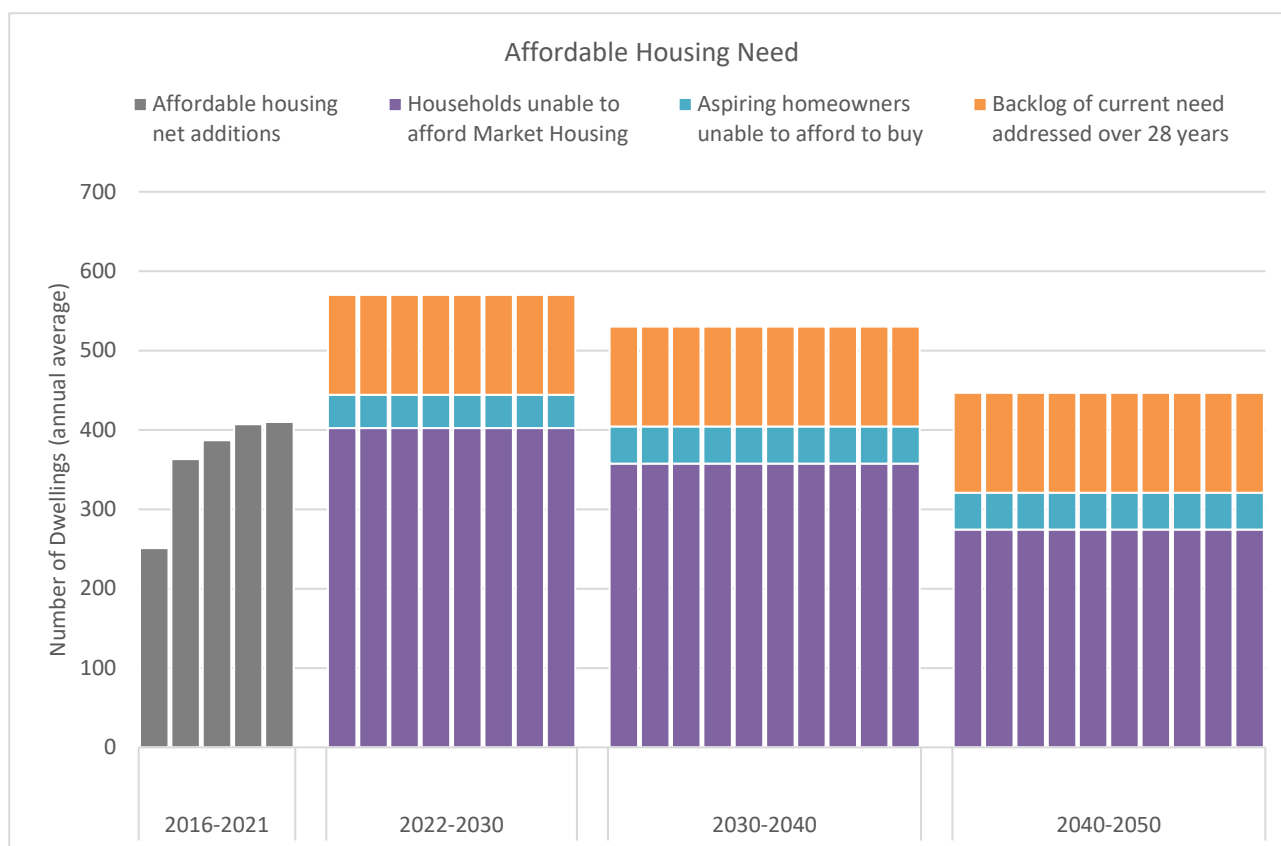
	Affordable Housing to rent Social Rent	Affordable Housing to rent Affordable Rent	Affordable homeownership First Homes with 50% discount	Affordable homeownership First Homes with 30% discount	Total Affordable Housing	Total Market Housing	Total Housing
1 bedroom	1,448	231	152	239	2,070	2,300	4,370
2 bedrooms	2,441	940	966	0	4,347	3,160	7,507
3 bedrooms	4,089	1,617	725	0	6,431	21,059	27,491
4+ bedrooms	950	360	172	0	1,483	11,034	12,517
ALL DWELLINGS	8,929	3,148	2,016	239	14,331	37,554	51,885
PERCENT OF ALL DWELLINGS	17%	6%	4%	0.5%	28%	72%	100%
Allowance for C2 provision		-	-	-	-	1,360	1,360
LHN	8,929	3,148	2,016	239	14,331	38,914	53,245

- 6.118 In terms of the -policy implications, of the results set out above, the overall need for affordable housing is 28%, while the current policy in Milton Keynes seeks 31% affordable housing. However, it is important to recognise that:

- » Not all sites will deliver affordable housing, with sites of 11 units or fewer not expected to provide affordable housing;
- » Currently under-delivery exists on some sites, so not all large sites will necessarily deliver 31% affordable housing;
- » The figures will address all existing backlog in affordable housing need, but will not reduce the number of households claiming housing benefit in the private rented sector, so there is a case for delivering more affordable housing if possible;
- » Around 11,700 more households will aspire to own, but will not be able to access First Homes, so there is a case for providing more affordable home ownership housing in the form of Shared Ownership.

6.119 Another way to consider the affordable housing figures is to compare them to recent rates of affordable housing delivery in Milton Keynes. This most recently published Annual Monitoring Report was in 2021³⁹ and this shows that in recent years, Milton Keynes has been delivering around 400 affordable units per annum. Figure 86 shows that based upon projected annual growth for the period 2022-30 and an assumption that the backlog of affordable need is addressed equally each year from 2022-50 then a total of around 570 affordable dwellings per annum would be required in the period 2022-30, falling to 530 in the period 2030-2040 and 450 in the period 2040-2050. These figures are all net additions to stock, so would require any right to buy sales to be added to the need.

Figure 86: Overall Need for Affordable Dwellings Over Time in Milton Keynes 2022-50 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

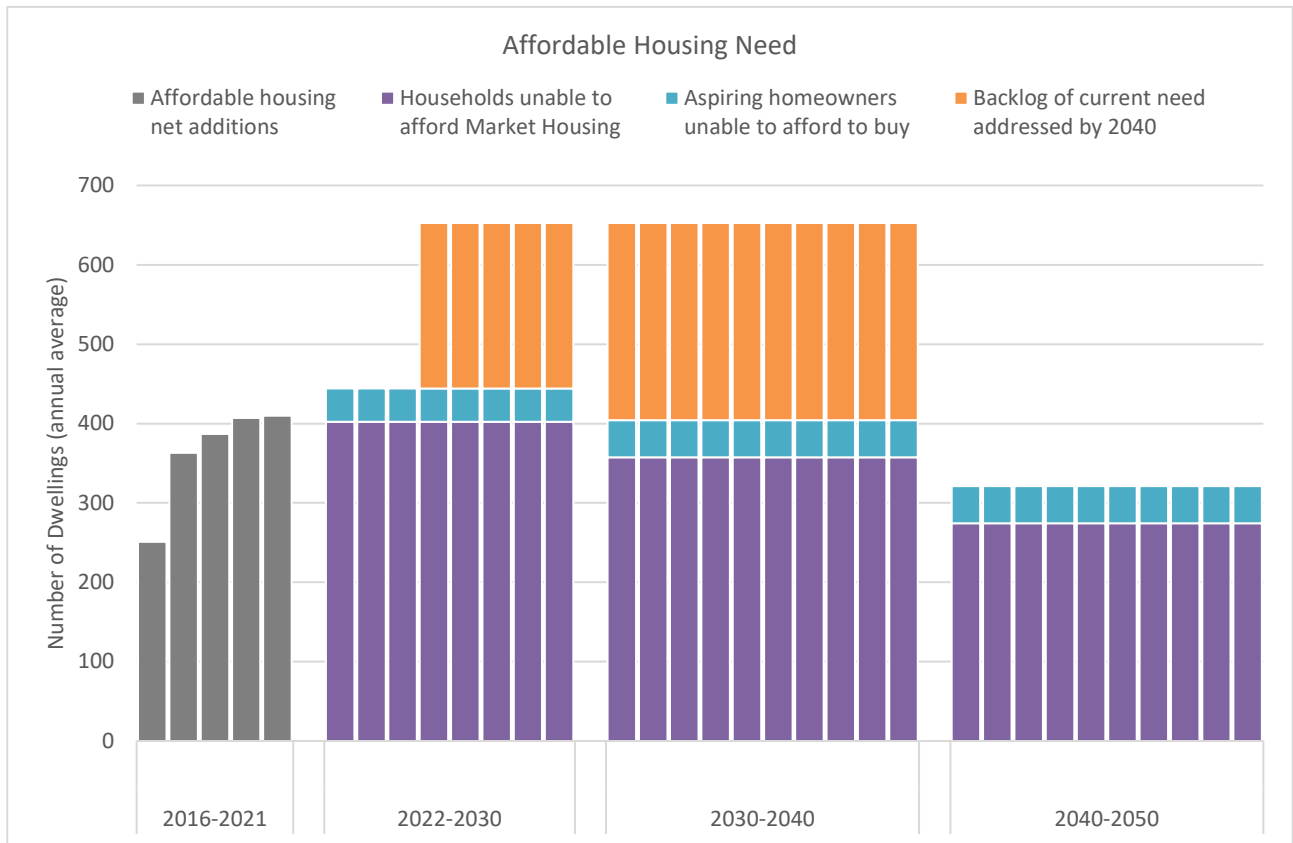


³⁹ [2020-21 Authority Monitoring Report - final version .pdf \(milton-keynes.gov.uk\)](#)

6.120 However, there is an argument that the backlog of need should be addressed much quicker than by 2050. The impact of doing is set out in Figure 87 where the backlog of need is addressed from 2025-40. This see need rise to 650 dwellings per annum over the period 2025-2040. On this basis, the level of affordable housing need will require to increase by more than 50% in Milton Keynes in the period 2025-2040.

6.121 Overall there is no case for lowering the current policy target for affordable housing and instead there is a case for delivering more housing in the immediate future to reduce the backlog of need more quickly.

Figure 87: Overall Need for Affordable Dwellings Over Time in Milton Keynes 2022-50 with Shorter Period to Address the Backlog of Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)



7. Housing Needs of Different Groups

Identifying the need for different types of housing

- 7.1 Paragraph 62 of the Revised NPPF requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers each group in turn.

62. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

Milton Keynes Supported Housing Strategy 2023-26

- 7.2 The Milton Keynes Supported Housing Strategy 2023-2026⁴⁰ lists the assessed need for key groups based on detailed work in the Supported and specialist housing demand assessment for Milton Keynes Council (2021). The Supported Housing Strategy was informed by detailed work and local knowledge and provides the best available estimates of need for supported and specialist housing for the main groups in question, short of undertaking a full needs assessment update.
- 7.3 Based on current provision and assessed need, the Supported Housing Strategy lists estimated need by 2025/26 and again by 2030/31 for each of the following groups:
- » Older People
 - » People with physical disabilities
 - » People with learning disabilities
 - » People with mental health related needs
 - » Single people at risk of homelessness
 - » Vulnerable young people aged 16 to 25
 - » People experiencing domestic abuse
- 7.4 The breakdown of needs for each group includes tenure and type of housing. A summary of needs from the Supported Housing Strategy Table 1 is reproduced below followed by a short commentary on the numbers.

40 MKCC Commissioning Strategy 2023 (milton-keynes.gov.uk)

Figure 88: Milton Keynes Supported Housing Strategy Summary of estimated need in 2020/21 for supported accommodation (units) to 2030/31

	Supported and specialist housing need (estimates are not cumulative) ¹	Existing provision (units)	2025/26 (additional units)	2030/31 (additional units)
A	Older People			
1	For sale / shared equity (units)	625	c.290	c.250
2	Social rent / Affordable rent (units)	1,300	435	825
3	Extra care housing / dementia care / high needs (units)	764	c.230	c.430
4	Care home places (beds)	1,293	c.230	c.425
B	People with mental health related needs ²	25	c.25	c.40
C	People with learning disabilities (including young people in transition and Transforming Care Cohort)	197	c.105	c.210
D	Adults with physical disabilities (need for adapted and accessible properties)	N/A	c.35	c/70
E	Single people at risk of homelessness ³	75	c.100	-
F	Vulnerable young people ⁴	98	c.70	-
G	People experiencing domestic abuse	28	c.45	c.90

References 1-4 in Table:

- » [1] Evidence base: Supported and specialist housing demand assessment for Milton Keynes Council (2021).
- » [2] Refers to people with severe/enduring mental health problems known to/supported by NHS secondary mental health services
- » [3] Includes people with a range of support needs which may result in 'chaotic' lifestyles including alcohol/drug misuse related needs and mental health needs (where an individual may not necessarily be known to/supported by NHS secondary mental health services).
- » [4] Teenage parents, care leavers, 16-17 year olds, presenting as homeless and young unaccompanied asylum seekers, vulnerable people aged 18-25

^{7.5} Some of the numbers presented in the Supported Housing Strategy and the ORS modelling (below) measure different things, but can be considered complementary. For example, the assessed needs for mental health and learning disability provision in the Supported Housing Strategy show estimated actual needs. The ORS modelled approach to mental health and learning disability below shows the number of households at risk of falling into need from mental health problems and learning disabilities.

^{7.6} In particular, it is important to stress that both estimates of need for adaptable and accessible properties are relevant. The Supported Housing Strategy estimate identify a specific need from individuals for development by social care and housing providers working on small developments of one or more dwellings. The ORS modelling is directed at strategic planning and estimates the need covering hidden and growing needs in the population, among other things to meet anticipated Government policies.

Housing for Older People

- 7.7 The UK population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035 for the over 60s, and from 1.3m (2016) to 3.6m by 2035 for the over 85s.⁴¹
- 7.8 Given this context, PPG recognises the importance of providing housing for older people. Additional PPG “Housing for older and disabled people” was published in June 2019, which states [ID 63-004-20190626]:
- The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector ... Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.*
- 7.9 It is important to plan for housing which is suitable for this increase in older people within the population with a key requirement being to predict the type of housing which will best meet their needs. Whilst most will remain living in the same area and many will not move from their current homes; those that do move in their later years are likely to be looking for housing suitable for older people. This housing comes in a number of different forms and the distribution between these different types needs to be explored.
- 7.10 The Housing Learning and Improvement Network (LIN) published “More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people”⁴² in February 2008; and subsequently published the “Strategic Housing for Older People (SHOP)”⁴³ resource pack in December 2011.
- 7.11 Both the toolkit and the resource pack provide standardised rates for estimating the demand for specialist older person housing products per 1,000 people aged 75 or over. These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures. There is no single correct answer when estimating the need for older person housing, however the rates provide a basis for identifying the potential levels of demand and these toolkits these have informed the evidence base for many adopted Local Plans.
- 7.12 The Older People housing options considered in this section follow the definitions in the 2012 “Housing Our Ageing Population” report (HAPPI2).⁴⁴ This defines specialist provision as mainstream (including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes).
- 7.13 The HEDNA applies the Housing Learning and Improvement Network (Housing LIN) SHOP resource pack methodology (2012).⁴⁵ This applies a benchmark need for each housing types per thousand people aged 75+.

⁴¹ ONS 2016-based sub-national population projections

⁴² http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

⁴³ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

⁴⁴ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf

⁴⁵ www.housinglin.org.uk/housinginlaterlife_planningtool

Figure 89: Benchmark Figures for Specialist Older Person Housing

Form of Provision	More Choice, Greater Voice toolkit			SHOP resource pack		
	Owned	Rented	TOTAL	Owned	Rented	TOTAL
Demand per 1,000 persons aged 75+						
Leasehold Schemes for the Elderly (LSE)	75	-	75	120	-	120
Conventional Sheltered Housing	-	50	50	-	60	60
Sheltered 'plus' or 'Enhanced' Sheltered	10	10	20	10	10	20
Extra care	12.5	12.5	25	30	15	45
Dementia	-	10	10	-	6	6
TOTAL	97.5	92.5	180	160	91	251

7.14 The population projections underlying the Local Housing Need figure for Milton Keynes show a substantial increase in the older population with an additional 24,500 persons aged 75 or over in the period 2022-50.

Figure 90: Projected population aged 75+ (Source: LHN dwelling-led population projections)

	Total population				Population change			
	2022	2030	2040	2050	2022-30	2030-40	2040-50	2022-50
Aged 75-84	13,058	18,242	22,824	27,833	+5,184	+4,582	+5,009	+14,775
Aged 85+	4,468	6,213	10,114	14,224	+1,745	+3,901	+4,110	+9,756
TOTAL	17,526	24,455	32,938	42,057	+6,929	+8,483	+9,119	+24,531

7.15 Data published by the Elderly Accommodation Counsel (EAC)⁴⁶ identifies that there is currently a total of 2,576 specialist Older Person units across Milton Keynes.

Figure 91: Existing Stock of Specialist Older Person Housing for Milton Keynes (Source: EAC 2015)

Property Type	Owned	Rented	TOTAL
Housing with support	506	1,231	1,737
Housing with care	101	738	839
TOTAL	607	1,969	2,576

7.16 The SHOP model can be used to assess that there is already a shortfall in the provision of housing for elderly people. The current population of 17,500 persons aged 75+ requires around 4,400 specialist homes based on the toolkit rates, whilst EAC data shows an existing stock of around 2,600 specialist older person homes. This results in a current unmet need of around 1,800 homes.

7.17 The projected increase in population results in a need for an additional 6,200 homes by 2050 based on the SHOP formula, resulting in an overall need for 8,000 specialist homes for older persons.

⁴⁶ <http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf>

The EAC data is based on the following definition: "a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group". This includes Extra Care, assisted living, and other forms of 'housing with care' but other forms of specialist older person housing may not be included within this definition.

Figure 92: Modelled Demand for Additional Specialist Older Person Housing 2022-50 (Source: Housing LIN Toolkit)

	SHOP FORMULA rate per 1,000 persons	Owned	Rented	Total
SHELTERED	Leasehold schemes for the Elderly (LSE)	120	0	120
	Conventional Sheltered housing	0	60	60
EXTRA CARE	Sheltered 'Plus' or 'Enhanced'	10	10	20
	Extra care	30	15	45
	Dementia	0	6	6
TOTAL		160	91	251
	MILTON KEYNES ADDITIONAL NEED (x 24,531)	Owned	Rented	Total
SHELTERED	Leasehold schemes for the Elderly (LSE)	2,944	-	2,944
	Conventional Sheltered housing	-	1,472	1,472
EXTRA CARE	Sheltered 'Plus' or 'Enhanced'	245	245	491
	Extra care	736	368	1,104
	Dementia	-	147	147
TOTAL		3,925	2,232	6,157

7.18 The table below summarises the potential requirement for new specialist housing, taking account of the current stock, unmet demand, and population growth for the period.

Figure 93: Modelled Demand for Older Person Housing in Milton Keynes based on Housing LIN Toolkit

		Rate per 1,000 persons aged 75+	Gross need 2022	Existing supply	Unmet need in 2022	Additional need 2022-50	Overall need
SHELTERED	Owned	120	2,103	506	+1,597	+2,944	+4,541
	Rented	60	1,052	1,231	-179	+1,472	+1,292
EXTRA CARE	Owned	40	701	101	+600	+981	+1,581
	Rented	31	543	738	-195	+760	+566
TOTAL		251	4,399	2,576	+1,823	+6,157	+7,980

7.19 The model assumes a continuation of current types of housing for older people, although it is unclear if older people will aspire to these types of specialist housing in the future. Some types of specialist housing are already experiencing lower demand, and other, newer types of provision may appear to meet changing aspirations in the future. The policy aim of supporting people at home for longer along with assistive technology could also reduce or alter demand.

7.20 In practice, the level of delivery identified as being required is likely to represent a significant challenge. However, it is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix.

7.21 The delivery of specific schemes for specialist older person housing need should be considered in partnership with other agencies, in particular those responsible for older person support needs. It will be important to consider other factors and constraints in the market:

- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;
- » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
- » **Existing supply:** this may be either inappropriate for future households or may already be approaching the end of its life. Other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
- » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service; and
- » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

Housing for People with Disabilities

- 7.22 The Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).⁴⁷
- 7.23 Three standards are covered:
- » M4(1) Category 1: VISIBLE dwellings – Mandatory, broadly about accessibility to ALL properties
 - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
 - » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.
- 7.24 At the time of writing, there is an ongoing consultation on the future of these standards and how they will be applied. However, given that the outcome of this consultation is unknown, the assessment is based on current policy and guidance.
- 7.25 In terms of new developments, Part M states that: “*Where no condition is imposed, dwellings only need to meet requirements M4(1)*” (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.
- 7.26 Planning Practice Guidance for Housing explains that local authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. It provides a summary

⁴⁷ <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

of the data sources which should be used to inform any calculations, and this forms the basis of the approach used in this report:

Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.

To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.

Planning Practice Guidance, ID 56-007-20150327

7.27 Local planning authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. However, the PPG recognises that there is no single source of information by which to assess demand and some limitations to the available data. Not all of those in receipt of PIPs or Attendance Allowance necessarily require home adaptations whilst DFG applications may underestimate need.

7.28 The PPG states:

Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness and plan-makers can access information from the Department for Work and Pensions on the numbers of Personal Independence Payment⁴⁸ (replacing Disability Living Allowance) / Attendance Allowance⁴⁹ benefit claimants. Whilst these data sources can provide an indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant⁵⁰ (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation but would not have applied to the DFG.

Engagement at all levels can help plan-makers identify the housing needs of people with disabilities. This could include with occupational therapists and specialist access or inclusive design officers. Discussions with disabled people and disabled people's groups can also provide insights into the types of impairments and number of people likely to require accessible homes in the future.

Planning Practice Guidance, ID 63-005-20190626

⁴⁸ Personal Independence Payments (PIPs) started to replace the Disability Living Allowance from April 2013. They are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions).

⁴⁹ Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over.

⁵⁰ Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations. It should be noted that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

Need for Accessible and Adaptable Dwellings

7.29 In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.

7.30 Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

“The provision made must be sufficient to-
(a) meet the needs of occupants with differing needs, including some older or disabled people, and
(b) to allow adaptation of the dwelling to meet the changing needs of occupants over time.”

Access to and use of buildings: Approved Document M v1, Page 10

7.31 The English Housing Survey explores the number of households which contain someone with a limiting long-term illness (LLTI) or disability which impacts their housing need. This identifies that most (71%) of households have no limiting long-term illness (LLTI) or disability and a further fifth (20%) where illness or disability does not affect their housing need.

7.32 Overall 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. This proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively - Figure 94).

Figure 94: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

	Market housing	Affordable housing	TOTAL
Households without limiting long-term illness or disability	75.2%	50.2%	70.9%
Households with one or more persons with a limiting long-term illness or disability			
Does not affect their housing need	18.3%	29.9%	20.3%
Current home suitable for needs	5.4%	16.2%	7.3%
Current home requires adaptation	0.6%	1.6%	0.8%
Need to move to a more suitable home	0.5%	2.0%	0.7%
Total households where a limiting long-term illness or disability affects their housing need:	6.5%	19.8%	8.8%

7.33 Within this group, the substantial majority of households live in a home that is suitable for their needs (either having already moved or adapted their existing home). This leaves 1.5% of households either requiring adaptations or needing to move to a more suitable home.

7.34 The ORS model uses the national English Housing Survey together with data about relative levels of limiting long-term illness and disability in Milton Keynes to estimate the number of households likely to require adaptations or needing to move to a more suitable home in the housing market area.

Figure 95: Households with a long-term illness or disability in Milton Keynes in 2021 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Households with one or more persons with a limiting long-term illness or disability	32,074
Does not affect their housing need	22,300
Current home suitable for needs	7,996
Current home requires adaptation	890
Need to move to a more suitable home	889
Total households where a limiting long-term illness or disability affects their housing need:	9,774

7.35 The model (Figure 95) identifies that there were around 32,100 households living in Milton Keynes in 2022 with one or more persons with a limiting long-term illness or disability. In around 22,300 of these households, this does not affect their housing need, but in around 9,800 households an illness or disability does impact on housing need.

7.36 Amongst those households where it does affect housing needs 8,000 households are already living in a suitable home (having moved or made adaptations). This leaves 890 households needing adaptations to their current home and 889 households needing to move to a more suitable home. The 889 households needing to move represent an existing **unmet need** either for M4(2) housing or, given that some may actually be wheelchair users, for M4(3) housing.

7.37 The identified need for 889 adapted homes at the start of the Plan period is based on households' current needs. The M4(2) standard also requires "*the changing needs of occupants over time*" to be considered. Therefore, even without any change to the number of households in Milton Keynes, the number of households with one or more persons with a limiting long-term illness or disability will increase over time as people get older (Figure 96).

Figure 96: Households with a long-term illness or disability in Milton Keynes in 2022 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Households where an existing illness or disability affects their housing need in 2022	
Current home suitable for needs	7,996
Current home requires adaptation	890
Need to move to a more suitable home	889
Total households where a limiting long-term illness or disability affects their housing need in 2021	9,774
Existing households in 2022 likely to develop health problems that affect their housing need within 10 years	4,872
Additional households in 2050 projected to experience problems or likely to develop problems within 10 years	16,650
Additional households in 2050 where illness or disability affects their housing need or will develop within 10 years	21,522

7.38 Whilst around 9,800 households living in Milton Keynes in 2022 have a health problem that already affected their housing requirement, it is likely that a further 4,900 households would develop health problems within 10 years. These households would also require adaptations to their current home or would need to move to a more suitable home.

- 7.39 Based on the household projections and the overall housing need, we can also establish the future need for adapted housing in the housing market area based on the projected household growth and the changing demographics of the area.
- 7.40 Further modelling of health needs suggests that by 2050 there will be an additional 16,700 households either already experiencing health problems or likely to develop health problems within 10 years. Many of these may be new households, but a number will be existing households resident in 2022 whose health has deteriorated over the Plan period.
- 7.41 Therefore, considering the needs of households resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 21,522 households either needing adaptations to their existing housing or suitable new housing to be provided. This is in addition to the 889 households needing to move and the 890 households needing adaptations based on their current health at the start of the Plan period.
- 7.42 To provide M4(2) housing for all of the identified need would require housing for up to 23,311 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock.
- 7.43 Although some households would prefer not to move, many existing homes are not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works. Fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the housing mix in Milton Keynes, it is likely that around 12,700 will live in dwellings that could be converted to meet the M4(1) standard.
- 7.44 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we could assume that at least 9,680 households need to move to adapted or adaptable housing, including the 889 households identified as needing to move at the start of the Plan period.

Figure 97: Households with a long-term illness or disability in Milton Keynes in 2022 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

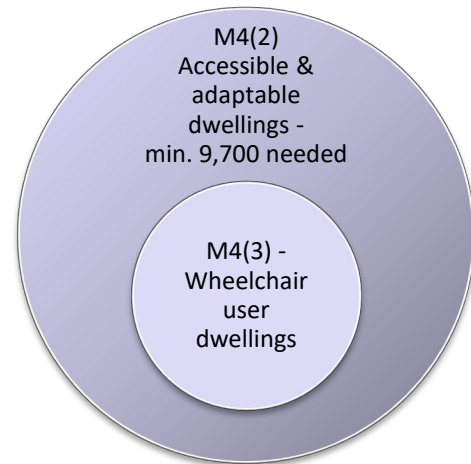
	TOTAL
Existing need in 2022	
Households where an existing illness or disability affects their housing need and need to move in 2022	889
Projected future need 2022-50	
Additional households in 2050 where illness or disability affects their housing need or will develop within 10 years	21,522
Maximum need for adapted housing 2022-50 (households)	22,411
Less households living in dwellings adaptable to M4(1) standard	12,731
Minimum need for adapted housing 2022-50 (households)	9,680

- 7.45 There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the minimum of 9,680 households and maximum of 22,411 households identified in Figure 97 provide an appropriate range for the local authority to consider.

Housing for Wheelchair Users

7.46 The overall need calculated in the previous section represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing. Households with a wheelchair user are included within the definition of households having a health problem or disability that affects their housing need.

7.47 Building Regulations for M4(3) Category 3: Wheelchair user dwellings also states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:



“The provision made must be sufficient to-
(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;
(b) to meet the needs of occupants who use wheelchairs.” (Page 23)

7.48 In establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.

7.49 The CLG guide to available disability data⁵¹ referenced by PPG [ID 56-007-20150327] shows that around one in thirty households in England (3.3%) currently has at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 98 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative.

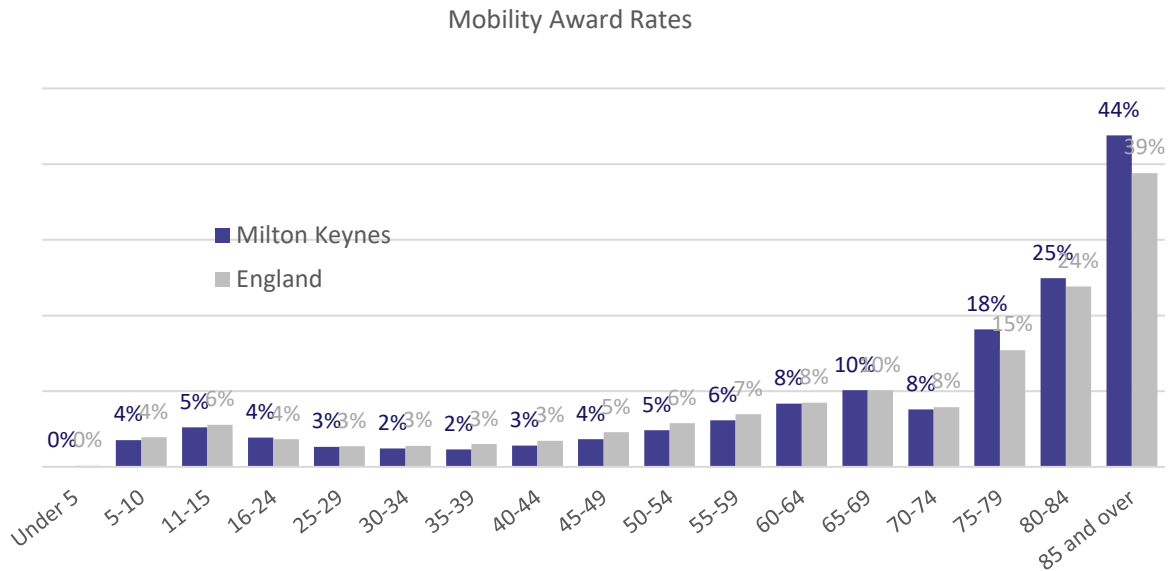
Figure 98: Percentage of households with a wheelchair user by type of housing and age of household representative
 (Source: English Housing Survey 2013-14)

Age of Household Representative	Housing Type	
	Market housing	Affordable housing
15-24	< 0.1%	0.3%
25-34	0.4%	2.0%
35-44	1.0%	1.9%
45-54	1.6%	6.0%
55-64	3.0%	6.0%
65-74	4.0%	10.3%
75-84	6.1%	12.7%
85+	9.3%	19.9%

⁵¹ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

7.50 To get a better understanding of the local Milton Keynes data, Figure 99 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for Milton Keynes against the figures for England.

Figure 99: Disability benefit claimants in receipt of mobility award by age (Source: DWP, May 2022)



7.51 Through combining the information on local rates with the national data, we can establish the proportion of households in Milton Keynes likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 100).

Figure 100: Percentage of households with a wheelchair user by type of housing and age of household representative

Age of Household Representative	Housing Type	
	Market housing	Affordable housing
15-24	< 0.1%	0.3%
25-34	0.4%	2.0%
35-44	1.0%	2.9%
45-54	1.6%	5.9%
55-64	2.9%	6.0%
65-74	4.0%	10.3%
75-84	6.3%	13.0%
85+	10.2%	21.7%

7.52 If we apply these proportions to the population and household data for the area then we can identify the net change in the number of households with a wheelchair user over the period 2022 to 2050. (Figure 101).

Figure 101: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	2022	2050	Net change 2022-50
Market housing	2,070	3,680	+1,610
Affordable housing	1,680	3,080	+1,400
Total	3,750	6,760	+3,010

7.53 Using this approach, the number of households likely to need wheelchair adapted housing in Milton Keynes is likely to increase by 3,010 over the 28-year period. This amounts to 5% of the dwelling target over the same time period, so would suggest a need for 5% of new dwellings to be built to M4(3) standard.

7.54 Importantly, as the model has included household age, it is possible to identify that a significant proportion of this growth (75%) comes from households which are aged over 75. This can be seen in Figure 102.

Figure 102: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+		
	2022	2050	Net change 2022-50	2022	2050	Net change 2022-50
Market housing	1,430	2,020	+590	650	1,660	+1,010
Affordable housing	1,170	1,620	+440	500	1,460	+960
Total	2,600	3,640	+1,040	1,150	3,120	+1,970

7.55 This means that there are likely to be some people who are identified in both categories – wheelchair adapted housing and specialist older person housing.

7.56 Earlier analysis of housing for older people identified a need for around 8,000 specialist older person housing units for households aged 75 or over in Milton Keynes. Whilst not all over 75 households needing wheelchair adapted housing will live in specialist older person housing, it is likely that up to a quarter of those living in specialist older housing could need wheelchair adapted homes. It is also likely that some older households will progress to using a wheelchair whilst living in specialist housing due to a deterioration in their health.

7.57 On this basis, it may be appropriate to adopt higher targets for specialist accommodation for older people that is also wheelchair accessible. This could reduce the proportion of general needs housing that would need to meet the M4(3) Category 3 requirements.

Other specialist and supported housing in Milton Keynes

Mental Health

7.58 There are three stages to the modelling of accommodation needs for people with mental health problems.

- » Stage 1 is to estimate the total number of adults within the Milton Keynes population with some mental health problem. Many of these people will be functioning with low level or no medical or social care intervention. An example would be a person with depression which is controlled by medication or talking therapy and who is in secure employment and family and social

relationships. These people are in little or no risk of their mental health problem leading to their needing supported or independent accommodation.

- » Stage 2 is to estimate the total number of adults with a mental health problem which is potentially serious enough to cause them to be at risk of needing supported or independent accommodation, with or without support. These will often be people who are in touch with Health or social care services, though that may still be low level of support. They will often be diagnosed with conditions such as severe depression, schizophrenia or bipolar disorder; the type of conditions which may involve psychotic episodes.
- » Stage 3 is to estimate how many people identified in stage 2 are at risk of having or developing housing need. It is important to note that the modelling does not need to take account of current supply of supported accommodation and independent accommodation with or without support because it is based on the number of people who currently do not have secure accommodation.

7.59 Figure 103 shows the prevalence of mental health problems and learning disability in the Milton Keynes population as measured by recorded cases on the NHS Digital Quality and Outcomes Framework (QOF) dashboards for all GP surgeries that operate within Milton Keynes⁵².

7.60 Depression is the most prevalent mental health problem by a considerable margin. The QOF data shows around 26,000 patients currently experiencing depression in Milton Keynes, which is equivalent to a prevalence rate of 10.78% compared to 12.29% nationally. The data also shows around 2,400 patients in Milton Keynes experiencing other mental health problems, equivalent to a prevalence of 0.75% compared to 0.95% nationally. On this basis, Milton Keynes is below the national prevalence rate for both.

Figure 103: QOF recorded cases of mental health problems and learning disability for all GP practices serving Milton Keynes
(Source: NHS Digital, QOF analysis 2020/21)

Indicator Group Code	Indicator Group Name	Register	Patient List Size	Prevalence %	England Prevalence %
DEM	Dementia	1,693	314,330	0.54%	0.72%
DEP	Depression	26,025	241,478	10.78%	12.65%
MH	Mental Health	2,359	314,330	0.75%	0.95%
LD	Learning Disability	1,462	314,330	0.47%	0.55%

7.61 While the QOF only includes people who are known to GP services, it can be expected that the QOF data is unlikely to show a significant underestimate as most people will be included in GP records. This will include those with chaotic lifestyles because their being treated through other Health and Social Care services (including acute hospital admissions) will ensure they are recorded. GP practices do not have well defined geographies; patients from outside of Milton Keynes may be registered with Milton Keynes GPs and Milton Keynes residents registered with practices outside of Milton Keynes. While this may lead to an over or under estimate, it is unlikely to be significant.

7.62 A sensitivity analysis of the of the QOF results can be performed by triangulating QOF against the Public Health England (PHE) 'Fingertips' profiling tool⁵³. The Fingertips tool does itself use QOF data but in conjunction with other sources. Figure 104 shows the estimated prevalence of 'common mental disorders'

⁵² [Microsoft Power BI](#)

⁵³ [Common Mental Health Disorders - OHID \(phe.org.uk\)](#)

across the population for the population of 16 and over, and for the older age group of 65 and over. Self-reported wellbeing scores for four key indicators are also included for completeness.

Figure 104: Fingertips Profiling Indicators for mental health in Milton Keynes (Source: NHS Digital, Fingertips Profiles)

Measure	Milton Keynes Count	Milton Keynes Value	Region Value	England Value	Data from
Estimated prevalence of common mental disorders: % of population aged 16 & over	31,562	15.3%	14.8%	16.9%	2017
Estimated prevalence of common mental disorders: % of population aged 65 & over	3,315	9.2%	9.2%	10.2%	2017
Self-reported wellbeing...					
People with a low satisfaction score	-	*	5.9%	6.1%	2020/21
People with a low worthwhile score	-	*	4.3%	4.4%	2020/21
People with a low happiness score	-	8.5%	8.7%	9.2%	2020/21
People with a high anxiety score	-	28.4%	23.6%	24.2%	2020/21

7.63 The Fingertips profiling tool shows an estimated prevalence of around 31,600 people with common mental disorders aged 16 and over in Milton Keynes as at 2017. This is comparable to the number recorded on the QOF in 2020/21. The percentages in the two sources is also similar; though comparing the prevalence for England shows 16.9% for England on Fingertips 2017 compared to 13.24% on QOF in 2020/21. This demonstrates that the two sources do not produce identical estimates, adding weight to the reliability of comparing the two separate estimates for Milton Keynes.

7.64 In conclusion, we can conclude that there are likely to be around 30,000 people in Milton Keynes with a mental health problem that is serious enough to **consider** in assessing the need for supported housing or independent housing with support. However, most of these will not be serious enough to lead to a need for supported housing or housing with support.

7.65 A study for the NHS, 'Mental Health and Wellbeing in England: Adult Psychiatric Morbidity Survey 2014' defines Common Mental Disorders and places them in the context of a financial and social cost, though that is not an essential consideration in assessing the housing need⁵⁴:

Common mental disorders (CMDs) comprise different types of depression and anxiety. They cause marked emotional distress and interfere with daily function, but do not usually affect insight or cognition. Although usually less disabling than major psychiatric disorders, their higher prevalence means the cumulative cost of CMDs to society is great.

7.66 The relevant group to consider for housing need are people with severe mental illness (SMI), people who will suffer the disabling effects of a major psychiatric disorder which is likely to affect insight or cognition.

7.67 In October 2017, Public Health England (PHE) published their 'Psychosis Data Report'⁵⁵ showing the number of people with psychosis and their access to care and support across England and smaller geographies, including Care Commissioning Groups (CCG). While this data was collected in 2014/15 and published in 2017, it has two advantages:

- » The first advantage is that the data is based on the QOF Severe Mental Illness (SMI) register, which covers schizophrenia, bipolar affective disorder and other psychosis.

⁵⁴ [apms-2014-full-rpt.pdf \(nationalarchives.gov.uk\)](https://www.nationalarchives.gov.uk/apms-2014-full-rpt.pdf)

⁵⁵ [Psychosis data report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/psychosis-data-report)

- » The second advantage is that the Milton Keynes CCG, was co-terminus with the Milton Keynes BC area. Therefore it is based on the same data source used above and same geography as in Figure 103.

7.68 The results are shown below, including the lower and higher confidence intervals to allow the results to be sensitivity checked:

Figure 105: Recorded number of people with severe mental illness – Milton Keynes CCG (Source: QoF SMI register, 2014/15)

Milton Keynes CCG published results	Value % of total GP registers	Lower CI % of total GP registers	Upper CI % of total GP registers	Count	Denominator
	0.68	0.65	0.71	1,905	279,399
Milton Keynes CCG lower and upper CI expressed as numbers	Number on total GP registers	Lower CI as a number on total GP registers	Upper CI as a number on total GP registers	-	Denominator
	1,905	1,822	1,992	-	279,399

7.69 From this we can see that somewhere between 1,822 and 1,992 people have a mental health condition which is serious enough to cause or seriously threaten their housing and may require supported housing or housing with support.

7.70 It is important to consider the lower and upper numbers because of the uncertainty which is introduced at the final stage of the modelling. The available data on housing need is based on people on the Care Programme Approach (CPA), but it is necessary to use the QOF SMI register to estimate the number of people in need or potential need as Fingertips notes data quality concerns about the available data for the number of people on the CPA. The Community Mental Health Framework replaced the Care Programme Approach for community mental health services in July 2021.

7.71 The most likely people to require supported housing or housing with support are those who have a severe mental health problem and are in insecure or inappropriate accommodation.

7.72 Figure 106 shows the percentage of adults aged 18 to 69 in Milton Keynes who are in contact with secondary mental health services and who live in stable and appropriate accommodation⁵⁶. In 2020/21 72% lived in stable and appropriate accommodation, an increase from 60% in 2014/15, although the reasons for this are unclear; but it suggests that a growing proportion of adults with mental health problems are now in stable and appropriate accommodation.

Figure 106: Adults aged 18 to 69 in contact with secondary mental health services who live in stable and appropriate accommodation - Milton Keynes (Source: Fingertips via Berkshire Observatory; numbers reported as recorded, rounded numbers only are recorded from 2016/17)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Milton Keynes	60.1%	61.5%	69.0%	41.0%	64.0%	66.0%	72.0%

7.73 Taking the results from Figure 105 and Figure 106 together gives a range of accommodation need as shown in Figure 107:

⁵⁶ [Adults in contact with secondary mental health services who live in stable and appropriate accommodation - Persons - 18-69 yrs | Berkshire Observatory – Milton Keynes – Data Explorer](#)

Figure 107: Adults with SMI at risk of requiring supported housing or housing with support'- Milton Keynes 2020/21

	Sum	Persons in potential need
Percent not in stable and appropriate accommodation	28%	-
Range of need - lower end	1,822 x 28%	510
Ranger of need – upper end	1,992 x 28%	558

7.74 Each person at risk of losing their accommodation can be counted as a household, be that a single person household or a family or other household. In general, if that person loses their accommodation then the rest of their household loses their accommodation. This is not because they are always the head of household, but for a range of other reasons which have a similar pattern. For example, in the case of owner occupiers, if the person is responsible for paying the mortgage then the risk of foreclosure is clear; if the person is not responsible for paying the mortgage then the risk is small or non-existent. The exception to this is cases where the person loses their accommodation due to family breaking up, in which case they become a single person household.

7.75 In conclusion, there are between 510 and 558 households at risk of falling into housing need in Milton Keynes and who may require supported accommodation or accommodation with support. Many of these are likely to be single person households. Many will have drug or alcohol dependency. This focus on prevention is a pragmatic way to address the needs of those households at risk of losing their accommodation. Milton Keynes City Council could also consider increasing the amount of supported housing available, particularly through housing with support as opposed to dedicated supported housing for people with mental health problems.

Learning Disabilities and Autism Spectrum

7.76 There are three stages to the modelling of accommodation needs for people with learning disabilities or autism. These are similar to the stages used above for assessing the need for people mental health problems and will not be set out in detail here. In summary:

- » Stage 1 is to estimate the total number of adults within the Milton Keynes population with a learning disability or autism.
- » Stage 2 is to estimate the total number of adults with a learning disability or autism which is potentially serious enough to cause them to be at risk of falling in to need of supported accommodation or independent accommodation, with support.
- » Stage 3 is to estimate how many people identified in stage 2 are at risk of having or developing housing need. It is important to note that the modelling does not need to take account of current supply of supported accommodation and independent accommodation with or without support because it is based on the number of people who currently do not have secure accommodation.

7.77 The Public Health England (PHE) 'Fingertips' profiling tool provides information on the number of children and adults in Milton Keynes who are known to services. The number of children is likely to be a robust estimate of children and young people with at least a moderate learning disability or autism as these are commonly identified in school.

Figure 108: Fingertips Learning Disability Profile for Milton Keynes (Source: NHS Digital, Fingertips Profiles)

Measure	Milton Keynes Count	Milton Keynes Value <i>Per 1000 pupils of school age</i>	Region Value	England Value	Data from
Children known to schools with...					
Moderate Learning Difficulties	1,765	36.6	26.6	29.1	2020
Severe Learning Difficulties	99	2.1	3.7	4.0	2020
Profound and Multiple Learning Difficulties	56	1.2	1.1	1.3	2020
All Children with Learning Difficulties known to schools	1,920	39.9	31.4	34.4	2020
Children with Autism known to schools	931	19.3	19.3	18.0	2020
Adults (aged 18 years and over) with...		<i>Per 1,000 adults</i>			
Learning disability receiving long-term local authority support	560	2.79	3.32	3.46	2019/20
QOF (all ages)		<i>Percent</i>			
Learning disability: QOF prevalence	1,295	0.4%	0.5%	0.5%	2019/20

- 7.78 Public Health England (PHE) Learning Disabilities Observatory published a report 'People with learning disabilities in England' in 2015⁵⁷ which estimated the prevalence of learning disabilities among children across England as 2.5% of the under 18 population. The estimated prevalence among adults across England is 2.16% of the adult population. Importantly, these rates include learning difficulties and autism.
- 7.79 The estimate of 2.16% of the adult population is based on several sources including: the number of people using learning disabilities services, the number of people known to learning disabilities services or known to GPs, and the estimated number of people with learning disabilities in the population. Again, this rate includes autism.
- 7.80 A lower proportion of people on GP learning disability registers have a learning disability than the PHE estimate of 2.16% of adults. 'People with learning disabilities in England' states that:
- The most recent published count gives the numbers at the end of March 2015. At this point there were 252,446 people of all ages on learning disability registers. This is equivalent to 4.4 people per 1,000 population registered with a GP*
- 7.81 PHE conclude that the rates of 2.5 for children and 2.16 for adults are the more robust than using the GP registers alone.
- 7.82 The NHS Information Centre for Health and Social Care published a report in 2007 of the 'Adult Psychiatric Morbidity Survey of Autism Spectrum Disorders in Adults Living in Households Throughout England'.⁵⁸ The authors estimated that 1.0% of the adult population had Autism Spectrum Disorders (ASD) and states that *The rate was higher in men (1.8%) than women (0.2%), which fits with the profile found in childhood population studies*. While this survey is from 2007, the British Medical Association (BMA) state on its website that *One in 100 children in the UK have a diagnosis of autism spectrum disorder*⁵⁹; or 1% of children.

⁵⁷ [People with learning disabilities in England 2015: Main report \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/444444/people-with-learning-disabilities-in-england-2015-main-report.pdf)

⁵⁸ [Autism Spectrum Disorders in Adults Living in Households Throughout England - 2007, Report from the Adult Psychiatric Morbidity Survey - NHS Digital](https://www.nhs.uk/publications/autism-spectrum-disorders-in-adults-living-in-households-throughout-england-2007-report-from-the-adult-psychiatric-morbidity-survey/)

⁵⁹ [Autism spectrum disorder \(bma.org.uk\)](https://www.bma.org.uk/autism-spectrum-disorder/)

- 7.83 These national prevalence rates can be used to give an estimate of the total number of people in Milton Keynes population with a learning disability, and with Autism, with the caveat that rates of learning disability do vary across the country:

Figure 109: Estimates of Children and Adults with a learning disability or Autism in Milton Keynes (Source: 2015 national rates for learning difficulties; 2007 Adult Psychiatric Morbidity Survey of Autism Spectrum Disorders)

Age group	Total population	Learning Disability or Autism Rate (%)	Learning Disability or Autism Total persons	Autism Spectrum Disorder Rate (%)	Autism Spectrum Disorder Total persons
Children (aged under 18)	72,052	2.50%	1,801	1.00%	721
Adults (aged 18+)	218,130	2.16%	4,712	1.00%	2,181
All ages	290,182	-	6,513	-	2,902

- 7.84 It should be noted that these population-based estimates will include people with a mild learning disability who may not be recorded in the numbers based on contact with services above. This is particularly so for children as schools are likely to identify almost all children and young people with a moderate or more severe learning disability or autism.

- 7.85 The working age population is the relevant age group to assess current need for housing. The Fingertips Learning Disability Profile for Milton Keynes in Figure 108 suggests 560 adults are receiving long term support, while the 2015 national rates shown in Figure 109 suggest that around 4,700 adults have a learning disability, including people with autism. The benefit of using this figure that includes autism is that there is less likelihood of any double counting such as from people who have both a learning disability and autism.

- 7.86 Figure 110 shows the percentage of working-age learning disabled clients who are living in their own home as a percentage of working-age learning disabled clients (aged 18-64)⁶⁰.

Figure 110: Adults with a learning disability who live in stable and appropriate accommodation - Milton Keynes (aged 18+) (Source: Fingertips 2019/20)

	Milton Keynes Count	Milton Keynes Value	Region Value	England Value
Milton Keynes	445	84.8%	71.7%	77.3%

- 7.87 The Adult Psychiatric Morbidity Survey of Autism Spectrum Disorders also states that:

Likelihood of a positive assessment for ASD varied with the tenure status of people's homes. Those living in accommodation which was rented from a social landlord were the most likely to have ASD. This was evident among men: 8.0% of men in social housing were identified with ASD.

- 7.88 The number of people in Milton Keynes at risk of falling into accommodation need are shown in Figure 111:

Figure 111: Adults with a learning disability at risk of requiring supported housing or housing with support - Milton Keynes 2019/20

	Sum	Persons at risk of falling into need
Percent not in stable and appropriate accommodation	15.2%	-
Number at risk	4,712 x 15.2%	716

⁶⁰ [Learning Disability Profiles - Data - OHID \(phe.org.uk\)](https://phe.org.uk/data/learning-disability-profiles)

- 7.89 In conclusion, there are around 716 people with a learning disability who are at risk of falling into housing need in Milton Keynes and who may require supported accommodation or accommodation with support. Many of those who are in stable and appropriate accommodation will be living independently, but many will live with family. However, those people in either independent living or living with family could also fall into need for reasons such as the individual or family not coping. How many units of accommodation to provide for households at risk is a policy decision that is related to the strategic approach taken.
- 7.90 Finally, children are unlikely to require accommodation themselves until adulthood; in most cases any need will be for the whole household rather than the individual child (leaving aside child protection issues). The estimates of 1,920 children with at least a moderate learning disability and 931 with autism shown in Figure 108 provides an overview of future need over the next 10 or 15 years.
- 7.91 The division between moderate, severe and profound learning disabilities suggests the different type of housing and support which may be required, such as people with moderate learning difficulties being more likely to be supported in independent living while people with profound and multiple learning difficulty being more likely to need a higher level of care and support.

Young people leaving care

- 7.92 A ministerial statement in May 2023 stressed the importance of providing accommodation for looked after children⁶¹. The Statement refers to the NPPF requirement to consider the needs of different groups in the community and states that *Local planning authorities should consider whether it is appropriate to include accommodation for children in need of social services care as part of that assessment*.
- 7.93 At the end of 2022/23, 147 young people out of 169 who were looked after when aged 16 and are currently aged 19 to 21 were living in suitable accommodation⁶². This suggests that around 50 to 55 places are required for young people leaving care each year. However, what counts as suitable accommodation will depend on individual circumstances to some extent. Therefore, on top of this broad estimate of annual need, detailed planning with children and young people's social care is required to ensure that young people leaving care are suitably housed.

Figure 112: The number and percentage of young people who were previously looked after and were in suitable housing at Quarter 4, 2022/23 (Source: DfE)

Young people who are suitably housed	
% of young people now aged 19, 20 or 21, living in suitable accommodation who were looked after when aged 16	87%
Number of young people now aged 19, 20 or 21, living in suitable accommodation who were looked after when aged 16	147/169 (figure as of Q4)

The Private Rented Sector

- 7.94 The growth in the private rented sector in Milton Keynes has been considered as part of the housing trends section (Figure 55) which showed the sharp growth in the sector over recent years. This is consistent with

⁶¹ <https://questions-statements.parliament.uk/written-statements/detail/2023-05-23/hcws795>

⁶² [Browse our open data, Data catalogue – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/explore-education-statistics)

national trends, with the English Housing Survey (EHS) 2016-17 identifying 20% (4.7 million) households renting from a private landlord, much higher than the 13% recorded 10 years ago in 2006-07. Outside of London, private rented is the third largest tenure and is now larger than social rented; 36% outright ownership, 29% buying with a mortgage, 19% private renting, and 16% social renting. Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector:

Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. The level of changes in rents, (known as “market signals”), may reflect the demand in the area for private rented sector housing. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.

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7.95 Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:

- » Increasing demand from more households;
- » Recent reductions in incomes (in real terms);
- » Affordability of owner occupation reducing;
- » Changing Bank lending practices;
- » The impact of inheritance and the difficulties involved in selling properties;
- » Pensions reform: pension drawdowns invested in BTL property.

7.96 The growth of the Private Rented Sector has been acknowledged as both a growing and long-term option for meeting the nation’s housing need. CLG (with the Intermediary Mortgage Lenders Association forecast) that the private rented sector will increase in size to 35% nationally by 2032.⁶³ On this basis, the number of households renting privately could double again over the next twenty years.

7.97 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.

7.98 The Office for Budget Responsibility analysis of the UK’s public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)⁶⁴:

“The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19. ... We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating.” (paragraphs 4.152-154)

7.99 Importantly, the Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing

⁶³ <http://news.rla.org.uk/rpi-rent-revolution/>

⁶⁴ <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.

- 7.100 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply⁶⁵ (including the Build to Rent investment scheme⁶⁶). The Government published “Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities” in March 2015⁶⁷, and the Foreword by the Minister stated:

“The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue.”

- 7.101 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences for the wider housing market as more properties come on to the market; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future. Nevertheless, it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

The Future Role of the Private Rented Sector

- 7.102 PRS is an important tenure that has grown since 1991 to house a significant proportion of households in the area. At the same time, young households have been less likely to meet their housing need in affordable housing given the various constraints in accessing local authority and housing association rented housing. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property.
- 7.103 Further, there have been other changes announced (Right to Buy for housing association tenants and the new First Homes scheme) which may influence the demand for Private Rented Sector accommodation. The Housing and Planning Act 2016 contains proposals to further the Government’s policy of encouraging home ownership through promoting Starter Homes to provide affordable property for first-time buyers. This duty has been updated to supporting the new First Homes scheme.
- 7.104 As is shown in Figure 85 there are many households residing in the private rented sector in Milton Keynes who aspire to home ownership. If affordable to own homes could be provided for this group, it would help to reduce the size of the private rented sector.
- 7.105 However, If the new supply of affordable homes changes to include a large proportion of First Homes or other affordable to own properties, and if existing affordable supply in net terms reduces (i.e. if new affordable supply does not exceed stock sold under RTB), then demand for PRS stock may continue or

⁶⁵ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

⁶⁶ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

⁶⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

increase further. This means that much of the increased demand for PRS property is likely to continue, driven by young households with few other options should they wish to establish their own household.

- 7.106 In practice this implies that unless current trends are reversed there will be a further growth in the private rented sector. This growth will accelerate with an increasing number of students studying in Milton Keynes.

Second Homes, Holiday Lets and Buy to Leave

- 7.107 In recent years, an increasing share of the housing stock of the country and been moved to provide holiday lets through websites such as Airbnb, Booking.com and Tripadvisor while other property has been held either as second homes or as property which is held as a potential investment opportunities. In April 2023, at total of 871 properties were listed in Milton Keynes, which represent less than 1% of the housing stock⁶⁸. In total, 548 properties are listed on Airbnb.
- 7.108 Data from the Census shows that the vacancy rate for Milton Keynes rose from 3.4% in 2011 to 3.8% in 2021, so short-term lets and second homes do not appear to be excessively impacting upon the city. However, for two Census lower super output areas (LSOAs) near the city centre, the vacancy rate is around 12.3%, with 267 properties being vacant out of 2,189. Airbnb contains 146 listings in these same two areas, so there does appear to be a strong overlap between the vacancy rate at the time of the 2021 Census and short-term lets.

Housing for Single Adults and Young People

- 7.109 Figure 54 identifies that the number of single persons living alone is projected to increase from 27,800 to 32,100 households over the 28-year period 2022 to 2050. However, whilst the number of single persons aged 65 or over is projected to increase from 11,800 to 19,400 households (an additional 7,600 households equivalent to a growth of 64%), the number aged 45-64 reduces by 7% over the period (from 8,400 to 7,800) and the number of aged under 45 reduces by 35% (from 7,700 to 5,000) based on past trends.
- 7.110 Figure 85 identifies a need for around 2,300 market 1-bedroom properties in Milton Keynes over the period 2022-50. However, this assumes that there is continuation of household formation trends in the City which will see the majority of these small market dwellings being identified for older person households.
- 7.111 One very startling statistic from the demographic data for Milton Keynes is that while the number of persons aged 25-34 years is projected to rise by nearly 8,100 (Figure 51) single person households aged 25-34 years are projected to fall by 1,230 in the period to 2050 (Figure 54). At the same time, the number of 'Other' households headed by someone aged 25-34 years is projected to rise by 2,210 households in the same timeframe. Therefore, there is going to be a significant decline in headship rates for single persons aged 25-34 years in Milton Keynes. At the heart of this issue is that many recent graduates will not form their own household immediately, but will instead share properties with other young adults. The increasing pressures for social housing and rising private rents have seen fewer young households living on their own and more living in HMO type accommodation. As at March 2023, Milton Keynes City Council reported there to be 447 licensed HMOs under the mandatory scheme (having 5 or more tenants) and 308 known HMOs that are not subject to the mandatory scheme (having 3 or 4 tenants). These HMOs met the required HMO standards.

⁶⁸ <https://app.airbtics.com/airbnb-data/united-kingdom/0/milton%20keynes>

7.112 One type of dwelling which may be seen as addressing this issue is shared housing-with small purpose-built units with shared amenity spaces such as high-quality purpose-built co-housing rather than traditional HMOs. A succinct definition of co-housing is:

“Co-housing, a generic term, covers various forms of housing, owned and rented, that are developed and/or owned and/or managed by their residents as a distinct community”^[2]

7.113 While more specifically, the definition of co-housing that we are using here is:

“the practice of living with other people in a group of homes that include some shared facilities”^[3]

7.114 This study works to the definition above so as to be clear what is meant by the term co-housing without tying it in to any particular model. Nevertheless, co-housing or co-living can involve a greater level of community involvement:

“Co-living is a type of intentional community providing shared housing for people with shared intentions. This may simply be coming together for activities such as meals and discussion in the common living areas, yet may extend to shared workspace and collective endeavours such as living more sustainably”^[4].

7.115 Given that Milton Keynes is projected to see a decline in single young person households, then the household projections would envisage little role for this type of dwelling, and this is reflected in our modelled size and tenure mix. However, as a policy led response to the increasing lack of housing for younger people in the area Large Scale Purpose Built Shared Living (LSPBSL) could have a role in short term housing for groups such as recent graduates looking to establish themselves in Milton Keynes as an alternative to living in HMOs.

7.116 At the same time, the PRS is an important tenure that has grown since 1991 to house a significant proportion of other households. It may be that dwellings are currently being built as family housing but are being occupied by sharing young households. In the future these properties could be re-used as family housing if high quality housing for single people or couples could be built. This raises the question of whether purpose built co-living schemes would have a place in a market where there was sufficient alternative single person or couple accommodation that meet minimum housing standards. Purpose built co-living could meet the needs of some single people and couples as a lifestyle choice and allow them to save to move to permanent accommodation of one form or another, while freeing up family housing that is being used for HMOs.

7.117 In conclusion, it is difficult to project a need for studio apartments or co-housing schemes because it may be that many young people prefer to share and save for their own property rather than have their own more expensive separate unit. The growth in the PRS and sharing households suggests that there may be a market for self-contained units which could run in to hundreds of units and that this is likely in turn to reduce the need for larger market properties to be converted to HMOs. LSPBSL provides short term rather than permanent housing, but it may assist some households move on to more permanent housing. Therefore, as with any active policy, there is a risk of an over-supply of LSPBSL.

^[2] http://www.cih.org/resources/PDF/Wales%20Events/older_peoples_housing/Jon%20Stevens.pdf

^[3] <https://dictionary.cambridge.org/dictionary/english/co-living>

^[4] <https://en.wikipedia.org/wiki/Coliving>

Student Housing

7.118 PPG includes specific reference to identifying the needs of students:

Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus ... Local Planning Authorities will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements

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- 7.119 The Milton Keynes City Council Strategy for 2050⁶⁹ summarises the situation regarding universities in the city. While the Open University is based in Milton Keynes and there are a number of universities nearby, such as Cranfield, to date there has been no major higher education establishment with a significant student body in Milton Keynes. This was to change with the development of the new MK:U through a partnership led by Cranfield University, but this will now not proceed due to Cranfield University being unable to finance the scheme in the city centre. The Open University are now considering opening a campus on the same city centre site, but this has not progressed to a full business case.
- 7.120 Importantly, in terms of population numbers, any future growth in student numbers would be additional to demographic trend-based growth; but the standard method LHN already provides for a considerable uplift to the population and household projections. Any growth from students could also contribute to the aspiration to reach 500k population by 2050.
- 7.121 A large increase in student numbers can encourage a proliferation of rented properties, while an increase in prospective tenants who are students could lead to a shortage of properties for families, an increase in rents and an increase in poor quality accommodation. None of this is inevitable, but these consequences have been seen in other university towns.
- 7.122 Existing HMOs are known to the City Council through registration. Nevertheless, it would be rational for the City Council to consider whether it might be appropriate to issue an Article 4 declaration to require planning applications to be submitted for proposals to convert family houses (C3 use class) to small Houses in Multiple Occupation (HMOs) accommodating between 3 and 6 people (C4 use class) if a new city centre campus is developed.
- 7.123 The other main form of accommodation provided by the private sector is PBSA. These often emulate student halls, with individuals or couples typically being accommodated in simple self-contained units. They can be seen as a form of build to rent for a specific market. They are less likely to have an affect on the local private rented housing market than are shared houses. Currently, PBSA are attractive to developers and larger private sector landlords. PBSA developers could compete with other developers for development land that might otherwise be used for housing or other uses, particularly as sites in the city centre or with easy access to the city centre are desirable for PBSA.

⁶⁹ [Project Two - MK:U a new University | MK Futures 2050](#)

Service Families

- 7.124 The Ministry of Defence (MoD) publish annual location statistics of service personnel, and the most recent iteration (April 2021) indicates there is no significant number of service personnel deployed in Milton Keynes; 80 individuals, which will translate to fewer than 80 households.
- 7.125 Given that the small number of MoD personnel deployed in Milton Keynes Authority has remained relatively constant over time since 2012, there is no specifically identifiable housing need for service families.

People Wishing to Build their Own Homes

- 7.126 Planning practice guidance requires that people wishing to build their own homes are considered and states:

How can self-build and custom housebuilding needs be assessed?

Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.

To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.

Planning Practice Guidance, ID: 67-003-20190722

- 7.127 Over half of the population (53%) say that they would consider building their own home⁷⁰ (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 7-10% of housing completions in the UK⁷¹, compared with rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 7.128 The attractiveness of self-build is primarily reduced costs; however, the Joseph Rowntree Foundation report "The current state of the self-build housing market" (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.
- 7.129 "Laying the Foundations – a Housing Strategy for England" (HM Government, 2011)⁷² redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. "Build-it-yourself? Understanding the changing landscape of the UK self-build market" (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' in 2014 to test how the 'Right to

⁷⁰ Building Societies Association Survey of 2,051 UK consumers 2011

⁷¹ Self-build and custom build housing (England) House of Commons Brief Paper March 2017

⁷² <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

Build' could work in practice in a range of different circumstances. Individual local authorities produced their own reviews of their experiences⁷³, but no detailed review of all 11 Vanguards was produced.

7.130 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act⁷⁴ 2015 places a duty on local planning authorities to:

- » Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;
- » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
- » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

7.131 The 2015 Act was amended by the Housing and Planning Act 2016⁷⁵ which placed a duty on local planning authorities to provide serviced plots which have planning permission that allows for self-build or custom housebuilding:

An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.

Housing and Planning Act 2016 Section 2(a)(2)

February 2021 Policy Update

7.132 In February 2021 the Government updated Planning Practice Guidance in the form of, Self-build and custom housebuilding⁷⁶. The new guidance offers an updated definition of self-build and custom-housebuilding and also seeks to set out how the need can be assessed and met. The new guidance defines self-build and custom housebuilding as:

An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.

Self-build and custom housebuilding covers a wide spectrum, from projects where individuals are involved in building or managing the construction of their home from beginning to end, to projects where individuals commission their home, making key design and layout decisions, but the home is built ready for occupation ('turnkey')

⁷³ [Right to Build Vanguard.pdf](#) and [Version-02-APPG-Enquiry-SCDC-response-to-circ.pdf \(cambridgeshireinsight.org.uk\)](#)

⁷⁴ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

⁷⁵ <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

⁷⁶ [Self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](#)

The Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of self-build and custom housebuilding. The Act does not distinguish between self-build and custom housebuilding and provides that both are where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.

When reading this guidance, reference should be made to the:

[Self-build and Custom Housebuilding Act 2015 \(as amended by the Housing and Planning Act 2016\)](#)

[Self-build and Custom Housebuilding Regulations 2016](#)

[Self-build and Custom Housebuilding \(Time for Compliance and Fees\) Regulations 2016](#)

In considering whether a home is a self-build or custom build home, relevant authorities must be satisfied that the initial owner of the home will have primary input into its final design and layout.

Off-plan housing, homes purchased at the plan stage prior to construction and without input into the design and layout from the buyer, are not considered to meet the definition of self-build and custom housing.

Self-build and Custom Housebuilding Guidance

Paragraph: 016 Reference ID: 57-016-20210208

- 7.133 Within this definition, it is clear that conversions can be counted as self-build and custom housebuilding if they involve the first occupant developing them, but homes bought directly off-plan cannot. However, it does seem to leave a situation where the buyer can choose from a range of options before building commences as being custom build. If this is the case, this will make comparisons with an area such as Germany more valid, because of the 70%-80% of German homes considered to be self-build and custom housebuilding, many are bought off plan to individual specifications and built by small builders.
- 7.134 Alongside the updated guidance, MHCLG have published detailed data from the registers for the period 2016 to 2019, with 10,700 new entries being recorded in 2018/19. However, the number of households joining the registers varies across the country and household can appear on more than register. However, it is also likely that the figures do not fully reflect the demand for self-build and custom housebuilding as many households will address their own needs without appearing on any register.
- 7.135 As noted above, it is already considered that by 2017 around 7%-10% of housing delivery occurs via allocated and windfall self-build and custom housebuilding schemes. This would represent around 15,000-22,000 dwellings, but MHCLG statistics indicate that only around 10,100 plots were given planning permission in 2018/19. Therefore, alongside registers potentially underestimating the demand for self-build and custom housebuilding plots, it may also be the case that in some local authority areas, only those schemes which were explicitly granted planning permissions as self-build and custom housebuilding plots are being counted. The guidance also confirms that the uses of the self-build and custom housebuilding registers include:

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. There is no duty on a relevant authority to permission land which specifically meets the requirements expressed by those on the register. Relevant authorities should use preferences expressed by those on the register to guide their decisions when looking at how to meet the duty to grant planning permission etc. This will help ensure that relevant authorities permission land suitable for self-build and custom housebuilding which people are actually keen to develop.

Self-build and Custom Housebuilding Guidance
Paragraph: 028 Reference ID: 57-028-20210208

What does having a 'duty to grant planning permission etc' mean?

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority's register during a base period.

The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period.

Self-build and Custom Housebuilding Guidance
Paragraph: 023 Reference ID: 57-023-20210208

- 7.136 Therefore, there is an expectation that planning authorities must grant enough permissions to meet the numbers on their register with a 3-year time lag. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals. The level of demand is measured in 'base periods' that run from 31st of October until 30th of October in the following year; and local authorities have three years from the end of each base period to permission enough serviced plots to meet the demand shown in the respective base periods.
- 7.137 The plots granted planning permission do not have to explicitly be for those who are on the register, so plots could be granted and then sold to households not on the register. This is recognised in the guidance which states that:

What is the relationship between the register and the Strategic Housing Market Assessment?

Assessment of local housing need as a whole should be conducted using the standard method in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups should be assessed including people wishing to self-build or custom-build their own homes.

Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the housing and economic development needs guidance), to understand and consider future need for this type of housing in their area. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.

Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.

- 7.138 The guidance is clear that planning authorities should meet the demand for plots from their register, but also should consider a different level of provision if it is clear that there is a demand for this.

April 2021 Self and Custom Build Action Plan

- 7.139 In April 2021, MHCLG produce a new action plan to further support the development of the self-build and custom housebuilding sector.⁷⁷ This focused upon four key areas:

- » **Mortgage finance:** – a multi-year funding for ‘Help to Build’ was announced at the 2020 Spending Review. In April the government confirmed an initial £150 million over 4 years to support the scheme to deliver low deposit mortgages and improve affordability of home ownership for self and custom builders similar to Help to Buy.
- » **Developer finance:** The Home Building Fund, offers £2.5 billion in short term loan finance targeted at small and medium sized builders, innovation and custom build. Funding is available to custom build developers bringing forward serviced plots on sites of 5 units or more.
- » **Access to land:** As part of the 2020 Spending Review, the government announced additional funding for local authorities to release their surplus brownfield land through the Brownfield Land Release Fund (BLRF). The £75 million BLRF will allocate up to £25 million to local authorities to enable them to bring forward serviced plots for self and custom build on public sector land. The ‘Planning for the Future’ White Paper also included specific proposals that allow local authorities to identify sites for self-build and custom housebuilding and community-led housing in their local plan, including ensuring sufficient provision to meet requirements identified in their self-build register, and proposals to explore how publicly owned land disposal can support SMEs and the self-build sector.
- » **Expertise/knowledge gap:** The National Custom and Self Build Association’s (NaCSBA) Right to Build Task Force was established to help local authorities, community groups and other organisations help deliver self and custom build housing projects across the UK. Since 2020 it has been funded by government to provide expertise and support to local authorities on the implementation of the Right to Build and how to secure self and custom build delivery.

Review into Scaling Up Self and Custom Housebuilding

- 7.140 As part of the April 2021 Action Plan, the government commissioned an independent review into the scaling up of self and custom housebuilding. This report was published in August 2021⁷⁸ and the government responded to this review in June 2022⁷⁹.

- 7.141 The review focuses primarily on supply side factors limiting the delivery of self and custom housebuilding and produced 6 key recommendations which were broadly supported by the government:

- » Greater role for Homes England;
- » Raise awareness of the Right to Build;
- » Support community-led Housing, diversity of supply and Levelling Up;

⁷⁷ [Self and custom build action plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97422/self-and-custom-build-action-plan.pdf)

⁷⁸ [Independent review into scaling up self-build and custom housebuilding: report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97422/independent-review-into-scaling-up-self-build-and-custom-housebuilding-report.pdf)

⁷⁹ [Government response to the independent review into scaling up self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97422/government-response-to-the-independent-review-into-scaling-up-self-build-and-custom-housebuilding.pdf)

- » Promote greener homes and more use of advanced manufacturing;
- » Support custom and self-build housebuilding through the planning reforms; **and**
- » Iron out any tax creases.

Evidence for Milton Keynes

- 7.142 Milton Keynes have put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding register. No local connection test has been introduced and the Local Plan does not include specific proposals relating to self and custom housebuilding beyond generally prompting their delivery. There is no financial viability test and no charge for joining the register.
- 7.143 Figure 113 shows that as of October 2021, Milton Keynes has not provided enough self and custom housebuilding plots to meet the needs identified on the register. The delivery of plots is calculated from planning permissions granted and CIL exemptions. For a property to qualify for a CIL exemption, the final occupier must either have a significant input into either the design or construction of the property. Therefore, this is a quite restrictive definition of self and custom housebuilding which rules out many properties which have some customisation attached to them, but where the developer cannot guarantee that the final occupier will remain in situ for at least 3 years.

Figure 113: Self-build and Custom Housebuilding Register and Plot Provision (Source: Local Authority Data from DLUHC⁸⁰. Note: * is not recorded)

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016- Oct 2017	Oct 2017- Oct 2018	Oct 2018- Oct 2019	Oct 2019- Oct 2020	Oct 2020- Oct 2021
New applicants on the register	48	158	131	85	90	123
Number on register – individuals	42	154	126	84	87	122
Number on register – groups	6	4	5	1	3	1
Total number on register – registrations	48	234	234	365	510	592
Planning permissions for serviced plots granted	*	45	71	0	14	8

Future Need for Self-build and Custom Housebuilding

- 7.144 As highlighted above, Milton Keynes is currently not providing sufficient plots to comply with its requirement to meet the needs of those on its own self-build and custom housebuilding register. A key reason for this is that the Milton Keynes Local Plan was adopted some years in advance of the Self-Build and Custom Housebuilding Act coming into play. However, Policy HN5 of the Plan:MK 2016-31, adopted 2019 says:

To further support prospective custom builders, the strategic growth areas allocated within Plan:MK, and any proposals for further strategic residential development, will be required to provide 1 hectare of the site for serviced dwelling plots for sale to custom builders to contribute towards meeting the evidenced demand for self-build and custom housebuilding in the Borough.

Plan:MK, Polic HN5

⁸⁰ [Self-build and custom housebuilding data: 2016 to 2020-21 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/self-build-and-custom-housebuilding-data-2016-to-2020-21)

- 7.145 As noted earlier, PPG recommends that alternative sources of data beyond the register, such as Need a Plot, can be considered to highlight the need for self and custom housebuilding plots. However, this now reverts back to council registers, so the only recorded information on the demand for self and custom housebuilding is the housing register and the actual up take of plots.
- 7.146 The first priority of the Council should be to ensure that they are complying with national policy and meet the demand from the self and custom housebuilding register. The evidence from areas like Germany indicate that the demand for self and custom housebuilding can be close to the total housing supply and that delivery is more supply constrained, with small and medium size builders delivering many of the custom housebuilding plots. It is these supply constraints that much of government policy is now focused towards addressing.
- 7.147 We recommend that more information is gathered on the number of self-build and custom housebuilding dwellings which are provided currently in Milton Keynes. This information can potentially be gathered as part of the process for gathering information on the 5-year land supply and newbuild delivery.
- 7.148 We would note that our experience across the country has been that the self-build and custom housebuilding sector works relatively well for households who are seeking to build bespoke properties on single plot sites and as part of multi-plot sites. There is less evidence that those with lower budgets are having their needs met because the price of plots remains high. This in turn can be taken as a reflection that the market for self and custom housebuilding is supply constrained and that suitable plots attract a premium which is offsetting a reductions from CIL exemptions. Within this group there are likely to be some households who are seeking to help design their own house, often from customising the interior of a set exterior. Meanwhile, other households will be seeking affordable homeownership dwellings where they can be heavily involved in the building of their final property. The government's new help to build scheme may help to make self and custom housebuilding more accessible and affordable.
- 7.149 It is for these two groups that Milton Keynes could seek to work more proactively. There is potential for builders to deliver market homes which can either be customised at the outset, or which could be built as exteriors with the interior to be completed by the final occupant. Both of these approaches can be considered to fit within the definition of custom-built housing; and could both be encouraged with the provision of small and larger sites.
- 7.150 Meanwhile, Milton Keynes could also seek to work with developers and Registered Providers to assess the potential demand for affordable to own self-build and custom housebuilding. This would be in lieu of providing completed affordable housing; but would allow households to help deliver their own affordable home ownership properties. This element could range from providing serviced plots at cost or partially completed dwellings which are sold to Registered Providers at cost.

Essential Local Workers

- 7.151 Annex 2 of the 2019-Revised NPPF also mentions the needs of essential local workers in its definition of affordable housing:

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers);

Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

NPPF 2019 – Annex 2

- 7.152 It is notable that the definition provided by the 2019 NPPF is similar to the definition of Key Workers which was utilised prior to the adoption of the original 2012 NPPF. Under this definition, being classified as an essential worker in need correlates directly with being unable to afford home ownership.
- 7.153 Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers in need.

Boat dwellers

- 7.154 Provisions set out in the Housing and Planning Act now include a duty (under Section 8 of the 1985 Housing Act that covers the requirement for a periodical review of housing needs) for local authorities to consider the needs of people residing in, or resorting to, their district with respect to the provision of sites on which caravans can be stationed, *or places on inland waterways where houseboats can be moored*. Draft Guidance⁸¹ relating to this section of the Act has been published that sets out how the assessment should be completed. A robust assessment of the needs of boat dwellers requires a detailed study, usually including interviews with households living on boats in the local authority area in question. This LHNA did not include carrying out a Boat Dwellers Accommodation Assessment, but two sources of information can give an indication of the scale of need for moorings; houseboats paying Council Tax and a desktop count of moored boats.
- 7.155 Council Tax is due on permanent residential moorings used exclusively by a single boat, rather than the boat itself; households on live-aboard boats on a permanent residential mooring are due for Council Tax⁸². The Valuation Office Agency provided ORS with records of the Number of Houseboats in the Council Tax Valuation Lists as at 30 November 2022 following a Freedom of Information request. The marinas pay Council Tax as a business, which covers the moored boats on those marinas and would not be counted in the VOA registrations.
- 7.156 There were no houseboats recorded for Council Tax in Milton Keynes as at November 2022.
- 7.157 Using Google Earth to count, there are in the region of 600 boats that are large enough to live aboard on the Grand Union Canal between Grafton Regis to Little Brickhill, of which around 225 are on marinas. These will include hire or owned leisure craft, continuous cruisers and possibly some households living permanently on boats in Milton Keynes. Continuous cruisers are households who live on boat permanently but are not settled in one place for most of the year; nationally, many of these would like permanent moorings and some of those would likely be looking for moorings within Milton Keynes. In contrast, most live-aboard households with a permanent residential mooring tend to remain static for a large part of the year, only travelling for holidays.

⁸¹ "Draft guidance to local housing authorities on the periodical review of housing needs for caravans and houseboats." (March 2016)

⁸² This is a summary overview of the position. The details of Council Tax implications for residential boats can be found here: [Council Tax Manual - Council Tax: practice notes - Guidance - GOV.UK \(www.gov.uk\)](#)

- 7.158 The Grand Union Canal is one of two significant canal routes connecting Birmingham to London, the other being the Oxford Canal and Thames. The Grand Union is the most direct route to the East Midlands. As a consequence, there will be significant numbers of leisure boats and continuous cruisers passing along the Grand Union through Milton Keynes.
- 7.159 The lack of any Council Tax registrations suggests that there will be comparatively few households living permanently on boats in Milton Keynes, other than on marinas and continuous cruisers. It may be possible for continuous cruisers to remain within the Milton Keynes area permanently as long as they move to another part of the Canal each fortnight. There are rules on how far the boat must move, but these rules vary locally⁸³.
- 7.160 In conclusion we can say that while it is likely that there are some residential boats moored on permanent moorings, there are likely to be significant numbers of leisure boats and continuous cruisers travelling through Milton Keynes. There may be some continuous cruisers living permanently within the Milton Keynes Borough and that some continuous cruisers are looking for permanent moorings in the Borough. It is likely that some permanent and some visiting moorings are needed. It is not possible to quantify the need for permanent or visiting moorings. A full assessment would need to be carried out to provide robust estimates of numbers, including what services such as availability of fresh water and pump out are required.

Refugees

- 7.161 While there is an undoubted need for housing for refugees, information on housing need is not yet readily available. Some recent academic studies suggest that the need is simply general needs housing in a mix of social/affordable rented, private rented and, to a lesser extent for recent refugees, home ownership. Where these studies identify that a change is required, it is in policy and support such as advice and challenging discrimination rather than developing housing specifically for refugees.
- 7.162 The initial access point into housing for recent migrants tends to be in the PRS. A study from the Migration Observatory at the University of Oxford says:

Migrants who moved to the UK recently (that is, fewer than 5 years ago) are much more likely to live in privately rented housing (74%) compared to the average among all foreign born (37% ...). By contrast, those who have been in the UK longer tend to have housing accommodation that is closer to that of the UK-born ... In fact, the housing accommodation of those who have been in the UK for 20 years or longer is very similar to that of the UK-born population, with 70% in owner occupied housing, 12% in private rent and 19% in social housing⁸⁴.

- 7.163 The dependency on the PRS, suggesting that the Milton Keynes focus on PRS quality is important and this is confirmed by the housing policy briefing paper from the University of Huddersfield:

In line with addressing housing inequalities more broadly, ensuring adherence to and enforcement of minimum housing standards is critical for refugees, who are liable to be exploited⁸⁵.

⁸³ [633-guidance-for-boaters-without-a-home-mooring.pdf \(canalrivertrust.org.uk\)](https://canalrivertrust.org.uk/633-guidance-for-boaters-without-a-home-mooring.pdf)

⁸⁴ Migrants and Housing in the UK - Migration Observatory - The Migration Observatory (ox.ac.uk)

⁸⁵ Housing_and_Refugees_Policy_Briefing_Dec_2022.pdf (hud.ac.uk)

7.164 In conclusion, the most important element to assisting refugees into housing is to develop supportive policies such as help and advice to navigate the housing system and management of the PRS.

8. Economic Forecasts and Scenarios

Introduction

- 8.1 This chapter sets out a summary of the economic and employment forecasts used in this work, and discusses the scenarios developed for employment land forecasting across Milton Keynes.

Baseline Forecasts

- 8.2 Baseline – or ‘business as usual’ – forecasts were purchased from both Oxford Economics (OE) and Experian which were produced in 2022. Both forecasters update their central model on a monthly basis. These are two of the leading economic forecasters for the UK’s local and regional economies. The forecasters have provided data for Milton Keynes up to 2050. Further details on the approach of each forecaster can be found in Appendix D.
- 8.3 There is a need to consider whether forecasts should be termed ‘policy on’, ‘policy off’, ‘baseline’, or ‘business as usual’. Each of these terms has helpful and unhelpful connotations. Nevertheless, there is a need to use some form of terminology within this report. We therefore clarify the following:
- » The forecasts as initially provided by the forecasters are referred to in this report as ‘baseline’ forecasts. This enables a contrast between the original forecast scenarios and any adjusted scenarios that are considered.
 - » The forecasters’ ‘baselines’ draw on historic economic performance of the area as one of the determining factors. They also draw on detailed analysis of national and sectoral economic potential. The forecasts are not therefore developed assuming a policy vacuum or absence. Whilst they are not developed with explicit reference to future local policy or known investments, the historic period on which they draw included efforts from national, regional, and local economic development stakeholders to deliver a prosperous economy. A level of economic development action is therefore inherent within the forecasts.
- 8.4 To test the parameters of these ‘baseline’ forecasts, a ‘mid-point’ scenario has been included as part of the analysis for this paper. This is based on the average or mid-point position of the OE and Experian forecasts.

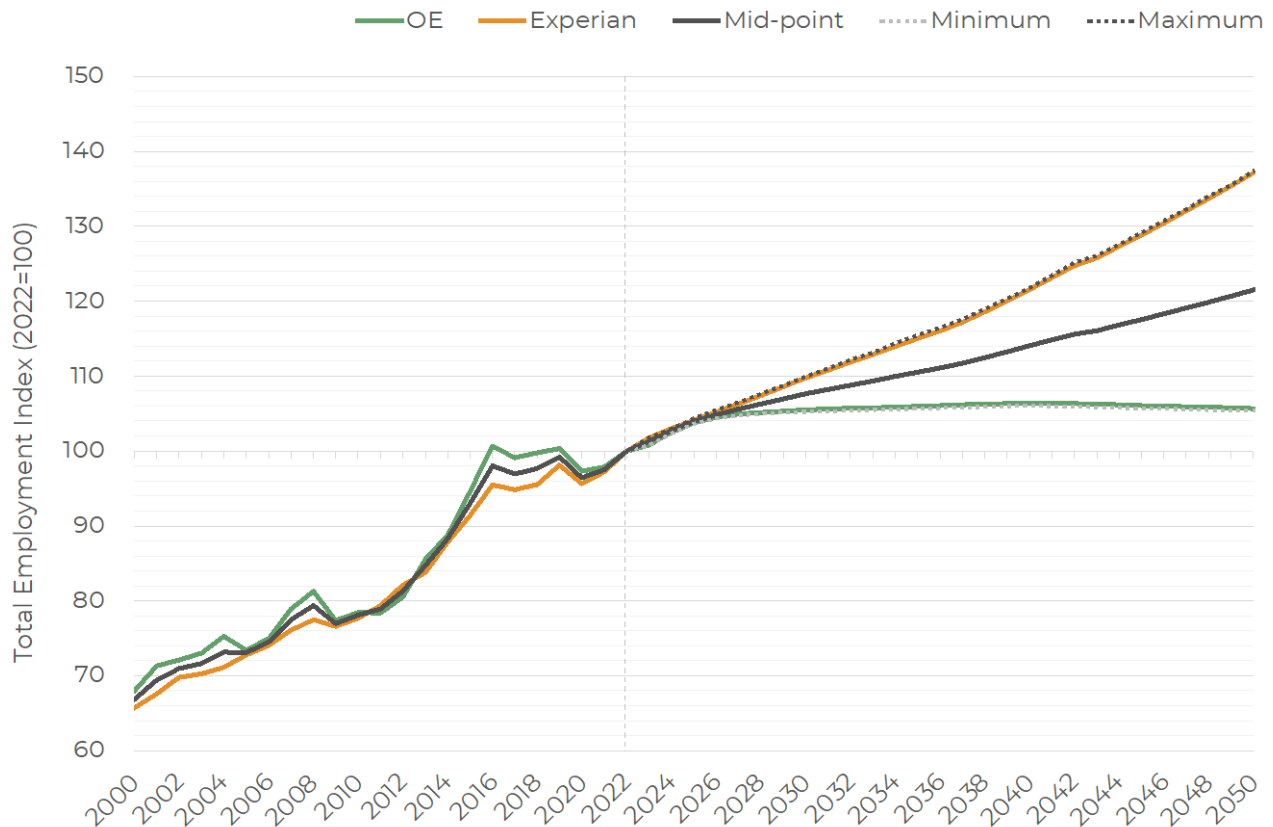
Headline Economic Performance

- 8.5 The analysis set out below considers the historic period 2000–2022 and the future forecast period 2022–2050.
- 8.6 Set out in this paper is an analysis of:
- » Total Employment – a measure of total jobs including employment and self-employment;
 - » GVA – a measure of economic output.
- 8.7 As a result of small discrepancies in the way data is modelled by the two forecasters the charts set out below use an index rather than absolute values. This ensures that the two datasets align at 2022, and makes it easier to interpret any divergence between the different approaches.

Total Employment

- 8.8 Both forecasters show employment growth over the forecast period 2022–2050. However – as shown in Figure 114 – there is a significant degree of divergence between each forecaster.

Figure 114: Historic and forecast employment change during the Plan period (2022–2050), index (2022 = 100). (Source: HJA analysis of OE and Experian data)

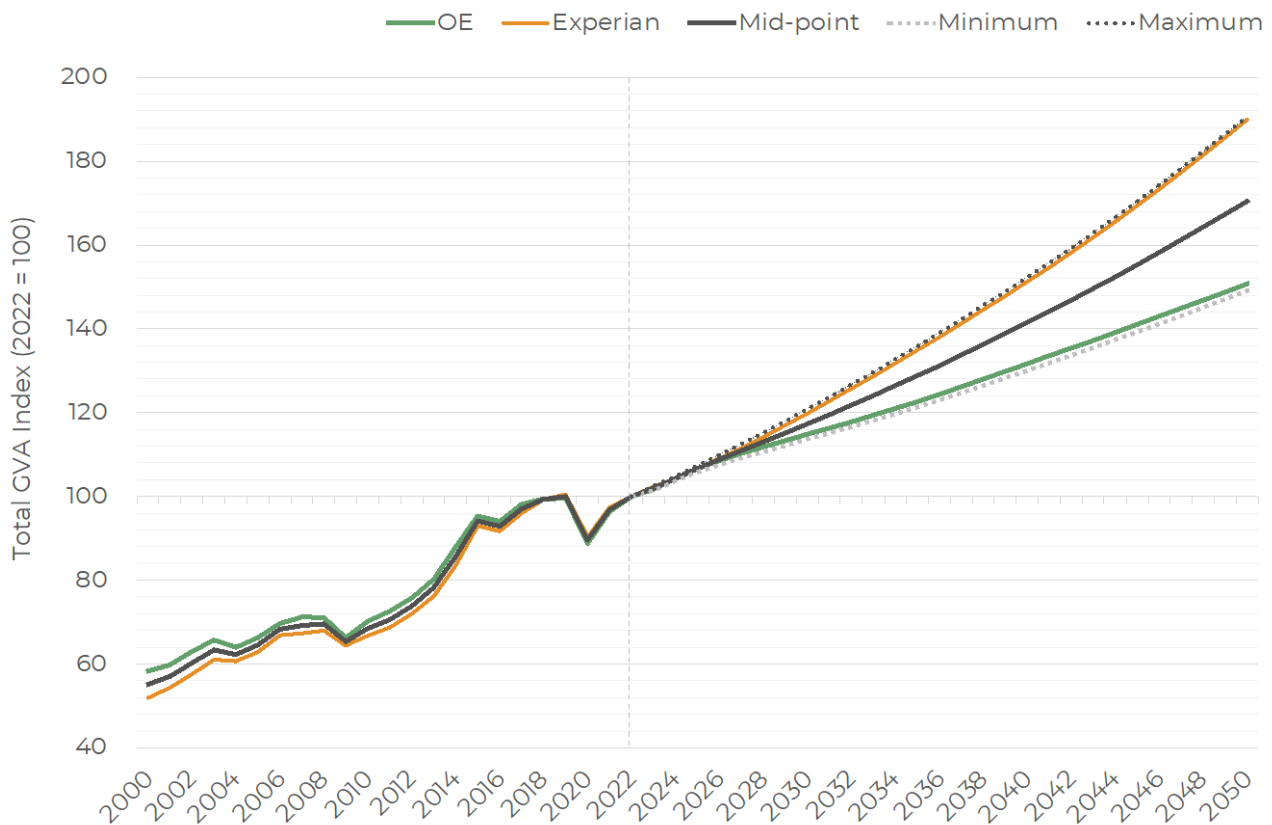


- 8.9 Over the historic period 2000–2022, OE reports employment change of +64,490 (+2,931 per annum) and Experian recorded employment change of +70,000 (+3,182).
- 8.10 Over the future forecast period 2022–2050, OE estimates employment change of +11,411 – this equates to +408 jobs per annum. Over the period 2022–2050, Experian estimates employment change of +75,700 – this equates to +2,704 jobs per annum.
- 8.11 The Mid-point scenario therefore estimates employment change of +43,555. This equates to +1,556 jobs per annum.

Gross Value Added

- 8.12 Both forecasters show GVA growth over the forecast period 2022–2050. However, as shown in Figure 115, there is a significant degree of divergence between each forecaster.

Figure 115: Historic and forecast GVA change, index (2022 = 100). (Source: HJA analysis of OE and Experian data)



- 8.13 Over the historic period 2000–2022, OE reports GVA Compound Annual Growth Rate (CAGR) of +2.5% and Experian recorded GVA CAGR of +3%.
- 8.14 Over the future forecast period 2022–2050, OE estimates GVA CAGR of +1.5%, and Experian estimates GVA CAGR of +2.3%.
- 8.15 The Mid-point scenario therefore estimates GVA CAGR of +1.9%.

Further analysis – by section

- 8.16 Figure 116 provides a discussion on the basis of Standard Industrial Classification 2007 (SIC07) sections, exploring the differences between the two forecasters in more detail.

Figure 116: SIC07 section variations – forecasts compared with historic performance.

Use Class	Description
Primary industry	<p>Experian indicates a fall of (-100) jobs over the 2000–2022 period (-1.8%p.a.) followed by a loss of (-100) jobs in the 2022–50 period (-2.4%p.a.).</p> <p>This compares to OE, which indicates a rise of (+20) jobs between 2000–2022 (+0.6%p.a.) followed by losses of (-50) jobs between 2022–2050 (-1.2%p.a.).</p> <p>Both forecasts are similar to one another, and both are relatively aligned with their position on historic performance.</p>

Manufacturing	<p>Experian indicates a fall of (-6,500) jobs over the 2000–2022 period (-2.2%p.a.) followed by a loss of only (-300) jobs in the 2022–50 period (-0.1%p.a.).</p> <p>This compares to OE, which indicates a fall of (-7,400) jobs between 2000–2022 (-2.3%p.a.) followed by further losses of (-6,000) jobs between 2022–2050 (-2.7%p.a.).</p> <p>Both forecasters assess a similar decrease in manufacturing employment over the historic period. OE expects a similar level of losses to take place over the forecast period. Experian takes a more optimistic position – whilst it still expects some losses, these are much smaller than both historic performance and the OE position.</p>
Utilities	<p>Experian indicates a fall of (-200) jobs over the 2000–2022 period (-1.1%p.a.) followed by a loss of (-300) jobs in the 2022–50 period (-2.0%p.a.).</p> <p>This compares to OE, which indicates a rise of (+500) jobs between 2000–2022 (+3.8%p.a.) followed by losses of (-300) jobs between 2022–2050 (-1.3%p.a.).</p> <p>Both anticipate a fall of -300 jobs between 2022-2050.</p>
Construction	<p>Experian indicates a rise of (+800) jobs over the 2000–2022 period (+0.6%p.a.) followed by a rise of (+500) jobs in the 2022–50 period (+0.3%p.a.).</p> <p>This compares to OE, which indicates a rise of (+600) jobs between 2000–2022 (+0.4%p.a.) followed by further rises of (+900) jobs between 2022–2050 (+0.5%p.a.).</p> <p>Both forecasts anticipate growth in the Construction sector of broadly similar scale.</p>
Wholesale	<p>For <i>Wholesale</i>, Experian indicates a fall of (-100) jobs over the 2000–2022 period (-0.0%p.a.) followed by a significant rise of (+3,200) jobs in the 2022–50 period (+0.7%p.a.).</p> <p>This compares to OE, which indicates a fall of (-400) jobs between 2000–2022 (-0.1%p.a.) followed by further losses of (-200) jobs between 2022–2050 (-0.0%p.a.).</p> <p>Experian expects employment in wholesale activities to increase significantly compared to historic performance, whilst OE expects historic performance to be repeated across the forecast period.</p>
Retail	<p>For <i>Retail</i>, Experian indicates a fall of (-1,900) jobs over the 2000–2022 period (-0.6%p.a.) followed by a rise of (+2,300) jobs in the 2022–50 period (+0.5%p.a.).</p> <p>This compares to OE, which indicates a rise of (+300) jobs between 2000–2022 (+0.1%p.a.) followed by losses of (-400) jobs between 2022–2050 (-0.1%p.a.).</p> <p>Experian expects employment in retail activities to increase significantly compared to historic performance, whilst OE expects historic performance to be repeated across the forecast period.</p>
Transport and storage	<p>Experian indicates a rise of (+11,300) jobs over the 2000–2022 period (+4.2%p.a.) followed by a rise of (+11,900) jobs in the 2022–50 period (+1.8%p.a.).</p> <p>This compares to OE, which indicates a high rise of (+12,800) jobs between 2000–2022 (+5.0%p.a.) followed by losses of (-700) jobs between 2022–2050 (-0.1%p.a.).</p> <p>This sector has shown a significant increase in employment since 2000. Experian’s forecast shows an expected rise of jobs by 2050, following a similar growth pattern to the historic period. Meanwhile OE forecasts a fall in employment and takes a far more pessimistic position.</p>
Accommodation and food services	<p>Experian indicates a rise of (+5,900) jobs over the 2000–2022 period (+3.2%p.a.) followed by a rise of (+7,900) jobs in the 2022–50 period (+1.9%p.a.).</p> <p>This compares to OE, which indicates a rise of (+6,100) jobs between 2000–2022 (+3.7%p.a.) followed by rises of (+70) jobs between 2022–2050 (-0.0%p.a.).</p> <p>Over the period 2000-2022 job growth was at a high level, rising +5,000 across both forecasters. Future growth differs greatly with OE expecting minimal growth in the sector, while Experian expects an increase in employment more in line with the historic period.</p>

Information and communication	<p>Experian indicates a rise of (+4,900) jobs over the 2000–2022 period (+2.2%p.a.) followed by a rise of (+4,300) jobs in the 2022–50 period (+1.0%p.a.).</p> <p>This compares to OE, which indicates a rise of (+4,500) jobs between 2000–2022 (+2.0%p.a.) followed by further increases of (+700) jobs between 2022–2050 (+0.2%p.a.).</p> <p>Both forecasters report a similar level of historic growth and whilst they both anticipate growth in the sector, there is significant difference of the scale of growth projected for 2022-2050. Experian projects strong growth in the sector – in line with historic performance – whilst OE projects a much lower growth than the historic position.</p>
Finance and insurance	<p>Experian indicates a rise of (+3,900) jobs over the 2000–2022 period (+2.1%p.a.) followed by a rise of (+700) jobs in the 2022–50 period (+0.2%p.a.).</p> <p>This compares to OE, which indicates a rise of (+2,100) jobs between 2000–2022 (+1.1%p.a.) followed by further rises of (+500) jobs between 2022–2050 (+0.2%p.a.).</p> <p>The data is broadly consistent across the two forecasters with small fluctuations within a narrow range. The sector has experience growth in absolute terms between 2000-2022 and both forecasters indicate similar growth in employment between 2022-2050, which suggests a consensus view within this sector.</p>
Real estate	<p>Experian indicates a rise of (+2,300) jobs over the 2000–2022 period (+4.7%p.a.) followed by a rise of (+2,000) jobs in the 2022–50 period (+1.6%p.a.).</p> <p>This compares to OE, which indicates a rise of (+2,000) jobs between 2000–2022 (+3.9%p.a.) followed by rises of (+400) jobs between 2022–2050 (+0.3%p.a.).</p> <p>Employment is forecasted to grow over the 2022-2050 period. Experian takes a position more aligned with historic performance compared to OE.</p>
Professional services	<p>Experian indicates a rise of (+8,800) jobs over the 2000–2022 period (+2.9%p.a.) followed by a rise of (+10,900) jobs in the 2022–50 period (+1.6%p.a.).</p> <p>This compares to OE, which indicates a rise of (+7,000) jobs between 2000–2022 (+2.3%p.a.) followed by further rises of (+4,700) jobs between 2022–2050 (+0.8%p.a.).</p> <p>This sector has shown a significant increase in employment since 2000. Both forecasters project a further rise in jobs within the sector, with Experian anticipating a strong growth level – over double of OE’ forecast.</p>
Administrative and support services	<p>Experian indicates a rise of (+9,100) jobs over the 2000–2022 period (+2.8%p.a.) followed by a rise of (+9,600) jobs in the 2022–50 period (+1.4%p.a.).</p> <p>This compares to OE, which indicates a rise of (+5,900) jobs between 2000–2022 (+1.7%p.a.) followed by further rises of (+6,400) jobs between 2022–2050 (+1.0%p.a.).</p> <p>Both are consistent in forecasting future growth in the <i>Administrative and support services</i> sector.</p>
Public services	<p>Experian indicates a rise of (+2,700) jobs over the 2000–2022 period (+1.9%p.a.) followed by a rise of (+300) jobs in the 2022–50 period (+0.1%p.a.).</p> <p>This compares to OE, which indicates a rise of (+2,800) jobs between 2000–2022 (+2.8%p.a.) followed by losses of (-1,400) jobs between 2022–2050 (-0.9%p.a.).</p> <p>Both Experian and OE report a similar level of historic growth, however there is variance in the forecasts for 2022-2050. Experian forecasts a small increase (+300) in employment growth, whereas OE forecasts a decline (-1,400) in employment within the sector. Both forecasts anticipate much lower future growth than the historic position with OE the more pessimistic.</p>

Education	<p>Experian indicates a rise of (+11,800) jobs over the 2000–2022 period (+4.0%p.a.) followed by a rise of (+5,700) jobs in the 2022–50 period (+0.9%p.a.).</p> <p>This compares to OE, which indicates a rise of (+12,000) jobs between 2000–2022 (+4.1%p.a.) followed by losses of (-100) jobs between 2022–2050 (-0.0%p.a.).</p> <p>The <i>Education</i> sector is indicated to have grown significantly over the period of 2000–2022. Experian expect employment to continue rising for the next 28 years, albeit not as much as the historic position. OE projects a decrease in employment, with a loss of -100 jobs, which is a significant change of direction compared to the historic position and would appear to be inconsistent with continued housing and population growth ambitions for MK.</p>
Health	<p>Experian indicates a rise of (+10,200) jobs over the 2000–2022 period (+4.1%p.a.) followed by a rise of (+9,600) jobs in the 2022–50 period (+1.6%p.a.).</p> <p>This compares to OE, which indicates a rise of (+10,800) jobs between 2000–2022 (+4.2%p.a.) followed by further rises of (+4,500) jobs between 2022–2050 (+0.8%p.a.).</p> <p>The two forecasters are consistent with the sectors growth between 2000 and 2022. Both expect future growth but differ in respect of the scale of growth, with Experian projecting a much higher rate of employment growth in line with historic performance.</p>
Arts and entertainment	<p>Experian indicates a rise of (+3,500) jobs over the 2000–2022 period (+3.7%p.a.) followed by a rise of (+3,000) jobs in the 2022–50 period (+1.4%p.a.).</p> <p>This compares to OE, which indicates a rise of (+2,500) jobs between 2000–2022 (+2.8%p.a.) followed by further rises of (+1,800) jobs between 2022–2050 (+1.0%p.a.).</p> <p>Both forecasters predict increases in employment within this sector in the next 28 years, with Experian forecasting a higher rise of jobs than the figure in OE.</p>
Other services⁸⁶	<p>Experian indicates a rise of (+3,500) jobs over the 2000–2022 period (+2.9%p.a.) followed by a rise of (+4,500) jobs in the 2022–50 period (+1.7%p.a.).</p> <p>This compares to OE, which indicates a rise of (+2,500) jobs between 2000–2022 (+2.4%p.a.) followed by further rises of (+800) jobs between 2022–2050 (+0.5%p.a.).</p> <p>Both forecasters anticipate increases in employment within this this sector. Experian forecasts a much stronger growth in employment compared to that of OE.</p>

8.17 This analysis shows there is significant discrepancy between Experian and OE across the majority of sectors. On review a small number (*Manufacturing, Wholesale and retail*) may be subject to some fairly bullish assumptions within the Experian model when compared to historic levels of growth. However, for many⁸⁷ it appears OE have taken a very pessimistic view, particularly in the context of historic context, stakeholder views and the policy ambition for Milton Keynes. Of the sectors where both forecasters show an increase in job numbers over the Plan period, the Professional Services sector (+10,900) is forecasted to have the greatest increase by Experian, and *Administrative and support services* (+5,900) by OE. Of the sectors where both forecasters show an decrease in job numbers over the Plan period, the *Manufacturing* and *Utilities* sectors (both -300) are forecasted to have the greatest decline by Experian, and *Manufacturing* (-6,000) by OE.

Scenarios for consideration

8.18 Historic growth rates for the period 2000–2022 reported by OE and Experian suggest annual employment change of around +2,900 to +3,200 jobs per annum.

⁸⁶ Activities of membership organisation; repair of computers and personal and household goods; other personal service activities.

⁸⁷ *Accommodation and food services; Information and communication; Real estate; Public administration and defence; Education; Health and social care; Arts and entertainment; and Other services.*

- 8.19 Future baseline forecast scenarios between the period 2022–2050 suggest annual employment change of around +400 to +2,700, with a mid-point scenario of around +1,600 jobs per annum. The range provided by the baseline forecasts is very wide.
- 8.20 Stakeholder consultations indicate local expectations of strong future growth, with the potential for Milton Keynes to ‘buck’ national trends. However, a tight labour market – if it persists – is a potential constraint on growth.
- 8.21 Existing policy and strategy is also focused on delivering continued strong economic growth, building on the strong historic performance of Milton Keynes.
- 8.22 Overall, OE’s forecasts are considered to be an under-estimation of Milton Keynes’ growth potential over the Plan period and too pessimistic as a basis for developing planning policy. Analysis of the demographic forecasts inherent within the OE model also shows a significant under-estimate of population and workforce growth when compared to the demographic and housing analysis set out within this report. The OE scenario is therefore excluded from further analysis.
- 8.23 On this basis, the ‘mid-point’ scenario will be treated as the most pessimistic level of growth, alongside using the Experian scenario as the most optimistic forecast. This provides a range of employment change of around +1,600 to 2,700 jobs per annum.

Triangulation with other evidence

Historic employment data

- 8.24 Figure 117 sets out the per annum employment growth of the baseline forecasts and the alternative growth scenarios in comparison with ONS Jobs Density data⁸⁸. Annual average data is used to compare across different time periods. This is set against three adjusted baseline future growth scenarios for comparison:
- » **Low** – this is based on the mid-point of the OE and Experian scenarios
 - » **Mid** –the mid-point between the High and Low scenarios⁸⁹
 - » **High** – this is based on the Experian baseline forecast

Figure 117: Milton Keynes HEDNA historic and forecast employment change vs. ONS Jobs Density historic performance

Scenario	2000–2022 Jobs per annum	2000–2022 % change per annum	2022–2050 Jobs per annum	2022–2050 % change per annum
Low	+3,100	+1.8%	1,600	+0.7%
Mid	+3,100	+1.9%	2,100	+0.9%
High	+3,200	+1.9%	2,700	+1.1
ONS Jobs Density (2000–2019)	+3,600	+2.2%		
ONS Jobs Density (2000–2020) ⁹⁰	+2,750	+1.7%		

⁸⁸ This is the most accurate public record of employment statistics as it measures employees, self-employed, and government trainees.

⁸⁹ As a further triangulation the sector by sector review of the OE and Experian forecasts was used to construct a moderated position, adjusting for areas where the Experian forecast was identified as potentially over optimistic. This led to an estimated total employment growth position of 58,400, equivalent to 2,100 jobs per annum. This aligns with the Mid scenario as calculated.

⁹⁰ Latest available at time of writing.

8.25 ONS Jobs Density data indicates that between 2000–2020 Milton Keynes added approximately 2,750 jobs per annum. Given this reporting period ends during the Covid-19 pandemic, when compared with pre-pandemic performance according to Jobs Density data it is reasonable to assume this is relatively pessimistic position on historic employment performance. For example, between 2000–2019 (up the final year of pre-pandemic historic data), according to Jobs Density data Milton Keynes added approximately 3,600 jobs per annum.

8.26 The pandemic-affected and the pre-pandemic positions presented by Jobs Density data provides a useful range, and historic performance according to the baseline scenarios falls neatly within this range. The **High** scenario is approaching the pandemic-affected Jobs Density growth rate, with other scenarios falling below this level. This indicates that future performance which reflects the pre-pandemic norm is predicted to be very challenging to achieve. Of the three identified jobs growth scenarios (**Low**, **Mid**, and **High**), the **High** scenario is consistent with meeting housing scenario 2b and 3, forecasting 2,700 jobs per annum over the period 2022 to 2050.

MK 2050 Policy Ambition

8.27 The scenario range broadly aligns with the MK2050 post Covid adapted growth scenarios. This sets out expectations of 50,000 to 90,000 additional jobs 2021-50, equivalent to 1,720 to 3,100 jobs per annum. This was prepared before the war in Ukraine and energy crisis, so some reduction of the top end estimate is reasonable.

Labour supply

8.28 The scenarios for future housing need set out in chapter 5 based on the Government’s standard method (scenarios 2a and 2b) identified an increase of between 37,100 and 49,100 resident workers over the period 2022-2050 which were likely to support between 46,600 and 61,700 additional jobs (as per chapter 5, Figure 49). However, the analysis concluded that the upper end of this range was more likely given the local context. This range provides alignment with the **Low** and **Mid** scenarios.

8.29 Future housing need scenario 3 is based on the strategic ambition for the Milton Keynes Growth Area to reach a population of half a million residents by 2050 (with 410,000 residents in the local authority area) identified an increase of 63,100 resident workers over the period 2022-2050 which were likely to support 79,400 additional jobs. This is well aligned with the **High** scenario.

8.30 If the number of jobs grows in Milton Keynes at the rate expected under housing scenario 2b and 3 of some 61,700 to 79,400 additional jobs, this would mean around 2,200 to 2,800 jobs per annum over the plan period 2022 to 2050 would be expected.

Figure 118: Comparison of economic scenarios and housing needs scenarios

Scenario	2022–2050 Total change	2022–2050 Jobs per annum
Economic scenarios		
Low	43,600	1,600
Mid	59,600	2,100
High	75,700	2,700
Housing need scenarios (based on Figure 49)		
Scenario 2a	46,600	1,700

Scenario 2b	61,700	2,200
Scenario 3	79,400	2,800

- 8.31 On this basis, there is alignment between the future labour supply emerging from the demographic analysis and the forecast jobs growth within the employment scenarios.

Summary

- 8.32 The **Low, Mid and High** scenarios as set out are therefore a robust basis for further analysis, drawing on the evidence presented by economic forecasters, the demographic analysis, historic trends and the ambitions set out in policy and by stakeholders.
- 8.33 Whilst a more pessimistic employment scenario was prepared by OE this is out of line with demographic analysis, policy intention, consultee views and historic trends. It is also not a helpful position for future planning, which needs to take a positive approach to growth.

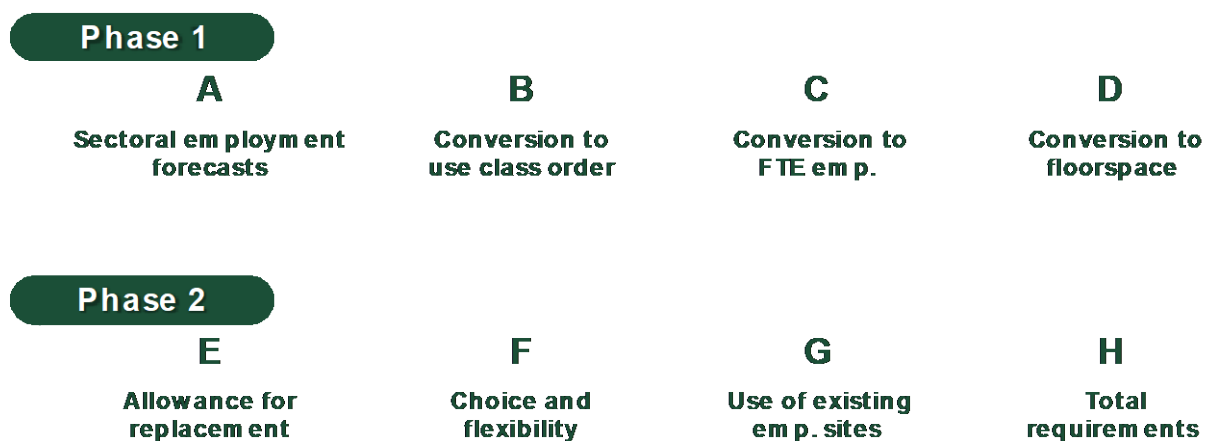
9. Demand for Employment Sites and Premises

9.1 The preceding chapter considered potential economic and employment scenarios for Milton Keynes. This chapter sets out analysis of the associated employment sites and premises requirement arising from future growth and to enable a strong local economy.

Approach

9.2 Figure 119 provides a summary diagram of the approach adopted to assess future sites and premises requirements. This has been developed to align to the requirements of Planning Practice Guidance as summarised at Chapter 1 of this report.

Figure 119: Approach to assessing sites and premises requirements



9.3 Within the detailed assumptions employed as part of this model, local evidence has been used to ensure the approach is appropriate to Milton Keynes. These assumptions have been tested through consultations with commercial property market stakeholders and the results have been validated through the stakeholder engagement process.

9.4 Further details of the method are set out within the remainder of the chapter and Appendix D and Appendix E. For ease of reading all figures are rounded throughout this chapter. As a result, some tables may not sum exactly.

Phase 1: net additional changes

9.5 Phase 1 takes account of the net changes in the economy i.e. the growth and decline of particular sectors. The sectoral employment projections from OE and Experian are converted to Use Classes. This provides an indication of the spread of future employment change across the full range of planning Use Classes and none. From that point onward the focus is upon Use Classes E(g)(i-iii), B2, and B8. The net employment changes in the E(g)(i-iii), B2, and B8 Use Classes are then converted to property and land requirements.

A: Sectoral employment forecasts

- 9.6 Three adjusted baseline employment scenarios have been developed, as set out at Chapter 8. These form the basis of the Phase 1 assessment:
- » **Low** – this is based on the mid-point of the OE and Experian scenarios;
 - » **Mid** – the mid-point between the High and Low scenarios; and
 - » **High** – this is based on the Experian baseline forecast.
- 9.7 Around two thirds of all jobs growth is concentrated within five sectors (see Figure 120 for more information):
- » *Transport and storage;*
 - » *Professional, scientific and technical activities;*
 - » *Administrative and support services;*
 - » *Health and social care; and*
 - » *Accommodation and food services.*
- 9.8 Other sectors with substantial growth in employment include *Information and communication, Education and Other services*. Overall this shows the continued movement towards a service sector dominated economy, with strong growth in high value activities such as *Professional, scientific and technical activities* and *Information and communication*. However, there will be growth across a broad array of activities which offer employment opportunities at a range of skills levels.
- 9.9 Figure 120 sets out forecast employment change by sector across the period 2022-50 and the three adjusted baseline scenarios.

Figure 120: Change in Employment by Sector

Employment Change by Sector 2022-50			
Sector	Low	Mid	High
AB: Primary Industries	(100)	(100)	(100)
C: Manufacturing	(3,150)	(1,700)	(300)
DE: Utilities	(300)	(300)	(300)
F: Construction	600	600	600
45+46: Wholesale	1,500	2,350	3,200
47: Retail	1,000	1,700	2,300
H: Transport and storage	5,600	8,700	11,900
I: Accommodation and food services	3,900	5,900	7,900
J: Information and communication	2,500	3,400	4,300
K: Finance and insurance	600	650	700
L: Real estate	1,200	1,600	2,000
M: Professional, scientific and technical activities	7,800	9,350	10,900
N: Administrative and support services	8,000	8,800	9,600
O: Public administration	(550)	(100)	300
P: Education	2,800	4,300	5,700
Q: Health and social care	7,100	8,300	9,600
R: Arts and entertainment	2,400	2,700	3,000
S: Other services	2,700	3,600	4,500
Total	43,600	59,600	75,700

B: Conversion to use class order

- 9.10 Employment change by sector for each scenario is converted to use classes using a conversion matrix. This matrix has been tailored to the Milton Keynes economy using fine-grained employment data from the ONS BRES dataset.
- 9.11 Figure 121 sets out the employment change by use class across the plan period. This is helpful to understand a number of key points. Firstly, employment change is expected to be spread across many use classes and none. Employment is not confined to the E(g)(i-iii), B2, and B8 use classes (traditionally referred to as the 'employment' use classes). It is estimated that only 25-30% of net additional jobs will require accommodation within the 'traditional employment' use classes. Secondly, a wide range of different development types need to be recognised as employment generating. As set out in Figure 121 there are large numbers of additional jobs anticipated within residential institutions [C2], retail settings [E(a) and (b)], health and care environments [(E(e) and (f)) and education [F1(a)].
- 9.12 Across all scenarios a significant share of growth is forecast in the 'none and homeworking' category. This includes home-based workers who are considered as '100% homeworking' with zero use class order implications (not hybrid workers). The 'none and homeworking' category also includes workers who work in

the workplace of others (e.g. cleaners), or peripatetic workers that have 'no fixed place' of work (e.g. those who work in the construction industry who are active at multiple sites at any given time).

Figure 121: Change in employment by use class over Plan period (2022–2050) (sq m)

Use Class	Description	Low	Mid	High
B2	General industrial	(2,340)	(1,120)	110
B8	Storage or distribution	4,040	6,050	8,050
C1	Hotels	330	480	620
C2	Residential institutions	3,070	3,600	4,130
C2a	Secure Residential Institution	10	10	10
E(a)	Display or retail sale of goods	2,100	2,940	3,790
E(b)	Sale of food and drink	1,620	2,380	3,140
E(c)(i)	Financial services	250	270	290
E(c)(ii)	Professional services	530	690	860
E(c)(iii)	Other services	-	-	-
E(d)	Indoor sport and recreation	670	750	830
E(e)	Medical or health services	1,890	2,210	2,540
E(f)	Creche, day nursery/centre	1,160	1,490	1,820
E(g)(i)	Offices	10,440	13,550	16,660
E(g)(ii)	Research and development	410	510	600
E(g)(iii)	Light industrial	(30)	10	50
F1(a)	Education	2,170	3,290	4,410
F1(b)	Display of works of art	-	-	-
F1(c)	Museums	90	100	110
F1(d)	Public libraries	40	40	50
F1(e)	Public halls or exhibition halls	10	10	10
F1(f)	Public worship or religious	140	180	220
F1(g)	Law courts	(110)	(20)	80
F2(a)	Small shops (isolated location)	-	-	-
F2(b)	Local community hall	10	10	10
F2(c)	Outdoor sports or recreation	230	260	290
F2(d)	Swimming pool or skating rink	170	190	210
SG	Excluded from classification	1,820	2,430	3,040
	None and homeworking	8,210	10,550	12,890
	Traditional 'employment' uses	12,520	18,990	25,470
	All other uses	36,900	50,860	64,810

- 9.13 There is anticipated to be a fall in the number of people employed within B2 general industrial accommodation, resulting from the continued employment decline within the *Manufacturing* sector. There is very limited employment growth anticipated in the light industrial E(g)(iii) use class. There are more substantial employment gains within the other 'traditional' employment use classes, particularly office based activities and storage and distribution.

C: Conversion to FTE employment

- 9.14 Employment forecasts are then converted to full-time equivalent (FTE) jobs by using ONS Annual Survey of Hours and Earnings data. This is to ensure the employment figures align with the floorspace per FTE figures provided in the Homes & Communities Agency's (HCA) Employment Density Guide (3rd edition).

D: Conversion to floorspace

- 9.15 Floorspace per FTE figures provided in the HCA's Employment Density Guide (3rd edition) are used to convert FTE employment by use class to floorspace demand figures.
- 9.16 The summary below provides high level analysis of floorspace by use class. All totals are reported as gross external area (GEA).
- 9.17 The analysis assumes a direct link between employment and floorspace required. It is appropriate to caveat this approach with two important points:
- » Firstly, if there is capacity within the existing stock of premises there will be the opportunity to accommodate some employment increases without the need for new space, and vice versa.
 - » Secondly, if there are changing working practices the ratio between workers and floorspace could change over time.
- 9.18 The first of these issues is dealt with via consideration of vacancy and under-utilisation, which has been tested through consultations and commercial market review. No specific evidence relating to under-utilisation has been found. It is therefore assumed that whilst some occupiers may well be under-utilising their current facilities others may well be operating above capacity. Over the course of the plan period there is an opportunity for adjustment. A frictional vacancy rate of 5% to 10% is typical to enable the efficient workings of the market. There is also the fact that some stock is unsuitable.
- 9.19 The second issue of changing working practices is considered as part of the discussion of the impact of Covid on homeworking. Prior to the Covid pandemic there was a long-term trend towards increasing occupation density in the office sector however, this was already beginning to level off. There is reason to believe in the long term that densities may decrease as a result of changing working practices towards provision of communal and collaborative space as well as individual desk space. Within the industrial and warehousing sector there is potential for increased automation driving lower densities. However, there is limited evidence on which to base robust assumptions of change.
- 9.20 We have used the standard densities set out in the Employment Density Guidance (2015)⁹¹. Any updates to this guidance, or additional evidence of changing employment densities should be monitored in the future.

⁹¹ Homes & Communities Agency (2015) Employment Density Guidance 3rd ed.

Phase 1 results: net additional floorspace requirement

- 9.21 Figure 122 sets out the net additional requirement for employment floorspace (Phase 1) across the adjusted baseline scenarios (**Low**, **Mid**, and **High**).
- 9.22 The estimated net additional requirement for offices, R&D and storage and distribution space are positive in all scenarios, with the **High** scenario 60-100% larger than the **Low** scenario.
- 9.23 The estimated net additional requirement for light and general industrial floorspace is a more complex picture. Based on forecast employment change there are potentially negative requirements under the **Low** and **Mid** scenarios. With a small positive requirement under the **High** scenario. The extent to which capital equipment replaces labour could have some mitigating effect on the scale of negative requirement (i.e. increasing automation requiring the retention of premises).

Figure 122: Phase 1 results: Net additional requirement for employment floorspace by use class over Plan period (2022-50) in sq m (Note: figures may not sum due to rounding. Negative numbers in parenthesis.)

Use Class	Description	Low	Mid	High
E(g)(i)	Offices	137,700	178,800	219,900
E(g)(ii)	Research and development	24,900	30,400	36,000
	Offices	162,600	209,300	255,900
E(g)(iii)	Light industrial	(2,000)	500	3,000
B2	General industrial	(88,300)	(42,100)	4,000
	Industrial	(90,300)	(41,600)	(7,000)
B8	Warehousing and logistics	323,100	483,600	644,100

Phase 2: replacement, churn, and flexibility

- 9.24 Phase 1 considered the net changes in employment in E(g)(i-iii), B2, and B8 Use Class activity that need to be accommodated across Milton Keynes. Phase 2 deals with the need to ensure the existing economy, and the on-going changes within it, are supported through the provision of sufficient employment sites and premises stocks. In particular this includes ensuring any employment stocks lost from the market for a range of reasons (e.g. age, dilapidation or redevelopment) are adequately replaced.
- 9.25 Phase 2 considers wider market factors, particularly the need to recognise the churn in the economy and the associated need to replace and upgrade property stocks. For example, whilst the *Manufacturing* sector as a whole has experienced well-documented decline in its employment base, there has been a continued demand for new premises within which to operate. This demand can be driven by existing companies needing more/less space, a different location, or a different type of premises. It can also be driven by new companies in the market, which may not find the right type of property available in the right location within the market. As a result, whilst overall a sector may be in decline (although this still applies to growing sectors too), there are changes beneath the surface that continue to drive demand. This can be a particular issue where existing stocks are ageing or where vacant sites are no longer in the locations that are suitable to modern occupiers. This also ensures provision is made for replacing sites that might be lost from employment use to other uses. Also, within Phase 2 the assessment builds in an allowance for choice and flexibility. This element needs to take account of offering location choice as well as choice in terms of the type of property and setting.

E: Allowance for replacement

- 9.26 The methodology employed for estimating the level of replacement demand assumes that a proportion of the total existing stock of employment property needs to be replaced each year to ensure the overall stock of premises is sufficient and appropriate for modern needs, in terms of both building quality and site characteristics. This is particularly important for the *Manufacturing* sector where on-going development of general industrial premises is clearly observed, despite a decline in employment in the sector over many years. A similar pattern is observed in the office market with a continual demand for new Grade A space to meet occupier requirements.
- 9.27 With Permitted Development Rights (PDR) now in place, and their reach broadened, there is increasing pressure for redevelopment of office and light industrial stocks to other uses. The introduction of the E Use Class also carries the possibility of wider erosion of some former B1 stocks to other uses. There are also losses of employment property for other reasons, whether occupation by non-employment users (e.g. the growth in leisure occupiers within former industrial and warehousing units) or redevelopment of employment areas for non-employment uses. It is important that any potential losses of commercial employment stocks do not hamper the growth and ongoing performance of the economy.
- 9.28 Given Milton Keynes' historic context as a New Town founded in the 1960s HJA estimates a baseline replacement requirement equivalent to 2% of stock per annum. This is the higher end of the range typically applied in such analysis (normally 1%–2%). This is because Milton Keynes' stocks do not include much older (typically Victorian) buildings that last well beyond the usual 25–35 year time horizon for a typical commercial unit. Subsequently, there is reason to assume that Milton Keynes may require a higher rate of replacement as increasing quantities of its 'original' stock dating from the inception of the city falls out of usefulness and becomes no longer fit for purpose. A sensitivity scenario, considering 3% replacement is also tested given the Milton Keynes context and the reported significant requirements for replacement and refurbishment reported by both stakeholders and within the commercial market review.
- 9.29 HJA analysis of site-by-site [VOA](#) data on commercial property stocks indicates 730,000 sq m of office floorspace, 800,000 sq m of general industrial floorspace, and 2.4 million sq m of warehousing and logistics premises across Milton Keynes in 2023. This estimate of commercial stocks is used to calculate replacement and upgrading requirements in the future. Figure 123 sets out the results of the analysis.

Figure 123: Forecast replacement and churn requirement 2022-50 (sq m)

Use	Total Stock (2022)	Annual Replacement	2022-50 Total
Office			
2%	730,000	14,600	410,000
3%		21,900	610,000
General industrial			
2%	800,000	16,100	450,000
3%		24,100	670,000
Warehousing and logistics			
2%	2,400,000	47,900	1,300,000
3%		71,800	2,000,000

- 9.30 In aggregate the replacement requirement is far more significant than the needs resulting from net changes in the economy (see Figure 122).

F: Choice and flexibility

- 9.31 A percentage uplift of the combined requirement for net additional and churn/replacement is applied to ensure an allowance for range and choice is incorporated. This uplift also builds in some additional flexibility to allow the normal frictional movement in the market. As such, in line with industry standards, an uplift of 10% has been applied.

G: Use of existing employment sites

- 9.32 The analyses of both net additional and replacement requirements set out above do not consider whether the development activity takes place on existing employment sites (replacing or substantially refurbishing one building with another on the same plot of land) or whether currently unoccupied land needs to be made available. The evidence and market observation suggest there will be elements of both, particularly as some former employment sites are lost to alternative uses e.g. to residential uses or other commercial uses through PDRs. There is also the potential for former office sites to be redeveloped for general industrial and warehousing uses. This is being observed in a number of market areas on out of town employment areas.
- 9.33 The Government's Energy White Paper published in 2020 set out a commitment that rented commercial and industrial properties should reach Energy Performance Certificate (EPC) band B by 2030, where this is cost-effective. This could lead to increased investment in the refurbishment of premises or their replacement. There may be other considerations in the move to net zero that drive refurbishment rather than replacement, particularly where there is significant embedded carbon within existing structures.
- 9.34 A key uncertainty with replacement and refurbishment is commercial viability and the willingness of occupiers to pay the rents required to support the capital investment.
- 9.35 There is a need for careful monitoring of these trends given the number of variables.
- 9.36 HJA has interrogated borough level monitoring data for the period 2012–2022 to identify the degree to which E(g)(i-iii), B2, and B8 Use Class completions have been achieved on previously developed E(g)(i-iii), B2, and B8 Use Class land. This analysis identifies that 29% of gross office development, 33% of gross general industrial development, and 15% of gross warehousing and logistics development activity has been achieved through reuse of previously developed E(g)(i-iii), B2, and B8 Use Class sites. The corollary of this is a need for the remaining shares of gross office, general industrial, and warehousing and logistics requirements to be provided for through new development land (this can include previously or existing allocated but not yet taken up employment sites). This is assumed as the baseline position in the future requirements analysis.

H: Total requirement

- 9.37 This section brings together the various elements within the analysis to build a picture of future requirements, split by office, general industrial, and warehousing and logistics. Each of the tables highlights the relative importance of replacement requirements when compared to net additional changes.

Scenarios

- 9.38 Results for the following scenarios are set out, with further details on the sensitivity testing scenarios set out immediately below:

Baseline scenarios

- » **Low**
- » **Mid**
- » **High**

Sensitivity testing scenarios

- » **Hybrid working (office only)** – Mid scenario with 10% reduction in total requirement at 2050
- » **High replacement** – Mid scenario with 3% rather than 2% per annum
- » **High on-site redevelopment** – Mid scenario with 40% on-site redevelopment
- » **Combined** – based on the Mid scenario with all sensitivity testing scenarios above applied

Hybrid working (office only)

- 9.39 The most significant potential impact as a result of the Covid-19 pandemic is the increased level of home or hybrid working on the office sector. This has been discussed with consultees as well as a desk review of available evidence.
- 9.40 The overriding conclusion of this research is that there is a high degree of uncertainty as to exactly how this will play out. There are examples of office occupiers that are looking to encourage high levels of home working, those considering hybrid working approaches with a mix of office and home working, and those anticipating bringing as many staff as possible back to offices. Examples have been cited of occupiers already releasing unwanted floorspace back to the market, with further releases expected as and when lease events take place. However, there are also examples of occupiers reconfiguring existing space to reduce the volume of desk spaces but increasing breakout and meeting spaces, with no net change in overall requirement. The effects across sectors may also not be uniform.
- 9.41 Much of the commentary is based on armchair empiricism, with real world data only recently beginning to emerge. It will therefore be vital to monitor trends over the coming years. It is unwise to make long term planning decisions in the midst of a significant unusual event – close monitoring of hybrid working trends and its effects on employment sites and premises demand should continue, in particular over the next 3–5 years.
- 9.42 Hybrid working might have farther reaching implications within the public sector, but the extent to which private sector employers will retain adjusted practices in the long term is uncertain. It is recognised that in some quarters, where there was early enthusiasm for home working this has waned. There is also an awareness that the tacit knowledge exchange that takes place in physical spaces may not be possible in the same ways through home working and therefore employers are likely to want to create real world interactions both internally (with staff) and externally (with clients and suppliers). It is also noted that the experience of homeworking can vary widely depending on the facilities available for home working, with middle and senior managers potentially able to operate from home offices or spare bedrooms which may not be available or suitable for younger staff in shared housing or with young children.

9.43 A further change that is expected in the market is a growth in the use of serviced office arrangements, much shorter tenancies or more frequent lease break options in order to provide much greater flexibility to occupiers to adjust their floorspace to changing market demands.

9.44 The implication of this is that the overall requirement for office space may diminish. Although the extent to which this takes place is highly uncertain. Not only is the extent to which workers spend time in the office a key factor. There is the potential for occupiers to change the format of the office space they occupy to include increased communal, meeting and collaboration areas to make the most of human interactions. There is also the potential to reduce the density of occupation to provide increased space between desks in working areas. Also, if the majority of workers visit the office on the same days (of which there is some evidence) then the space required to accommodate the workforce on 'office days' may not reduce significantly, if at all.

To test against this uncertainty, using the **Mid** scenario we have tested the potential for 10% of total office requirement (this is the total stock) to be released by 2050. Please see Appendix E for further details on how this assumption has been established.

High replacement

9.45 As discussed at paragraph 9.28, Milton Keynes' commercial property stocks do not include much older (typically Victorian) buildings that last well beyond the usual 25–35 year time horizon for a typical commercial unit. Subsequently, there is reason to assume that Milton Keynes may require a higher rate of replacement as increasing quantities of its 'original' stock dating from the inception of the city falls out of usefulness and becomes no longer fit for purpose. A sensitivity scenario, considering 3% replacement is also tested given the Milton Keynes context and the reported significant requirements for replacement and refurbishment reported by both stakeholders and within the commercial market review.

High on-site redevelopment

9.46 Some sensitivity testing of alternative assumptions is also considered. This takes into account the fact that Milton Keynes has not had a significant requirement for 'on-site' redevelopment to date, given the availability of new land for growth. As Milton Keynes matures, and increasing proportions of its relatively new employment premises stock reaches the end of its useful life, the potential for on-site redevelopment increases. This may have some offsetting impact on the need for increased levels of redevelopment activity. Under this sensitivity test on-site redevelopment is increased to 40% across all uses.

Office

Development density assumptions

9.47 These figures should be interpreted carefully, taking due consideration of development density ratios. For offices, requirements are best reported in terms of floorspace for planning purposes, as varying development densities generated by different types of office developments can create large ranges e.g. the differing nature of multi-storey development 'in-town' (typically with a development density of 100%+) and fewer storeys 'out-of-town' (typically with development densities of ~40%).

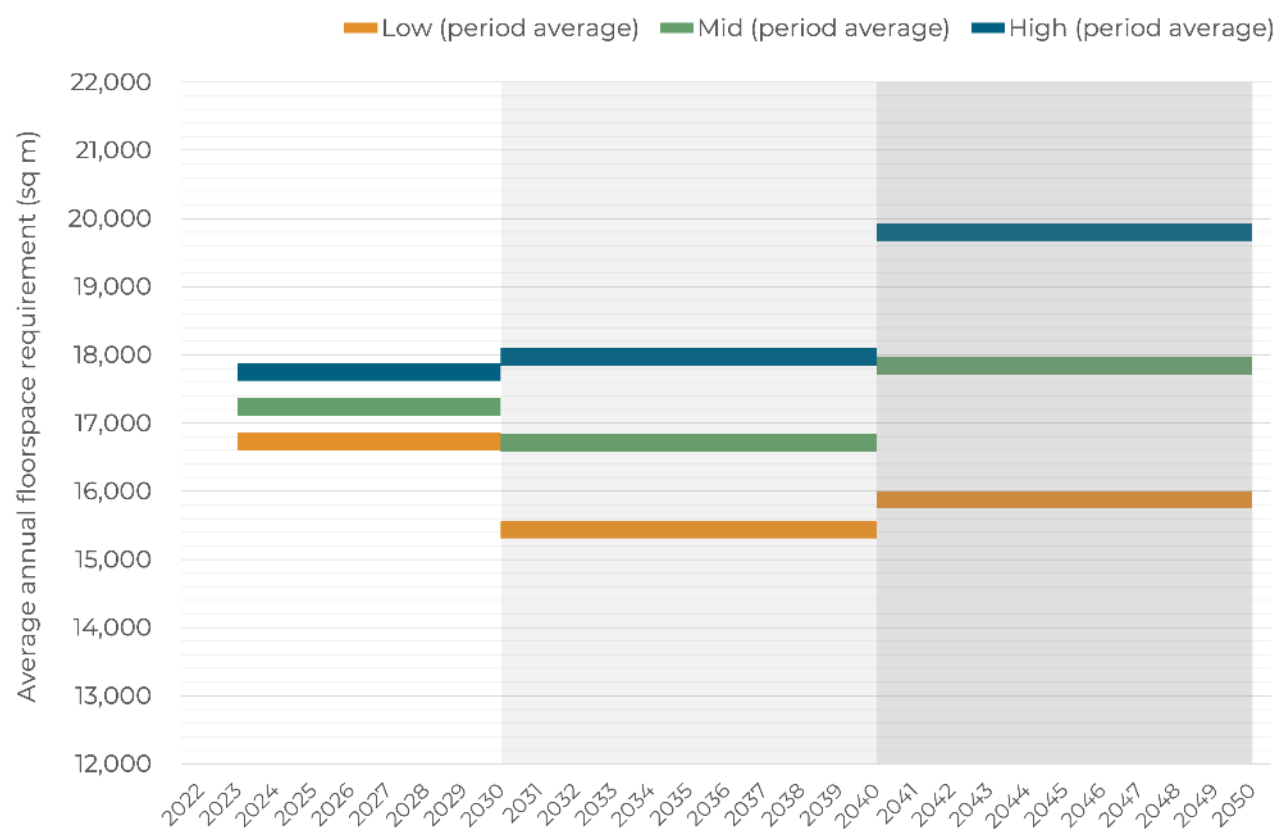
9.48 The low land requirement figures assume development density of 100% on all sites, and the high land requirement figures assume development density of 40% across all sites. Because these development density assumptions produce such a large range, a middle range has been set out assuming that half of all new development takes place at 100% development density, with the other half taking place at 40% development

density. As noted, any land figures quoted should be treated with caution. With a greater degree of high density city centre development, a much lower total land take would be required.

Results summary

- 9.49 Figure 125 shows the requirement for between 408,000 and 643,000 sq m of additional office premises. There is a committed policy ambition to deliver city centre office development. This provides the focused opportunity for high densities to be achieved, and align to wider policy ambitions around sustainable travel modes. The significant drivers of growth within this office requirement include *Professional, scientific and technical activities*, as well as *Information and communication*, and *Administrative and support services*. Replacement requirements will also be driven by *Finance and insurance*. There will be ongoing demand for Grade A office premises to be delivered across each of these sectors.
- 9.50 Looking across the range of scenarios and sensitivity tests it is clear the **Hybrid working** and **High on-site redevelopment** scenarios have the greatest downward impact. The **Combined** scenario, applying each of the three sensitivity tests to the **Mid** baseline scenario shows that, on the basis of the assumptions applied, the effects are broadly neutral, with the upward and downward pressures of the sensitivity testing netting off. Clearly these sensitivities will need to be monitored, but this provides some indication on the overall sensitivity to these factors.
- 9.51 The **Mid** and **Combined** scenarios require 480,000 – 490,000 sq m of floorspace which are broadly aligned and significantly narrow the overall range that was identified.
- 9.52 Figure 124 shows the breakdown of total average annual requirements across time periods to 2030, 2040 and 2050. This shows a broadly consistent need across the Plan period, although there is a more significant growth requirement towards the end of the period under the **High** scenario.

Figure 124: Estimated future sites and premises requirements – annual requirements (offices), baseline scenarios 2022–2050.



- 9.53 Annual office requirements in the very short term i.e. up to 2025 are high – typically around 18,000 sq m per annum across all baseline scenarios in the first three years of the Plan period.
- 9.54 On a scenario-by-scenario basis, the following trends can be observed:
- » **Low:** the average annual requirement during the period 2022–2030 is the ‘peak’ of this scenario. Average annual requirements during the period 2030–2040 are around 15,000 sq m per annum, increasing slightly in the period between 2040–2050.
 - » **Mid:** the average annual requirement during the period 2022–2030 drops slightly for the period 2030–2040, with ‘peak’ average annual requirements for this scenario estimated to be during the period 2040–2050.
 - » **High:** the average annual requirement during the period 2022–2030 increases slightly for the period 2030–2040, with a significant increase towards the ‘peak’ annual average requirement during the period 2040–2050.

Figure 125: Total estimated future sites and premises requirements (offices) – all scenarios 2022–2050 (sq m unless stated)

		Low	Mid	High	Hybrid working	High replacement	High on-site redevelop.	Combined
Net additional requirement	A	163,000	209,000	256,000	127,000	209,000	209,000	127,000
Replacement provision	B	410,000	410,000	410,000	410,000	614,000	410,000	614,000
Gross Requirement	C = A+B	572,000	619,000	666,000	536,000	824,000	619,000	741,000
Flexibility allowance	D	57,000	62,000	67,000	54,000	82,000	62,000	74,000
Net Requirement	E = C+D	630,000	681,000	732,000	590,000	906,000	681,000	815,000
Delivered on Existing Employment Sites	F	183,000	197,000	212,000	171,000	263,000	272,000	326,000
Total floorspace requirement	G = E-F	447,000	483,000	520,000	419,000	643,000	408,000	489,000
Average annual requirement		16,000	17,300	18,600	15,000	23,000	14,600	17,500
Total land requirement (Mid⁹²) (ha)		78	85	91	73	113	71	86
Average annual land requirement (Mid) (ha)		2.8	3.0	3.2	2.6	4.0	2.6	3.1

Figure 126: Total estimated future sites and premises requirements (offices) – all scenarios 2022–2030, 2030–2040, and 2040–2050 (sq m unless stated)

	Low	Mid	High	Hybrid working	High replacement	High on-site redevelop.	Combined
Average annual requirement 2022–2030	16,700	17,200	17,700	14,700	23,000	14,600	17,300
Average annual land requirement (Mid) (ha) 2022–2030	2.9	3.0	3.1	2.6	4.0	2.5	3.0
Average annual requirement 2030–2040	15,400	16,700	18,000	14,900	22,400	14,100	17,400
Average annual land requirement (Mid) (ha) 2030–2040	2.7	2.9	3.1	2.6	3.9	2.5	3.1
Average annual requirement 2040–2050	15,900	17,800	19,800	15,200	23,600	15,100	17,700
Average annual land requirement (Mid) (ha) 2040–2050	2.8	3.1	3.5	2.7	4.1	2.6	3.1

⁹² Combination of 40% and 100% development densities

General industrial

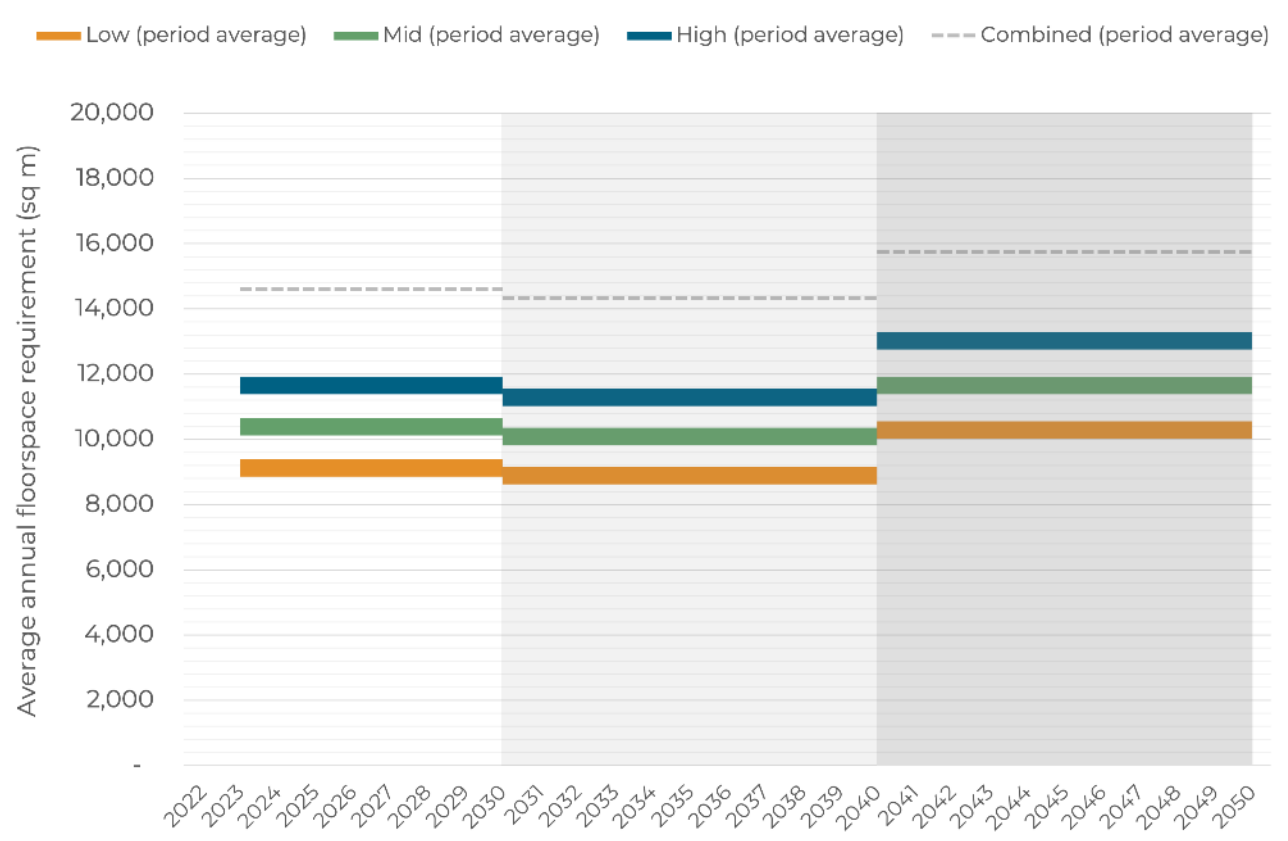
Development density assumptions

9.55 A site development density of between 35% and 40% is assumed for general industrial premises development to reflect the different needs of occupiers. Low land requirements assume development density of 40% on all sites, and high land requirements assume development density of 35% across all sites. The requirements set out below adopt the assumption that half of general industrial development will take place at 40% density, and half will take place at 35% density.

Results summary

9.56 Figure 127 provides summary results for interim time periods. All scenarios show a reasonably consistent trend, suggesting annual general industrial requirements are predicted to be highest over the period between 2040–2050, with lower annual requirements during the earlier periods between 2022–2030 and 2030–2040.

Figure 127: Estimated future sites and premises requirements – annual requirements (general industrial), baseline and combined scenarios 2022–2050.



9.57 Figure 128 sets out the detailed figures. This provides a range between 260,000 sq m and 470,000 sq m of need for general industrial premises, which equates to between 71 ha and 125 ha. This is primarily fuelled by replacement requirements, ensuring the overall supply of general industrial property is maintained and suitable for modern occupier requirements (which may change through the life of the plan period).

9.58 The two sensitivity tests apply opposing pressures to the total requirement. The net effect, presented within the **Combined** scenario, shows that on the basis of the stated sensitivity assumptions the pressure is generally

upward. However, this would require careful monitoring. As identified earlier in the report, the requirement for replacement of stocks across Milton Keynes could be much greater than historic activity as a result of existing stocks coming to the end of its useful economic life within the Plan period.

- ^{9.59} The **Mid** and **Combined** scenarios set out a requirement for 81-112 ha of supply to be identified, slightly narrowing the overall range.

Figure 128: Total estimated future sites and premises requirements (general industrial) – all scenarios 2022–2050 (sq m unless stated)

		Low	Mid	High	High replacement	High on-site redevelop.	Combined
Net additional requirement	A	(90,000)	(42,000)	7,000	(42,000)	(42,000)	(42,000)
Replacement provision	B	450,000	450,000	450,000	674,000	450,000	674,000
Gross Requirement	C = A+B	359,000	408,000	457,000	633,000	408,000	633,000
Flexibility allowance	D	36,000	41,000	46,000	63,000	41,000	63,000
Net Requirement	E = C+D	395,000	449,000	502,000	696,000	449,000	696,000
Delivered on Existing Employment Sites	F	130,000	148,000	166,000	230,000	179,000	278,000
Total floorspace requirement	G = E-F	260,000	300,000	340,000	470,000	270,000	420,000
Average annual requirement		9,500	10,700	12,000	16,700	9,600	14,900
Total land requirement (Mid⁹³) (ha)		71	81	90	125	72	112
Average annual land requirement (Mid) (ha)		2.5	2.9	3.2	4.5	2.6	4.0

Figure 129: Total estimated future sites and premises requirements (general industrial) – all scenarios 2022–2030, 2030–2040, and 2040–2050 (sq m unless stated)

	Low	Mid	High	High replacement	High on-site redevelop.	Combined
Average annual requirement 2022–2030	9,100	10,400	11,700	16,300	9,300	14,600
Average annual land requirement (Mid) (ha) 2022–2030	2.4	2.8	3.1	4.4	2.5	3.9
Average annual requirement 2030–2040	8,900	10,100	11,300	16,000	9,000	14,300
Average annual land requirement (Mid) (ha) 2030–2040	2.4	2.7	3.0	4.3	2.4	3.8
Average annual requirement 2040–2050	10,300	11,700	13,000	17,600	10,400	15,700
Average annual land requirement (Mid) (ha) 2040–2050	2.8	3.1	3.5	4.7	2.8	4.2

⁹³ Combination of 35% and 40% development densities

Warehousing and logistics and requirements

Development density assumptions

9.60 A site development density of 35% is assumed for warehousing and logistics premises development to reflect the typical needs of occupiers.

Results summary

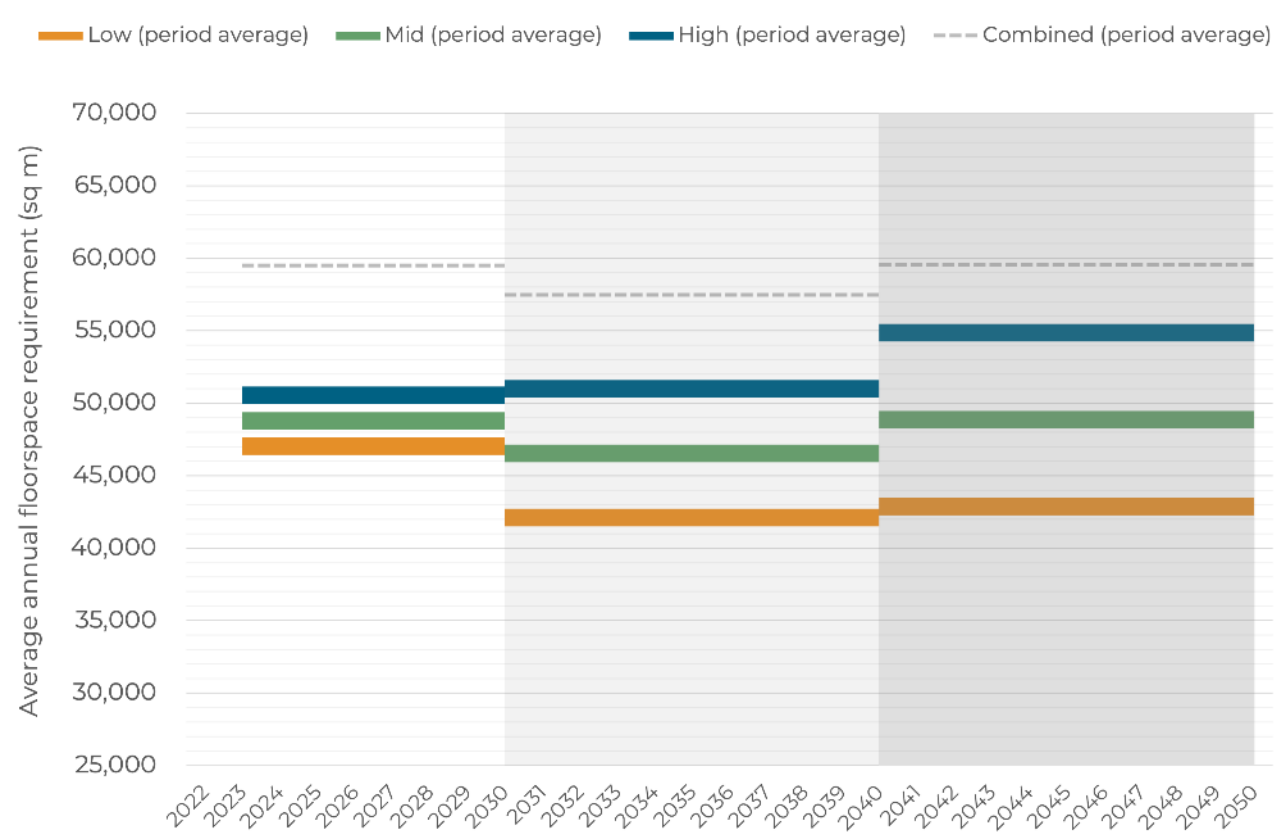
9.61 Figure 131 provides a range between 1.2 million sq m and 1.8 million sq m of need for warehousing and logistics premises, which equates to between 350 ha and 525 ha. The majority of the requirement is driven by replacement demand, with up to a third to facilitate expansion.

9.62 The two sensitivity tests apply opposing pressures to the total requirement. The net effect, presented within the **Combined** scenario, shows that on the basis of the stated sensitivity assumptions the pressure is generally upward. However, this would require careful monitoring.

9.63 The **Mid** and **Combined** scenarios identify a range of 384 – 470 ha of land to be identified across the Plan period for warehousing and logistics. This is narrower than the overall range set out.

9.64 Figure 130 provides summary results for interim time periods.

Figure 130: Estimated future sites and premises requirements – annual requirements (warehousing and logistics), baseline and combined scenarios 2022–2050.



9.65 Annual warehousing and logistics requirements in the very short term i.e. up to 2025 are high – above 22,000 sq m per annum across all baseline and **Combined** scenarios in the first few years of the Plan period, with a reduction from 2026 onwards.

^{9.66} On a scenario-by-scenario basis, the following trends can be observed:

- » **Low:** the average annual requirement during the period 2022–2030 is the ‘peak’ of this scenario – with requirements up to 2025 much higher than the remainder of the Plan period.
- » **Mid:** the average annual requirement during the period 2022–2030 drops slightly for the period 2030–2040, with average annual requirements for the period 2040–2050 returning to the levels anticipated in the first period. Requirements up to 2025 are generally much higher than the remainder of the Plan period
- » **High:** the average annual requirement during the period 2022–2030 increases slightly for the period 2030–2040, with a significant increase towards the ‘peak’ annual average requirement during the period 2040–2050.
- » **Combined:** the average annual requirement associated with this scenario is higher than the baseline scenarios during every period.

Figure 131: Total estimated future sites and premises requirements (warehousing and logistics) – all scenarios 2022–2050 (sq m unless stated)

		Low	Mid	High	High replacement	High on-site redevelop.	Combined
Net additional requirement	A	323,000	484,000	644,000	484,000	484,000	484,000
Replacement provision	B	1,340,000	1,340,000	1,340,000	2,010,000	1,340,000	2,010,000
Gross Requirement	C = A+B	1,660,000	1,820,000	1,980,000	2,490,000	1,820,000	2,490,000
Flexibility allowance	D	166,000	182,000	198,000	249,000	182,000	249,000
Net Requirement	E = C+D	1,830,000	2,010,000	2,180,000	2,740,000	2,010,000	2,740,000
Delivered on Existing Employment Sites	F	604,000	662,000	720,000	905,000	803,000	1,098,000
Total floorspace requirement	G = E-F	1,230,000	1,340,000	1,460,000	1,840,000	1,200,000	1,650,000
Average annual requirement		44,000	48,000	52,000	66,000	43,000	59,000
Total land requirement (ha)		350	384	418	525	344	470
Average annual land requirement (ha)		13	14	15	19	12	17

Figure 132: Total estimated future sites and premises requirements (warehousing and logistics) – all scenarios 2022–2030, 2030–2040, and 2040–2050 (sq m unless stated)

	Low	Mid	High	High replacement	High on-site redevelop.	Combined
Average annual requirement 2022–2030	47,000	48,800	50,500	66,400	43,700	59,500
Average annual land requirement (ha) 2022–2030	13	14	14	19	12	17
Average annual requirement 2030–2040	42,100	46,500	51,000	64,200	41,700	57,500
Average annual land requirement (ha) 2030–2040	12	13	15	18	12	16
Average annual requirement 2040–2050	42,900	48,900	54,900	66,500	43,800	59,600
Average annual land requirement (ha) 2040–2050	12	14	16	19	13	17

Wider strategic considerations: warehousing and logistics

- 9.67 Planning practice guidance highlights the need to consider strategic warehousing and logistics requirements across a wider area. This has been considered as part of a wider SEMLEP study⁹⁴. This sets out analysis of the requirements for large warehousing and logistics premises (units of 9,000 sq m or 100,000 sq ft and above)⁹⁵ across the LEP area⁹⁶. The SEMLEP area is a popular location for major warehousing and logistics investment given its excellent location and transport infrastructure.
- 9.68 The SEMLEP study sets out a range of between 6.4 million sq m and 7.9 million sq m of large scale logistics demand across SEMLEP between 2021–2050. Adjusting this range to the period of 2022–2050 (to align with the Milton Keynes Plan period) on the basis of annual averages provides a range of between 6.1 million sq m and 7.7 million sq m.
- 9.69 The SEMLEP study does not provide a breakdown by local authority area and no approach for how the identified need might be met across the LEP area has been agreed at the time of writing. The results of the SEMLEP study and the potential implications for Milton Keynes are considered below. This is an initial, indicative assessment.
- 9.70 VOA data for non domestic properties can be used to estimate the current stock of B8 floorspace across the SEMLEP area. Figure 133 sets out the latest (April 2023) stock of B8 floorspace across the LEP area. This analysis indicates that Milton Keynes accounts for around 15% of existing warehousing and logistics stock across the SEMLEP area. North Northamptonshire and West Northamptonshire account for a significant share (56% combined) of total current B8 stock across SEMLEP.

Figure 133: Existing B8 stock summary table, April 2023 (Source: HJA analysis of VOA)

	Existing B8 stock (sq m)	LA total as share of SEMLEP
Milton Keynes	2,600,000	15%
Bedford	1,700,000	10%
Central Bedfordshire	2,500,000	15%
Luton	600,000	4%
North Northamptonshire	4,300,000	26%
West Northamptonshire	5,000,000	30%
Grand Total	16,600,000	

- 9.71 The SEMLEP Warehousing and Logistics Study (2022) sets out the latest (April 2021) supply position across the LEP area for unimplemented permissions and allocations for warehousing and logistics units above 9,000 sq m – this summary is presented in Figure 134. On the basis of unimplemented permissions and allocations for warehousing and logistics units above 9,000 sq m, Milton Keynes accounts for around 11% of the SEMLEP total.
- 9.72 This shows that current available supply across the LEP area is insufficient to meet the identified needs.

⁹⁴ Icen Projects (2022) SEMLEP Warehousing and Logistics Study

⁹⁵ VOA data indicates that 64% of total B8 warehousing floorspace across the SEMLEP area is accounted for by large premises of 9,000 sq m and above. [10.6 million sq m of large warehousing from the total of 16.6 million sq m B8 floorspace]

⁹⁶ Excluding Luton. As can be seen in Figure 133 Luton accounts for a very small percentage of existing warehousing activity in the SEMLEP area.

Figure 134: Supply summary table for units above 9,000 sq m, April 2021 (Source: SEMLEP Warehousing and Logistics Study)

	Un-implemented permissions	Allocations	Total	LA total as share of SEMLEP
Milton Keynes ⁹⁷	334,000	125,000	459,000	11%
Bedford	210,000	-	210,000	5%
Central Bedfordshire	202,000	372,000	574,000	14%
North Northamptonshire	787,000	183,000	970,000	24%
West Northamptonshire	1,405,000	392,000	1,797,000	45%
SEMLEP Total	2,927,000	1,082,000	4,008,000	

9.73 The scenarios in this assessment provide a range for additional warehousing and logistics premises in Milton Keynes between 2022–2050 – these are summarised in Figure 135. This analysis indicates that warehousing and logistics floorspace requirements in Milton Keynes could account for between 16%–27% of the overall requirement for large warehousing in the SEMLEP area. Whilst the requirement in this report addresses all sizes of warehousing and logistics uses, the total figure is well above the current share of SEMLEP stock accounted for by Milton Keynes. If the SEMLEP requirement was allocated on the basis of shares of existing stock (i.e. 15% for MK), the indicative estimate for Milton Keynes (915,000 sqm – 1,155,000 sq m) sits below all of the total requirement scenarios set out in Figure 135. On this basis, no further uplift has been applied following review of the SEMLEP study.

Figure 135: Milton Keynes HEDNA warehousing and logistics forecast scenarios as share of SEMLEP Warehousing and Logistics Study requirements (adjusted to 2022–2050).

	Total requirement (sq m)	Share of adjusted SEMLEP requirement
Low	1,200,000	16% – 20%
Mid	1,300,000	18% – 22%
High	1,500,000	19% – 24%
Combined Sensitivities	1,600,000	21% – 27%

Comparison with historic development patterns

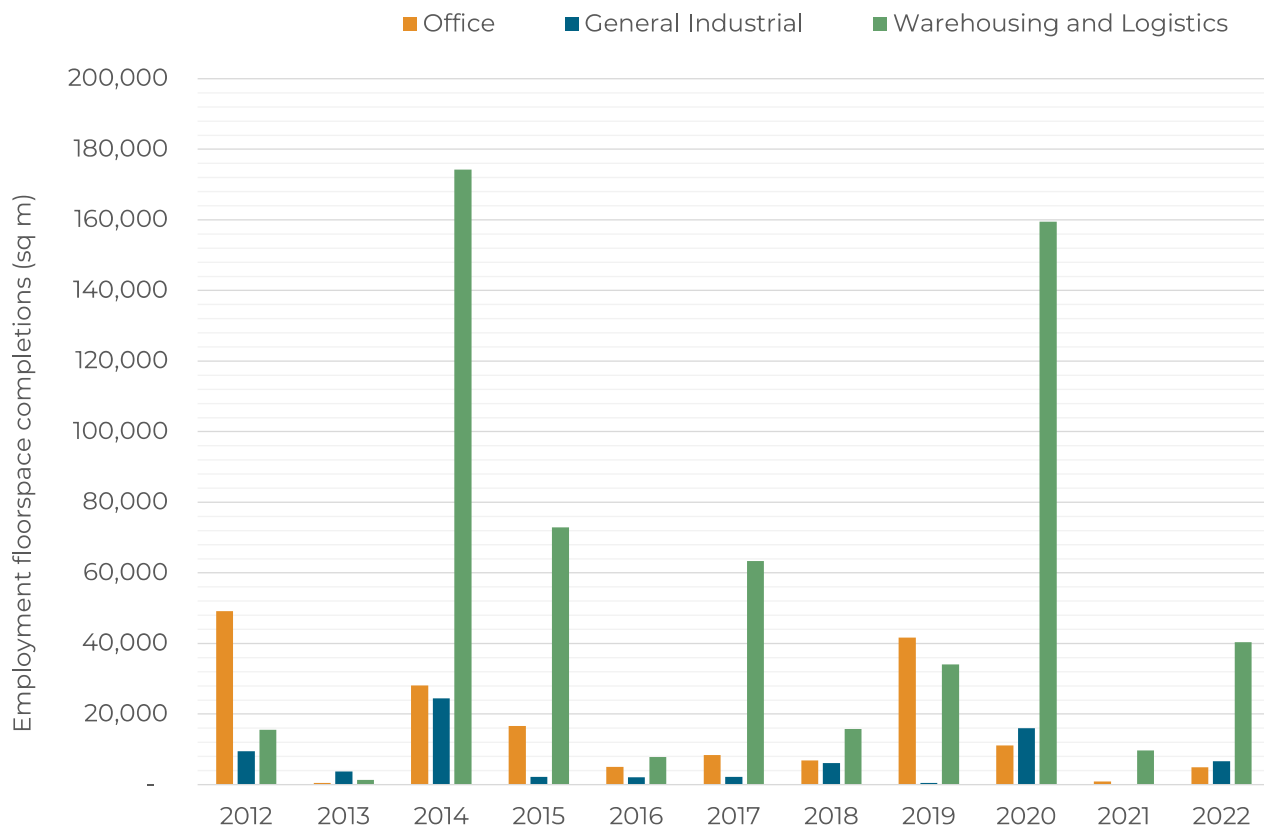
9.74 The figures set out above are largely drawn from desk-based analysis, but with assumptions informed by the review of economic and commercial market evidence, historic data, policy and strategy ambition and consultation with key stakeholders. It has incorporated a number of scenarios and sensitivity tests to help inform future policy making. The level of uncertainty and complexity will require a planning judgment when making policy, and there is a clear requirement for ongoing monitoring of a range of variables in order to understand which influences are the greatest and whether a balanced view (as is recommended here) remains appropriate.

9.75 Set out below is triangulation and comparison with historic patterns of development across Milton Keynes.

⁹⁷ April 2022 data – difference with April 2021 data relates to change in balance between permissions and allocations i.e. total unaffected.

9.76 Milton Keynes City Council has compiled annual monitoring records of historic development activity across the unitary authority. Figure 136 below shows the gross levels of development of employment floorspace over the period 2012–2022 for the Milton Keynes unitary authority area.

Figure 136: Historic employment floorspace completions, Milton Keynes 2012–2022



9.77 It is evident there is not an even spread of development activity over time – the data is might be described as ‘lumpy’, with major developments in some years and very low levels in other years. This is a typical feature of the development industry and means caution needs to be used when analysing data, as the inclusion or exclusion of single datapoints can have substantial impact on the averages calculated. Overall, historic activity equates to annual average office floorspace development of around 15,800 sq m per annum, annual average general industrial floorspace development of around 6,700 sq m per annum, and annual average warehousing and logistics floorspace development of around 54,100 sq m per annum.

9.78 Figure 137 below takes the annual average historic rate of office floorspace development and applies it over the period 2022–2050. This suggests historic office development levels are effectively equivalent to the **Low** scenario. The historic rate of office development sits very close to the **Combined** sensitivity test scenario.

Figure 137: Comparison of historic AMR development with forecast office floorspace demand 2022–2050

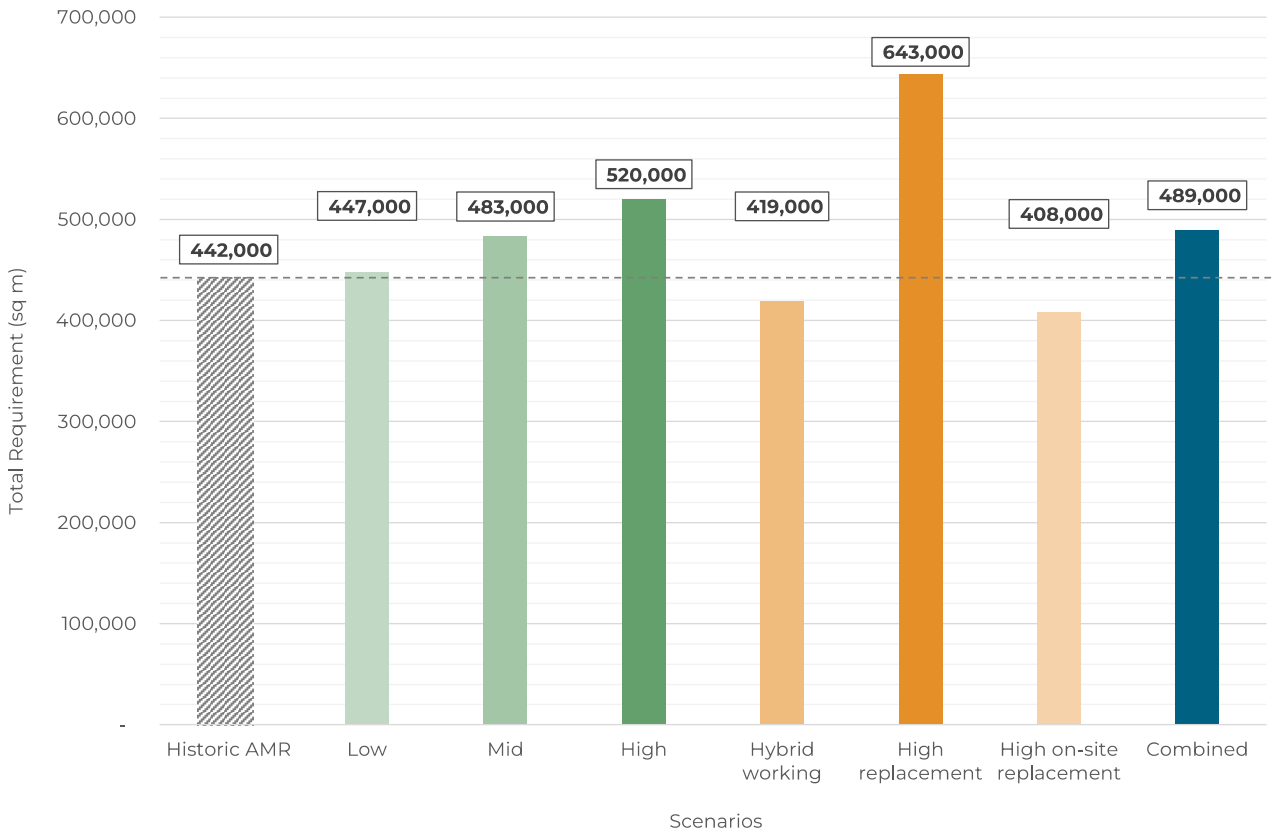
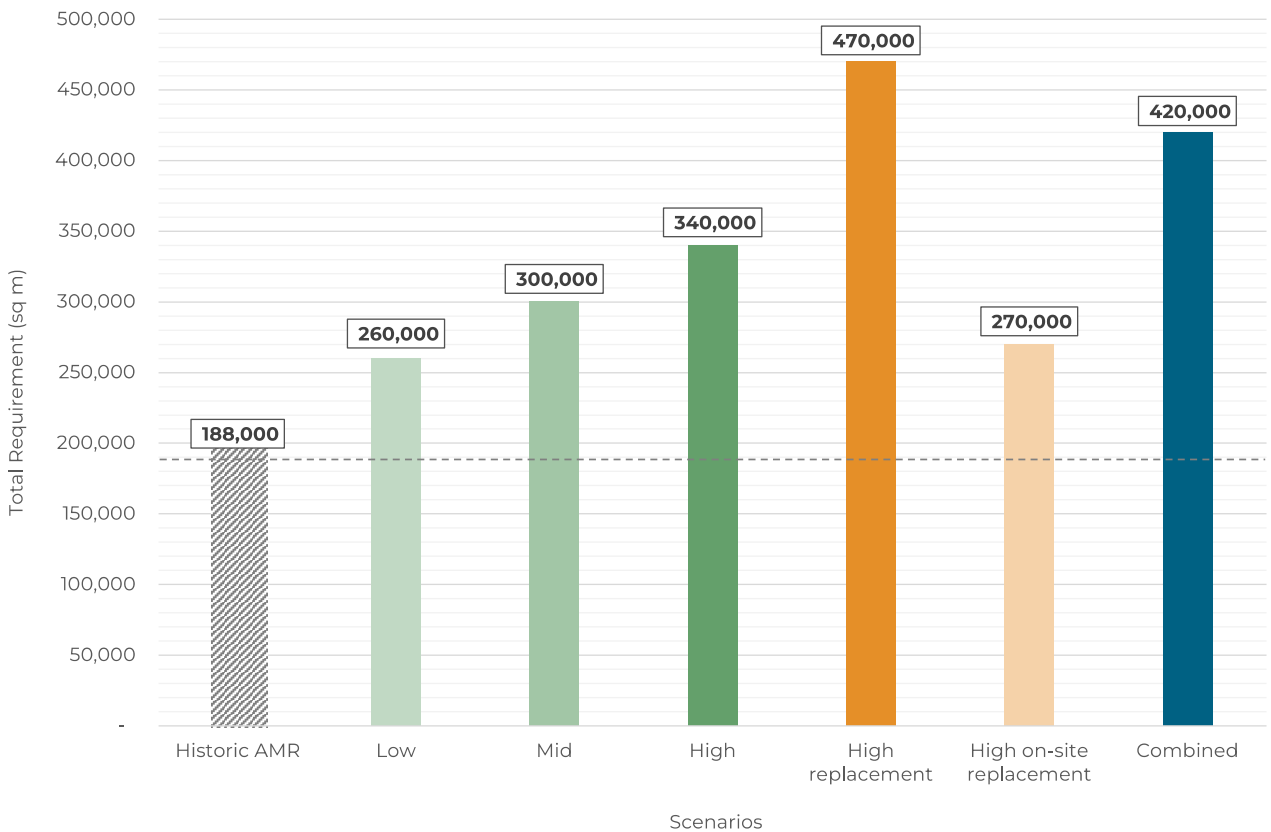


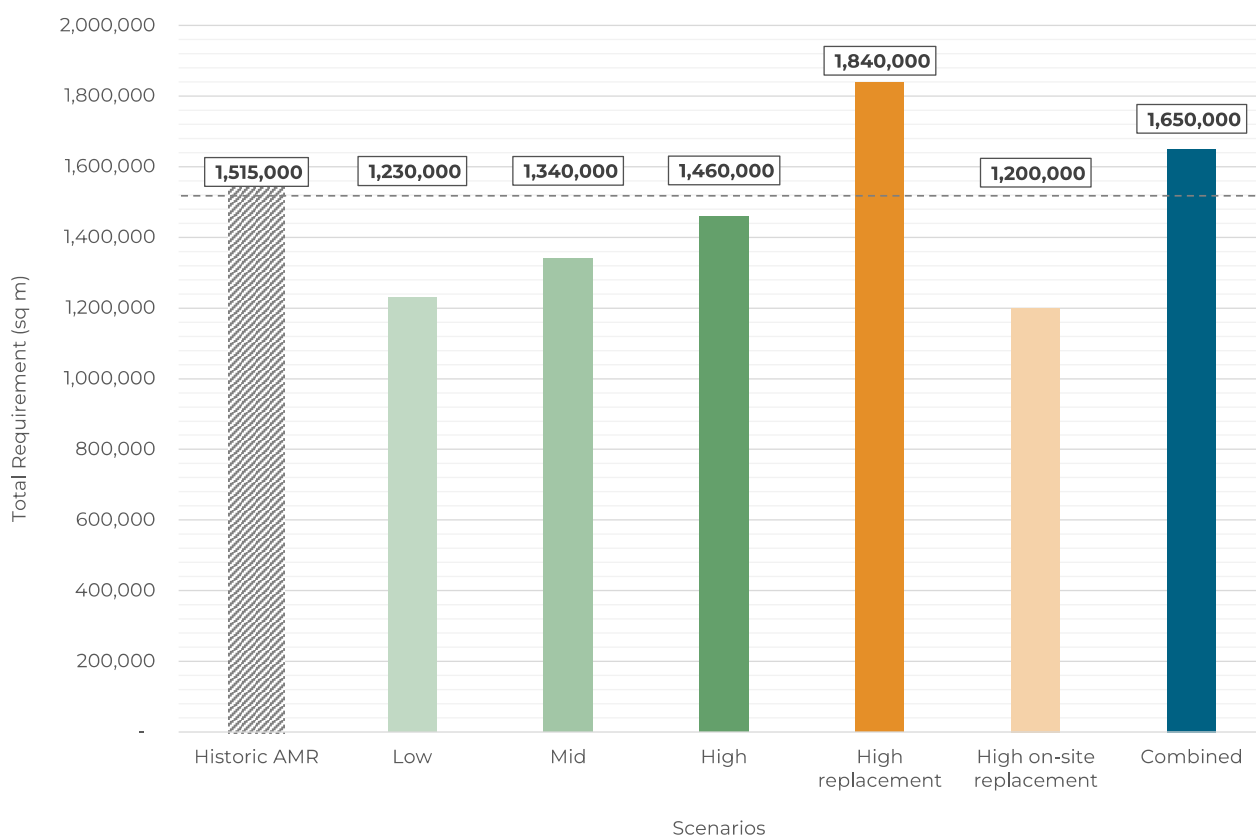
Figure 138: Comparison of historic AMR development with forecast general industrial floorspace demand 2022–2050



9.79 Figure 138 takes the annual average historic rate of general industrial floorspace development (6,700 sq m per annum) and applies it over the period 2022–2050. This analysis suggests historic general industrial development levels are some way below the lower end of the range provided by the forecast scenarios – sitting well below the **Low** scenario. The **Combined** sensitivity test scenario is well above the historic average. It is important to note that replacement demand is the primary driver of general industrial future floorspace requirements – net additional demand resulting from changes to the economy is actually negative in the **Low** and **Mid** scenarios, and remains very low even in the **High** scenario. The modelling of replacement demand has been set to a high level given consultation feedback and commercial market analysis identifying the need to have a substantial programme of upgrading of stock given the specific circumstances of Milton Keynes, and recognising this has not necessarily been a significant feature of historic activity. Therefore a higher level of future requirement is not unreasonable, however, achieving higher levels of development activity will require a substantial change in developer behaviour and activity which may be challenging to achieve. The **High replacement** scenario would require 2.5 times the historic level of development which is unlikely to be achieved without a significant step change.

9.80 Figure 139 takes the annual average historic rate of warehousing and logistics floorspace development (54,100 sq m per annum) and applies it over the period 2022–2050. This analysis suggests historic warehousing and logistics development levels are marginally above the upper end of the range provided by the forecast scenarios – sitting just above the **High** scenario. The Combined sensitivity scenario is slightly above the historic average, which is to be expected given the higher rate of replacement assumed under this option.

Figure 139: Comparison of historic AMR development with forecast warehousing and logistics floorspace demand 2022–2050



9.81 Overall the office and warehousing analysis is broadly aligned to recent historic levels of development activity. The assessment of industrial requirements is well above historic levels of activity. This is therefore

the most challenging segment in terms of deliverability. Commercial market analysis also identified the industrial market segment as under pressure with more limited supply and lower levels of development activity, partly driven by the high levels of warehousing and logistics activity crowding out other industrial development. This is a potential risk in the medium to long term of existing stocks become increasingly aged and dilapidated without sufficient replacement and refurbishment activity.

Summary of future requirements

9.82 This chapter considers the requirements for E(g) (i-iii), B2, and B8 sites and premises to accommodate the net changes in the economy (**Phase 1** – consideration of economic forecasts), and to ensure a sufficiently high-quality ongoing stock to meet the needs of the existing economy and the ongoing changes within it (**Phase 2** – consideration of replacement, flexibility, and re-use of existing employment sites).

9.83 As established during the Phase 1 analysis, changes in employment will be spread across a wide range of employment Use Classes and none, i.e. a significant proportion of additional jobs will not require sites and premises provision, either as a result of home-working, peripatetic working or accommodation within the workplaces of others – see Figure 121 in particular. Substantial net additional job creation will fall within other parts of the E and C Use Classes.

9.84 The baseline scenarios (**Low**, **Mid**, and **High**) considered as part of the Phase 1 assessment provide a range of net additional floorspace requirements – see Figure 122 for a full summary. The **Mid** scenario is summarised in Figure 140.

Figure 140: Phase 1 results, Mid scenario: net additional requirement for employment floorspace by use class over Plan period, 2022–50 (Note: figures may not sum due to rounding. Negative numbers in parenthesis).

Use Class	Description	Mid (sq m)
E(g)(i)	Offices	178,800
E(g)(ii)	Research and development	30,400
E(g)(iii)	Light industrial	500
B2	General industrial	(42,100)
B8	Storage or distribution	483,600

9.85 As established during the Phase 2 analysis, under the baseline scenarios around 410,000 sq m of office floorspace, 450,000 sq m of general industrial floorspace, and 1.3 million sq m of warehousing and logistics floorspace is anticipated to be needed to replace lost, dilapidated, or unsuitable premises within the existing portfolio (replacement demand). Further detail on replacement demand can be found at Figure 123.

9.86 Based on analysis of historic monitoring data, it is estimated that approximately 29% of the total gross office requirement, 33% of gross general industrial requirements, and 15% of gross warehousing and logistics requirements can be achieved on previously developed B Use Class sites. The requirements will need to be provided through new sites, along with a suitable flexibility and choice buffer of 10%.

9.87 There was also a need to consider a range of alternative scenarios to account for the following sensitivities – the detailed assessments of which can be found in Figure 125, Figure 128, and Figure 131:

- » **Hybrid working:** after considering increased homeworking and hybrid working trends in the Hybrid working scenario, there is potentially a reduction in office floorspace requirements below the low end of the range provided by the baseline scenarios
- » **High replacement:** having tested an increased level of replacement, there is a potentially significant increase in the office and industrial and warehousing requirements reported, well above the high end of the range provided by the baseline scenarios.
- » **High on-site redevelopment:** after testing increased on-site redevelopment on land previously used for E(g), B2, or B8 uses, there is potentially a reduction in the requirements for new land to be identified – this scenario reported below the low end of the range provided by the baseline scenarios.

9.88 The **Combined** scenario considers the effects of these alternative sensitivities together.

Office requirements summary

9.89 As set out in Figure 141, under the baseline and **Combined** scenarios, office requirements range from 447,000–520,000 sq m. A more detailed presentation of scenario assessments can be found in Figure 125. All figures are reported in terms of floorspace (sq m) rather than land area given the potential for variable densities and a policy focus on concentrating office development within urban centre locations at higher density.

Figure 141: Total estimated future sites and premises requirements (offices) – baseline and combined scenarios 2022–2050.

	Low	Mid	High	Combined
Total floorspace requirement (sq m)	447,000	483,000	520,000	489,000
Average annual requirement (sq m)	16,000	17,300	18,600	17,500

9.90 Consideration of the **Combined** scenario indicates that allowing for sensitivities relating to **Hybrid working**, **High replacement**, and **High on-site redevelopment** results in office requirements closely reflecting the **Mid** scenario position (i.e. the impact of the sensitivities largely offset each other).

9.91 Historic development activity is very closely aligned to the **Low** scenario. Achieving the **Mid** scenario would require a 9% uplift on historic activity. Achieving the **High** scenario would require an 18% uplift on historic activity. The **Mid** and **High** scenarios are more closely aligned to current economic ambitions for Milton Keynes.

Industrial requirements summary

9.92 As set out in Consideration of the **Combined** scenario indicates that allowing for sensitivities relating to **High replacement** and **High on-site redevelopment** results in industrial and warehousing requirements approximately 24% above the **High** scenario position.

9.93 Figure 142, under the baseline and **Combined** scenario, general industrial requirements range from 260,000–420,000 sq m. A more detailed presentation of scenario assessments can be found in Figure 128.

- 9.94 Consideration of the **Combined** scenario indicates that allowing for sensitivities relating to **High replacement** and **High on-site redevelopment** results in industrial and warehousing requirements approximately 24% above the **High** scenario position⁹⁸.

Figure 142: Total estimated future sites and premises requirements (general industrial) – baseline and combined scenarios 2022–2050.

	Low	Mid	High	Combined
Total floorspace requirement (sq m)	260,000	300,000	340,000	420,000
Average annual requirement (sq m)	9,500	10,700	12,000	14,900
Total land requirement (Mid) ⁹⁹ (ha)	71	81	90	112
Average annual land requirement (Mid) (ha)	2.5	2.9	3.2	4.0

- 9.95 Historic levels of general industrial development are well below the **Low** scenario. On this basis, any of the scenarios considered will require a step change in recent development activity levels. In particular this is driven by an identified need for higher levels of replacement activity over the Plan period. Whilst providing appropriate allocations through planning policy will be a necessary first step, there will also be a need to consider how a growth in development activity can be achieved.

Warehousing and logistics requirements summary

- 9.96 As set out in Figure 143, under the baseline and **Combined** scenario, warehousing and logistics requirements range from 1.2 million–1.6 million sq m. A more detailed presentation of scenario assessments can be found in Figure 131.

Figure 143: Total estimated future sites and premises requirements (warehousing and logistics) – baseline and combined scenarios 2022–2050.

	Low	Mid	High	Combined
Total floorspace requirement (sq m)	1,230,000	1,340,000	1,460,000	1,650,000
Average annual requirement (sq m)	44,000	48,000	52,000	59,000
Total land requirement (Mid) ¹⁰⁰ (ha)	350	384	418	470
Average annual land requirement (Mid) (ha)	13	14	15	17

- 9.97 Consideration of the **Combined** scenario indicates that allowing for sensitivities relating to **High replacement** and **High on-site redevelopment** results in industrial and warehousing requirements approximately 23% above the **Mid** scenario position¹⁰¹.

- 9.98 Consideration of the requirements set out as part of the SEMLEP Warehousing and Logistics Study (2022) indicates that warehousing and logistics floorspace requirements in Milton Keynes could account for between 16%–27% of the overall requirement in the SEMLEP area. Whilst there is no agreed approach for how the SEMLEP wide requirements should be achieved, an initial review as part of this study indicates no additional uplift to requirements is necessary for Milton Keynes.

⁹⁸ The Hybrid working scenario is not applied to industrial requirements, as this trend is considered to predominantly effect office-based activities.

⁹⁹ Combination of 35% and 40% development densities.

¹⁰⁰ Combination of 35% and 40% development densities.

¹⁰¹ The Hybrid working scenario is not applied to industrial requirements, as this trend is considered to predominantly effect office-based activities.

Combined industrial and warehousing requirements

- 9.99 A range of 420 – 510 hectares of employment land is identified across the **Low** to **High** scenarios (15 – 18 ha per annum). With the **Combined** sensitivity scenario increasing this figure to 580ha (21 ha per annum). The vast majority of this requirement (80%+) is for warehousing and logistics type uses. This will require excellent transport access as a primary location driver.

Uncertainty and flexibility

- 9.100 Given the level of uncertainty – caused in particular by the Covid pandemic accelerating a number of trends that may change the scale and nature of employment property occupation – it will be vital to ensure a flexibility of provision and to carefully monitor activity.
- 9.101 Replacement activity is a key driver of future requirements, this responds to the need to ensure existing stock remains fit for purpose. This will drive requirements across the entire Milton Keynes area, for all sites and premises typologies. Through the Plan period there will be a requirement for ongoing monitoring of occupier requirements, however, it will be important to provide sufficient flexibility for the market to respond to patterns in demand.

10. Employment Land

Supply

10.1 This chapter sets out a high level review of the current employment land supply position across the Milton Keynes City Council (MKCC) area. This is based on a desk review of available monitoring information, as provided by MKCC. No site assessments have been completed as part of this review.

Office (CMK)

10.2 There are no formal allocations for office space within PlanMK. However, Central Milton Keynes (CMK) is recognised as the primary location for the majority of office floorspace completions, and the city centre is identified to continue playing this primary role to meet office needs (Policy SD2). Policy SD3 identifies a desire to accommodate an indicative 110,000 sq m of new office floorspace within CMK. Office type development proposals outside CMK have to demonstrate why such development cannot be achieved within the central area.

10.3 Monitoring data held by MKCC has been reviewed and analysed to develop an estimate of potential supply. MKCC monitoring data records permitted and completed gains and losses of office [B1a/E(g)(i)] within Milton Keynes as a whole, and CMK for the period 2016/17 – 2022/23¹⁰².

10.4 Over this period permitted gains and losses have been broadly equal, with 132,000 sq m of permissions and 135,000 sq m of permitted losses across Milton Keynes. This is a clear illustration of the significant level of churn/replacement activity taking place in order to maintain an ongoing supply of commercial premises suitable to modern occupier requirements. 55% of the gains (20,000 sq m) and 44% of the losses (21,000 sq m) are within CMK. This suggests more significant losses of office floorspace outside the CMK area, with examples of losses to other employment uses (e.g. warehousing) and non employment uses (e.g. residential). It also indicates a substantial level of new office permissions away from CMK.

10.5 Over the same period 67,600 sq m of floorspace gains have been completed, which is well below the 120,200 sq m of completed losses. This shows a greater readiness to implement the permitted losses. 30% of gains and 17% of losses are within the CMK area. This suggests the majority of completions (activity actually taking place on the ground) have been outside the CMK area.

10.6 On the basis of the monitoring records there remains approximately 65,000 sq m of permitted office gains not yet completed and 15,000 sq m of office losses not yet completed. This suggests a potential net gain of 50,000 sq m. However, this does not fully align to the latest 'snapshot' data provided by MKCC for 1st January 2023.

10.7 The most recent data held by MKCC indicates a little over 51,000 sq m of new office floorspace under construction as at 1st January 2023, with a further 8,000 sq m of permissions not yet started (total 59,000 sq m)¹⁰³. 100% of the floorspace under construction is within CMK (as part of a single scheme) indicating a significant level of current activity to deliver new floorspace in CMK. A further 1,000 sq m of office floorspace is permitted but not yet started within CMK. None of the schemes which comprise this supply are providing

¹⁰² Applications permitted pre-2016 but not yet completed are also included in the permissions data.

¹⁰³ This does not total to the 65,000 sq m figure stated above. This is likely to result from the lapsing or superseding of some permissions. Furthermore, since this data was provided, the new corporate headquarters for Santander has opened at Unity Place, CMK.

'on-site redevelopment'¹⁰⁴. On this basis, the entire 59,000 sq m is comparable with the future requirements figures set out in the previous chapter of this report.

- 10.8 As noted at paragraph 10.11, there is some potential for office development on three allocated sites (totalling 16 ha) away from CMK, although this would require supporting evidence to secure permission and actual office potential is uncertain. The majority of permitted gains not yet started away from CMK are on these sites.
- 10.9 A growth opportunities study for CMK is underway at the time of drafting. Whilst no conclusions have yet been reached, this will provide further evidence on the future office capacity of CMK.
- 10.10 Figure 123 sets out the total requirements that will need to be identified over the 2022-2050 Plan period. These range from 410,000 – 610,000 sq m. This is substantially greater than the current consented supply of 59,000 sq m. There is, therefore, a significant need to identify additional office development capacity, particularly within CMK in order to ensure a suitable provision.

Industrial and warehousing

- 10.11 The PlanMK identifies 282.1 ha of employment land at Policy ER1. The majority of this is allocated across multiple employment Use Classes, with the focus on industrial and logistics type uses. However, some sites are identified in PlanMK as having the potential to be suitable for office development where a strong argument against CMK location can be made, these include Shenley Wood, Linford Wood and Knowlhill (totalling around 16ha of remaining supply).
- 10.12 Analysis of monitoring data since adoption of the Local Plan has been informed a site by site review of the current supply position. This has been confirmed with officers at MKCC. A total of 227.8ha remains. A further 1.7ha is available on sites of less than 1ha in size.
- 10.13 Take up (or losses) of identified supply since the original table was prepared for PlanMK (April 2018) is therefore estimated at 54.5 ha over a 5 year period. This equates to an annual average of 10.9 ha. This is ahead of estimated PlanMK requirements of 9.4 ha per annum. This reflects both strong market conditions, particularly for land hungry uses such as storage and distribution caused by the Covid-19 pandemic and the lumpy and uneven nature of demand for employment land uses. It is possible (and indeed likely) that there will be a quieter period of market activity where lower annual average take up is observed.
- 10.14 Some key points of note that arise from recent monitoring review:
- » Significant development at South Caldecotte has either been consented (Phase 1) or is subject to ongoing application (Phase 2). Phase 1 is under construction but is not yet occupied.
 - » Milton Keynes East is subject to two large scale outline applications for employment and mixed uses.
- 10.15 Figure 144 provides a re-presentation of Table 6.1 as set out within PlanMK, alongside the remaining (current) supply. Current supply is assessed as land remaining vacant or unoccupied. Therefore, sites may have a permission in place, or be under construction but there is no active occupier at the time of review and will therefore make a contribution in the 2022-50 period. PlanMK covers the period 2016-31. The remaining supply has therefore not been identified to cover the entirety of requirements to 2050.

¹⁰⁴ Three of the completed schemes within the monitoring data did deliver on-site replacement.

- 10.16 Analysis of monitoring data since adoption of the Local Plan has been informed a site by site review of the current supply position. This has been confirmed with officers at MKCC. A total of 227.8ha remains. A further 1.7ha is available on sites of less than 1ha in size.
- 10.17 Take up (or losses) of identified supply since the original table was prepared for PlanMK (April 2018) is therefore estimated at 54.5 ha over a 5 year period. This equates to an annual average of 10.9 ha. This is ahead of estimated PlanMK requirements of 9.4 ha per annum. This reflects both strong market conditions, particularly for land hungry uses such as storage and distribution caused by the Covid-19 pandemic and the lumpy and uneven nature of demand for employment land uses. It is possible (and indeed likely) that there will be a quieter period of market activity where lower annual average take up is observed.
- 10.18 Some key points of note that arise from recent monitoring review:
- » Significant development at South Caldecotte has either been consented (Phase 1) or is subject to ongoing application (Phase 2). Phase 1 is under construction but is not yet occupied.
 - » Milton Keynes East is subject to two large scale outline applications for employment and mixed uses.

Figure 144: PlanMK Vacant Employment Land (Table 6.1)

Grid Square Area	Plan MK - Amount of vacant land (ha)	Remaining (December 2022)	Use Classes
Bletchley Brickfields/Newton Leys	2.4	2.4	B1/B2/B8
Caldecotte	2.5	0.6	B1/B8/C2
Crownhill	1.2	1.2	B1/B2/B8
Eagle Farm North	25.2	0	B1/B2/B8
Fox Milne	1	1	B1/B2/B8
Knowhill	5.9	2.9	B1/B2/B8
Linford Wood	5.1	3.2	B1
Magna Park – Glebe land	9.8	0	B2/B8
Milton Keynes East	105	105	B1/B2/B8
Mount Farm	1.9	1.9	B1/B2/B8
Pineham	10.9	10.9	B2/B8
Redmoor	1.7	1.7	B2/B8
Rooksley	1.3	0	B1/B2/B8
Shenley Wood	10.8	9.7	B1/B2/B8/C2/D1
Snelshall East	4.7	0	B1/B2/B8
Snelshall West	5.1	5.1	B1/B2/B8/C1
South Caldecotte	56.8	56.8	B2/B8
Walton	2.2	2.2	B1/B2/B8
West Ashland	1.1	0	B1/B2/B8
Western Expansion	17	17	B1/B2/B8
Willen Lake	1.1	0	B1
Wolverton	2.6	2.6	B1/B2/B8
Wolverton Mill East and South	5.6	3.6	B1/B2/B8
Wymbush	1.2	0	B1/B2/B8
Total	282.1	227.8	

- 10.19 Figure 145 summarises the same data by Use Class. This shows that the majority of land was allocated as either B1/B2/B8 or B2/B8. This provides significant flexibility.

Figure 145: PlanMK Vacant Employment Land and Update by Use Class

Use Class	Plan MK - Amount of vacant land (ha)	Remaining (December 2022)
B1 [now E(g)(i-iii)]	6.2	3.2
B1/B8	2.5	0.6
B1/B2/B8	194.2	154.6
B2/B8	79.2	69.4
Total	282.1	227.8

- 10.20 Set against a total requirement of 420 – 580ha over the period 2022-50, described in the previous chapter, there is existing supply of approximately 230 ha already identified. This is likely to be sufficient to meet requirements for around 10 years based on estimated take up. Additional supply of 190 – 250ha will need to be identified to meet the total need, with a potential medium to longer term focus. In aggregate, there is insufficient supply currently identified to meet needs to 2050.

11. Key Conclusions

11.1 This chapter provides summary conclusions drawing on the evidence set out in the preceding chapters.

Overall Housing Need

11.2 Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20201216] the minimum annual Local Housing Need figure for Milton Keynes is currently 1,902 dwellings per year.

11.3 Whilst recent trends provide the starting point, the dwelling-led projections seek to align household growth with the LHN target through aggregating key assumptions:

- » The starting population is based on 2021 Census estimates, projected forwards to 2022 based on the detailed modelling data from the ONS 2018-based sub-national population projections;
- » Household growth is established for the 28-year plan period 2022-2050 using trend-based projections informed by the 2018-based 10-year migration trend variant scenario;
- » Institutional population growth needing communal accommodation over the 28-year plan period is established using rates from the 2018-based household projections;
- » Dwellings without a usually resident household either vacant homes, second homes or holiday lets are estimated based on rates from the 2011 Census. This includes any properties which are temporarily vacant due to households moving out before a new household moves in, as well as properties which have no usual resident due to them being second homes or holiday lets;
- » Household formation rates are based on rates from the 2018-based household projections, but higher formation rates are also tested; and
- » The rate of inward domestic migration is increased to ensure that population and household growth aligns with the number of dwellings identified by the LHN target.

11.4 On this basis, the HEDNA has tested three primary scenarios for housing need:

- » Scenario 1: demographic baseline, based on the household projection-based housing need
- » Scenario 2: standard method calculation, based on 1,902 dwellings each year
- » Scenario 3: aspirational growth, based on reaching 410,000 persons resident in the LA by 2050.

11.5 It is also that the most recent 5 year housing land supply assessment for Milton Keynes, covering 2022/23-2026/27¹⁰⁵ shows that the city has exceeded its current dwelling delivery target of 1,767 per annum in every year since 2018 and is anticipated to average 2,043 dwellings for the next 5 years. Therefore, Milton Keynes has been delivering homes at a rate consistent with the current standard method and is expected to deliver more homes than the standard method requirement for the next 5 years.

11.6 As set out above, we have considered if exceptional circumstances exist to depart from the standard method in Milton Keynes. The evidence shows that the standard method tracks previous growth rates in Milton Keynes very well, so that is not a clear case for either a lower or higher housing figure in the area, but this would not limit the council to pursuing a higher target rate of growth as part of policy on housing

¹⁰⁵ [Copy of Housing Trajectory 2022-2027 .xlsx \(milton-keynes.gov.uk\)](#)

requirement. Given this context, the HEDNA has adopted the current standard method local housing need figure of 1,902 dpa.

Jobs and Workers

- 11.7 The scenarios for future housing need on the Government's standard method (scenarios 2a and 2b) identified an increase of between 37,100 and 49,100 resident workers over the period 2022-2050 which were likely to support between 46,600 and 61,700 additional jobs (as per chapter 5, Figure 49). However, the analysis concluded that the upper end of this range was more likely given the local context.
- 11.8 This range provides alignment with the **Low** and **Mid** scenarios for jobs growth in Milton Keynes. Therefore, the trend based assumptions which feed not the standard method are consistent with trend based forecasts of jobs growth, which see existing commuting and migration patterns continue not the future.
- 11.9 Future housing need scenario 3 is based on the strategic ambition for the Milton Keynes Growth Area to reach a population of half a million residents by 2050 (with 410,000 residents in the local authority area) identified an increase of 63,100 resident workers over the period 2022-2050 which were likely to support 79,400 additional jobs. This aligned with the **High** scenario for jobs, so a policy on objective for population growth is consistent with an ambitious jobs growth scenario.
- 11.10 On this basis, there is alignment between the future labour supply emerging from the demographic analysis and the forecast jobs growth within the employment scenarios.

Affordable Housing Need

- 11.11 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that an estimated 3,927 households in Milton Keynes are currently living in unsuitable housing and are unable to afford their own housing.
- 11.12 Of these households, 1,413 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. There is, therefore, a net need from 2,514 households in Milton Keynes (3,927 less 1,413 = 2,514) that currently need affordable housing and do not currently occupy affordable housing.
- 11.13 Including all future need to 2050, , there is a need to provide affordable housing for 11,964 households unable to afford to rent or buy over the Plan period 2022-50, which equates to 427 households per year for households who cannot afford to rent or own private housing.
- 11.14 It is also necessary to consider those who can afford to rent, but who aspire to own and are unable to do so, particularly to assess the demand for First Homes. In Milton Keynes, of the 13,950 households who can afford to rent but who aspire to homeownership, there are estimated to be 2,233 households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold.
- 11.15 In terms of the policy issues relating to First Homes, we would note the following conclusions:

Minimum discount –the case for why a discount larger than 30% could be applied in Milton Keynes is shown in both Figure 60 and below in Figure 85. Figure 60 shows that for 1-3 bedroom properties, a 30% discount on newbuild properties would still leave most priced at a higher price than the equivalent second

hand market price. Therefore, a 30% discount on a First Homes will only bring the price down to the level of the existing second hand market, where the private rented who are the target market for First Homes cannot currently afford to buy. House prices are also above the £250,000 price cap for First Homes for larger properties with a 30% discount, so there is a strong case for a larger discount than 30% because this would allow a significantly higher number of households to be able to afford First Homes. However, we would note that this impacts upon the viability of schemes, so to deliver any volume of First Homes may require a lower number of other affordable units to be delivered. If Milton Keynes continue to seek to deliver significant numbers of shared ownership dwellings then there is a case to apply the 30% discount to any First Homes properties and allow shared ownership to offer a more affordable entry point to home ownership for households.

Price caps - in Milton Keynes, there is no clear case for setting a price cap of less than £250,000 for First Homes. For larger properties, £250,000 would still represent a significant discount on open market sale prices. However, this requires a flexible policy to reflect prices in the market in the future, so if entry level market price rises or falls the price cap should also rise or fall.

Eligibility criteria –The need for affordable home ownership in Milton Keynes is insufficient to justify a 25% target within affordable housing delivery and does not reach 10% of the outstanding Local Plan delivery target if a 50% discount is applied. However, it is still the case that First Homes are meant to benefit both key worker households and local residents, while releasing some pressure on the local private rented stock. Therefore, there is case for setting local eligibility criteria to allow local and key worker households to have early access to First Homes, while allowing these criteria to drop away quickly to allow developers to complete sales if there is insufficient local interest.

- 11.16 When including First Homes, the HEDNA identifies an overall affordable housing need from 14,197 households over the 28-year period 2022-50, equivalent to an average of 507 per annum. This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property.
- 11.17 The potential demand for affordable home ownership products amounts to 13,950 households, but the modelling shows that only 2,253 of these households will be able to access First Homes. This leaves 11,700 households who may wish to own in Milton Keynes, but will not find First Homes suitable for them. This has a number of important policy implications:
- » National policy, as set out in the NPPF paragraph 65 states that, “*Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership...*”. However, the level of need from First Homes doesn’t reach the 10% threshold;
 - » Also, First Homes guidance proposes that 25% of all affordable housing should be delivered as First Homes. However, First Homes do not form 25% of the affordable need in Milton Keynes; and
 - » A significant number of households who aspire to own cannot have their need met by First Homes because the mortgage will be too expensive for them, or they require too high a deposit.
- 11.18 All three outcomes describe above are not uncommon across England as whole, but the gap between newbuild and second hand house price in Milton Keynes makes the situation particularly complicated.

However, Milton Keynes developed Shared Ownership over many years and existing Shared Ownership schemes may be a more realistic route into home ownership for many households.

11.19 In terms of the -policy implications, of the results set out above, the overall need for affordable housing is 28%, while the current policy in Milton Keynes seeks 31% affordable housing. However, it is important to recognise that:

- » Not all sites will deliver affordable housing, with sites of 11 units or fewer not expected to provide affordable housing;
- » Currently under-delivery exists on some sites, so not all large sites will necessarily deliver 31% affordable housing;
- » The figures will address all existing backlog in affordable housing need, but will not reduce the number of households claiming housing benefit in the private rented sector, so there is a case for delivering more affordable housing is possible;
- » Around 11,700 more households will aspire to own, but will not be able to access First Homes, so there is a case for providing more affordable home ownership housing in the form of Shared Ownership.

11.20 Overall there is no case for lowering the current policy target for affordable housing and instead there is a case for delivering more housing in the immediate future to reduce the backlog of need more quickly.

Housing for Older People

11.21 The UK population is ageing, and people can expect to live longer healthier lives than previous generations. For Milton Keynes, the current population of 17,500 persons aged 75+ requires around 4,400 specialist homes based on standard toolkit rates, whilst there is an existing stock of around 2,600 specialist older person homes. This results in a current unmet need of around 1,800 homes.

11.22 The projected increase in population results in a need for an additional 6,200 homes by 2050 based on the same standard formula, resulting in an overall need for 8,000 specialist homes for older persons.

11.23 The model assumes a continuation of current types of housing for older people, although it is unclear if older people will aspire to these types of specialist housing in the future. Some types of specialist housing are already experiencing lower demand, and other, newer types of provision may appear to meet changing aspirations in the future. The policy aim of supporting people at home for longer along with assistive technology could also reduce or alter demand.

11.24 In practice, the level of delivery identified as being required is likely to represent a significant challenge. However, it is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix.

Housing for People with Disabilities

11.25 In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.

11.26 Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

- » It is estimated that there were around 32,100 households living in Milton Keynes in 2022 with one or more persons with a limiting long-term illness or disability. In around 22,300 of these households, this does not affect their housing need, but in around 9,800 households an illness or disability does impact on housing need.
- » Amongst those households where it does affect housing needs 8,000 households are already living in a suitable home (having moved or made adaptations). This leaves 890 households needing adaptations to their current home and 889 households needing to move to a more suitable home. The 889 households needing to move represent an existing **unmet need** either for M4(2) housing or, given that some may actually be wheelchair users, for M4(3) housing.

11.27 Therefore, considering the needs of households resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 21,522 households either needing adaptations to their existing housing or suitable new housing to be provided. This is in addition to the 889 households needing to move and the 890 households needing adaptations based on their current health at the start of the Plan period.

11.28 To provide M4(2) housing for all of the identified need would require housing for up to 23,311 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock. Based on the housing mix in Milton Keynes, it is likely that around 12,700 will live in dwellings that could be converted to meet the M4(1) standard.

11.29 On this basis, we could assume that at least 9,680 households need to move to adapted or adaptable housing, including the 889 households identified as needing to move at the start of the Plan period.

Housing for Wheelchair Users

11.30 In establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.

11.31 The number of households likely to need wheelchair adapted housing in Milton Keynes is likely to increase by 3,010 over the 28-year period. This amounts to 5% of the dwelling target over the same time period, so would suggest a need for 5% of new dwellings to be built to M4(3) standard.

11.32 Earlier analysis of housing for older people identified a need for around 8,000 specialist older person housing units for households aged 75 or over in Milton Keynes. Whilst not all over 75 households needing wheelchair adapted housing will live in specialist older person housing, it is likely that up to a quarter of those living in specialist older housing could need wheelchair adapted homes. On this basis, it may be appropriate to adopt higher targets for specialist accommodation for older people that is also wheelchair accessible. This could reduce the proportion of general needs housing that would need to meet the M4(3) Category 3 requirements.

Economic performance

11.33 The analysis set out in Chapter 3 highlighted the strong performance of the Milton Keynes economy. This includes a broad base of strongly performing sectors. The excellent location and transport connectivity

provide Milton Keynes with a critical asset, coupled with clear and strong growth ambitions. This has enabled consistently strong economic growth.

11.34 A range of economic forecast scenarios have been developed drawing on baseline economic forecasts from Experian and Oxford Economics. These align to the demographic analysis set out in this report and the economic ambitions set out in MK 2050 policy. These indicate strong continued employment growth, but with average annual growth at a slightly lower rate than recent history. This reflects both the economic climate, and the scale of labour force growth.

11.35 Employment growth will be spread across a range of sectors. Around two thirds of all jobs growth is concentrated within five sectors:

Figure 146: Highest employment growth sectors (2022–2050)

Employment Change by Sector 2022-50			
Sector	Low	Mid	High
H: Transport and storage	5,600	8,700	11,900
I: Accommodation and food services	3,900	5,900	7,900
M: Professional, scientific and technical activities	7,800	9,350	10,900
N: Administrative and support services	8,000	8,800	9,600
Q: Health and social care	7,100	8,300	9,600

11.36 There will be growth across a broad array of activities which offer employment opportunities at a range of skills levels. Employment change is expected to be spread across many use classes and none. It is estimated that around 25-30% of net additional jobs will require accommodation within the ‘traditional employment’ use classes.

Office

11.37 Milton Keynes is one of the major office locations in the M1 corridor and North M25 region. This is fuelled by its growing and well skilled population and its excellent location, connectivity and positive economic ambition. Demand for new office space will be driven by expansion in the Milton Keynes economy and the need to replace and upgrade existing stocks, particularly the substantial stock of ageing office buildings. It is anticipated that the majority of this growth will be concentrated within CMK in line with both occupier and policy requirements.

11.38 **Low, Mid** and high scenarios indicate a requirement for 410,000 – 610,000 sq m of office floorspace (excluding on-site redevelopment). A series of sensitivities has also been tested, to consider the implications of **Hybrid working, High replacement, and High on-site redevelopment**. These sensitivities exert offsetting influences on the total requirement. Combining each leads to a similar overall need to the initial starting point. The presence of these uncertainties means that careful monitoring of trends will be required.

11.39 In order to align to the upper end of economic ambitions, and to include some provision for the potential sensitivity factors provision for 480,000 – 520,000 sq m should be considered. This equates to 17,300 – 18,600 sq m per annum, although the evidence suggests there may be some gradual increase in annual requirement through the Plan period at the higher growth levels. This requirement is 10-18% above the levels of office development achieved across Milton Keynes in recent years. Recent historic delivery has broadly aligned to the **Low** scenario.

- 11.40 There are currently very limited office allocations within PlanMK. Whilst there is a pipeline of 59,000 sq m of office space (most of which is currently under construction as a single large scheme in CMK), there is a need to identify the capacity of CMK to deliver the requirements over the long term to 2050. A capacity study is currently ongoing which will provide further evidence to inform policy development.

Industrial

- 11.41 Milton Keynes has been a popular industrial location and has a strongly performing *Manufacturing* sector employing around 11,000 people. However, in more recent years the warehouse and logistics sector has dominated the industrial and warehousing commercial development market.
- 11.42 Whilst manufacturing employment has been in decline, there remains an ongoing need to deliver new, high quality sites and premises to facilitate churn in the market and responding to the ageing and gradual erosion of existing stock. The commercial market review identified that there is a decreasing amount of second hand stock on the market and limited new development for small to medium sized occupiers.
- 11.43 Future requirements will therefore be driven primarily by replacement demand, rather than any significant expansion of overall need. As a result of the specific history of Milton Keynes as a New Town, there is a large proportion of the industrial stock all coming to (or beyond) its useful economic life at a similar time. Gradually increasing EPC requirements have the potential to expedite the need to deliver improved industrial supply.
- 11.44 The total requirement across the Plan period for which supply will need to be identified is estimated at 260,000 – 470,000 sq m or 70-125 hectares. The upper end of this range assumes a higher level of replacement, however, some of this effect could be offset through increased re-use of existing employment sites. If this can be achieved the range narrows to a maximum of 420,000 sq m (112 ha).
- 11.45 The level of requirement identified is substantially above recent historic delivery, in part because recent historic activity has been dominated by warehousing development. On this basis, whilst it may be appropriate to allocate land aligned to the **Mid** or **High** scenarios, the challenge may be in delivering completed developments.
- 11.46 Given the importance of replacement demand the need is anticipated to be spread across the Milton Keynes borough area, and across sites and premises typologies and sizes. This will include meeting local needs for multi let estates as well as larger strategic provision meeting the needs of hi tech manufacturers. Good access requirements will continue to be a high priority factor for occupiers.
- 11.47 The supply position is considered below, given the generally flexible allocations across industrial and warehousing uses.

Warehousing

- 11.48 Milton Keynes has become a popular warehousing and logistics location. This reflects the excellent location and transport access on the M1 corridor coupled with the provision of large scale sites. The wider SEMLEP area as a whole has a significant warehousing and logistics sector and is subject to significant ongoing demand and activity. The Covid-19 pandemic and the increasing speed with which consumers switched to online retail as well as wider changes in supply chains have made the warehousing and logistics sector the most active part of the commercial property market. Demand for large units in particular has been very high.

- 11.49 Economic forecasts indicate continued growth of the *Transport and storage* sector. This continues the recent trend, with the sector performing strongly in recent years in terms of employment, GVA and business statistics. This will fuel ongoing demand for sites and premises, coupled with the need to replace ageing stocks as the Plan period progresses.
- 11.50 Estimated requirements for floorspace (excluding re-use of employment sites) ranges from 1.2m – 1.8m sq m, equivalent to 345-525 hectares. Sensitivity tests for higher replacement have been tested, however, given the rapid growth in warehousing floorspace in Milton Keynes in the last 5-10 years, this may be less relevant in the warehousing sector, at least in the short term. Where replacement can be achieved, there is the potential for higher levels of on-site redevelopment. This has been very low to date given the abundance of new land available for development. If replacement becomes a greater factor it is reasonable to anticipate a higher rate of on site redevelopment accompanying this. On this basis the highest sensitivity scenario is probably unlikely and 470 ha might be considered the upper limit of the range.
- 11.51 The results of the analysis have been cross referenced with the recent SEMLEP Warehousing and Logistics Study (2022). The Study points out that the demand in the logistics and warehousing sector is forecast to rise which will generate additional jobs in the local economy, especially within technical and professional roles. The study provides a range of between 6.4 million sq m and 7.9 million sq m of large scale logistics demand across SEMLEP between 2021–2050. Following the review no adjustment has been made to the figures.
- 11.52 Recent levels of development, based on monitoring records are marginally higher than the **High** scenario, but slightly below the **Combined** sensitivity scenario. There are market indications of strong continued demand in the short term, with applications, permissions and schemes under construction as well as the demand analysis in this report and the SEMLEP study. Whether there may be some slow down in the medium to longer term is uncertain. This will likely reflect the wider economic environment over time.
- 11.53 Given the range of evidence, planning for growth towards the upper end of the range 420 – 470 ha would appear appropriate. This will include sites with excellent transport connectivity and the potential for large development plots.

Warehousing and industrial summary

- 11.54 In combination with industrial requirements there is a total potential requirement for 420-580 ha of land over the Plan period. Logistics uses make up the majority of this total and are subject to stronger demand. Industrial accounts for around 20% of the total and current development trends indicate a need for a substantial step up in replacement activity.
- 11.55 There is currently around 230 ha of supply which could make a contribution to this requirement. On this basis an additional supply of 190 – 250 ha will need to be identified to meet the total need.

Appendix A: List of Consultees

The following consultees were interviewed as part of this study:

- » Alex Warner, Institute of Technology/MK Colleges Group
- » Anna Clarke, MK Colleges Group
- » Arthur Le Geyt, SEMLEP
- » Claire Keating, BPHA
- » Darren Blake, Oakwater Projects
- » Gemma Evangelista, DWP
- » Ian Copeman, Housing LIN
- » Ian Stuart, Destination MK
- » Kristian Mackie, MK:U
- » Lucy Tucker, Private Sector Housing, MK Council
- » Matthew Green, MKDP
- » Melanie Beck, MK BID
- » Sophie Lloyd, MK Council
- » Tracy McCillen, MK Homelessness Partnership
- » Yvette Lamidey, FSB

Appendix B:

Economic Policy Background Review

Introduction

This document forms part of the Milton Keynes HEDNA. It summarises the key points of the relevant policy documents for Milton Keynes. The reports included are:

- » Levelling Up the United Kingdom White Paper
- » Industrial Strategy: Building a Britain Fit for the Future.
- » South East Midlands Local Industrial Strategy (LIS)
- » South East Midlands Local Industrial Strategy Evidence Base
- » Economic Recovery Strategy for the South East Midlands
- » SEMLEP Warehousing and Logistics Study
- » Plan:MK 2016-2031
- » Milton Keynes 2050 Strategy, including:
- » ORS Growth Study
- » Ortus Economic Research Report
- » Urbisolvi Ltd Employment Growth Evidence Base Review
- » MK 2050: Employment and Workforce Futures
- » Milton Keynes City Council Plan 2022-2026
- » MK Economic Recovery Plan
- » Centre for Cities Report
- » Whitecap Consulting, Tech Eco-system Research Study

These reports were assessed for their findings on the following issues:

Economy

- » Growth/vision/ambitions
- » Productivity
- » Employment/jobs
- » Businesses
- » Key sectors/opportunities/challenges
- » Functional economic geography
- » Skills
- » Infrastructure

Employment land demand and requirements

- » Offices – Use Class E(g)(i) and E(g)(ii) (previously B1a/B1b)
- » Industrial – Use Class E(g)(iii) (previously B1c and B2)
- » Warehouse/logistics – Use Class B8

The views presented in this summary are presented as found in each report.

Levelling up in the United Kingdom White Paper

Date Published	Commissioned by	Written by
February 2022	HM Government	Secretary of State for Levelling Up

Levelling up is a mission to challenge and change the geographical inequality in opportunities around the UK, to give everyone the chance to flourish and live more fulfilling lives, with better living standards and well-being. This process will begin by improving economic dynamism and innovation to drive growth across the UK, unleashing the private sector to unlock jobs and opportunities. Levelling up aims to preserve the success of the most productive places in the UK, in addition to boosting productivity, economic growth, innovation, the quality and quantity of jobs, educational attainment, and the social and cultural fabric in the parts of the UK that have stalled.

The White Paper sets out the next stages in the programme to level up the UK, with a general time horizon of 2030, but with the consideration that some areas need more immediate support. This programme is rooted in evidence demonstrating that a mix of factors is needed to transform places and boost local growth: strong innovation and a climate conducive to private sector investment, better skills, improved transport systems, greater access to culture, stronger pride in place, deeper trust, greater safety and more resilient institutions.

Missions

The UK Government set out medium-term ‘missions’ objectives of the levelling up policy. These include:

Boosting productivity, pay, jobs, and living standards:

- » By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, and the gap between the top performing and other areas closing.
- » By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.

Spreading opportunities and improving skills:

- » By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.

Skills

The funding of courses and the governance of colleges will be overhauled in line with employers' needs. Local Skills Improvement Plans, together with supporting funding, will be set up across England to set out the key changes needed in a place to make technical skills training more responsive to skills needs. Nine new Institutes of Technology with strong employer links will be established in England, helping to boost higher technical skills in STEM subjects

People on low incomes will be helped to overcome barriers to better employment through the In-Work Progression offer, and employment support will be offered by the Department for Work and Pensions (DWP) to disabled people, and people with health conditions.

Geographic and Economic Clustering

People on low incomes will be helped to overcome barriers to better employment through the In-Work Progression offer, and employment support will be offered by the Department for Work and Pensions (DWP) to disabled people, and people with health conditions.

Motorsport Valley' cluster is mentioned in the Levelling Up White Paper as an economically significant concentration of economic activity. It is not, however, included on the illustrative map of 20 clusters which are potential priorities for investment.

Industrial Strategy White Paper

Date Published	Commissioned by	Written by
November 2017	HM Government	HM Government

The five foundations of productivity:

- » Ideas - innovation
- » People - employment, earning power
- » Infrastructure - upgrades across the UK
- » Business environment - creating a place that is effective to start a grow a business in
- » Places - prosperous communities around the UK

The strategy also sets out four Grand Challenges, which will put the UK at the forefront of the industries of the future. These include:

- » AI (Artificial Intelligence) and the Data Economy
- » Future of Mobility
- » Clean Growth
- » Healthy Ageing

Milton Keynes has been identified as a strength of the UK, in terms of high levels of job creation, and successful clustering with Oxford and Cambridge.

Infrastructure and Clusters

The vision for a knowledge-led economy focuses on the benefits of ‘Innovation clusters’, bringing together world-class research, business expertise and entrepreneurial drive. These clusters can create thousands of skilled jobs in R&D, innovation and wider sectors, driven by the growth in science, technology, engineering and maths (STEM) skills.

The Cambridge-Milton Keynes-Oxford corridor contains nationally significant concentrations in the information technology, life sciences, automotive engineering, and professional services sectors. The Government will invest in housing and transport infrastructure in order to support growth in the area.

Places

Strong local economies around the world tend to have some key attributes. They have a good supply of skilled labour; they are well connected and have land available for homes, offices and factories; and they have rich innovation ecosystems, often built around a university.

Higher levels of agglomeration, bringing together labour, suppliers and consumers is necessary to increase productivity in regional cities outside London, to drive productivity and growth.

Collaboration has been encouraged to address shared challenges over regional corridors, to deepen pools of skilled labour, drive competition, and increase market access. In the Cambridge–Milton Keynes–Oxford corridor there is an ambitious programme of infrastructure, housing, business investment and development.

South East Midlands Local Industrial Strategy

Date Published	Commissioned by	Written by
July 2019	HM Government	SEMLEP

The South East Midlands Local Enterprise Partnership (SEMLEP) area is a rapidly growing £50bn economy at the nexus of London, Birmingham, Oxford, and Cambridge. Employment growth in this area was over three times the national average in 2016, and population growth is also at a faster rate than any other LEP outside London

The strategy sets out six ambitions for the SEMLEP with a focus on the Oxford to Cambridge region, in which Milton Keynes is involved. (pg.7):

- » To become the ‘Connected Core’ of the Oxford to Cambridge region: the place with the space, and connectedness between key innovators and markets, to enable ideas and inventions to be tested, enhanced, commercialised and spun out into high growth ventures.
- » To lead the way on the Future of Mobility Grand Challenge, through continued investment in the area’s aerospace and advanced engineering excellence, and by pioneering the use of innovative freight technologies and demand-responsive transport.
- » To put employers at the heart of innovative skills provision and to become the Oxford to Cambridge region’s core provider of digital skills, attracting and training the next generation to lead the global digital revolution.

- » To improve productivity and sustainability in tandem, fuelled by renewable energy, smart and connected transport solutions, and greener vehicles, buildings and design principles.
- » To provide an exemplary business environment, with high-quality commercial premises and support for incubator, scale-up, innovation, trade and investment activity within the Oxford to Cambridge region.
- » To trial new approaches to place-making, through the 'Settlements of the Future' agenda, and work with partners to promote and enhance natural capital, clean growth, culture and inclusivity.

The strategy is based around five foundations of productivity (Ideas, People, Infrastructure, Business Environment, and Places) set out in the UK level industrial strategy.

Ideas

The area has particular research strengths in aerospace and automotive testing, advanced manufacturing and engineering, and software development. The area is also highly innovative with high levels of product and service innovation, and a large number of firms undertaking R&D and collaboration. Milton Keynes is noted as an area in the LEP with high productivity, and had the highest productivity GVA per filled job of all local authorities in the Oxford to Cambridge region in 2018 (Oxford Economics, 2018).

Future of Mobility

The SEMLEP area's rich motorsport heritage – with three Formula One teams based locally – has led to its developing expertise in energy efficiency, autonomy, data capture and light weighting. As a result, within an hour's radius of Silverstone, there are now over 4,000 High Tech and Innovation companies, and the SEMLEP area is home to major transport innovators, including the Silverstone Technology Cluster, the Connected Places Catapult, Millbrook Proving Ground's vehicle and battery testing facilities, the Catesby Aerodynamic Research Facility, and many more. The Connected Places Catapult, and the Magna Park distribution centre are key assets to Milton Keynes.

The SEMLEP does, however, face challenges. The area's innovation has a low profile both nationally and globally, which is a barrier to accessing finance and further growth opportunities. There are also sectors (such as the Logistics and Food & Drink sectors) where there is relatively low productivity and innovation.

To address these challenges SEMLEP will:

- » work with local authorities and universities to support the development of new research and development assets and expertise within the SEMLEP area
- » continue to be at the forefront of the Future of Mobility Grand Challenge, bringing forward locally led development of new facilities and test beds to pilot solutions and linking these to wider residential and commercial growth in the area, as part of the Settlements of the Future agenda
- » work with local partners to expand the innovation capabilities and productivity of the local logistics sector. SEMLEP will continue to support plans for a 'Logistics 4.0 Centre of Excellence' at Cranfield University
- » transform the branding and promotion of the SEMLEP area, to attract further investment.

People

Skills shortages remain the top constraint on business growth, resulting in skills gaps and hard to fill vacancies. There are a number of skills initiatives proposed including the delivery of the UK's first STEM skills-focused university in Milton Keynes.

Infrastructure

As evidenced through the area's high popularity with logistics firms and Future of Mobility innovators, the SEMLEP area is extremely well located in order to connect with key markets in the UK and abroad. Less than an hour from London by train, easy access to international airports, and good north-south transport linkages are local infrastructure highlights. However, growing traffic congestion is increasingly impeding productivity.

Digital connectivity needs to be enhanced if the area is to remain at the forefront of testing and commercialising new technologies and continue to keep up with population and business growth.

Business Environment

The SEMLEP area is an attractive place to do business, as evidenced by the high ratings of business start-up rates, private sector job growth and Foreign Direct Investment (FDI). Milton Keynes was ranked fourth of the UK's top ten cities for recent private sector jobs growth.

Many local businesses cite a lack of suitable employment premises as a constraint upon their growth, and business scale-up in the area is also relatively weak due to insufficient or inappropriate premises. However, Milton Keynes had above average scale-up growth rates, compared to most other areas scale up rates, which fell.

Challenges

The lack of suitable employment premises was the third most commonly reported constraint on business growth in the SEMLEP area, with 27 per cent of businesses citing this as a constraint in 2017. The issue disproportionately affects smaller firms: although 38 per cent of businesses with 5-9 staff said availability of suitable premises was good, almost as many (32 per cent) rated it as poor.

The SEMLEP Inward Investment Group has said that investment is being lost and investor interest unfulfilled as a result of the market not delivering speculative property supply for grade A premises.

Undersupply of small to medium industrial units in many parts of the SEMLEP area, with the market focusing instead on large-scale warehousing, which is cheaper to build and manage.

SEMLEP and its stakeholders want to support an extensive and balanced pipeline of employment land and premises in the area, to ensure that local growth is not held back due to a lack of suitable premises, nor skewed in favour of large warehouses at the expense of the opportunity to plan strategically for the use of key sites. However, there is a continued strong demand for both industrial and logistics floorspace along the M1 corridor and at J10a – this should be undertaken in a manner that is sensitive to the local environment and compatible with LIS goals to increase innovation and productivity in the logistics sector.

To address this the SEMLEP will:

- » work with partners to support an extensive and balanced pipeline of employment land and premises in the area, which takes account of market intelligence and strategic infrastructure
- » increase promotion of the SEMLEP area to prospective investors, including through the preparation of relevant materials to encourage inward investment, and by working in partnership with local authorities, developers and commercial agents to help match prospective businesses with appropriate employment land;
- » promote and provide, including one-to-one support for company leaders, delivery of workshops, and information on funding sources and wider business support schemes;
- » work with local universities to provide tailored and targeted support to scale-up SMEs in the local area; and
- » work with DIT and other local partners through SEMLEP's Growth Hub to continue to actively attract inward investment and support further exporting

South East Midlands LEP Local Industrial Strategy: Evidence Base

Date Published	Commissioned by	Written by
November 2018	HM Government	SEMLEP

The SEMLEP Local Industrial Strategy (LIS) outlines key ambitions for the SEMLEP area, with a focus on the Oxford to Cambridge region, in which Milton Keynes is involved. This report provides overarching economic and demographic evidence; information on key sectors in the area; evidence of current business constraints, including skills and suitable premises; future trends and projections; and information on the growth corridor and clusters.

Economic and Demographic Evidence

Over the past two decades, the population of SEMLEP has grown faster than any other LEP area outside London, taking the population to around 2,000,000 in 2017.

SEMLEP contributes some £50 billion in GVA to the national economy, and of this Milton Keynes contributes. The largest proportion of the 13 local authority areas in the LEP.

The SEMLEP area has also been deemed highly innovative, with an impressive commercialisation record.

Milton Keynes has also been noted as a productivity hotspot, with £66,900 GVA per worker in 2016.

SEMLEP's overall productivity is not as high as elsewhere in the Corridor, with Buckinghamshire Thames Valley (containing Milton Keynes) performing the highest in terms of GVA per hour worked across the Growth corridor.

High productivity sectors include Construction, Manufacturing, Real Estate, ICT & Finance, and lower productivity sectors include logistics sub-sectors. However the Logistics sector is facing challenges at the national level too in terms of a lack of digital culture and training.

Only four local authorities (Milton Keynes being number one) in the SEMLEP area have higher workplace wages than the England average, with earnings in the SEMLEP area being below the average for England.

The SEMLEP area compares favourably with other LEPs on interactions between HE Institutions and business, specifically in research sectors including consultancy research (SMEs and large businesses), and contract research (SMEs)

Current Business Constraints

Skills and employment premises both act as significant constraints on local business growth according to respondents to the SEMLEP 2017 Business Survey

Between 2013 and 2017, although vacancies have decreased, a higher proportion of these vacancies are hard to fill (56% of businesses with vacancies that had hard to fill vacancies in 2017, compared to 40% in 2013). The highest proportion of hard to fill vacancies were in businesses with 10-49 members of staff.

The availability of suitable premises was rated well overall, although it is worth noting that this view was not shared by businesses with 5-9 staff, where just 38% said availability of suitable premises was good and almost as many (32%) rated it as poor.

This suggests that there may be a gap in the provision of premises suitable for these small businesses. This group of businesses were also the least satisfied with the value of the rent and rates (32%, compared to 44% overall).

The most common reason for considering relocation is to move to larger premises (38%), lower cost premises (22%), or premises closer to centres (11%).

In terms of office provision, it is suggested that demand is growing at a faster rate than supply. On past trends we would expect to see demand exceed the total supply in the next five to ten years. This trend is more acute around the Cambridge, M1/M11/M25 intersection settlements around areas including Milton Keynes. On current projections, demand for industrial and warehousing property in the corridor exceeds supply in the next three to eight years.

In terms of FDI, the SEMLEP area has strong ties with the US and Germany, which is particularly beneficial in manufacturing and financial professional, and business services sectors. Milton Keynes has been identified as one of the most at-risk local areas from the impacts of Brexit, because of the ratio of EU export value share to non-EU export value share.

The SEMLEP area has one of the strongest rates of business start-ups in the country, and Milton Keynes has been identified as third on this list.

Future Trends and Projections

SEMLEP's rapid demographic growth is projected to continue over the next two decades, surpassing other areas (with Buckinghamshire being expected to experience a 12% change between 2017 and 2037). Limits to economic growth in Milton Keynes in the future may stem from an increase in the old-age dependency ratio which is projected to be particularly high in Milton Keynes.

SEMLEP's economy is also expected to grow faster than other areas, even without additional intervention with a 1.61% annual change in GVA between 2018 and 2037, and 0.55% annual change in employment in the same period (compare to only 0.35% in the rest of England).

Due to technological progress, the SEMLEP and national labour forces have been hollowed out, a trend that is set to continue requiring a change in businesses skills requirements being focused around digital know-how.

Within the SEMLEP logistics sector, there is a 25% probability of computerisation, a 47% probability in manufacturing and advanced tech and 20% in high tech capabilities.

Within the logistics sector, the warehousing and storage sub sector has a 10% chance of computerisation.

The Logistics and Supply Chain sectors have been identified as transformational for growth, and the Business and Financial Services sectors have been identified as key sectors with growth and/or high replacement need.

Economic Recovery Strategy for the South East Midlands

Date Published	Commissioned by	Written by
June 2021		SEMLEP

This Economic Recovery document brings together the various actions that the South East Midlands Local Enterprise Partnership (SEMLEP) and its local partners have taken, are taking, and will take in future, to help the South East Midlands to recover from the impacts of the Covid-19 pandemic, and to grow and prosper over the longer term. The ambitions of the Local Industrial Strategy remain in place, but some have taken different courses due to the pandemic, resulting in a variety of short-term needs.

A number of scenarios were developed for the impact of Covid-19 (also taking into account the end of the Brexit transition period) in Summer 2020. A central scenario assumed no further waves of Covid-19, and a favourable trade deal with the EU, whilst the downside scenario assumed a longer incidence of Covid-19, and a suboptimal trading arrangement with the EU.

It was estimated there could be between £6 billion and £7 billion in lost output, and between 116,000 and 133,500 job losses in 2020. Employment and output were forecast to recover to pre-pandemic levels in 2022 under the central scenario, and by 2024 in the downside scenario. By 2021, the latest national projections and local economic indicators suggested that the SEMLEP area would likely see a return to pre Covid-19 levels of output earlier than the central scenario (possibly by early 2022) although the labour market is likely to take longer to recover.

Sector Impacts

Between 2019 and 2030 most job losses in the short term are projected to be in Land Transport, Professional Services, Administrative Services, Manufacturing, and the Retail & Wholesale sectors.

The sectors that are indicated to be the LEP's priority for support are Professional Services; Retail; Wholesale; Land Transport; Storage & Post; General Manufacturing, and Administrative and support services.

Economic Intelligence

Job postings have improved since the start of 2021 in the South East Midlands, with significant improvements in the Manufacturing and Professional Services sectors. Nationally, there has been a significant decrease in self-employment.

Industrial premises in the SEM area currently represent a smaller share of available premises compared to historic take-up, suggesting a lack of supply of this space relative to demand.

Office space take-up in the SEM fell significantly in 2020. Experts forecast a changed emphasis for office space (collaboration, creativity, and culture), with less space devoted to tasks that could be carried out remotely.

South East Midlands LEP Warehousing and Logistics Study

Date Published	Commissioned by	Written by
September 2022	SEMLEP	Iceni Projects Limited

The study provides a report on future demand scenarios for logistics premises and warehousing, identifying the opportunities and threats present within the South East Midlands Local Enterprise Partnership (SEMLEP). The report presents information for the SEMLEP on key drivers of change, an analysis of market signals, and an examination of the long-term market pressures within the logistics and warehousing sector.

Change in the Logistics Sector

The report found that retail sales (by value) are increasingly undertaken via e-commerce platforms. It notes that e-commerce by 2050 could reach 65% of all retail sales, growing from its current level at 30%. This impacts the demand for warehouses and distribution centres.

Warehousing employment accounted for around 49,000 jobs in 2020 within the SEMLEP area and is an important part of their economy. Occupations in technical and professional roles have risen over the last decade and there is an increasing demand and job posting for skilled employment in the logistics sector (e.g., project managers, supply chain analysts, software engineers and developers, etc.).

The report identifies that the logistics and warehousing sector is undergoing significant change, leading to more skilled employment opportunities and increasing productivity.

Future Demand Scenarios

A number of scenarios were developed for the future demand for large warehousing (>9,000sqm or >100,000 sq. ft.) space up to 2040 and 2050. The report notes, across all forecasts, that the high demand for large warehousing developments is likely to continue as the sector grows.

As demand for warehousing development is likely to rise, it is forecasted that the balance of commercial property use classes will be impacted and they will be put under more pressure. The following demand levels are set out across the core scenarios:

Figure 147: Core scenarios for large scale logistics demand (Source: SEMLEP Warehousing and Logistics Study)

Scenario	2021–2050
Market signals High	7,331,000
Market signals Low	6,353,400
TGRD Central	6,622,200
Completions	7,941,400

These scenarios provide a range of between 6.4 million sq m and 7.9 million sq m of large scale logistics demand across the SEMLEP area over the 2021-50 period.

The study models potential scenarios across the SEMLEP area on future employment implications within the sector, which are outlined below. The report notes that due to a range of uncertainties in the modelling of these scenarios, the figures should be treated with caution.

- » Conservative Scenario: by 2040, around 15,000 to 19,000 additional jobs could be created of which 11,000 to 14,000 jobs would be in large scale warehousing.
- » Higher end scenarios: the figures in the conservative scenario could potentially increase to a further 6,000 to 8,000 additional jobs.

Recommendations

The report summarises detailed criteria to ensure warehouse developments take place in optimal locations. Note the recommendations are subject to broader planning and environmental constraints. Some criteria include:

- » Good connections with the strategic highway network which should have a sufficient network capacity.
- » Suitable configuration and size to accommodate different distribution centre warehouse units required by the market.
- » Is accessible to labour (including potential to be served by active transport) but is located away from incompatible land-uses (including residential).

The report recommends that the SEMLEP authorities work together to monitor and coordinate the supply of large logistics space and to consider the future demands for this sector. Working collaboratively will ensure that no individual authorities are undermined through high levels of pressure for development and that identification of future areas of opportunity in this sector is suitable.

Plan: MK 2016-2031

Date Published	Commissioned by	Written by
Adopted March 2019		Milton Keynes City Council

Plan:MK sets out the Council’s Strategy for meeting the Boroughs needs until 2031. The Council’s approach and policies for the borough of Milton Keynes are set out in this document, setting out the vision and objectives over the Plan period.

Vision and Objectives

The vision for Milton Keynes is:

By 2031 Milton Keynes will be known internationally as a great city within a thriving rural hinterland. Its thriving knowledge-based economy, its first class lifelong education and training, its diverse population with their excellent, lively and varied culture, its sport and leisure opportunities, and its range of different, high quality places to live, together with the green, open and spacious layout and a transport system that makes its facilities easily accessible to all, will have enhanced its reputation as a pleasurable and exciting place to live, work, play and visit.

A new university and new key employment sites will bring new vitality to the city centre and the cultural life of the Borough. Regeneration of the most challenged estates will be well under way. New housing, both in the city centre and in the urban and rural areas, will continue the high standards of design and community facilities and accessibility of the original principles, to house its population, swollen by today’s young families and the employees that its successful businesses recruit. Smart methods of travel that combine effective use of road and parking space with personal mobility will improve access for all in a city where the increase in congestion has finally been slowed. It will remain one of the greener cities in the UK with high environmental standards, ensuring that its children can continue to enjoy the green environment that makes it so unique.

Milton Keynes will continue to support living and working in the rural parts of the Borough whilst the character and viability of the rural areas will have been protected from the threat of inappropriate development and the loss of key services and facilities. (p.7)

Overall, there are 17 strategic objectives. The following objectives are relevant to our study:

- » To reflect the recommendations of the MK Futures 2050 Commission Report, the land use planning implications of the Strategy for 2050 and its Six Big Projects:
 - Making Milton Keynes the hub of the Cambridge-Milton Keynes-Oxford growth corridor
 - Enhancing lifelong learning opportunities through the establishment of a new university for Milton Keynes
 - Learning 2050 providing world class education
 - Smart, Shared, Sustainable Mobility for all
 - Renaissance:CMK creating an even stronger city centre fit for the 21st century
 - Milton Keynes: The Creative and Cultured City.
- » To deliver land for a minimum of 26,500 net new homes within the borough between 2016 and 2031, principally within and adjacent to the city.
- » To reflect the National Infrastructure Commission Interim Report (November 2016) and support development along the Cambridge-Milton Keynes-Oxford growth corridor in accordance with the Council's preferred route
- » To work jointly with neighbouring authorities and other key organisations on the planning of any development located on the edge of Milton Keynes (but outside the borough boundary) so that these areas are integrated with the city and contribute to its role and character.

- » To allocate and manage the development of employment land and pursue a vigorous economic development strategy so that the business sector and local economy are supported, existing firms can expand, new firms are attracted, the level of working skills among the local population is enhanced and the area's resident population can find employment locally.
- » To allocate sufficient land to enable greater economic prosperity by improving the local opportunities for learning and to increase the local level of knowledge and skills through the establishment of a new university for Milton Keynes, and support the development of MK College and the University Campus MK, Milton Keynes University Hospital and the creation of world class schools.
- » Whilst recognising the cultural attractions of the whole borough, to promote the development of Central Milton Keynes as the vibrant cultural centre of the region by making it the main location within the city for retail, leisure, cultural and larger office developments.
- » Support the continued regeneration of Wolverton and Bletchley as town centres within the main urban area (ideally with specialisations or Unique Selling Points (USPs))

Functional Economic Geography

The Council is committed to realizing the city's potential as a hub of the Cambridge-Milton Keynes-Oxford growth corridor, and the expansion to a population of 500,000 by 2050.

The borough of Milton Keynes is located halfway between London and Birmingham, and Oxford and Cambridge. It is well connected to the rest of the country by the West Coast Main Line and A5, which pass through the city and the M1 motorway to the east of the city. East-west links will improve in the future with the extension of east-west rail services; a new national expressway between Cambridge, Milton Keynes and Oxford; and improvements to the A421.

Employment and Businesses

The borough has a diverse and dynamic local economy, with more jobs than available resident workers, resulting in a net in-commuting. There is a high business start-up rate, and the Milton Keynes workforce has been deemed one of the most productive in the country.

Ninety percent of all borough business in 2015 were micro-businesses, and the private sector to public sector ratio of job numbers was 4:1. This has been beneficial in terms of offsetting public sector job losses, resulting in a successful economy driven by the private sector nearing that of Leicester and Nottingham.

The number of full and part-time jobs increased by 23,000 from 2010-2015, creating a ratio of around 3.5 jobs per dwelling, placing pressures on house prices and rents, and putting pressure on public transport and local transport infrastructure because of high levels of in-commuting.

The Council is keen to encourage the delivery of superfast broadband to make Milton Keynes a more attractive business location, provide home and flexible working options, and increase the role of the knowledge based economy and associated employment types.

The city relies on in-commuters to meet the demands of jobs that employers are increasingly generating. There is a shortage of highly skilled workers in Milton Keynes, and a surplus of low skilled workers, meaning many residents find it difficult to find suitable jobs.

Half of the borough's jobs occur on employment land for B type use classes, including offices, factories, and warehouses. Most people work in services, and 6.6% work in manufacturing.

The Wholesale and Retail Trade (including motor vehicle repair) provides more jobs than any other sector of the local economy with around 31,000 jobs (18.7% of all jobs). Other important sectors providing 15,000 jobs or more include Administration Support Services, Professional, Scientific & Technical activities and Education. Sectors of the economy which are concentrated locally include Activities of Head Offices & Management Consultancy, Financial Service Activities, Computer Programming, and Warehousing & Support Activities

The borough has a high proportion of employment in the Knowledge Intensive business services sector, such as media and IT, finance and insurance, legal and accounting, head offices and management consultancy, and other professional services. These jobs require high skill levels, and are well paid.

From 2016 to 2031 the greatest increase in the number of jobs within the borough is forecast to come from two key sectors: Land Transport, Storage & Post (4,500 jobs) and Professional Services (4,400 jobs). The number of jobs is also forecast to grow in other sectors of the economy such as Administrative & Supportive Services, Computing and Finance.

Uncertainty in the UK economy is likely to come from investment into automation and technology, which is likely to replace jobs and boost productivity. (This is most likely to impact industrial employment and warehousing and logistics employment)

Employment Land Demand

Despite the density of businesses per hectare being lower in Central Milton Keynes (CMK) than in many other city centres, it has developed a very strong city centre economy. It is the largest employment location within the borough and is where the majority of office floorspace completions over the past decade have occurred for firms in the knowledge economy. These businesses 'cluster' together in CMK for the benefits that a location within the city centre provides. An increasing number of other companies provide scientific and technical knowledge-based jobs, mainly outside CMK.

To maximise the knowledge-intensive cluster being developed in the Cambridge-Milton Keynes- Oxford corridor, the Council aim to encourage the provision of new office floorspace and related developments within the city centre. Much of this focuses on the redevelopment of existing city centre buildings.

Much of the existing office stock within the city centre is relatively old, and has not been refurbished. Approximately 75% of the stock was built before 2000 and no longer meets occupier requirements. To grow the knowledge economy the stock of Grade A office floorspace in the city needs to be increased. If not, the city will lose existing firms (who have outgrown their existing premises and have no suitable premises to move into) the city will be unable to attract inward investment from firms seeking to relocate from outside the city.

Although rental levels in the CMK office market have improved in recent years (as the supply of available quality floorspace has fallen), rental levels are low in comparison with other areas. Consequently, office development normally only occurs if a building is pre-let with significant occupier commitments or is built for a particular client e.g. the Network Rail building.

Patterns of land ownership and control of land by multiple occupiers could frustrate plans for growth and development within the city centre. Milton Keynes City Council may need to utilise its Compulsory Purchase Order (CPO) powers in exceptional circumstances.

Opportunities for office development within CMK have become more restricted because the Council is no longer developing Campbell Park for a significant amount of office floorspace.

These office space barriers must be overcome to develop the city centre; to facilitate the growth of the knowledge-based economy, other well paid employment opportunities, and the attraction of highly skilled workers; to increase the density of businesses in CMK and promote start-up of new ones; to stimulate growth in other sectors, including retail, leisure, and hospitality; and promote Milton Keynes as a dynamic location to live and work in.

Previous Employment Land Studies

The 2015 Employment Land Study (ELS) report concluded the borough had sufficient land to accommodate its office and industrial requirements, including scientific and technical office-led developments, both within CMK and outside it, but there would be a shortfall of land for warehousing to meet the forecast demand. The report highlighted that if provision for large scale warehousing was not made, warehousing was footloose and would go elsewhere. However, there appeared to be an oversupply of warehousing sites along the M1 corridor.

The ELS was partially updated in 2017. The findings of which can be seen in the figure below.

Table 1: Employment land requirements in Milton Keynes (2016-2031) (Source: Plan:MK, 2019)

	Floorspace (sq m)	Land (ha)
Office	250,760	17
Industrial	46,860	12
Warehousing	415,850	104
Total	713,470	132

Since the 2015 ELS was published, a further two major warehousing schemes were proposed along the M1. To provide more flexibility in accommodating 'large footprint' employment developments (most likely warehousing) that cannot be located elsewhere, a 57ha site was allocated at Caldecote South.

Employment Development Strategy

Policy DS3 (quoted here in full) sets out the Council will meet the economic needs of the borough (p.32).

Over the plan period the Council will seek to grow and develop the Milton Keynes local economy and capitalise on:

- » *The Borough's location half way between London and Birmingham as part of the single, knowledge-intensive cluster being developed in the Cambridge - Milton Keynes - Oxford corridor.*
- » *Good and improving communications including superfast Broadband provision.*

The strategy for supporting the economic needs of the Borough will be delivered by:

- » *The continued development and promotion of Central Milton Keynes, as a hub for business-related knowledge based activity.*
- » *Retaining and developing existing employment sites.*
- » *The allocation of new employment land at South Caldecotte and Milton Keynes East to provide a flexible supply of sites to cater for future employment needs.*
- » *Some more flexibility will be permitted in the development of sites outside CMK for small scientific and technical office-led developments.*
- » *The supply of superfast broadband to all employment and residential premises will be promoted to increase the attractiveness of the Borough as a business location and to increase opportunities for home and flexible working.*

In addition the Council will:

- » *Encourage training and skills development at all levels to enable local residents to access the job opportunities generated by employers.*
- » *Attract new businesses, encourage business start-ups and assist businesses to grow.*
- » *Support the land-use needs of further and higher education.*
- » *Promote the provision of extended and enhanced further and higher education to provide lifelong learning and skills at all levels and support the allocation of land for a new central campus*
- » *Develop Central Milton Keynes (CMK) to become the primary focus for knowledge-based businesses within the Borough. To intensify and densify development in the city centre, the Council will seek to increase the amount of high quality office floorspace and the number of businesses.*
- » *Encourage the redevelopment of existing office developments which are no longer 'fit for purpose' and their replacement by office developments which provide a greater amount of floorspace than the buildings they replace.*
- » *Develop the area between the West Coast main railway line and V7 Saxon Street, H5 Portway and H6 Childs Way as a Central Business District (CBD) with major mixed use office led development with active ground floor uses focused around Milton Keynes Central Railway station.*
- » *Facilitate the development of CMK as a business centre and encourage alternative means of transport other than the car, to promote walking, cycling and public transport systems, which will be developed and prioritised to ensure safe and convenient travel to and from the city centre.*
- » *Support good public transport to enable access to other main employment areas.*
- » *Encourage the growth and expansion of existing employment uses where it does not conflict with other policies in the plan.*

Employment Land Supply

The supply of employment land in Milton Keynes totalled 282 ha in April 2018. Six ha of the total is allocated for B1 uses, and 79 ha (including the 57 ha South Caldecotte site) are allocated for B2/B8 uses. The remaining 197 ha has an open employment allocation (i.e., B1/B2/B8), of which approximately half is located at the Milton Keynes East Strategic Urban Extension.

Central Milton Keynes will be the primary focus for the development of additional office and research and R&D floorspace within the borough. Policy ER1 (B) states that any planning applications above 1,000 sq m for B1(a) and 2,000 sq m for B1(b) located outside the city centre must provide evidence why they cannot be delivered in CMK before they will be approved.

Milton Keynes has one of the highest start-up rates for new businesses in the UK, and 90% of these businesses employ fewer than 9 people (micro-businesses). The provision of affordable, small business units is important to ensure there is sufficient business accommodation.

Providing new employment opportunities in rural areas can help diversify the rural economy, and provide jobs that can offset job losses from declining sectors of the rural economy. This policy aims to strike a balance between ensuring the economic sustainability of rural communities while addressing any potential environmental consequences. Where new buildings are a necessary part of any scheme they should be well designed and respect the character of the open countryside.

Milton Keynes Strategy for 2050

Date Published	Commissioned by	Written by
July 2016		Milton Keynes City Council

This strategy covers the borough of Milton Keynes but, also considers the ‘Greater’ Milton Keynes area which includes the adjacent areas in Northampton, Buckinghamshire, and Central Bedfordshire.

This long-term strategy has been produced through research, and by listening to citizens and businesses to create a Plan with an ambitious vision for low-carbon growth, and an excellent quality of life for all residents, with a particular focus on young people.

Economic Growth Strategy

In terms of growth, the Strategy notes the importance of being at the centre of the Oxford to Cambridge region, a crucial geographical factor that is expected to boost the economy.

This Strategy focuses on inclusivity of growth; making infrastructure and services available for all; making the case for investments that will serve the population in the future, rather than reacting as pressures arise; predicting population growth and investing in facilities such as Milton Keynes University Hospital to secure government investment for a new Women and Children’s Hospital; ensuring future development doesn’t compromise access to green space; improving education and skills to allow people to enter new employment opportunities as the economy grows; and ensuring democratic control over development to mitigate unplanned growth.

A National Infrastructure Commission (NIC) study of the Oxford to Cambridge region in 2017 suggested Milton Keynes should be re-established as “a development location of national significance, through the intensification and expansion of the town to a population of at least 500,000” (p. 11), and the MK Futures 2050 Commission proposed that Milton Keynes should grow to a population of around 400,000 by 2050.

A significant proportion of Milton Keynes’ growth is centred around sustainability, promoting the city as a location of rich biodiversity and high-quality open spaces, reducing energy and water consumption, and becoming carbon zero by 2030, and carbon negative by 2050.

Infrastructure is an important factor to be delivered alongside growth, including physical, social, and green infrastructure to create high quality developments.

Employment and Skills

One of the seven ‘big ambitions’ in the 2050 Strategy, is to provide jobs for everyone by supporting businesses, and attracting new businesses to Milton Keynes. There is also a ‘big ambition’ to improving skills and opportunities for all, to help people to learn and improve employability.

By 2050, there will be a further 50,000 - 90,000 jobs in the borough. As Milton Keynes’ population grows the ‘foundational economy’ will also develop, creating jobs to meet everyday needs. All jobs will be high quality jobs. Milton Keynes City Council is an accredited Real Living Wage employer, which will be promoted as a standard for all the employers in Milton Keynes to reduce in-work poverty.

The Construction and Logistics sectors will remain strong however, the ‘knowledge-intensive’ industries, such as Finance, Digital & Technology, Low Carbon industries and the Creative Industries will be the main drivers of the future economy.

The aim to create 1.5 jobs per new home has been exceeded in Milton Keynes, which places upward pressure on housing affordability.

Over 98% of the 14,000 businesses in MK are independent, small, and micro-businesses. In the technology sector, these businesses have established networks and regular meet-ups to help them innovate and support each other. The Council will encourage innovation networks that link university and business research and development facilities across the city. This is considered in the planning of the new Mass Rapid Transit network which will provide physical links between these locations and create a city-wide ‘innovation campus’.

Despite skills levels among the local population being slightly higher than the National average, companies face recruitment issues. To address these skills concerns, Milton Keynes City Council aims to improve the standards of secondary schools, focusing on increased STEM (Science, Technology, Engineering, and Maths) opportunities.

There will also be two new higher level education institutions; MK:U the city centre university planned to open in 2024 (MK:U initiative to be replaced by the OU relocation and redevelopment), and the South-Central Institute of Technology. The South-Central Institute of Technology will specialise in improving digital skills.

Functional Economic Geography

East West Rail (EWR) will boost transport connections, providing new rail links to Oxford (due to open in 2024) and to Cambridge (due to open by 2030).

North-south connectivity will also be improved when HS2 opens, releasing space for more frequent services to London and the Midlands on the West Coast Mainline.

Employment Land Demands and Requirements

Milton Keynes was designed to have employment distributed across the borough however, in 2018 over 20% of employment was based in Central Milton Keynes. This includes over half of all the 'knowledge intensive' employment in Milton Keynes.

The main approach to development will be to maintain a distribution of employment across the city. However, Central Milton Keynes is anticipated to remain the primary location for 'knowledge intensive' businesses, whilst Bletchley is anticipated to become the main location for technology companies. Within new neighbourhoods there will be space for offices, manufacturing, and knowledge-intensive jobs, to improve quality of jobs in new built-up areas.

As a result of the Covid-19 pandemic, there may be a requirement for less employment space in the city in the short-term as there is an increase in homeworking however, the demand for flexible and shared facilities is anticipated to increase. Over the medium to long-term it is anticipated that there will be a further return to central office locations. Milton Keynes also believes it can attract office development from business looking to relocate from larger cities, such as London.

There are increased land requirements for B8 employment. Large, flat sites, with good transport accessibility are still required for the Logistics industry, and a continued need for warehouses to stockpile goods is likely to increase considering the global context of disruption to supply chains as a result of the Covid-19 pandemic.

Milton Keynes Strategy for 2050: Growth Study – Demographic Modelling Analysis

Date Published	Commissioned by	Written by
January 2020	Milton Keynes City Council	Opinion Research Services

Opinion Research Services (ORS) was commissioned to identify the housing requirements that would result from growing the population of Milton Keynes to 500,000 residents by 2050. This covers the 'Milton Keynes Growth Area' which includes Milton Keynes, Aylesbury Vale, Central Bedfordshire and South Northamptonshire. This area has a fuzzy boundary due to the fact that some specific locations for future over the longer-term have yet to be fully agreed.

The existing planned housing trajectory will deliver 41,200 dwellings by 2050 (noting that there is actually no dwellings planned for beyond 2040/41).

Two methodologies have been used to forecast future housing requirements. These methodologies forecast a requirement of between 42,600 and 45,500 additional dwellings in the Milton Keynes Growth Area above the existing planned housing. In each projection it has been assumed that additional dwellings are occupied through inward migration to the MK growth area.

Milton Keynes Strategy for 2050: Growth Study – Economic Scenarios

Date Published	Commissioned by	Written by
January 2019	Milton Keynes City Council	Ortus Economic Research

Historically growth in Milton Keynes has been strong, and it has regularly been identified as the fastest growing city in the UK. The potential for this high growth rate is enhanced by the city's position at the centre of the Oxford to Cambridge region, a globally competitive centre for science, world-class research, innovation, and technology. Growth in Milton Keynes also benefits from London spillover, resulting in businesses and people migrating out of the capital.

The National Infrastructure Commission (NIC) believe that the corridor could be the UK's Silicon Valley – a world renowned centre for science, technology and innovation, creating high level jobs and a thriving entrepreneurial culture. The NIC propose that the Oxford to Cambridge region is seen as a national priority, representing an opportunity to unlock growth driven by the economic strengths that the Oxford to Cambridge region currently contains, meaning it is likely to play a role in economic growth in the future of the UK.

The NIC argue that for this transformational growth to occur, the Oxford to Cambridge region opportunity needs to be maximized through developments including: new investment into East-West transport infrastructure; housebuilding rates need to be accelerated to attract the talent and skills that businesses require to grow; the definition of a long-term vision integrating opportunities for jobs, homes, and infrastructure with sufficient governance to support the delivery; well-connected community focus, with a particular interest in the well-being of future generations; and sustainable developments that support the quality of life and wellbeing of all resident.

Current Position

Milton Keynes is considered an attractive place to live, work and raise a family. The city-region is large and highly competitive. It has a higher proportion of working age residents than the GB average, and has higher economic activity rates than the UK. The area is at the centre of the Oxford to Cambridge region, and has specialisms in Creative Industries, High-Performance Engineering/Motorsport, Digital/ICT, Space and Bioscience, and Logistics. Engineering, finance, and professional services are listed as Milton Keynes' 'distinctive sectors'.

The area does also face challenges. East-west connections are limited, and public transport options are limited due to the layout of the city. This means those in the area are highly reliant on car transport. This further excludes those that are disadvantaged from job opportunities. These is also a mismatch between the demand for labour and the skills of the local resident.

Employment Land Requirement

This report considers three growth scenarios:

- » **Low growth, passive.** This scenario will see 'business as usual' growth driven primarily by commercial and residential property markets.
- » **Mid-growth, commuting-based.** There is significant employment growth in the Milton Keynes region through the delivery of attractive employment land, infrastructure, and innovation and knowledge-intensive sectors. Labour supply depends on in-commuting
- » **High growth, strategic approach.** As per Scenario 2, coupled with strong employment growth, reducing the reliance on in-commuting for labour supply.

Under the low growth scenario, there is a requirement for between 800,000 and 1.25 million sq m of employment space. This increases to between 1.7 and 2.2 million sq m in the high growth scenario.

Currently there is no industrial or warehouse uses in Central Milton Keynes. Based on the finding that 46% of the employment in office space is located in Central Milton Keynes, it is assumed 46% of the future office requirement will also be here. However, there is an opportunity to increase the physical density in Central Milton Keynes which would allow it to meet more of the office requirement for the borough.

Many land assets are owned by the Council, or Milton Keynes Development Partnership, meaning these organisations can manage economic development, growth, and expansion in Milton Keynes.

Milton Keynes Strategy for 2050: Employment Growth Evidence Base Review

Date Published	Commissioned by	Written by
September 2020	Milton Keynes City Council	Urbisolvi Ltd

This report analyses the Covid-19 recovery scenarios presented in the South East Midlands LEP Economic Recovery Strategy (discussed in Chapter 6) and assesses likely outcomes for Milton Keynes.

Likely Outcomes

This report suggests that the Covid-19 recovery scenarios may be too optimistic. It concludes that net additional jobs growth to 2050 will be between 50,000 and 90,000 jobs. It is likely that growth will be at the lower end of this range, although provision should be made for achieving the higher end. The actions necessary in Milton Keynes are:

- » Early provision of comprehensive mass transit system
- » MK:U delivered in full (MK:U initiative to be replaced by the OU relocation and redevelopment)
- » One stop shop proactive approach to promoting inward investment and indigenous growth of existing businesses building on expertise in key local clusters
- » Enhance knowledge transfer and innovation through developing self-employed and freelancer networks
- » Targeted investment in green and environmental businesses

- » Delivery of the top end housing range (60,000 homes) coupled with improved levels of housing affordability
- » Flexible approach to employment land allocations

Commentary

Milton Keynes sees net in-commuting, however there is anecdotal evidence that out-commuting may be higher than the data indicates. Whilst housing affordability is an issue in Milton Keynes (and this needs to be addressed to increase native labour supply) it actually has better housing affordability than neighbouring areas, so it may attract people seeking housing to commute out of Milton Keynes. In particular, good connections to London may attract people to relocate here from London. This compounds the need to increase the housing supply to increase the labour supply for local businesses.

Milton Keynes needs to address skills issues. There is likely to be significant short term job losses in Hospitality, Administrative and support services, and Manufacturing. Milton Keynes has high numbers of people qualified to NVQ4+ however, this is still below neighbouring local authorities, and Oxford and Cambridge. It will be important to focus on increasing skills in areas not vulnerable to Artificial Intelligence (AI) and automation.

Milton Keynes was designed for cars, and employment locations are dispersed. Suitable public transport/active travel alternatives will need to be delivered before this changes.

Central Milton Keynes has many attributes that make it an attractive office location and there are plans increased densification of activity. Plans for increased densification may not necessarily lead to a need for additional office employment land as businesses rationalise space following the Covid-19 pandemic.

Milton Keynes City Council plan 2022 - 2026

Date Published	Commissioned by	Written by
June 2022		Milton Keynes City Council

The Council Plan sets out how Milton Keynes City Council will deliver their 2050 Strategy, that was agreed upon in January 2021. The Plan sets out the corporate priorities to be addressed between 2022 and 2026, in alignment with the longer term and more ambitious goals set to be delivered by 2050, and alongside the annual delivery plan on specific policies and tasks.

The key objectives of the Plan include promoting Milton Keynes as a: thriving city, in terms of cultural significance and as a national economic powerhouse; a progressive city in terms of life opportunities and community encouragement and relationships; and a sustainable city, to deliver value for money services that are focused on the climate change threat.

Economic Ambitions

Planned Growth

Well planned growth is also an outcome the Council wants to see by 2026, in terms of an agreed new local plan; a planning academy to supply and retain high-quality planning professionals; appropriate

infrastructure to meet increased demands through growth and holding developers to account for timely delivery; protected and enhanced grid roads and community spaces; timely and appropriate enforcement activity; and improved communication on benefits of growth and potential limitations of the local planning authority.

A Diverse and Inclusive Economy

The Plan sets out key priorities for a diverse and inclusive economy in Milton Keynes. The Council aim to maintain Milton Keynes' role as an economic powerhouse, and growing the cultural centre, by the attraction of inward investment, and the creation of new jobs. There is a focus on skills to ensure that the population has the appropriate skills, to match the needs of new and existing employers.

As part of this priority, the outcomes of the Plan include the creation of a strong and robust economy. This involves:

- » A high-tech, high-skill and high wage economy
- » Better employment opportunities, with a focus on opportunities for people with current low skills levels and low wages
- » Help start-ups to support growing businesses, and attract inward investment
- » More employers to pay the Real Living Wage
- » Support independent businesses, in the aim to create a vibrant high street and centre

This priority also includes high quality placemaking. Features of this include:

- » A dynamic and vibrant centre, that is resilient and adaptable to changing economic behaviour
- » An improved public realm at Station Square
- » Use the East-West rail and Town Deal to support investments and regeneration of Bletchley town centre
- » Regeneration of Wolverton town centre
- » Deliver a fully realised MK:U (MK:U initiative to be replaced by the OU relocation and redevelopment)

The third outcome as part of the Council's priority to create a diverse and inclusive economy is to create Milton Keynes as a centre of culture and creativity. This includes:

- » The focus on the International Festival in Milton Keynes
- » Hosting and attracting local, national, and international cultural, arts, and sports events
- » Support a completed training ground and academy for MK Dons
- » Increase tourism
- » Focus on the importance of Formula 1 and motorsport investment in Milton Keynes

Employment

Milton Keynes aims to attract inward investment in the aim to create more jobs and ensure that the population has the appropriate skills to match employer requirements, to further promote growth. As part of the Plan's desire to invent Milton Keynes as a centre of culture and creativity, the increase in visitors and tourist numbers is a key factor, likely to impact employment in the hospitality sector. The importance of

Milton Keynes as a centre of Formula 1 and Motorsport, is a potential and exclusive opportunity for high level employment opportunities, in addition to the attraction of visitors.

Maintenance of grid roads, and the protection of community green spaces is a key priority to Milton Keynes' development Plan, a plan that promotes renewal and improvement of existing infrastructures. As part of the support for cleaner, healthier, and safer communities the Plan promotes the high-quality maintenance of highways and infrastructure Improvements in the availability and affordability of public transport, in addition to developing plans for a Mass Rapid Transport System, and improvement of redways to reduce car usage, and promote a quick transition to electric vehicle usage.

Milton Keynes City Council: Economic Recovery Plan 2021 - 2023

Date Published	Commissioned by	Written by
September 2020		Milton Keynes City Council

Since September Milton Keynes City Council have been delivering on the need for urgent action to support businesses, and secure investment in the city, in addition to driving green economic growth and the innovation economy. MK Council worked with the business community in Milton Keynes to assess combined effects that the economic downturn and Pandemic had in combination, and the support needed as a result.

This Plan outlines some of the key ways in which this urgent action has been delivered in Milton Keynes, and some examples of the support that has been provided to the MK community. It also sets out a future Recovery Plan (July 2021-2023), and what this will entail in the short, medium, and long term. The Recovery Plan is structured around:

- » Supporting people
 - Supporting those most at risk of being out of work
 - Assisting people with reskilling, and training
 - Focusing on renewal and structural change in terms of training and reskilling of disadvantaged group
- » Supporting businesses
 - Supporting new start-ups, and strengthening local supply chain activity
- » Supporting the city

Actions

Milton Keynes City Council has provide funding for a further six business school events to prospective entrepreneurs in Milton Keynes, and ensuring they have all the tools they need to start up their own venture.

Milton Keynes City Council also increased the total amount invested in supporting local businesses through the Economic Recovery Plan to £1.3 million. The new workstreams will focus on:

- » Launching the Milton Keynes SME Restart programme for up to 100 Milton Keynes SMEs to move from survival to recovery with our partners at the Milton Keynes Chamber of Commerce, Federation of Small Businesses (FSB), SEMLEP and MK Business Leaders Partnership.
- » Support will include a fully funded years' membership of the FSB, access to fully funded training courses delivered by the Chamber of Commerce, a voucher scheme for £200 worth of support from other expert Milton Keynes SMEs who are members of the Business Leaders Partnership (keeping the investment within the Milton Keynes economy) and a quarterly review and mentoring call through SEMLEP.
- » Supporting the investor networks and communities in the city, ensuring that more Milton Keynes businesses are 'pitch ready' for investment by working with the Milton Keynes Investor Group (MKIG) and the Central Arc Angels group.
- » Continuing our support to tech innovation and meet up groups, most immediately through extending the successful work with Milton Keynes Artificial Intelligence.
- » Further investments will go into schemes to support Milton Keynes, such as building on the success of the MK5G Accelerator programme in securing investment in Milton Keynes and its participant businesses', and deliver an Innovation Accelerator programme with the Connected Places Catapult

Identifying Potential Growth Centres across Great Britain

Date Published	Commissioned by	Written by
March 2020	HM Government	Catapult Connected Places and Centre for Cities

This report examines the potential for areas outside of London, Oxford and Cambridge to absorb innovation funding and where to concentrate funding so that 'levelling up' is achieved across the entire country.

Due to the report focusing on levelling up cities and towns outside the south east of England, data that is applicable to the Milton Keynes area is limited. However, the report looks at characteristics that define the UK's top performing innovation economies, as well as places outside of this group which have the strongest potential to join London, Oxford and Cambridge.

Potential of Place

The report begins by ranking the potential of places on a combination of measures that are associated with innovation. Milton Keynes is ranked seventh out of 62 cities and towns for having the potential to become a growth centre. This is three places above Oxford. The values against each indicator in Milton Keynes are shown below:

- » Patents strength – Weak
- » Trademarks strength – Very strong
- » University innovation strength – Very weak
- » Business innovation strength – Strong
- » Skills and spillover strength – Strong
- » Infrastructure strength - Very strong

Under the category of ‘commercializers’, meaning cities in the top 30% of performance with appropriate basic requirements, that are strong in the commercialisation of ideas, but have less complex innovation systems, Milton Keynes was listed as an example.

Whitecap Consulting: Milton Keynes Tech Ecosystem Report

Date Published	Commissioned by	Written by
2022		Whitecap Consulting

The report delivers an analysis of the tech ecosystem within Milton Keynes, and identifies the capabilities, strengths, and investment opportunities in the area to evaluate the impacts on growth across the economy.

The report notes that Milton Keynes has a strong and thriving tech sector and that there is an opportunity for the tech ecosystem to become significantly more connected and cohesive.

Tech Ecosystem Key Findings

The sector in Milton Keynes is highly active with an estimated tech GVA of –£3.4bn (2022). It is comprised of an estimated 2400 tech related businesses with a workforce of around 45,000.

The area has a reputation as a testbed location for trialling new innovations and technologies and a strong 5G network which has boosted connectivity.

Autonomous vehicles and robotics are visible strengths within the Milton Keynes' tech ecosystem and is a visible strength in this sector for the economy.

Milton Keynes has a high start-up rate, with a large number of separate networks and meetup groups. However, the majority of start-up programmes available are not tech focused, and there is a lack of collaboration and coordination across existing tech networks which the report cites this as a potential barrier to growth.

Milton Keynes suffers from a digital skills shortage, as well as issues surrounding the attraction and attention of talent. The vacancies for tech/digital sector jobs increased by 68% between 2020 and 2021 across the SEMLEP region.

Milton Keynes has locational advantage as it is situated at the centre of the Oxford to Cambridge region and is close to the Silverstone Tech Cluster, which presents an opportunity for future growth in its tech ecosystem.

Recommendations for Growth

The report puts forward six main recommendations on ways to grow the tech ecosystem within Milton Keynes, which are stated below.

Create a Milton Keynes tech steering group

Creating a tech steering group that will pull together key stakeholders across existing networks in the tech ecosystem will facilitate collaboration. This will help guide the future direction of the tech sector and help in delivering a tech strategy for the area.

Establish a tech ecosystem strategy

A tech strategy that considers the current strengths and capabilities of Milton Keynes' tech sector should be established to support the development of new tech ideas.

The strategy should also support the wider ambitions of the city and should highlight ways to ensure businesses continue to choose the city for tech development and testing.

The strategy should also cover how to attract and retain more talent and large corporates within the tech sector.

Design and create a technology hub

Creating a physical space to allow networks to come together and collaborate and can act as a platform to share knowledge.

The technology hub will also be an attractive focal point for venture capitalists and investors to be part of the tech ecosystem.

Create a tech accelerator as part of the hub

the accelerator will provide targeted business advice on commercialising new products, innovations, and technologies, particularly for scale-up businesses.

Establish an education providers' group to create tech talent strategy for the benefit of Milton Keynes

It is recommended that Milton Keynes outline a plan and develop a clear pathway for skills progression amongst local residents through short courses/qualifications.

The group should cover further education and higher education providers in Milton Keynes and surrounding regions to strategise the future needs of the tech sector.

Develop a strategic marketing plan for Milton Keynes tech ecosystem

Ensuring the surrounding regions (which include the Oxford to Cambridge region and Silverstone Tech Cluster) understand the offer and value of collaborating with Milton Keynes' tech ecosystem.

The report also recommends that a plan is developed to facilitate engagement with local citizens and stakeholders

Appendix C:

Key Outputs for Scenario 2b

This appendix provides further technical information on the underlying population and household growth for the time period 2022-2030, 2030-2040 and 2040-2050 for Scenario 2b.

	Change 2022-30	Change 2030-40	Change 2040-50
Total Population	23,325	32,358	38,559
Total Economically Active	14,879	17,369	16,804
Communal establishment population	564	977	915
Total household population	22,761	31,381	37,644
Total households	14,395	17,848	17,881
Average household size (persons per households)	-0.104	-0.079	-0.024

Appendix D:

Employment Sites/Premises

Assumptions & Methodology

This appendix provides further technical information to support the analysis contained within chapter 9 of the report, based on the approach summarised in Figure 119.

Phase 1: net additional changes

A: Sectoral employment forecasts

Baseline – or ‘business as usual’ – forecasts were purchased from both Oxford Economics (OE) and Experian, which were produced in 2022. These are two of the leading economic forecasters for the UK’s local and regional economies. The forecasters have provided data for Milton Keynes up to 2050.

Oxford Economics

As per the Oxford Economics guidance note to users, the company’s Local Authority District Forecasting Model sits within the company’s wider suite of forecasting models. This structure ensures that global and national factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at a local authority level. This empirical framework (or set of ‘controls’) ensures the forecasts are more than just an extrapolation of historical trends. Rather, the trends in OE’s global, national and sectoral forecasts have an impact on the local area forecasts. In the current economic climate this means most, if not all, local areas will face challenges in the short-term, irrespective of how they have performed over the past 15 years. The forecasts are produced within a fully-integrated system, which makes assumptions from publicly available data about migration, commuting and activity rates when producing employment and population forecasts.

Experian

As per Experian’s guidance note to users, their approach takes the UK variables as exogenous, imposed from the monthly UK forecast. To produce the UK forecast, Experian use a heavily customised version of the National Institute of Social & Economic Research’s (NISER) model called NIGEM to provide the core macroeconomic forecast. NIGEM is a general equilibrium model of the UK and world economy which forecasts, amongst other variables, aggregate GVA, expenditure, income and employment based on the UK National Accounts published by the ONS. To split this core forecast out into industries and sub-sectors Experian operates a sectoral model which expands on the forecasts from the core NIGEM model. All local economic history used in the Regional Planning Service is derived from official statistics published by the ONS.

B: Conversion to use class order

The proportion of employment by SIC07 section across the use class order is estimated based upon the share of reported employment as recorded by the Business Register and Employment Survey (BRES) in different activities. This approach is applied to each sub-sector, with analysis going down to SIC07 class level (i.e. four digit). This analysis has produced the matrix below, which reflects the structure of the Milton Keynes economy in detail, and estimates how this is represented in terms of requirements across the use class order.

Figure A.D1: SIC07 to use class order conversion matrix

Sector	B2	BB	C1	C2	C2a	E(a)	E(b)	E(c)(i)	E(c)(ii)	E(c)(iii)	E(d)	E(e)	E(f)	E(g)(i)	E(g)(ii)	E(g)(iii)	F1(a)	F1(b)	F1(c)	F1(d)	F1(e)	F1(f)	F1(g)	F2(a)	F2(b)	F2(c)	F2(d)	SG	None/homeworking	
AB: Primary industries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.00	
C: Manufacturing	0.87	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	0.11
DE: Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.83	0.17	
F: Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.94	
G (part): Wholesale	-	0.63	-	-	-	0.01	-	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	0.28	0.07	
G (part): Retail	-	0.04	-	-	-	0.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.07	
H: Transport and storage	-	0.46	-	-	-	-	-	-	-	-	-	-	-	0.29	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.24	
I: Accommodation and food	-	-	0.10	-	-	0.06	0.51	-	-	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	0.14	0.18	
J: Information and communication	-	0.05	-	-	-	-	-	-	-	-	-	-	-	0.63	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	0.29	
K: Finance and insurance	-	-	-	-	-	-	-	0.44	-	-	-	-	-	0.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07	
L: Real estate	-	-	-	-	-	-	-	-	0.40	-	-	-	-	0.47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.13	
M: Professional, scientific and technical	-	-	-	-	-	0.00	-	-	0.01	-	-	-	-	0.72	0.05	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.21	
N: Administrative and support services	0.04	0.09	0.01	0.04	0.00	0.08	0.02	-	0.00	-	0.01	0.02	0.01	0.22	-	0.00	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.36	
O: Public administration and defence	-	-	-	-	-	-	-	-	-	-	-	-	-	0.71	-	-	-	-	-	-	-	-	0.24	-	-	-	-	-	0.05	
P: Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.93	-	-	-	-	-	-	-	-	-	-	-	0.07	
Q: Health and social care	-	-	-	0.49	-	-	-	-	-	-	-	0.30	0.05	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	
R: Arts and entertainment	-	-	-	-	-	-	-	-	-	-	0.32	-	-	-	-	-	-	-	0.04	0.02	-	-	-	-	-	0.11	0.08	0.30	0.14	
S: Other services	-	-	-	-	-	0.35	-	-	-	-	-	-	0.36	-	-	-	-	-	-	-	-	0.06	-	-	-	-	0.04	0.19		

The employment-by-sector forecasts from Phase 1A then serve as the inputs to this matrix, which allows for conversion to employment-by-use class forecasts.

C: Conversion to FTE employment

Employment-by-use class forecasts (Phase 1B) are then converted to full-time equivalent (FTE) jobs by using ONS Annual Survey of Hours and Earnings data. This is to ensure the employment figures align with the floorspace per FTE figures provided in the Homes & Communities Agency's (HCA) Employment Density Guide (3rd edition).

D: Conversion to floorspace

Having ensured employment-by-use class forecasts are FTE-based (Phase 1C), industry standard average floorspace per FTE figures from the Homes and Communities Agency (2015) Employment Density Guide, 3rd Edition can be applied.

Best practice guidance on employment densities uses a mix of net internal area (NIA), gross internal area (GIA) and gross external area (GEA). To convert NIA to GIA a 15% uplift is provided, to convert GIA to GEA a +5% uplift is made. The table below sets out further details on assumptions in respect of average floorspace per worker.

Figure A.D2: Floorspace per worker assumptions.

Use class	Assumption
E(g)(i) Offices	The Employment Densities Guide (2015) provides estimates for a range of office functions ranging from 8–13 sq m per FTE (NIA). The higher end of this range relates to Corporate HQ and the lower end relates to call centres. Financial Services, Public Sector and Professional Services fall within the 10–12 sq m range. The Occupier Density Study (2013) indicates an average density of 10.9 sq m for the UK. After applying uplifts to estimate Gross External Area (GEA), the utilised assumption is 13.2 sq m per FTE .
E(g)(ii) R&D	The most recent (2015) best practice guidance sets out a range of 40–60 sq m (NIA) for R&D B1b premises. The midpoint of this range has been adopted and uplifted to convert to GEA. A figure of 60.0 sq m per FTE has been used within the analysis.
E(g)(iii) Light Industry	The most recent (2015) best practice guidance indicates a figure for B1(c) light industry at 47 sq m per FTE (NIA). Allowances are made to align to GEA with a final assumption of 56.4 sq m per FTE (GEA) .
B2 General Industry	B2 General is estimated at 36 sq m per FTE (GIA). Allowances are made to align to GEA (+5%) with a final assumption of 37.8 sq m per FTE (GEA) .
B8 Storage & Distribution	Latest available estimates suggest a range of 70 – 95 sq m per FTE. 70 sq m per employee (GEA) for 'final mile' distribution centres and 95 sq m per employee (GEA) for national distribution centres. There is the potential for a mix of both and 80 sq m per FTE has been adopted for this analysis.

Phase 2: replacement, churn, and flexibility

E: Allowance for replacement

An allowance for replacement is included within the methodology to encapsulate the wider changes in the economy not picked up in the employment forecasts.

The approach assumes that a proportion of the total existing stock of employment property needs to be replaced each year to ensure the overall stock of premises is sufficient and appropriate for modern needs, in terms of both building quality and site characteristics. As a result, there will be a need for some existing employment stocks to be replaced. There will also be instances where existing buildings are so dilapidated that they require complete reconstruction.

Developing a methodology to estimate the scale of replacement activity is not straightforward. As a result, the team at HJA, drawing on our experience of working with clients over a number of years, has developed a methodology which is robust in terms of its underpinning logic and the evidence used to derive assumptions.

Typically within the property sector, development appraisals on new buildings consider a 25–35 year time horizon. As a result, one may expect that after this period, a building would be ripe for replacement. However, data on the age of commercial employment buildings indicates a very different picture.

Age of commercial stocks data

Data from 2004 (no more recent data has been published) set out in Figure A.D3 indicates that a notable proportion of the existing UK stock of commercial floorspace was built pre-1940, and over 50% was built pre-1970.

Figure A.D3: Age of commercial stocks, UK (2004)¹⁰⁶ (Source: Department for Communities and Local Government (CLG) archive – Total floorspace by LAD and age (2005)).

Use	Pre-1940	1940–1970	1971–1980	1981–1990	1991–2000
Retail	40%	17%	9%	14%	15%
Office	28%	18%	11%	17%	15%
Factory	24%	32%	14%	13%	8%
Warehouse	16%	25%	18%	17%	14%
Total	26%	25%	13%	15%	12%

This data implies that, typically, the useful lifespan of some stocks is considerable and beyond the 35-year development appraisal period. A typical approach is, therefore, to assume that buildings are replaced every 50 years, which equates to 2% of all commercial floorspace being replaced every year.

However, the same data for Milton Keynes presents a very different picture – as shown in Figure A.D4. Given Milton Keynes' historic context as a New Town founded in the 1960s, there is a very low proportion of its commercial stock that was built pre-1940 as the UA area did not include a major urban settlement

¹⁰⁶ Total for each use will not sum to 100% as the data presented above excludes the 'unknown age' and 2001–2003 categories from the CLG data.

before the town was established. Overall, according to the CLG data just 14% of Milton Keynes' commercial property stock was built before 1970.

Figure A.D4: Age of commercial stocks, Milton Keynes (2004).

Use	Pre-1940	1940–1970	1971–1980	1981–1990	1991–2000
Retail	11%	8%	26%	10%	31%
Office	4%	4%	8%	50%	24%
Factory	4%	16%	27%	29%	13%
Warehouse	3%	7%	22%	34%	24%
Total	5%	9%	22%	33%	22%

Milton Keynes' property stocks do not include the much older (typically Victorian) buildings that last well beyond the usual 25–35 year time horizon for a typical commercial unit. Subsequently, there is justification to test a requirement for Milton Keynes to have a higher rate of replacement, as increasing quantities of its 'original' stock dating from the inception of the city falls out of usefulness and becomes no longer fit for purpose.

If buildings were replaced every 30 years (in line with the 25–35 year industry expectation), one would expect around 3% of all commercial employment property stocks to be replaced each year. Given that Milton Keynes' commercial property stock should reasonably reflect modern building industry expectations for unit lifespans, a replacement rate of 3% has been sensitivity tested to account for Milton Keynes' atypical stock profile.

Energy Performance Certification (EPC) data

Energy Performance Certification (EPC) data can be used as a proxy to indicate the quality of a location's business premises stock. EPC data for Milton Keynes on the basis of floorspace and building count, along with building count data for the UK, can be found in Table A.D5.

Figure A.D5: Non-domestic properties: distribution of EPC lodgements by rating band, Milton Keynes and UK (Source: Energy Performance of Buildings Certificates (EPC) in England and Wales 2008 to December 2022, DLUHC; and Energy Performance of Buildings Data England and Wales, DLUHC).

EPC rating band	Milton Keynes (2008–2023) Floorspace (sq m)	Milton Keynes (2008–2023) as share of total	Milton Keynes (2008–2023) Building count	Milton Keynes (2008–2023) as share of total	UK (2009–2022) Building count	UK (2009–2022) as share of total
A+	15,000	0.2%	10	0.1%	1,100	0.1%
A	900,000	11%	200	3%	24,000	2%
B	1,500,000	19%	970	14%	130,000	11%
C	2,800,000	36%	2,300	33%	350,000	30%
D	1,500,000	19%	2,000	29%	360,000	30%
E	910,000	12%	980	14%	190,000	16%
F	140,000	2%	240	3%	62,000	5%
G	120,000	2%	260	4%	75,000	6%

Properties with an EPC rating of F or G are treated as “sub-standard”. Since 1 April 2018, Minimum Energy Efficiency Standards (MEES) have meant it has not been possible to grant a new tenancy to new or existing tenants where a non-domestic property that has an EPC rating lower than E (with limited exceptions). Since 1 April 2023 it has been an offence to *continue to* let or rent out a property if it does not have a rating of at least E, with penalties of between £10,000–£150,000 for a breach (based on the property’s rateable value),

In Milton Keynes around 7% of commercial buildings are rated as “sub-standard” (around 3% of commercial floorspace), compared to around 11% of buildings in the UK. This suggests Milton Keynes has a lower-than-average share of its non-domestic stock currently rated as “sub-standard”.

The UK Government’s Energy White Paper (2020) sets a target for all rented non-domestic buildings in the UK to be rated EPC band B or above by 2030, with the caveat that this will be done “where cost-effective”. The delivery of this target is yet to be road-mapped.

In Milton Keynes, currently around 17% of non-domestic buildings are rated band B or above (accounting for 30% of non-domestic floorspace), compared to around 13% of buildings in the UK. This suggests Milton Keynes has a higher-than-average share of its non-domestic stock which already meets the 2030 target of a band B rating.

Figure A.D6 sets out more detailed information on the EPC band rating of Milton Keynes’ office, general industrial, and warehousing logistics stocks.

Figure A.D6: Non-domestic properties: distribution of EPC lodgements by rating band and use, Milton Keynes.

EPC rating band	Office Floorspace	Office Count	General Industrial Floorspace	General Industrial Count	Warehousing and Logistics Floorspace	Warehousing and Logistics Count
“Sub-standard” (below band E)	6%	8%	1%	5%	2%	5%
Below 2030 standard (below band B)	79%	88%	86%	85%	62%	85%

The data suggests that, in Milton Keynes:

- » **Offices:** around 6% of office floorspace, and 8% of office buildings, are currently rated as sub-standard. Around 79% of office floorspace, and 88% of office buildings, are currently rated below the 2030 target of band B and above.
- » **General industrial:** around 1% of general industrial floorspace, and 5% of general industrial buildings, are currently rated as sub-standard. Around 86% of general industrial floorspace, and 85% of general industrial buildings, are currently rated below the 2030 target of band B and above.
- » **Warehousing and logistics:** around 2% of warehousing and logistics floorspace, and 5% of warehousing and logistics buildings, are currently rated as sub-standard. Around 62% of warehousing and logistics floorspace, and 85% of warehousing and logistics buildings, are currently rated below the 2030 target of band B and above.

Not all of the “sub-standard” floorspace identified will need completely replacing. It is likely that much of Milton Keynes’ stock currently rated as bands C–E will improve their EPC ratings as we move towards 2030 by implementing recommendations for energy efficiency improvements. Currently MEES allows for the

continuing letting of a property with an EPC rating band below E where the property remains sub-standard despite all relevant energy efficiency improvements having been implemented, or there are none that can be made. There are also exemptions which apply under the current rules, including: cost (would be more than the savings on energy bills over a period of 7 years); potential negative impact on the fabric or structure of the property; consent (not being able to obtain consent from a tenant or consenting authority); and devaluation (works would devalue the property by 5% or more, or would cause damage).

Overall, whilst EPC ratings are likely to create an upward pressure on replacements rates within Milton Keynes, the severity of this upward pressure should not be overstated.

F: Choice and flexibility

A percentage uplift of the combined requirement for net additional and churn/replacement is applied to ensure an allowance for range and choice is incorporated. This uplift also builds in some additional flexibility to allow the normal frictional movement in the market. As such, in line with industry standards, an uplift of 10% has been applied.

G: Use of existing employment sites

HJA has interrogated borough level monitoring data for the period 2012–2022 to identify the degree to which E(g)(i-iii), B2, and B8 Use Class completions have been achieved on previously developed E(g)(i-iii), B2, and B8 Use Class land.

Appendix E:

Working Practices & Hybrid Working

This appendix reviews the literature on the impact remote working (home and hybrid) may have on the demand for commercial and industrial employment sites and premises.

This appendix considers the following areas:

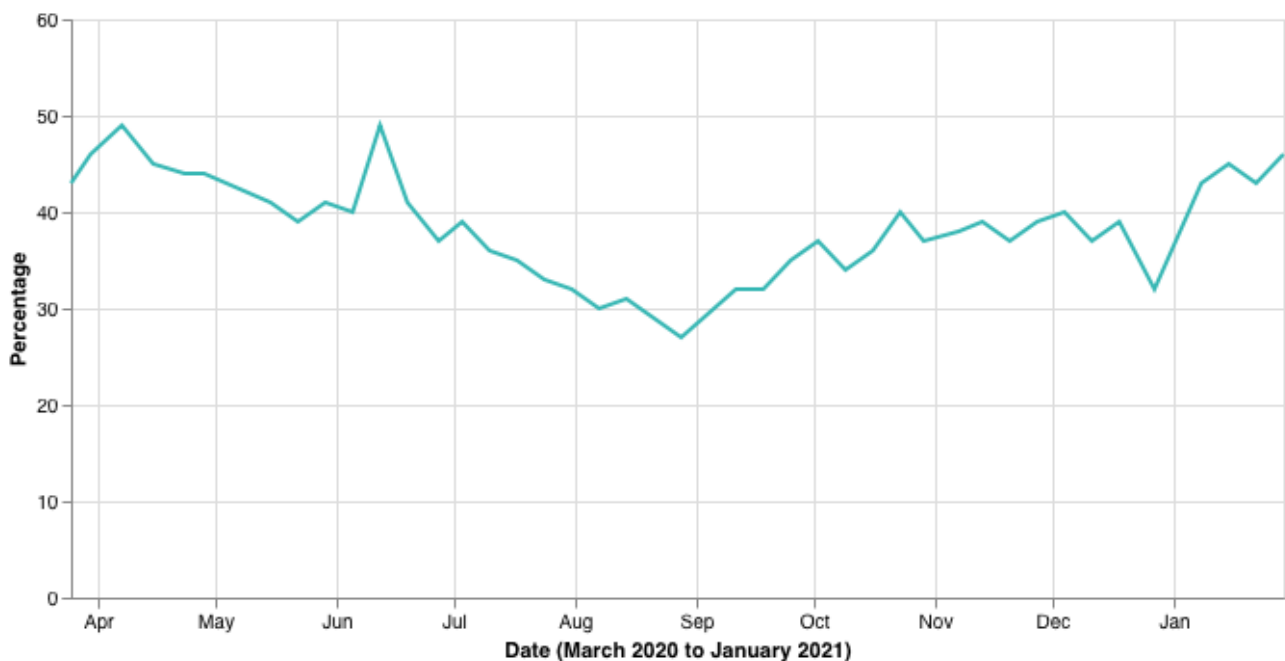
- » The scale and reach of remote working across sectors and activities during the pandemic;
- » The long-term scale and reach of remote working across sectors and activities;
- » The impact remote working will have on employment densities; and
- » The impact remote working will have on the choice of employment sites.

The heightened level of remote work during the pandemic is expected to have a lasting impact on the amount of workers in the office at any given time. A range of estimates of the reduction in the number of workers have been made equating 10% fewer office-based workers by 2050.

The scale and reach of remote work across sectors and activities during Covid-19

Remote working during the 2021 winter lockdown reached a peak of approximately 45% of the workforce (see Figure A.E1)ⁱ.

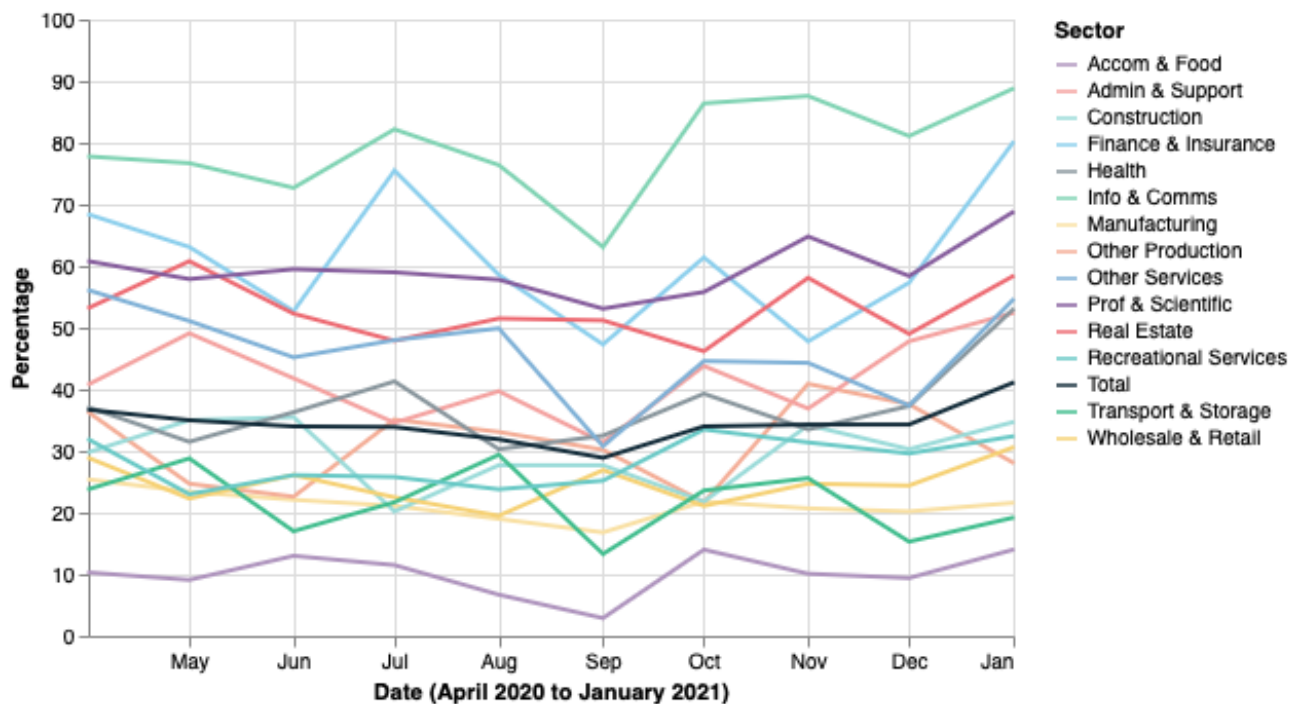
Figure A.E1: Percentage of working adults that worked from home (Source: ONS, via Economics Observatory)



Variation in the uptake of remote work varied significantly by sector during the pandemic. Figure A.E2 shows data from the Bank of England's Decision Maker Panel (DMP) survey from April 2020 to January

2021. This shows very high rates of home working in sectors such as information and communications, finance and insurance, and professional and scientific; but much lower rates within accommodation and food, transport and storage, and manufacturing.

Figure A.E2: Percentage of employees continuing to work from home across sectors (Source: Economics Observatory, using DMP Survey Data.)



This highlights there is a wide variability by sector and it cannot be assumed that all job roles can be completed either partially or entirely at home. The impacts have been far greater within office based sectors.

The long-term scale and reach of hybrid working

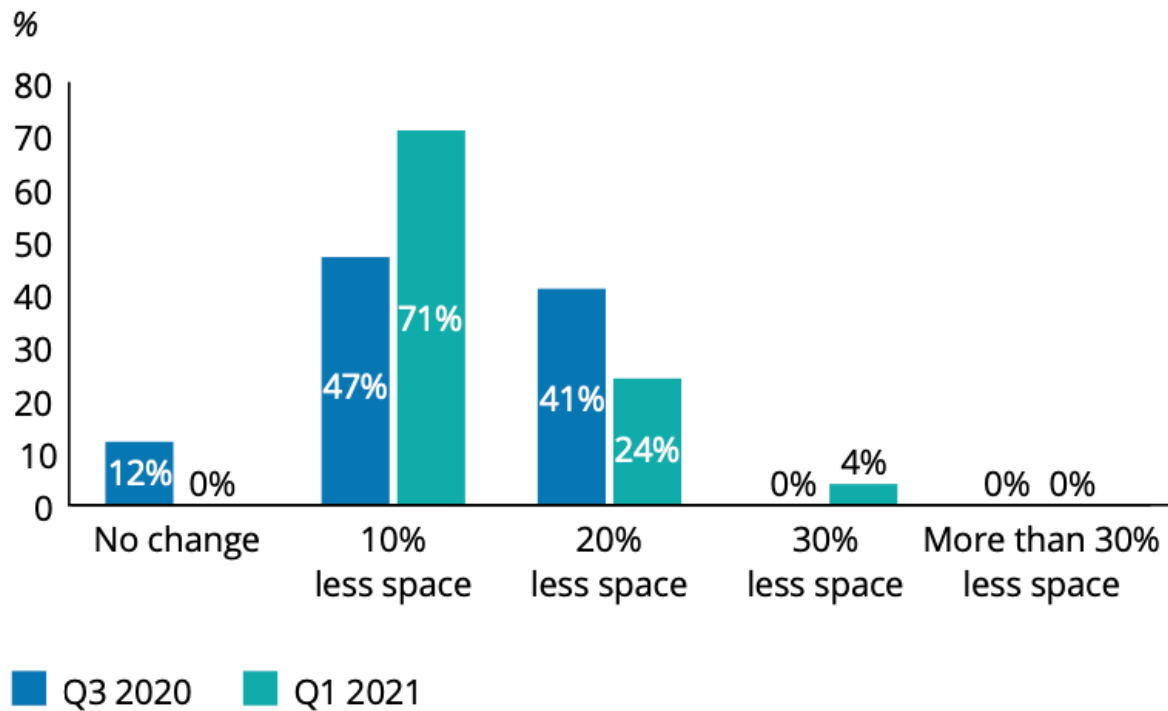
It is not expected that the level of hybrid working that took place at the peak of the pandemic and lockdowns will continue. In February 2022, 84% of workers who worked from home during the pandemic stating they planned to continue hybrid working in the futureⁱⁱ.

The Financial Times has reported a 'common estimate' of a reduction in the number of people in London offices on a daily basis to be 10%, with those not in the office either working from home or working remotelyⁱⁱⁱ. While there may be some variation, 10% remains a good estimate of the reduction of workers in the office each day.

The effects of this reduction in day-to-day office occupancy on floorspace requirements has been described as a modest rather than a seismic shift in demand. In London, Deloitte's London Office Crane Survey (2021) estimates the reduction of office-space demand to be on average 10-15% square footage^{iv}. Deloitte's Regional Crane Survey (2021) also indicates that this is national rather than a London-centred development.

The Crane Survey asked respondents on two separate dates ‘what impact will home-working have on the amount of office space tenants will be taking in the long-term?’ As Figure A.E3 shows, the majority of respondents are clustered between 10% and 20%.

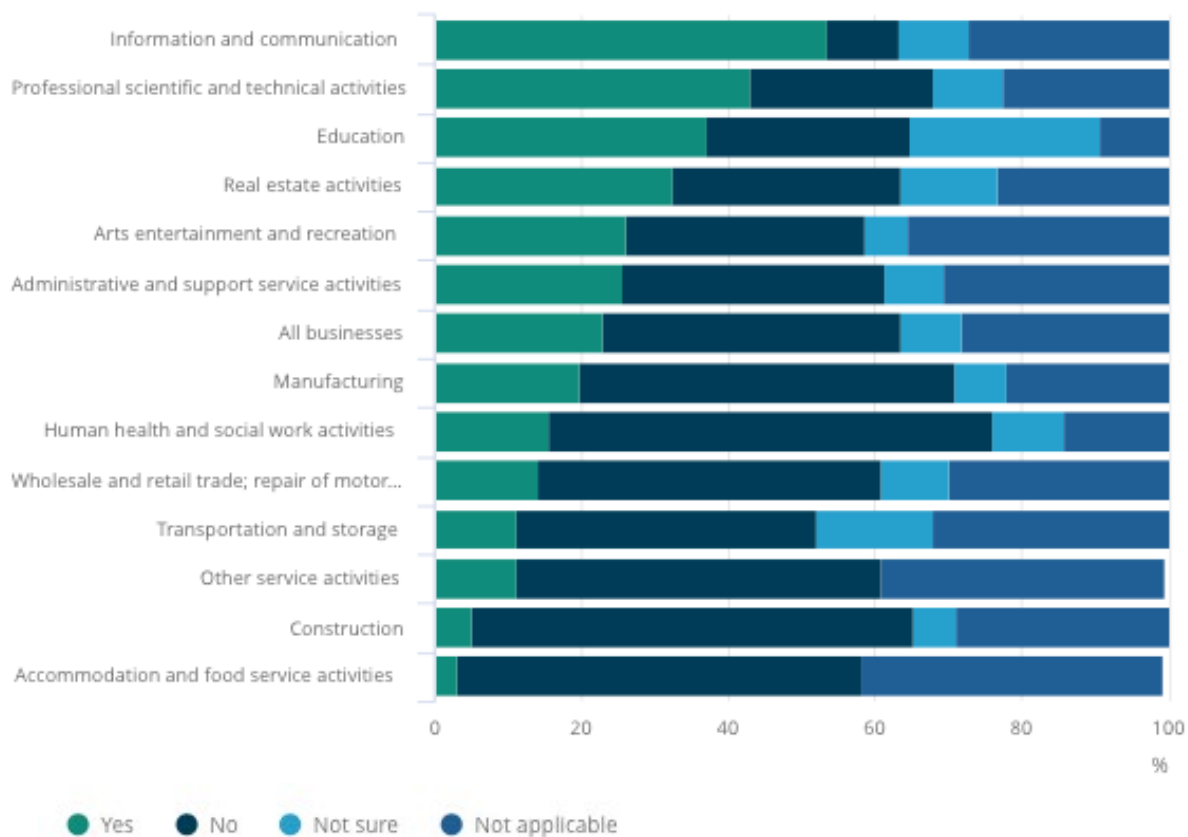
Figure A.E3: Landlord survey: ‘What impact will homeworking have on the amount of office space tenants will be taking in the long-term?’ (Source: Deloitte, London Office Crane Survey (2021)).



23% of businesses reported using – or intending to include – remote working as a permanent business model in 2022 compared to 16% in autumn 2020. These levels also vary by industry (see Figure A.E4)^v.

A significant proportion of businesses (as shown in Figure A.E4) are not using or planning to include remote working as a permanent business model, with the highest levels of this in Health and social care, Construction, Accommodation and food services, Manufacturing, and Other service activities. The majority of sectors show that there is a higher proportion of businesses who responded ‘no’ to using or planning to use homeworking as a permanent business model than to those responding ‘yes’. Only the Information and communication and Professional scientific and technical activities sectors strongly show that the majority of businesses intend to incorporate remote working.

Figure A.E4: Percentage of businesses using or planning to use increased homeworking as a permanent business model, April 2022 (Source: Office for National Statistics – Business Insights and Conditions Survey (BICS))



The implications for office demand should not be understated at this point. While the majority (as shown in the Figure A.E4) do not intend to use increased home-working as a permanent feature, there remains a proportion that do. This is important for office-demand given that those sectors which have a higher percentage of office-using employment^{vi} (ICT, Professional, Scientific and Technical) are those which have a greater number of respondents intending to use increased home-working as a permanent feature in their business model. Thus, a small rise in remote working in these sectors will have a proportionately high negative impact on demand for office space.

The variation of results – with at least some businesses intending to use homeworking as a more permanent feature – suggests that anecdotal evidence of companies making widespread changes to working practices will be expected, but may not be indicative of wider trends.

Further, while it will be less common in some sectors for remote work to become permanent (sectors such as construction and transport require a majority of the workforce to be at a physical site), any increases in remote work from these sectors will likely come from office-based work.

These figures are not static and the level of remote work taking place will be subject to change as time goes on and perceptions of productivity gains or losses from remote working become more apparent.

According to the Economics Observatory analysis, there is a high degree of correlation between perceived productivity and the degree to which each sector answered ‘yes’ to making remote working a permanent feature. This is important for measuring the long term impact that remote work might have on the demand for office space because if perceptions of productivity begin to change, either in the positive or the

negative, this will have implications for the amount of work that will be done remotely, which in turn will determine the amount of office space required. This is not to say that productivity is itself the only factor driving heightened levels of remote working – in fact, many other considerations including the type of activity being performed^{vii}, organisational culture and norms, and technological availability will all play their part – but rather to note that these numbers are subject to change as time goes on.

Any changes which do take place, however, will be slowed down by the duration with which businesses are locked-in to their office leases, which can often run for ten years or even longer and with expensive termination fees. In addition, many businesses are yet to decide which working practices best help to achieve business goals, which will further hinder any changes to demand. This means that only those firms with upcoming lease renewals or break clauses or those that have decided which working practices can work best will be able to implement office reduction quickly.

Looking further into the future, if remote working begins to drive down the demand for office space and, in turn, office rents, there is the potential that new occupiers – particularly those that had previously been priced out from renting office space - will take up the opportunity of renting an office space thus maintaining the same quantity of demand, which existed prior to the remote working exodus. However, this will depend on the commercial viability of landlords maintaining offices at lower rents and whether the building can be repurposed to meet other needs. The redevelopment of offices into houses to meet the housing shortage, has been touted as one possible long-term scenario. A major example of this is already taking place in Central London, as the Canary Wharf Group scrap plans for a 1 million sqft office space and replace it with a 60-storey apartment tower^{viii}.

The impact of hybrid working on employment densities

An emerging question which is linked to the scale and impact of hybrid working, is whether increased remote working is beginning to change office floorspace density. According to Deloitte's London Office Crane Survey (2021), most developers argue that the reduction in office occupation due to remote working is likely to be offset by growing requirements of tenants for lower density occupations, less hot desking and more collaborative space^{ix}. These findings are replicated in Deloitte's Regional Crane Surveys (2021), indicating that the trend of lower density office occupation and retainment of total floorspace demand will be reflected nationwide.

While some sectors may see a decline in the number of workers in the office at any given time, the amount of office space required is expected to remain the same, in order to facilitate group meetings and collaboration when workers are in the office. Workers need a reason to come to the office if they are to commute, and heightened collaboration is one justification. While offices may become less occupied on a day-to-day basis, total floorspace requirements may remain the same.

One important caveat, however, is that if offices are becoming less dense, this will not change uniformly across the office market. The amount of floorspace required by each worker will vary according to occupation, sector, business culture and business size.

According to NESTA (2021), one likely post-pandemic scenario for hybrid working may be high-paid knowledge workers continuing to work in cities, while a greater proportion lower paid work is undertaken remotely. The report continues, "firms saw the cost saving possibilities that remote working offered them and as a result decided to eschew office working for much of their staff. The key exception were elite

workers like CEOs, executive teams, and high skilled workers for whom face-to-face interaction was deemed essential.”^x

The trend of lowering densities is also unbalanced with regard to high and low-value office space. While high-value businesses will continue to demand office space to support their corporate brand and images, it is uncertain whether the same level of investment will be placed in to lower-grade office spaces with lower rents and where smaller grid sizes make it difficult to renovate. According to the FT, it is likely many of these will ‘empty out and have to be refitted or repurposed’^{xi}.

Finally, for remote working to lead to a lowering of density and a concurrent maintenance of space it will need to make financial sense for occupiers. The last 25 years has seen offices becoming more dense in order to make them more economically viable^{xii}. For hybrid working to reverse this trend, and for offices to maintain high levels of space despite fewer workers in the office on a day-to-day basis, it will need to be financially viable for businesses. If it is not, lower density occupation may become a luxury not available to all and businesses may prefer to downsize by some proportion, while maintaining some form of collaboration space.

The impact of hybrid working on location of new builds

The impact of home and remote working is also affecting the conversation around where we are likely to see new office spaces being developed. An emerging model of office development is that of the ‘hub and spoke’ system, whereby businesses retain a city centre presence (i.e. the hub), while also utilising regional and local office ‘spokes’, which could include out-of-town co-working workspaces^{xiii}. The model has been promoted by Deloitte and KPMG and has received some media attention^{xiv}.

Many public sector organisations have already begun moving toward this model. HMRC has dispersed its workforce in to 170 offices, across 13 regions^{xv}, while the Welsh Government has also favoured employment sites closer to residential areas by funding alternative office locations around Wales^{xvi}.

This model is also likely to benefit from being more environmentally-friendly and compatible with the political and cultural shift toward a decarbonised economy. The hub and spokes model of office space will reduce the amount of travel required to a central location by bringing offices closer to the places where people live thereby reducing pollution. This increased densification of areas, bringing residential and employment sites closer is one of the main reasons the model has been favoured by the Welsh Government^{xvii} (albeit in a devolved nation).

Conclusions

Whilst still in the midst of the pandemic and various restrictions it is too early to draw firm conclusions. However, the evidence points to clear sectoral differences. The greatest effects of hybrid working are anticipated to fall within the office sector. However, the scale of such changes are uncertain. Whilst increased remote and hybrid working is anticipated, the effects of this could be offset by changes in the density of occupation. There may be spatial effects with a move to hub and spoke models, which also aligns to the sustainable travel agenda. However, key factors of financial viability and lease flexibility will be critical to the speed at which any adaptations take place.

Given that it is too early to draw firm conclusions it will be important to monitor activity, particularly in the office sector over the coming months and years to understand the medium and long term impacts on the demand for sites and premises.

Appendix F: Commercial Market Review



Milton Keynes Commercial Property Market Review

Hardisty Jones Associates Ltd

September 2022

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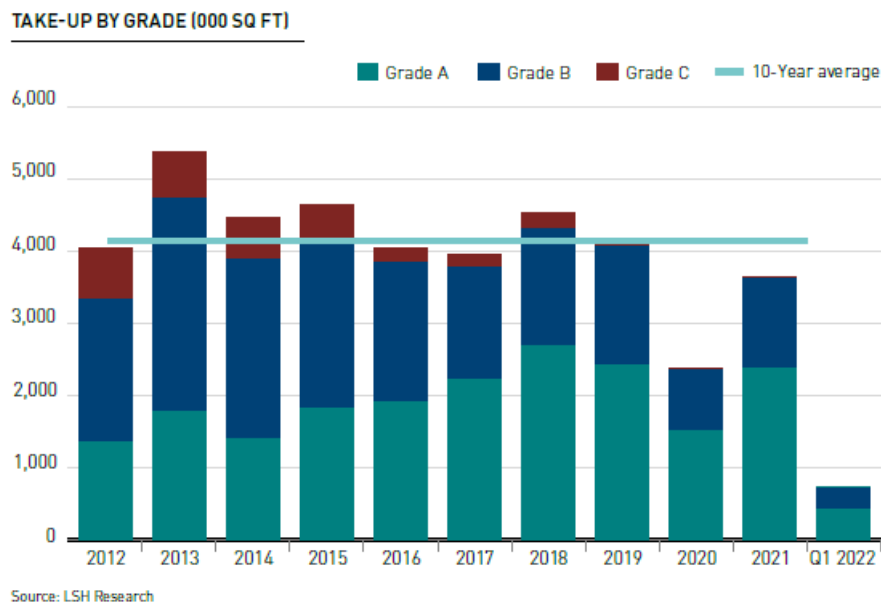
2.0 Office Market Executive Summary

- 2.1 Milton Keynes is one of the major office locations in the M1 corridor and North M25 region with a significant stock of office space, a host of multinational occupiers and HQs, excellent connectivity and a highly skilled workforce.
- 2.2 Prior to the pandemic the office market in Milton Keynes had improved in recent years with the return of speculative development, inward investment, rental growth and good occupier take-up.
- 2.3 The pandemic is having a major impact on the office market and in general the indicators suggest that occupiers will look to lease less office space but of better quality. Supply levels have remained fairly stable and fair better than most other South East markets, but this could potentially increase in the medium term as surplus space is released upon lease events.
- 2.4 Take-up of office space has been muted below the 10 year average in 2021 and 2022 forecast, mainly due to an absence of larger transactions in excess of 10,000 sq ft. With a real paucity of Grade A supply, the levels of take-up could continue at below the long term average in the immediate future.
- 2.5 We anticipate the office market to continue to be polarised between best in class space and secondary buildings, with occupiers willing to pay good rents on smaller space that meets all of their requirements in attracting and retaining talent.
- 2.6 There is a substantial stock of ageing office buildings in MK that will require refurbishment or repurposing in the medium to long term, either through a combination of obsolescence or a structural lack of demand.
- 2.7 Permitted Development Rights have already removed a substantial amount of secondary buildings in Central Milton Keynes (CMK), which assisted the office market by removing a glut of poor quality supply. Protections against such changes of use will now safeguard office use in this location, which we consider as a strategic office hub that will continue to outperform peripheral locations.
- 2.8 In out of town locations we may witness more redevelopment of tertiary offices to industrial & logistics, with other potential employment opportunities in the long term with the arrival of transport infrastructure in the Oxford – Cambridge Arc.
- 2.9 Milton Keynes has been successful in attracting major occupiers by the availability of land for large scale developments and the excellent fundamentals of the city as an office location.
- 2.10 However, MK has suffered from a cyclical lack of new speculative office development for numerous reasons and in turn there continues to be a paucity of Grade A supply. The absence of high quality office stock will inhibit the ability to attract new occupiers, assist the growth of existing businesses and to compete with other major South East office locations.
- 2.11 Viability of new office development will remain challenging and therefore it may need to form part of mixed use schemes in order to ensure deliverability, whilst enabling excellent amenities and a sense of place.

3.0 South East Office Market Commentary and Current Trends

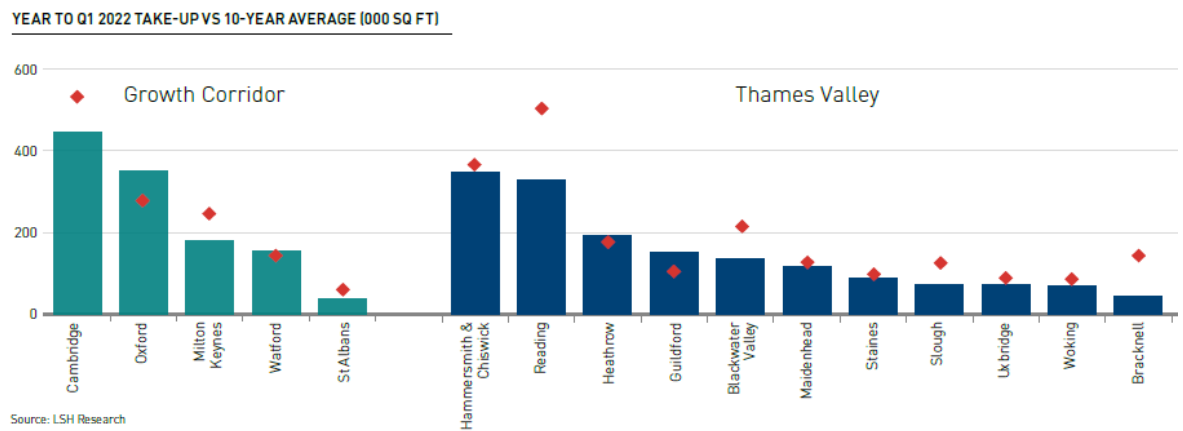
- 3.1 Take-up across the South East’s 25 key markets in the first half of 2022 was far removed from the impressive finish to 2021, albeit this mostly reflected a comparative lack of large deals. Hopes that positive momentum in the market would be sustained into 2022 have been dashed by fresh challenges to occupier sentiment, including the Omicron variant early in the year, the outbreak of war in Ukraine and a steep rise in inflation.
- 3.2 Total take-up in Q1 2022 was 720,000 sq ft, 16% below trend and only marginally above Q1 2021’s level. However, this masks a clear improvement of activity in the small to medium end of the market seen in the wake of the pandemic. Q1 take-up comprised 115 deals, 50% more than the same quarter last year and only 18% below the number seen in Q4 2021, when take-up was the strongest since Q2 2019.

Fig. 1



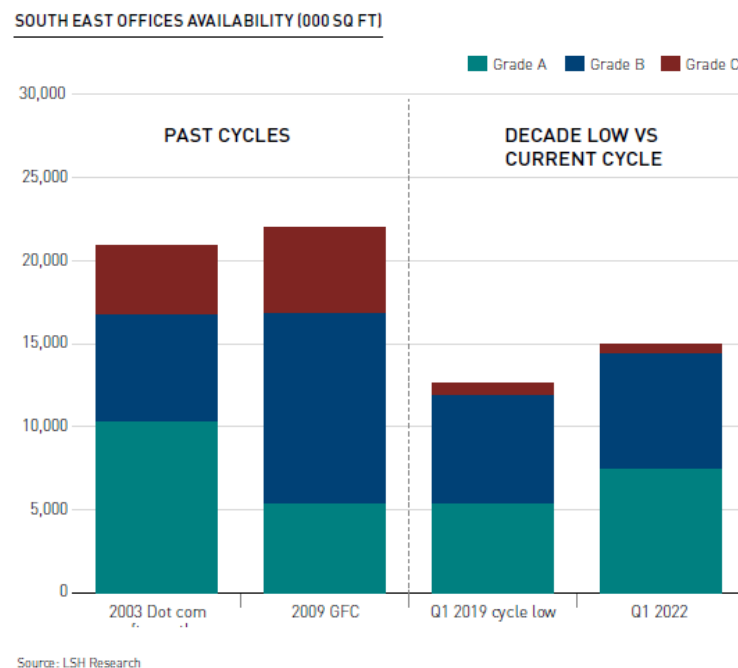
- 3.3 While renewed uncertainty in the market is delaying the resumption of a strong post pandemic recovery, evidence nonetheless points to Q2 take-up improving upon Q1’s level to circa 850,000 sq ft, which is closely in line with the long-term average. At the end of Q1, circa 1.1m of space was under offer across the 25 markets alone, which also bodes well for activity later in the second half of the year.
- 3.4 The fact that activity in 2022 has held up well in the face of increasing economic headwinds underlines the profound impact the pandemic has already had on workspace decisions. The shift towards greater hybrid-working prompted by the pandemic is driving demand to relocate into better quality and / or more flexible space, typically upon lease events.

Fig. 2



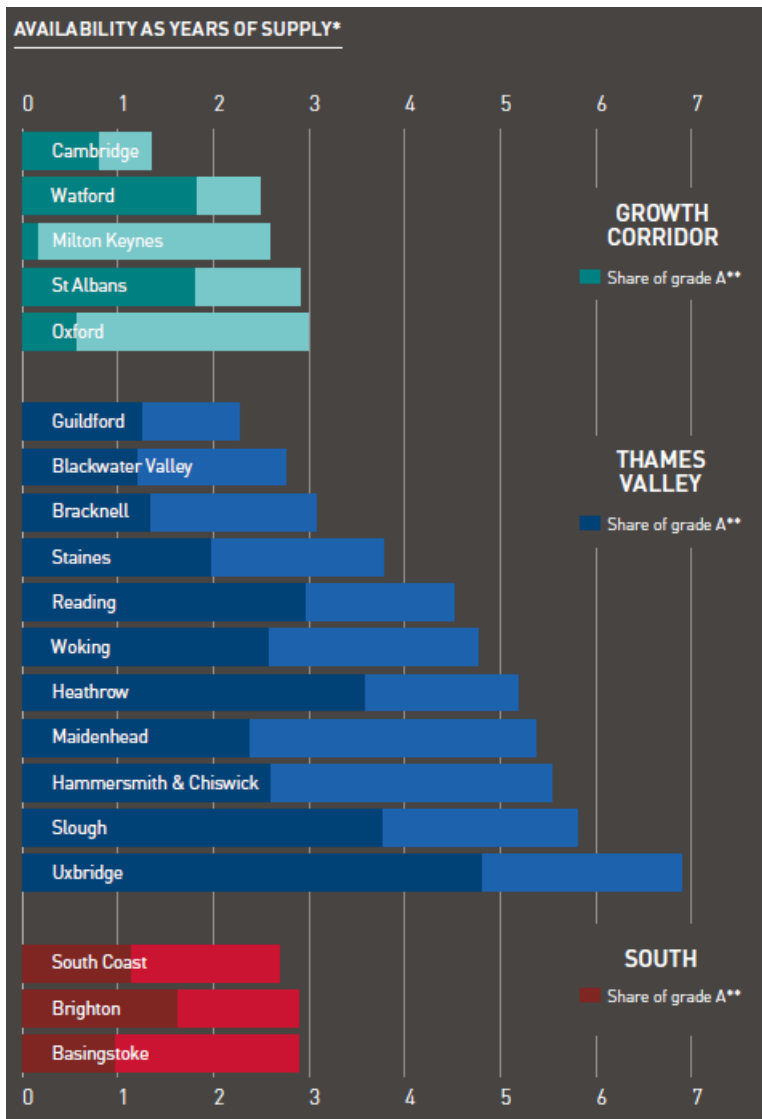
- 3.5 Moves to consolidate are not simply down to cost cutting, but rather to exchange quantity for quality. This is clearly borne out in the data. In both 2020 and 2021, close to two thirds of take-up across the 25 markets involved grade A space, the highest share seen at any point over the past 15 years.
- 3.6 Never has the quality of workspace been so important, to attract employees into the office and to demonstrate increasing commitment to ESG goals. The labour market is also extremely tight, reflected in a record 1.1m job vacancies across the UK service sector. In the war for talent, alongside pay, the quality of a business’s workspace can give it an extra competitive edge in recruitment.
- 3.7 While the period immediately following the onset of the pandemic in 2020 saw overall supply pick up by 10%, the past 12 months have shown little sign of further escalation. Indeed, across the South East’s 25 key markets, supply has stood virtually unchanged at circa 15m sq ft since the end of 2020.
- 3.8 Overall supply also remains balanced in an historic context, standing 32% below its peak from the global financial crisis in 2009.

Fig. 3



- 3.9 The underlying nature of overall supply has also remained broadly unchanged over the past year. At the end of Q1 2022, grade A space accounted for 49% of total supply across the 25 markets, slipping from a 51% share in Q1 2021. While this is sizeable in an historic context, a healthy choice of grade A options is arguably preferable amid concerns over accelerated obsolescence for secondary space emerging in the wake of the pandemic.
- 3.10 The relative stability of supply levels in the South East is partly down to a limited volume of tenant-released or so-called 'grey space' hitting the market in the wake of the pandemic, certainly less than initially feared. Across the region, grey space currently accounts for only 8% of total supply and, while this is up from 3% a year ago, a significant proportion of this has arisen in Reading, where 505,000 sq ft of grey space is available.
- 3.11 This also continues to represent a key divergence from trends in the Central London market. An avalanche of grey space hit the market in the capital after the pandemic struck, pushing current total supply to 20% above its previous peak in 2009. The contrast suggests that London's reliance on distant and often costly commuting has left the capital more exposed to increased hybrid working compared with the South East markets, where the cost of space is significantly lower.
- 3.12 There are of course marked variations in supply between the region's individual markets. The Growth Corridor is home to the South East's tightest market, with availability in Cambridge equivalent to only 1.4 years of average annual take-up.
- 3.13 Elsewhere in the sub-region, Oxford and Milton Keynes are notable for the relative lack of grade A space within their respective supply profiles, accounting for only 6% in the latter, the lowest share of any market in the region.
- 3.14 Supply is generally more ample in the Thames Valley markets, although significant variation is evident here too. On the back of strong take-up, Guildford has emerged as the tightest market in the sub-region, with little over two years' supply available. However, at the other end of the scale, five of the Thames Valley markets have supply equivalent to over five years of average take-up. Uxbridge has the highest supply relative to average takeup of any market, equivalent to 6.9 years, the majority of which is grade A space.

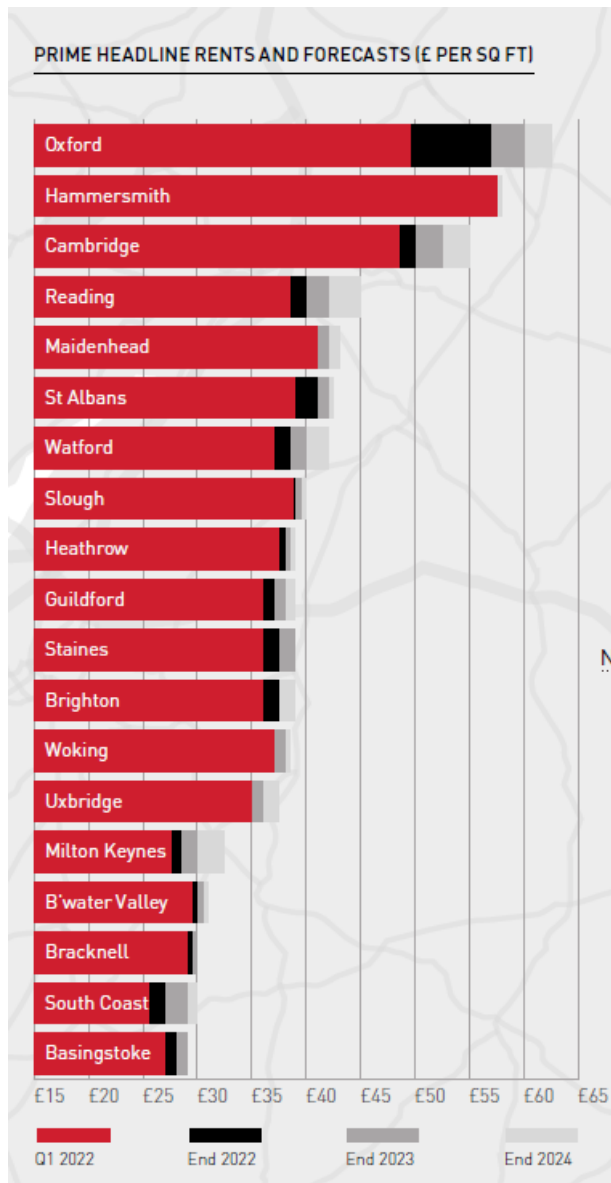
Fig. 4



Source: LSH Research. * Years of supply defined as current availability divided by 10-year average take-up.
 ** Grade A includes speculative space completing in next 12 months.

- 3.15 In spite of the upheaval caused by the pandemic and, in more recent months, increasing caution around the economy, prime headline rents have not only proven resilient but grown in many cases. However, an increasing flight to quality among occupiers presents a much bleaker picture for demand for secondary space, reflected by increasing polarisation in market pricing.
- 3.16 While some of the more amply supplied markets are seeing increasingly competitive rent free incentive packages, none of 25 key markets saw prime headline rents shift downwards over the past 12 months. Indeed, nine of the locations saw prime rents tick-up to some degree, with the movement typically linked to the delivery of high quality new or refurbished space.

Fig. 5



Source: LSH Research

- 3.17 On the flipside, growth at the prime end will be accompanied by falling demand and, consequently, softening rents for poorer quality space, particularly at edge of centre locations, much of which may ultimately be better suited for change of use. However, in the right locations, a downward shift in secondary values also presents a wealth of opportunity to add value through high quality, sustainably-led refurbishments which strive to go beyond convention.
- 3.18 Creating more flexible workspace solutions will also provide an important means of attracting demand. The South East is yet to see a concerted increase in fitted space being offered to the market, with Cat B and Cat A+ (both landlord and tenant released) making up a relatively small 9% of total supply, half of which is in Reading. With many occupiers remaining averse to cap ex and unsure of their long-term plans, shifting the provision to include both quality and flexibility will be increasingly key to letting success.

3.19 Frustratingly, for the time-being, this opportunity is being stymied by heightened investor caution around inflation, build costs and the rising cost of finance. However, for those developers that are able and willing to commit to high quality value-add projects now, a cocktail of pent-up demand and a more settled economy could translate into strong letting prospects and rental levels in 18 months' time.

4.0 The Impacts of Covid 19 on the Office Market

- 4.1 The impacts of Covid 19 have significantly dampened office demand in the previous two years due to the widespread change in working practices, to working from home and flexible/hybrid working.
- 4.2 LSH undertook a survey in 2022 of its occupier client base to ascertain how their policies and space requirements are set to change in the wake of the pandemic. The survey garnered 51 responses from key decision makers across a variety of organisations, spanning a wide range of sizes and sectors.
- 4.3 Our survey response lays bare the substantial reduction in rates of office occupancy compared with prior to the pandemic in early 2020. Despite all COVID-19 restrictions having been lifted several months ago, only 15% of respondents stated that their staff are now in the office for a minimum of four days per week. This compares with 90% prior to the pandemic.
- 4.4 The survey outlines the following key trends:-
- A large majority of occupiers intend to cut back on office space by 20 to 39%.
 - Occupiers are demanding more from office space in a 'flight to quality'
 - The importance of ESG (Environmental, Social and Governance) considerations to occupiers
- 4.5 In addition to the LSH survey there a wide range of workplace studies and research, which all highlight the same trends to lesser or higher extent.
- 4.6 On the basis of 20% of office space being shed by occupiers in the south east, this equates to a reduction of 26m sq ft of office space required across the region. This in context is equivalent to the office stock of Reading twice over.
- 4.7 Translated to Milton Keynes where the built office stock is estimated at approximately 7,000,000 sq ft, 20% equates to c. 1,400,000 sq ft of office stock potentially no longer required by occupiers.
- 4.8 The market signals are clear both in Milton Keynes and the South East, occupiers require less space but better quality.
- 4.9 The focus continues to be on best in class Grade A office buildings that are well located, high quality and rich with amenities in order to attract employees back to the workplace.
- 4.10 There is also the growing driver of ESG targets and credentials, with real estate forming a key part of an organisation's carbon footprint.
- 4.11 Market demand will continue to diminish for unrefurbished buildings with no amenity, in poor locations and low environmental credentials.
- 4.12 A limited choice of best in class in space in most markets, which 'ticks all the boxes' in terms of meeting post pandemic demand, will perform well in terms of demand and pricing.

5.0 The Loss of Office Space to Alternative Uses

- 5.1 Startling as this may appear, it is worth bearing in mind that a significant quantum of office stock has already left the South East market and been successfully 'redeployed' in the recent past. Based on several different sources, over the past decade, LSH estimate that as much as 10m sq ft of offices has been lost to residential alone across the 25 key office markets.
- 5.2 Continued strong demand for alternative uses continues in the South East, including industrial, life science and data centres alongside residential, indicates that fears of a substantial and persistent level of void are arguably overblown.
- 5.3 Admittedly, since 2021, the ability to change use has been hampered somewhat following a tightening of the criteria in the office to residential Permitted Development Right (to a maximum size of 1,500m²), although this may well be relaxed again if it becomes necessary to do so.
- 5.4 Milton Keynes is no exception when it comes to the removal of tertiary office stock, albeit in comparison to other South East markets it was slow to take off due to a low differential between residential and office use values.
- 5.5 The large majority of office conversions have been within Central Milton Keynes (CMK), due to a culmination of factors including a number of office buildings reaching obsolescence and the proximity to the station and city centre amenities. MK Council data suggests that between 2014 and 2019 approx. 300,000 sq ft of office space was consented for residential conversion, c. 55% of the total 540,000 sq ft consented across the borough.
- 5.6 LSH records indicate a far higher figure of approx. 665,000 sq ft of CMK office stock that has been removed, purchased or consented for residential use since 2014 to the present day (Q3 2022). This equates to almost 10% of the total office stock in MK or c. 20% of CMK stock.
- 5.7 Outside of CMK there was a concentration of conversions in Bletchley, which was a secondary office location but had some level of amenity and the mainline rail station. On the whole there have been few large scale residential conversions out of town, which can be attributed to lower values and a lack of demand for apartments in these peripheral locations.
- 5.8 The removal of this tertiary office stock has had positive impacts on the local office market to an extent, drastically reducing the availability of buildings that were no longer fit for purpose either by specification or configuration. In turn this has primed demand for occupiers relocating, tightened the available supply and increased rents.
- 5.9 As a new town, the availability of land and sustained office development through the early decades left a continuous large availability of older office stock (approx. 75% constructed pre 2000). This depressed rental levels which could not justify new office development. Without new Grade A office stock, of which there is still an acute shortage, it detracts from the city as an office location for inward investment and facilitating the growth of existing occupiers.
- 5.10 In order to keep in check the loss of employment space which had the potential to accelerate post C19, the Local Planning Authority introduced an Article 4 Direction with effect from July 2021. This direction removed the Permitted Development Rights for conversion of offices to residential. Whilst the introduction of the Article 4 prompted a few applications prior to the deadline, it will protect employment space in CMK going forwards.
- 5.11 As outlined further in this report, we see CMK as a key driver of the office market for the future and therefore we support the protection of employment space within the Central Business District. It will encourage new office development where refurbishment is not feasible, most likely to be combined

with some element of residential to form mixed use developments which benefit from a sense of place and amenity.

- 5.12 The recent growth of rents is encouraging new office development and investment to existing buildings, but this is still some way behind other competing locations as highlighted in this report.
- 5.13 Outside of CMK there have been pockets of residential conversion, notable buildings including The Atrium Linford Wood (69,000 sq ft) in c. 2018 and also Marlborough Court Linford Wood (44,000 sq ft) which is awaiting planning consent.
- 5.14 The Industrial & Logistics market has taken off following the pandemic, with land values soaring on the back of strong occupational demand and heightened investor appetite.
- 5.15 Madison House Tongwell (25,000 sq ft) sold earlier this year as part of a larger site for industrial redevelopment. Willen House Fox Milne (62,000 sq ft) has also been recently redeveloped for logistics use.
- 5.16 We anticipate this trend to continue in areas such as Linford Wood, Wolverton Mill, Wymbush and Mount Farm where the office stock is both poor quality and low density, offering a higher use value for industrial.

6.0 The M1 Corridor Office Market

- 6.1 Milton Keynes forms part of the M1 corridor market which consists of the following major centres; Watford, Hemel Hempstead, St Albans, Luton, Bedford and Northampton. Movement of occupiers tends to be linear on the motorway or mainline rail connections, with little movement east or west.
- 6.2 To the west there are no office locations of any particular significance including the likes of Aylesbury, Leighton Buzzard and Buckingham. To the east the A1 corridor market is largely self-contained including the centres of Borehamwood, Welwyn Garden City/Hatfield, Stevenage, Letchworth and Hitchin.
- 6.3 Milton Keynes sits at the middle of the Oxford-Cambridge Arc, two major knowledge sector clusters formed around the internationally renowned universities. At current the poor connectivity between both cities inhibits any real connectivity for it to function as a single economic region. Significant economic growth across the region and in particular job creation in MK, will only occur with major improvement of transport infrastructure.
- 6.4 Whilst the consultation of the East-West Rail project is ongoing, the expressway road project has been cancelled. The Ox-Cam Arc does represent a great opportunity for MK in the longer term, but in the short term there is limited inward investment by occupiers in the knowledge intensive sectors such as life sciences or related demand witnessed in MK.

6.5 As a broad comparison of the various sub markets within the M1 Corridor, we have set out below the approximate key metrics.

Fig. 6

Location	Total Office Stock ¹ (sq ft)	Annual Average Take-up (sq ft)	Current Availability (sq ft)	Vacancy Rate	Prime Headline Rent (per sq ft)
Milton Keynes	7,030,000	245,000	670,000	9.5%	£27.50
Watford	5,900,000 ²	154,000	300,000	5.1%	£37.50
Hemel Hempstead	2,730,000	100,000	350,000	12.8%	£27.50
St Albans	2,110,000	60,000	170,000	8.1%	£39.00
Luton	2,940,000	44,000	250,000	8.5%	£23.50
Bedford	1,960,000	16,000*	50,000*	2.6%	£17.50
Northampton	4,080,000	78,000	300,000	7.4%	£22.00

Source: LSH Research where not stated otherwise. Annual average take-up over past 10 years.

- 6.6 Based on the above data, Milton Keynes is the largest market in terms of overall size and annual average take up.
- 6.7 Watford and St Albans have experienced substantial rental growth in recent years due to a lack of overall supply combined with the delivery of new buildings and comprehensive refurbishments. Milton Keynes has suffered from a paucity of new development in the new millennia, predominately due to a substantial availability of tertiary stock and suppressed rental growth.
- 6.8 Milton Keynes competes well with the southern M1 centres of Watford, Hemel Hempstead and St Albans due its concentration of major businesses, access to skilled labour, affordable housing and excellent connectivity. For these reasons it is often chosen as a hub location, with a large number of UK HQs of major occupiers within the city including Network Rail, Santander, Mercedes Benz and Volkswagen Financial Services.
- 6.9 In comparison with Watford and St Albans, Milton Keynes is comparatively good value but crucially lacks availability of Grade A stock (just 6% of available supply), see figure 4.
- 6.10 The markets of Northampton, Bedford and Luton are all relatively localised with lower annual take up. In comparison with MK these centres do not have the same level of gravitas in attracting inward investment or facilitating the growth of existing occupiers.
- 6.11 All three of those markets have suffered from a loss of office stock in town centres to PDR and an absence of new development. The office stock in these locations is concentrated on out of town business parks, where the regional preference is for plentiful parking due to car borne staff.
- 6.12 Business parks which do not benefit from any central amenities or community for staff, will continue to suffer from an exodus of occupiers as they look to relocate to better quality offices in hub

¹ VOA data, Office sector – Total Floorspace by Administrative Area March 2021

² * CoStar

locations. Luton in particular is exposed to the travel industry and this combined with a number of corporate occupiers leaving Capability Green, the market is currently oversupplied with a volatile level of demand.

7.0 Milton Keynes Office Market Overview

- 7.1 The March 2021 VOA figure for the total Office Sector Floorspace in Milton Keynes is c. 7,000,000 sq ft (653,000 sq m) and MK Council (Article 4 Direction Justification Report) suggested a CMK built stock figure of c. 4,000,000 sq ft (c. 55% of total stock). Due to loss of office space this figure may now be inflated, however we will rely on it for the purposes of this report.
- 7.2 The split between CMK and out of town is almost half and half. Historically there has been a divergence between occupiers seeking to locate in CMK and out of town. This is largely driven by the perceived availability and cost of car parking for employees. Whilst there is ample parking provision within CMK, certain occupiers have a preference for higher allocated parking outside their office premises.
- 7.3 In comparison with most other South East markets there is not a significant premium for city centre office space. Prime rents are currently £27.50 psf in CMK and £24.00 per sq ft out of town. In part this could be attributed to the plentiful historic supply in CMK, however, as a car borne location occupier preference has had an effect on demand and consequently rental levels.
- 7.4 CMK is arguably a better office location than the majority of out of town business parks in MK due to; ease of driving access into the city centre, plentiful retail and leisure amenities, proximity to the mainline station, concentration of major businesses and better availability of high quality office stock.
- 7.5 It is important to note that when it comes to provision of better quality office stock, CMK has substantially outperformed the out of town in market in delivering refurbishments and new buildings. We have commented on the development pipeline and recent developments later in this report.
- 7.6 We have seen some occupiers' attitudes shift post the pandemic, witnessing relocations to CMK due to a need for better quality office space with amenity and the adoption of hybrid working meaning that car parking is a less important factor when choosing new premises.
- 7.7 Almost half of MK's office stock is located out of town, however, it is largely disparate with few dedicated office parks. Out of town locations can be categorised by being on the east side of MK in close proximity to M1 or on the west side of the A5.
- 7.8 We have set out below a general commentary on the principal office parks and employment areas where there are the greatest concentrations of office stock.
- 7.9 Wavendon Business Park is located to the south east of Milton Keynes in proximity to J13 of the M1. A self contained site of 16 acres with 5 buildings (including the original Wavendon Tower) totaling 150,000 sq ft, constructed in c. 2008 for Hewlett Packard as a single occupier campus.
- 7.10 Hewlett Packard (now DXC) are no longer in occupation and tenants include Securitas, Unisys and Boeing. The park has been repositioned in recent ownership with the refurbishment of the Enigma building, a new café and wider park amenities. 10,000 sq ft of refurbished space is available to let with a further c. 60,000 sq ft coming forward which is currently vacant. Best rents achieved on the park are in the region of £23.00 per sq ft.
- 7.11 Caldecotte Lake Business Park is also located to the south east, in proximity to the A5, Bletchley and J13 of the M1. The park consists of 7 buildings totaling c. 170,000 sq ft in a single ownership with occupiers including Goldman Sachs (Marcus Bank), Computacentre, Rightmove, Parcellforce, Countrywide and a host of other corporates.

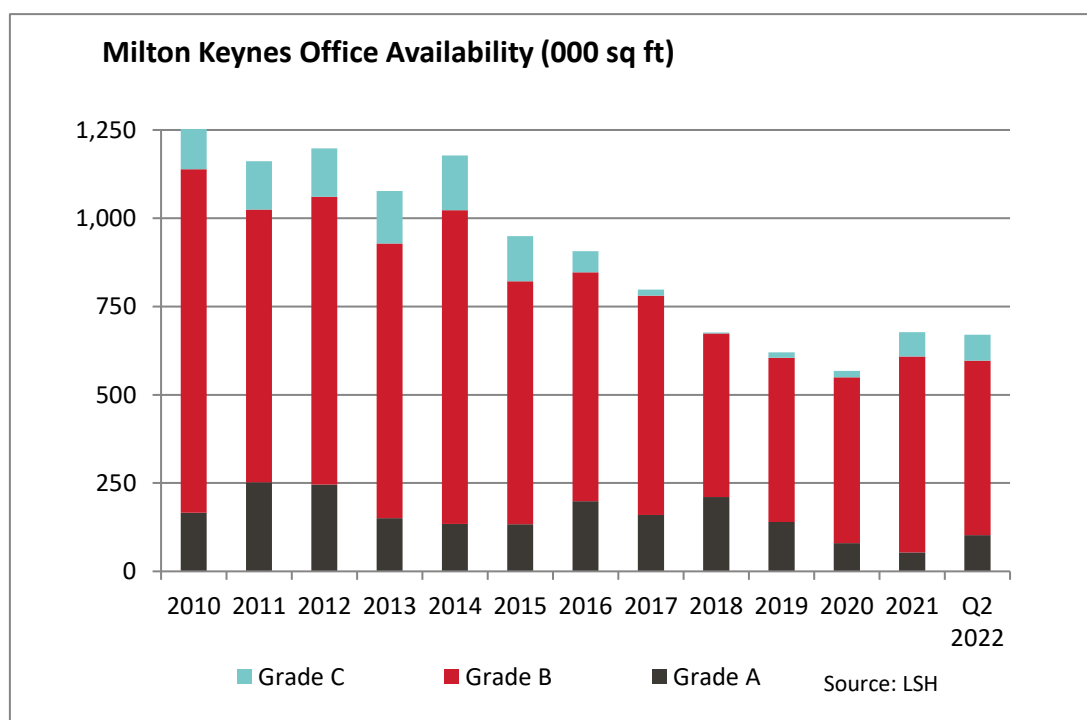
- 7.12 The park underwent substantial investment through the last decade with a number of building refurbishments and the provision of a tenant gym, café and shuttle bus. Parking has been tight at this location in the past, but a culmination of Red Bull constructing a new car park for their Tilbrook campus and the introduction of parking measures has appeared to alleviate this issue.
- 7.13 The park caters for smaller and larger occupiers, with a few of the smaller suites available but currently no space in excess of 5,000 sq ft available. Best rents on the park are in the region of £22.50 per sq ft, which was achieved on the last major letting of refurbished space to Marcus Bank in 2018.
- 7.14 There are two other developments within the business park in separate ownership including Burystead Court occupied by TSYS (58,000 sq ft) and Copperhouse Court a development of 10 self contained office units totaling c. 33,000 sq ft constructed in c. 2010.
- 7.15 Kents Hill Business Park is located close by to Caldecotte Lake Business Park, slightly to the north on the V10 Great Brickhill Street. Originally designed and built as a BT training centre the park is now split into two ownerships. Four buildings make up the training centre operated by Compass Group which includes conferencing facilities, restaurant, Nuffield Gym and overnight accommodation. K1, K2 and K3 are three self contained Grade A office buildings totaling 83,000 sq ft.
- 7.16 The buildings underwent comprehensive refurbishment within the recent past and occupiers include Teletrac Navman, T-Systems, Grand Union and most recently Kuehne & Nagel. K&N took a pre-let earlier this year on K3 (13,000 sq ft), which is being comprehensively refurbished to provide Grade A office space with excellent environmental credentials. The best rent achieved on the park is in the region of £24.00 per sq ft.
- 7.17 Woodlands Business Park Linford Wood is 1.5 miles north of CMK, totalling 80,000 sq ft comprising a mix of older and newer buildings on a 12.5 acre site, with buildings ranging from 3,000 to 20,000 sq ft. In addition to the existing stock a small business unit scheme and hotel are consented on two of the three remaining plots. Plot C has consent for a c. 25,000 sq ft office building which is available on a pre-let basis. Rents on the park are in the region of £20.00 per sq ft.
- 7.18 Linford Wood East and West have a mix of office stock, which is largely dated and some high tech space, comprising a total of c. 600,000 sq ft (including Woodlands BP). The most recent development was by MKDP for BP Pulse, for a new 45,000 sq ft bespoke HQ office / R&D building.
- 7.19 Outside of this however there has been no recent office development, with a few Grade B multi-let buildings and lack of amenities. Other major occupiers include Sodexo, Panasonic and Motor Insurers Bureau. In addition to the residential conversion of the Atrium and potentially Marlborough Court, it is worth noting that Kuehne & Nagel relocated from this area to find better quality accommodation. This downward trend could be anticipated to continue if the existing stock is not refurbished or redeveloped, which is unfortunate as the employment area is well located.
- 7.20 Eastlake Park Fox Milne is on the east side of MK in close proximity to J14 of the M1. Constructed in the early 2000s the park is in multiple ownerships totaling 110,000 sq ft. The buildings are of Grade B quality mostly ranging from 2,000 – 10,000 sq ft. There are two larger occupiers on the park Omron (20,000 sq ft) and World Vision (30,000 sq ft). Apart from a Holiday Inn there is no amenity offering or good quality multi-let buildings.
- 7.21 Knowlhill is a mixed use employment location west of the A5 in close proximity to CMK. It benefits from good connectivity, more modern office stock and a good range of occupiers. To its detriment it is in a mixed use employment area, the ownership is disjointed and there are no amenities. Notable single office occupiers include NHBC (70,000 sq ft), BSI (55,000 sq ft), Routeco (40,000 sq ft) and EMW Law (40,000 sq ft).

- 7.22 The total office stock in Knowlhill is approximately 350,000 sq ft. There are a number of smaller office schemes with self contained buildings ranging from 2,000 to 10,000 sq ft, some of which have been constructed more recently up until c. 2009 including Seebeck Place and 14-18 Davy Avenue. Partis, Bewick and Heron House were constructed in the same era totaling c. 35,000 sq ft and are now multi-let. Best rents here are in the region of £22.00 per sq ft on newer stock.
- 7.23 Furzton Lake is situated on the west side of the A5 c. 2 miles south west of CMK. Here there a couple of small office developments providing self contained buildings from c. 2,000 to 10,000 sq ft, totaling approximately 50,000 sq ft. The quality of space is reasonable but in multiple ownership and best rents are in the region of £17.50 per sq ft.
- 7.24 Other areas that have not been covered in detail are either considered to have to small a concentration of offices or secondary locations with dated stock. These areas include but are not limited to Bletchley, Wolverton Mill, Mount Farm, Kiln Farm, Crownhill and Wymbush. In some of these areas we can anticipate the change of use trend to continue as highlighted previously.
- 7.25 The out of town business parks which benefit from single ownership, amenity and continued investment to refurbish space will continue to outperform other areas. There will always be a level of demand for the smaller sub 5,000 sq ft self contained office buildings from local occupiers which are affordable with parking, but gradually this demand may wane in preference for better quality business parks.

8.0 Office Supply

- 8.1 Current availability stands at a relatively low level of c. 670,000 sq ft equating to c. 9.6% vacancy (of the VOA built stock figure for MK). A vacancy level of 10% is generally accepted as a reasonable level for the majority of office markets.
- 8.2 The current availability is proportional to the built stock in the CMK and out of town markets, 365,000 sq ft (c. 55%) and 305,000 sq ft (c. 45%) respectively.

Fig. 7



- 8.3 From a historical context the current level of supply is approximately half of the 2010 post GFC level of c. 1.25m sq ft.
- 8.4 Over the past decade the removal of stock to PDR and also resurgent take up from 2018 to 2020 has brought availability down to a more stable vacancy level. During this period almost all Grade C accommodation has disappeared along with Grade B stock approximately halving.
- 8.5 Following the pandemic the supply has increased slightly from a low water mark, following a period up to early 2020 when the MK office market had undergone a period of improvement with good levels of take-up and the development of 100 Avebury Boulevard.
- 8.6 Whilst the impacts of Covid 19 significantly dampened office demand, there has not been a substantial amount of grey space coming back to the market or corresponding downward pressure on rents within Central Milton Keynes.
- 8.7 The absence of released supply where offices are not currently being utilised post C19, could in part be down to occupiers uncertain of the amount of space they require and the relatively low cost of a regional office vs Central London.
- 8.8 As lease events are reached in the next 24 months we anticipate that occupiers will look to consolidate or upgrade, which could mean further Grade B offices becoming available as well as a tightening of Grade A stock as occupiers clamber for the best space.
- 8.9 A key trait of historic supply in Milton Keynes is a paucity of Grade A supply and the lack of new development, which is clearly shown in the numbers. At current Grade A supply (including currently under refurbishment) is only 100,000 sq ft, just 15% of total availability. This is in stark contrast with the majority of other South East Markets (see fig. 4), most of which are in the region of 50% Grade A supply.
- 8.10 Figure 4 also demonstrates that in context with other South East markets, Milton Keynes has a relatively good supply & demand balance. The number of years' supply stands at c. 2.5 years (current availability divided by the 10 year annual average take up), which is at a similar level to the supply constrained markets of St Albans, Watford and St Albans.
- 8.11 Second hand space or tenant released space which is unrefurbished will struggle to let, as we expect a flight to quality from occupiers looking to entice staff back into the workplace. Buildings that are unable to be repositioned and achieve necessary ESG hurdles, including the pending Minimum Energy Efficiency Standards (MEES), will face obsolescence more rapidly than previously envisaged.
- 8.12 The lack of any real quantum of Grade A stock has had a negative impact on take-up and could continue to do so if the development pipeline remains thin. As demonstrated by our take-up figures in this report, when there is availability of Grade A it has dominated take-up as occupiers are happy to pay a premium for the best space.
- 8.13 Within the last decade the only new office developments in CMK have been:-
- The Quadrant:MK, completed 2012 (c. 400,000 sq ft), D&B for Network Rail.
 - Victoria House, completed April 2017 (45,000 sq ft), which was part pre-let to Grant Thornton.
 - 100 Avebury Boulevard, completed January 2020 (140,000 sq ft), which was developed speculatively but fully let on practical completion to Xero, Spaces, Shoosmiths and Aiimi.
 - Unity Place Santander, under construction and anticipated to be completed early 2023 (c. 475,000 sq ft), an office campus for c. 5,000 sq ft.

8.14 In the same period the only major out of town new developments have been design & build for single occupiers including:-

- Volkswagen Financial Services, Tongwell c. 2014 (100,000 sq ft)
- Scania, Tongwell c. 2019 (65,000 sq ft)
- BP Pulse, Linford Wood c. 2021 (45,000 sq ft).

8.15 The delivery of bespoke large scale facilities for single occupiers is a real accolade for the city in attracting and retaining major businesses through the availability of land and forward thinking. There has been a lack of speculative office development to deliver much needed Grade A stock, arguably only 140,000 sq ft in this period through the development of 100 Avebury Boulevard.

9.0 Office Development Pipeline

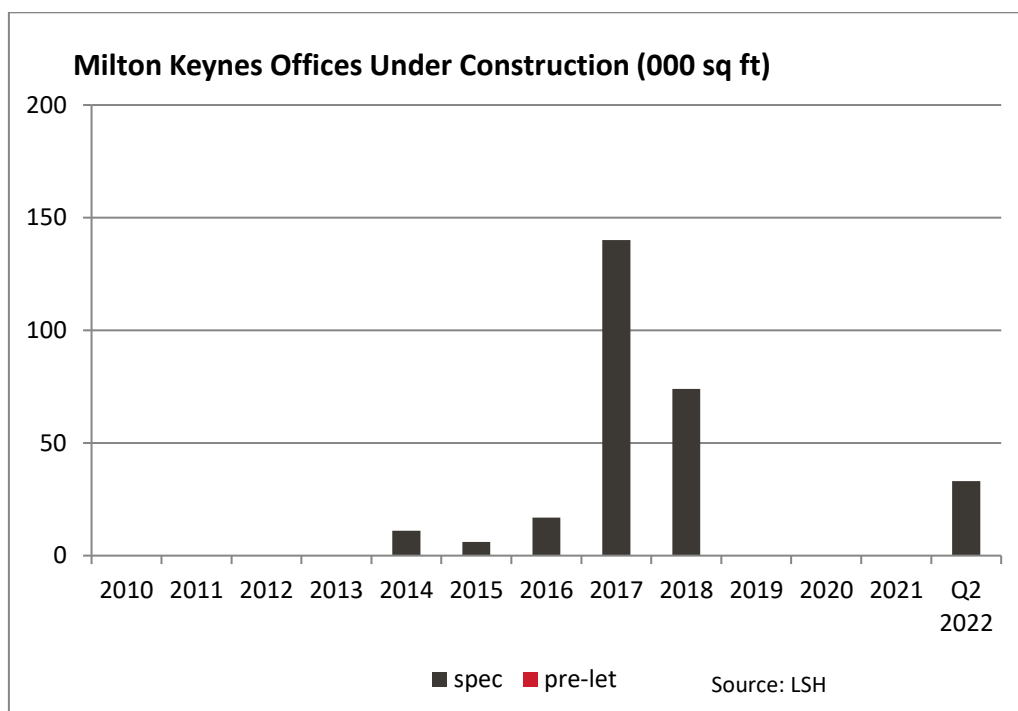
9.1 Figure 8 below shows offices under construction by year. This is categorised by either ground up new builds or comprehensive refurbishments (major intervention, back to frame and M&E replacement). Note that the LSH figures have not historically included the D&Bs or pre-lets for occupiers mentioned above in Section 8.

9.2 The new Santander HQ, Unity Place, totaling c. 475,000 sq ft is on site and is anticipated to complete in 2023. This digital campus will house c. 5,000 employees and significantly regenerate this part of CMK. Hopefully this can act as a real catalyst to drive CMK forwards as a knowledge centre and office hub.

9.3 The development pipeline for speculative Grade A schemes in MK is limited and is mostly within CMK. Mayfair Capital have commenced a speculative back to frame refurbishment of Avebury House which will deliver 33,000 sq ft of Grade A office space in early 2023.

9.4 The landlord of Silbury House also intends to carry out a comprehensive Grade A refurbishment which will deliver c. 25,000 sq ft.

Fig. 8

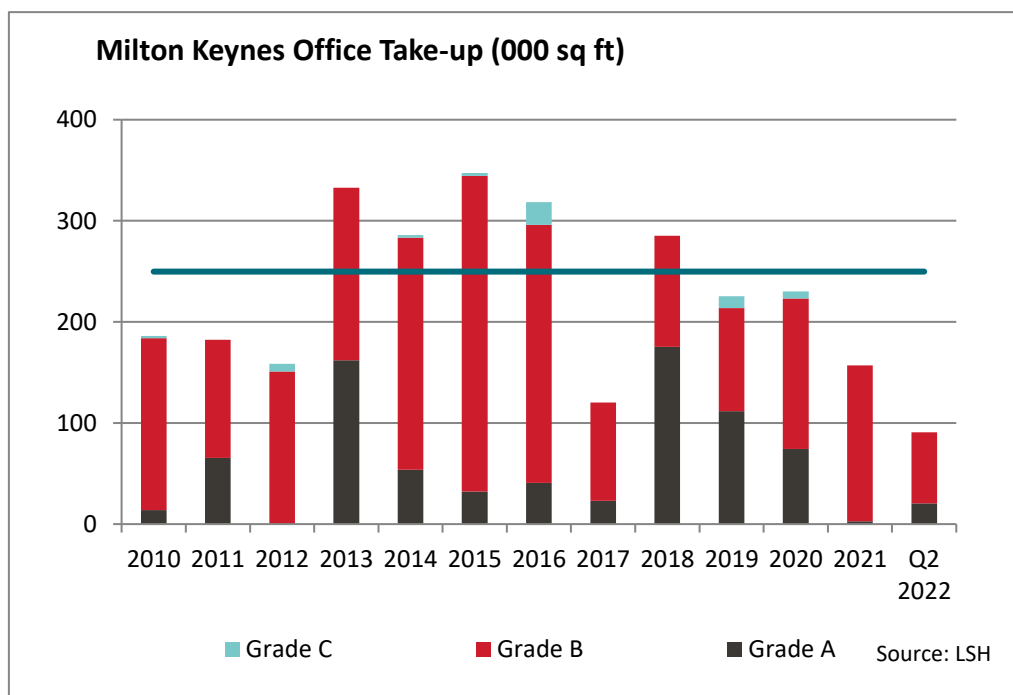


- 9.5 First Base and Patron are bringing forward MK Gateway on which they have obtained planning consent for c. 190,000 sq ft offices to redevelop the former Saxon Court building on Avebury Boulevard, together with c. 250 residential units. Once construction has started it is estimated that this scheme will be delivered between 2024 to 2025.
- 9.6 Other sites within CMK that could provide for future office development of scale include the existing Santander House site, New City Place and the proposed MK:U site.
- 9.7 The lack of new office development could in part be due to the new town legacy and the absence of free market forces on some key sites, but prime rents in Milton Keynes have remained suppressed in comparison with other South East markets' recent rental growth (see Fig. 5). This has hampered the viability and the attractiveness of office development in MK to investors.
- 9.8 Office development will continue to be challenging in the short to medium due to rising construction costs, the cost of debt and economic uncertainty. If the next phase of Grade A offices being delivered can prove rents in excess of £30 per sq ft, this will improve the feasibility of potential development.
- 9.9 There are few development sites or earmarked schemes for office development being marketed out of town, with development being dominated by the residential and logistics sectors.
- 9.10 At current there are no new buildings or comprehensive refurbishments of scale committed out of town. Marketed pre-let opportunities include Plot C Woodlands Business Park (c. 25,000 sq ft), Victory House Wavendon Business Park (c. 40,000 sq ft) and Mercury House Willen Lake (c. 55,000 sq ft).

10.0 Office Demand and Take-up

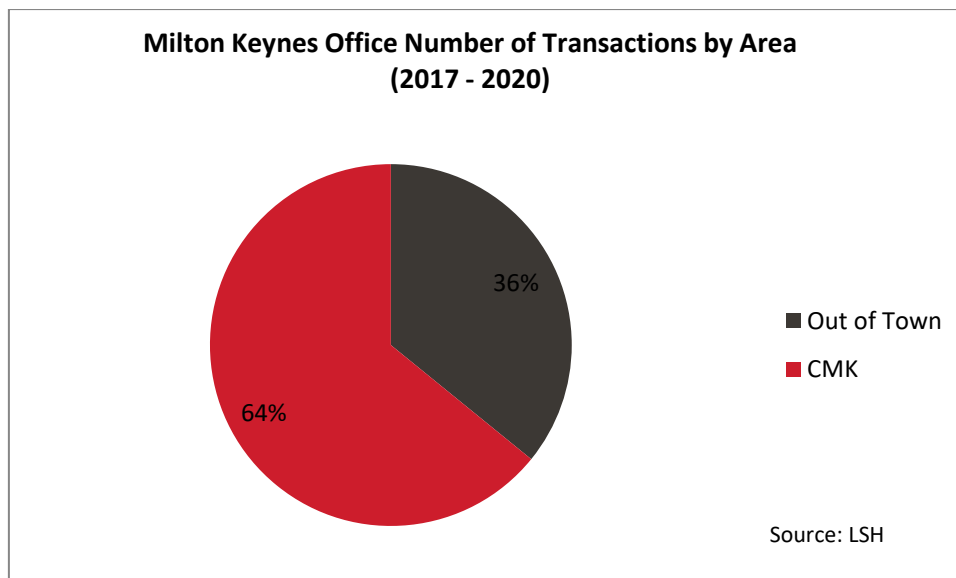
- 10.1 Average annual take up for offices in Milton Keynes is approximately 245,000 sq ft. The annual level has been subject to volatility either by coincidental lease event cycles or larger lettings. For the years 2013 – 2016 this average was exceeded, with a low level of take up in 2017 and about average take-up in 2019 & 2020.

Fig. 9



- 10.2 When the take-up is compared to the historic availability of Grade A stock, there is a strong correlation of strong Grade A take up in these years. In the years 2018 – 2020 this is shown through the letting up of 100 Avebury Boulevard, which accounted for a substantial proportion of take up in those three years (50%, 40% and 21% respective share Grade of lettings in excess of 5,000 sq ft).
- 10.3 Take-up in 2020 was dominated by CMK, accounting for approximately 75% of the annual take-up, which is a good indicator of an emerging occupier preference for quality product, connectivity and amenities that CMK offers.

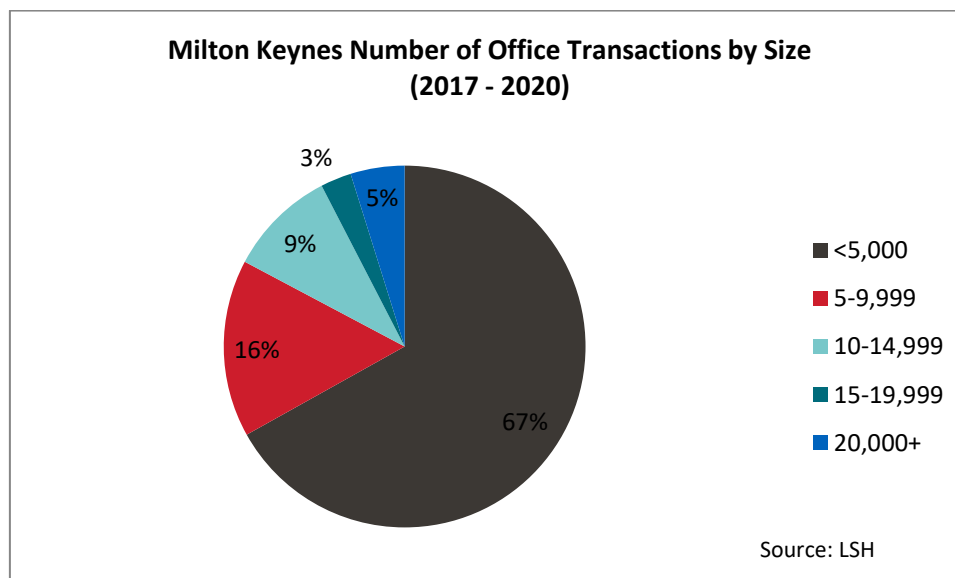
Fig. 10



- 10.4 Figure 10 shows the number of lettings in MK split into out of town and CMK. Whilst this doesn't show the total square footage leased in either market, it demonstrates that there have been a higher number of lettings in CMK during this period (LSH collates data for all take-up in excess of 2,000 sq ft).
- 10.5 Q1 2020 take-up was 133,000 sq ft, the largest single quarter take-up for a number of years and equaled over 50% of the average annual take-up.
- 10.6 The major deal of 2020 was the 55,000 sq ft letting to Xero at 100 Avebury Boulevard, the largest in 5 years. This deal signified 100 Avebury Boulevard being fully let, the speculative development has spurred headline rental growth by 20% and is probably one of the most successful speculative office developments in the South East in recent years.
- 10.7 Xero, the online accounting software company, is investing in MK as their UK HQ. They joined another tech company in 100 Avebury Boulevard, Aiimi, who moved from central London leasing 10,000 sq ft in 2019.
- 10.8 Despite the pandemic, take-up in 2020 was resilient at c. 225,000 sq ft, only 10% down on the 10 year average (250,000 sq ft). This was largely in part due to a significant Q1 and the remainder was made up of a number of smaller deals.
- 10.9 2021 take-up was muted at 157,000 sq ft due to ongoing uncertainty surrounding C19 and a delayed return to the office. The general trend was continued market activity below 7,500 sq ft but very limited occupier activity in excess of this level.
- 10.10 The most notable transaction was of Allianz who leased 22,000 sq ft within Witan Gate House at c. £26.00 psf, on a newly refurbished floor, which set a new rental tone for refurbished Grade B+ product in CMK.

- 10.11 Take-up for H1 2022 was c. 90,000 sq ft, split roughly equally between CMK and out of town. It is estimated that approximately 100,000 sq ft of office space is under offer, which would provide an annual take up figure slightly below average in the region of 200,000 sq ft.
- 10.12 The largest lettings in the first half of the year included K3 Kents Hill pre-let to Kuehne & Nagel (c. 13,000 sq ft) and 3rd floor Ashton House Silbury Boulevard (9,500 sq ft). These two lettings also to reinforce occupier preference for high quality space and the rental premium achieved for Grade A and high quality refurbishments.
- 10.13 There has been a paucity of lettings in excess 10,000 sq ft during the past 2.5 years. The trend of occupiers reducing floor space occupied and smaller lettings was evident prior to the pandemic across the South East markets and MK. Occupiers were already using space more efficiently and starting to adopt hybrid working, but as discussed previously the effects of C19 have had a seismic impact in shaping the future of the office market.
- 10.14 Figure 11 clearly demonstrates this trend over the four year period from 2017 to the end of 2020, with almost two thirds of lettings below 5,000 sq ft. Again as with Figure 10, this data demonstrates the number of transactions in these size ranges and not the total volume of space transacted.
- 10.15 With uncertainty comes the desire for flexibility when leasing office space and this has been witnessed by the growth of the serviced and flex market prior to the pandemic, which has continued to grow. Serviced office demand is typically below 20 people or 2,000 sq ft, but can accommodate substantially larger requirements in some regional serviced office centres with the availability.
- 10.16 Alongside the growth of the serviced sector some Landlords have started to deliver office space to a Cat A + standard, which typically includes the fit-out and furniture that the tenant would have previously had to carry out on traditional leased office space. A Cat A + suite or fitted office space offers significant benefits to occupiers including reduced capital expenditure, shorter lead-in to occupancy and flexibility. There is more risk and expenditure for a landlord to go down this route, but a premium rent can expect to be achieved in return.
- 10.17 As commented in on in Section 3, this sector of the market is still not as active in Milton Keynes, but you may see more landlords having to look at such initiatives in order to let space.

Fig. 11



11.0 Industrial Market Executive Summary

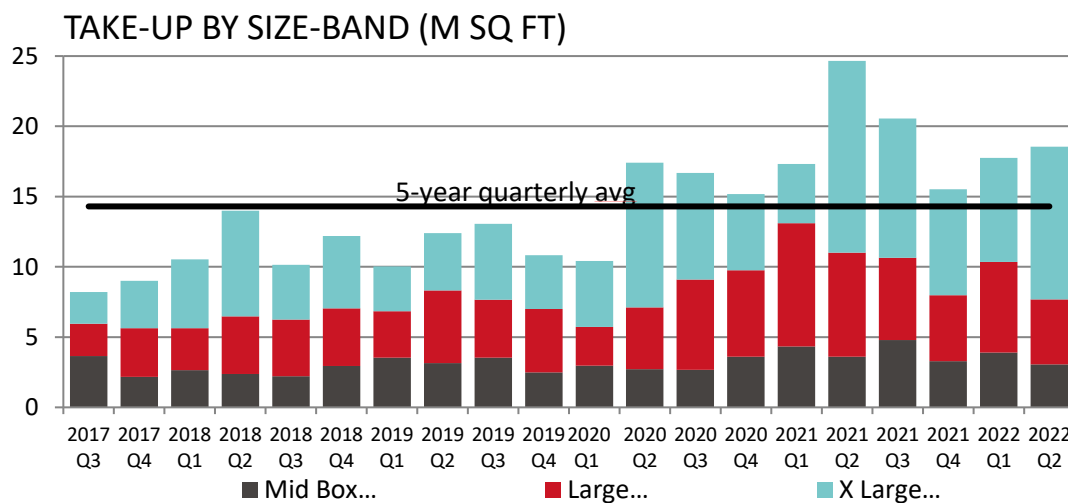
- 11.1 Milton Keynes continues to go from strength to strength as an industrial location and is now home to many of the leading occupiers in the market including Amazon, John Lewis, H&M and Red Bull Racing.
- 11.2 The excellent transport links, abundance of speculative development, pool of highly skilled workforce and key existing occupiers combine to enhance the draw of Milton Keynes.
- 11.3 The city has been a well-established industrial location for many years with numerous multi-let estates and a handful of larger detached units scattered throughout, however, the position of Milton Keynes as a key location has elevated following the start of the Magna Park development in 2014.
- 11.4 A wave of new developments, the majority of which are of Mid/Big Box units (50,000 sq ft +), have followed this and brought additional demand with it.
- 11.5 Since the pandemic, the race for space has intensified with record levels of demand and take up across the Milton Keynes Industrial market, in particular the 'big box' market which has seen unprecedented levels reached.
- 11.6 In response to this, market rents have pushed on to impressive record levels with an average growth of approximately 15% since the pandemic, a figure which is still showing no signs of slowing down.
- 11.7 The extreme levels of take up have seen pressure building on supply. There is an acute shortage of units in excess of 50,000 sq ft as second hand stock becomes increasingly scarce and new builds are unable to keep up with demand.
- 11.8 The smaller/medium size occupiers are also subject to a decreasing quantity of second hand stock, which is only compounded by the lack of new multi-let estates and sub 50,000 sq ft units under construction.
- 11.9 The supply in short to mid-term does, however, look promising in the big box market, with over 4 million sq ft of space either under construction or in for planning.
- 11.10 With a strong pipeline the future for industrial & logistics in Milton Keynes looks bright, but the effects of inflation and the extreme hikes in gas/electric prices have not been fully felt yet. Alongside this the looming reassessment of business rates in 2023 does cast doubt over the continued growth in the market.

12.0 National Industrial Market Commentary

12.1 Across a whole host of measures, 2021 was a year of record-breaking achievements for the UK industrial and logistics market. The impact of the pandemic has served to fast forward structural change and fuelled insatiable appetite from occupiers and investors alike.

12.2 Nowhere is this boom better reflected than in take-up, which hit a massive new record of 78.0m sq ft in 2021. All segments of the market and most regions of the UK played their part, and, while Amazon took an extraordinary 20% of activity, 2021 would have been a record even if its exploits are discounted, with all four quarters above the 5-year quarterly average as displayed in the figure below.

Fig. 12



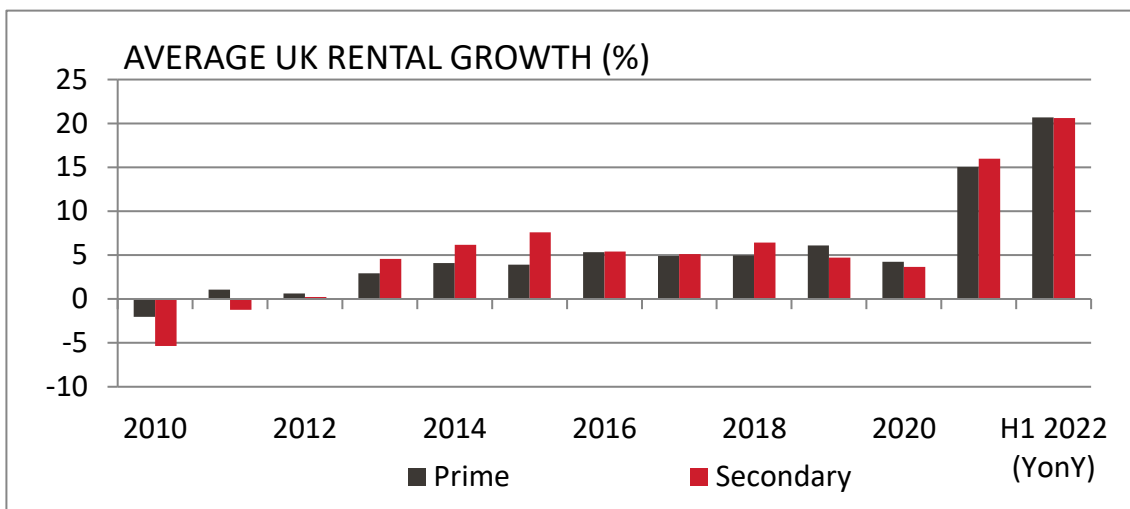
Source: LSH Research

12.3 While the sense of urgency in occupier requirements may have eased slightly, there has been very little let-up in levels of demand. H1 2022 has delivered yet another impressive level of take-up, with 36.3m sq ft in the 50,000 sq ft plus market.

12.4 The race for space fuelled unprecedented rates of rental growth in 2021, with prime headline rents rising by 15% on average across the UK markets. For the time-being, many occupiers have been largely accepting of these rises as a necessary cost of driving greater efficiencies, thanks in part to the 'substitution effect' arising from the transferal of demand (and therefore rent costs) out of large swathes of the retail property market.

12.5 While rental growth has been uneven across the UK, there remains plenty of scope for continuing growth over the year ahead, including within prime areas that have already witnessed strong growth and other markets where growth has been hitherto more muted. Average rental growth across the UK in 2022 is forecasted to be in the same order as last year, ranging between 12% to 14%, with plenty of evidence to suggest rents have already moved ahead in many markets during the first part of 2022.

Fig. 13



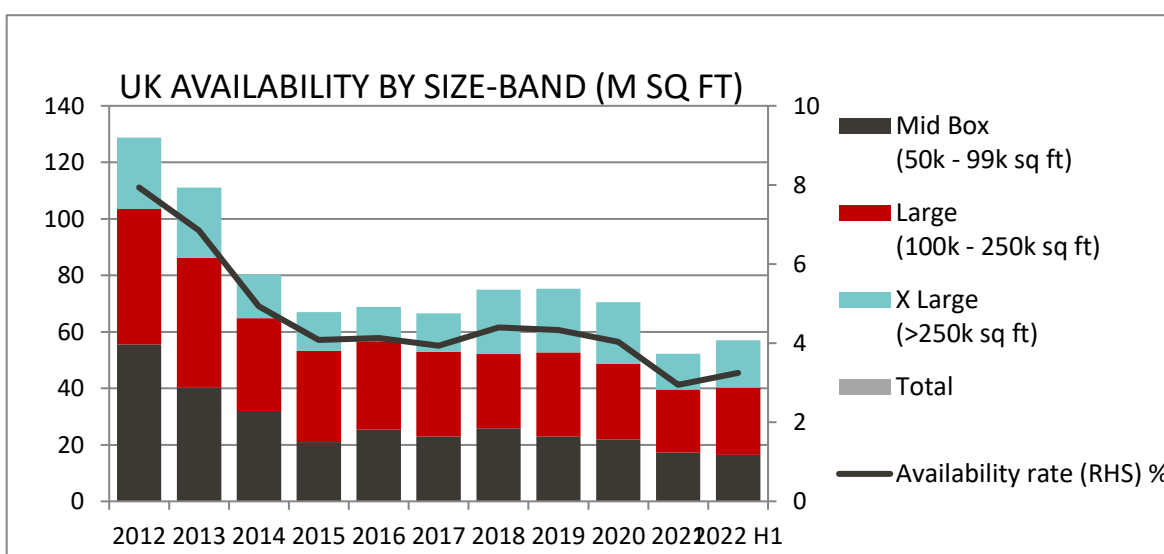
Source: LSH Research

12.6 Moving onto UK availability, where amid falling overall supply, there were considerable regional variations. The East Midlands and the North West saw the sharpest falls in supply over the course of 2021, down 44% and 49% respectively to stand at new record lows.

12.7 Moreover, such is the strength of demand that most of the supply in both of these regions is actually under construction and therefore not immediately available.

12.8 Only two UK regions – the South East and South West – saw increases in supply during the course of 2021, rising by 11% and 17% respectively and driven by substantial increases in large unit availability. However, while supply in the South East remains tight much like other UK regions, the South West is arguably the UK’s only outlier, with supply equivalent to 2.0 years of average take up, twice the UK’s overall position.

Fig. 14



Source: LSH Research

- 12.9 The rising cost of living has become a growing concern in recent months, with CPI inflation reaching 10.1% in July. While recent headlines have focused on the impact of high inflation on households, rising costs are a broad trend also impacting stakeholders across the industrial and logistics sector. Energy price inflation has added to economic concerns, exacerbated by geopolitical tensions arising from the war in Ukraine and severe international sanctions on Russia.
- 12.10 In this environment, landlords should be mindful of these risks on the occupier market. Alongside this, 2023 will see the ratings revaluation come into effect, which is likely to translate into significantly higher ratings liabilities for many occupiers in areas that have seen strong rental growth in recent years.
- 12.11 While economic concerns have been growing, logistics property demand has continued to be boosted in the short term by trends arising from the pandemic. The sector is also set to see long term gains as a result of accelerated structural changes. Logistics property has a secure role to play in supporting economic activity, which puts it in stark contrast with other property sectors where the longer term impacts on demand remain clouded with uncertainty.

13.0 Milton Keynes Industrial Market

- 13.1.1 Milton Keynes' is ideally situated between London and the Midlands, at the centre of the UK logistics network. The choice as a location is down to a variety of factors, with the excellent transport links and quality of the local workforce playing key parts.
- 13.1.2 The city is well connected by the surrounding road links of the M1 (Junction 13 and 14) as well as the A5. The transport links in place provide access to other key motorway networks including the M6, M25 and M40 which are within relatively close proximity.
- 13.1.3 The ever growing popularity as an industrial location is consistently supported by the healthy occupational demand, which since the pandemic in particular, has only been restricted by the lack of available stock (existing/new).
- 13.1.4 The March 2021 VOA figure for the total industrial sector Floor space in Milton Keynes was c. 32,800,000 sq ft (3,049,000 sq m)¹. This figure may be below the true amount of total stock due to recent completions of new developments, however, we will rely on it for the purposes of this report.
- 13.1.5 Looking closely at the Milton Keynes Industrial market, it is evident that micro areas exist, with the majority falling on the east alongside the M1 and the A5 stretch to the west of the city. The following sections explore the key locations that the industrial and logistics Milton Keynes market comprises.

13.2 Blakelands / Tongwell

- 13.2.1 Positioned within 5 minutes' drive of Junction 14 of the M1, Blakelands and Tongwell make up one of Milton Keynes' prime industrial areas with occupiers including John Lewis, Coca Cola, Volkswagen Group, Mercedes Benz, LG Electronics, Ocado and Parcelforce.
- 13.2.2 Blakelands itself comprises a mix of stock with the established Tanners Drive multi-let estate providing units ranging from circa 1,800 to 35,000 sq ft.
- 13.2.3 Either side of the H3 Monks way are the key locations of Delaware Drive, Yeomans Drive and Michigan Drive. Between them they are home to a significant proportion of the 'big box' industrial

units in Milton Keynes and therefore make Tongwell an ideal location for occupiers along the M1 corridor.

- 13.2.4 The age of stock ranges from 1970 to 2019, with the majority of 1980/90s build. The significant redevelopment at Griffen Park, Yeomans Drive in 2019 saw a 220,700 sq ft unit taken up by ICP Logistics in Q1 2022.

13.3 Fox Milne

- 13.3.1 In close proximity to Blakelands/Tongwell and less than a mile from Junction 14 is the strategically positioned area of Fox Milne, which is home to only a handful of larger units ranging from approximately 20,000 sq ft to 170,000 sq ft.
- 13.3.2 Although some existing stock remains from the 1980s and 1990s, the area has seen the construction of two new units at 'G-Park Milton Keynes' with Pro FS taking Unit 1 in Q1 2022 (117,414 sq ft) and ICP Logistics under offer on Unit 2 (140,029 sq ft).
- 13.3.3 The location is also home to Amazon Fresh who completed on MK169 in Q1 2021, further demonstrating the strength of Fox Milne as an industrial area.

13.4 Kingston / Brinklow / Magna Park

- 13.4.1 Located ideally between Junction 13 and 14 of the M1, Kingston and Brinklow provide two well established industrial areas with existing stock surrounding the Kingston shopping centre. The majority of the stock in these two areas is of 90s build, however, this has been boosted by the neighbouring Magna Park which has injected a significant quantity of new stock from 2014 onwards.
- 13.4.2 Magna Park is not only the hub of industrial activity in Milton Keynes but is one of the most extensive distribution parks in Europe, and is home to a number of leading retailers including Amazon, John Lewis and H&M.
- 13.4.3 One of the newest builds at Magna Park, Magnitude 88, provided another of the more substantial deals in recent times with Woodmansterne taking the 87,650 sq ft unit in Q3 2021.

13.5 Tilbrook / Caldecotte

- 13.5.1 Further to the south of Milton Keynes is another of the key employment areas, Tilbrook. Positioned within close proximity to the A5 dual carriageway and the M1, Bradbourne and Sherbourne Drive have proved to be excellent locations for a variety of occupiers including Red Bull Racing, Trek (UK) Ltd and Yusen Logistics.
- 13.5.2 The importance of this area cannot be underestimated, as the ever growing Red Bull Racing Headquarters provides Milton Keynes with a significant employment draw. The area is now home to an expanding pool of talent in the motor racing and technology industry, bringing with it a desire for motor racing businesses to locate nearby.
- 13.5.3 Although new builds have been hard to come by, with most units built in the 1990's and 2000s, the new PLP scheme is due to change this. Located just along from Tilbrook between the A5 and V10 Brickhill Road, construction has now begun on the 2.2 million sq ft logistics business park, only enhancing the draw of the area.

13.6 Bletchley / Denbigh North / Granby / Fenny Lock

- 13.6.1 The neighbouring Bletchley, Denbigh North and Granby make up one of the most active multi-let areas in Milton Keynes, with almost 5 million sq ft of stock, the majority of which is sub 50,000 sq ft.

- 13.6.2 The various estates are diverse in use, from traditional storage and distribution, to manufacturing and trade counters. The strength of trade in the area was emphasised by the Chancerygate development in Bletchley in 2018.
- 13.6.3 The density of industrial property has continued to grow with stock ranging from the 1960s to the present day. 'CODE Milton Keynes' is due to continue this trend, providing an additional two units of 140,566 sq ft and 20,914 sq ft respectively in Bletchley in 2023.
- 13.6.4 On the outskirts of Denbigh North, the Fenny Lock roundabout can be found, which connects a number of notable industrial units to the nearby road links. The John Lewis distribution centre is accessed via this roundabout, as are the new Baytree units which have recently been occupied by Ideal Bathrooms and Tutti Bambini.

13.7 Stacey Bushes / Bradwell

- 13.7.1 In close proximity to the town centre and well situated alongside the A5 are the multi-let industrial estates of Alston Drive (Bradwell Abbey), Erica Road and Heathfield (Stacey Bushes). A mix of occupiers exist in the area with Sainsbury's/Argos taking up a significant portion of Alston Drive, whilst Stacey Bushes is home to trade occupiers such as Screwfix, Toolstation and Home Tiles.
- 13.7.2 The southern area of Bradwell contains a handful of larger units in the 20,000 – 100,000 sq ft bracket, with Deltic Avenue home to the majority of these including a 96,000 sq ft unit constructed in 2019.

13.8 Wymbush

- 13.8.1 Adjacent to the A5 and just across from Bradwell Abbey is the employment area of Wymbush. The majority of units are located on both Clarendon and Garamonde Drive, ranging from 500 to 230,000 sq ft.
- 13.8.2 The wide range of units on offer means the area of Wymbush can be suited to a variety of occupiers. Caxton Court for example provides new businesses with an excellent place to start trading from, whilst the likes of Volkswagen Group, AQA, Whittan and Pasquier can be found alongside them on Garamonde Drive.

13.9 Kiln Farm

- 13.9.1 Found to the North-West of Milton Keynes is another prominent industrial area, Kiln Farm, which like Wymbush finds itself on the western side of the A5.
- 13.9.2 The area is a well-established industrial location with the majority of properties second hand, built between the 1970s and 1990s. The most notable construction works in recent times have come at K1, K2 and K3, Brunleys, where comprehensive refurbishments were carried out including new cladding and extensive roof works.
- 13.9.3 Similarly, to a number of the locations along the A5 dual carriageway, Kiln Farm provides a real mix of stock with units varying from small 'start ups' of 500 sq ft to MK313 which provides 313,047 sq ft currently leased to Tesco.

13.10 Wolverton

- 13.10.1 Located on the northern edge of Milton Keynes is the constituent town of Wolverton, which provides a number of industrial estates in addition to a handful of standalone units.
- 13.10.2 The Old Wolverton road that runs along the top of the town is home to a significant proportion of the industrial property in the area, with units built in numerous decades from the 1970s through to the mid-1990s.

13.10.3 Although, the majority of stock is in the smaller size bracket (sub 20,000 sq ft), the 300,000 sq ft site occupied by Electrolux and WH Barleys site of just over 100,000 sq ft are found within the area.

14.0 M1 Corridor Industrial Market

14.1.1 Milton Keynes finds itself along the active M1 Corridor where the main competing locations include Watford, Dunstable/Luton, Leighton Buzzard and Northampton.

14.1.2 Since the pandemic, industrial demand has gradually worked its way along the M1, after many businesses were forced out of London and the surrounding areas due to the rapidly increasing rents.

14.2 Watford

14.2.1 Watford in particular has continued to benefit from migration of occupiers moving out of Greater London, where rents have surpassed £30 per sq ft in many locations.

14.2.2 The distinct lack of supply, which is likely to intensify throughout the next 12 months, continues to put pressure on rents which are currently estimated at £20.00 psf on the limited prime stock around 20,000 sq ft. Land values are also being driven upwards, with values anticipated at £6.5m an acre (subject to necessary consents and net development value).

14.2.3 Watford Borough Council's Greenhill Works scheme is expected to reach practical completion in 2023, while Watford Logistics Hub is also due to be delivered later in the year providing the area with much needed industrial space.

14.3 Dunstable/Luton

14.3.1 Like Watford, Dunstable/Luton have continued to struggle with a lack of supply following the Covid-19 pandemic. The key M1 locations are, however, seeing significant new development, with Lidl constructing a 1m sq ft distribution centre; and Prologis acquiring the 17 acre former Vauxhall site for a new scheme.

14.3.2 The arrival of Goodman's London Luton scheme alongside Canmoors Insignia Park and Wrenbridge's Newlands Park development is timely bringing another estimated 1,900,000 sq ft of industrial space to the Luton/Dunstable market.

14.3.3 Occupier demand remains strong, but leasing activity is still restricted by the lack of immediate supply, which is only likely to be alleviated in the medium term. Rental levels have seen the effects of this, rising to c.£12.50 psf for prime stock around 20,000 sq ft and c.£11.75 psf for prime 100,000 sq ft units.

14.3.4 Although not quite at the same rate as the last 18 months, land values in Luton continue to rise and are estimated at £2.95m per acre (subject to necessary consents and net development value).

14.4 Leighton Buzzard

14.4.1 The secondary market of Leighton Buzzard is worth noting with occupiers crossing over from both the Milton Keynes and Dunstable/Luton markets.

14.4.2 Until recent times the market was relatively short in supply with the main industrial area centred around Cherrycourt Way.

- 14.4.3 The surge in occupier demand resulted in the area benefitting from new developments at Union Park (Tungsten / Kennedy Wilson) and Ascent Logistics Park (Firethorn), providing units from circa 15,000 – 80,000 sq ft.
- 14.4.4 The demand has been clear to see with only units 2 and 3 remaining at Union Park, along with Ascent 49 which is the last remaining unit at Ascent Logistics Park.
- 14.4.5 The recent completions at Ascent 126 (Q1) and Ascent 86 (Q2) saw excellent rents of £8.75 and £9.00 psf achieved respectively, while quoting rents at Union Park have been pushed on to £10.75 psf.

14.5 Northampton

- 14.5.1 Northampton is another important market to consider, with some occupiers now being forced even further along the M1 due to the increasing costs of renting industrial space in Milton Keynes.
- 14.5.2 A wave of speculative completions hit the Northampton market in 2021 and the demand was clear to see with the majority now let. Currently stock like many markets is limited across all size ranges, although, occupiers in the big box market will benefit from the new state of the art logistics hub at SEGRO Logistics Park Northampton.
- 14.5.3 Land values as expected are lower in Northampton, but are still anticipated to sit at a healthy £2.0m per acre (subject to necessary consents and net development value).
- 14.5.4 For the purpose of comparison, Milton Keynes’ land value is estimated at £2.5m per acre rising from £2.25m at the end of 2021 (subject to necessary consents and net development value). The table below highlights comparable transactions across some of the competing M1 markets.

Comparable Land Transactions along the M1

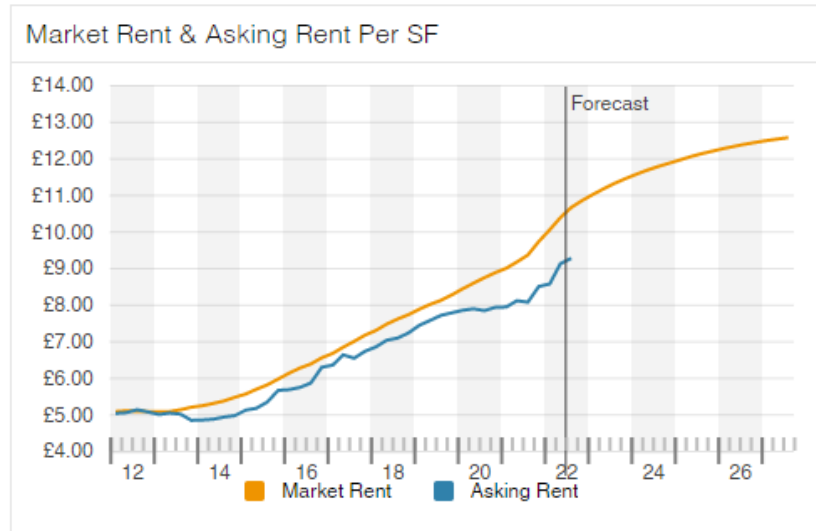
Date	Address	Town	Size (Acres)	Purchaser	Purchase Price	Price (£/Acre)
U/O	Mercure	Watford	7.68	-	£80,000,000	£10,416,666
U/O	Three Points	Rugby	4.80	-	£10,500,000	£2,187,500
Q2-22	MK65, Michigan Drive	Milton Keynes	6.03	Kier Property	£20,350,000	£3,374,792
Q1-22	Arcadia	Milton Keynes	19.30	Trammell Crow	£38,200,000	£1,979,274
Q1-22	Code MK	Milton Keynes	6.80	Equation / BGO	£11,560,000	£1,700,000
Q1-21	Vauxhall	Luton	55.00	Goodman	£103,000,000	£1,872,727

15.0 Industrial Demand & Take Up In Milton Keynes

15.1 Sub 50,000 Sq Ft

- 15.1.1 Demand across the sub 50,000 sq ft market has been impressive in the last 24 months, with many smaller to medium size businesses looking to expand and various new companies entering the market. The competition for units has therefore continued to grow and in turn pushed rents on in the area as seen in the graph below.

Fig. 15



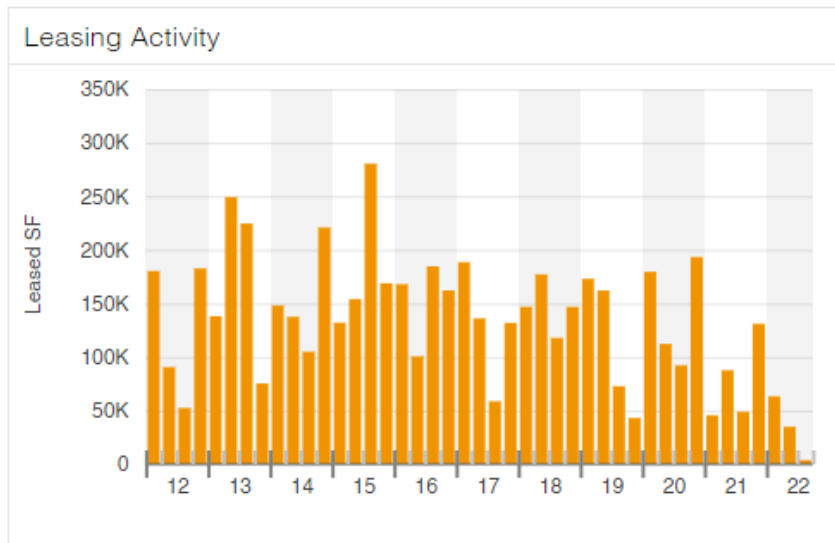
Source: Costar 2022

- 15.1.2 According to Costar the average market rent for units sub 50,000 sq ft in Milton Keynes is £10.40 psf. Prime rents on stock below 5,000 sq ft are, however, much higher and are now anticipated to be at c.£15.00 psf, with the new build units of 2,000 – 5,000 sq ft at Heathfield (Stacey Bushes) achieving £14.00 psf in Q1 2022.
- 15.1.3 The table below shows a comparison between the anticipated prime and secondary rents across the various size brackets below 50,000 sq ft in Milton Keynes. Prime rents are relatively hard to estimate as new build stock in this size range is limited, whilst secondary rents vary quite significantly as a result of the condition and location of the property.

SQ FT	Prime (psf)	Secondary (psf)
<1,000	£18.00 - £20.00	£18.00
1,000 - 2,500	£15.00 - £18.00	£10.50 - £14.00
2,500 - 5,000	£12.50 – £15.00	£9.00 - £12.00
5,000 – 10,000	£11.00 - £12.50	£9.00 - £10.50
10,000 – 50,000	£10.50 - £11.00	£8.75 - £9.50

- 15.1.4 Although demand has been intense in the last two years, leasing activity sub 50,000 sq ft has not necessarily reflected this and has continued along a relatively similar trend in Milton Keynes.
- 15.1.5 The lack of stock in the sub 50,000 sq ft bracket has restricted the leasing activity, which has remained at a fairly constant level in comparison to the last 10 years and even begun to lower in the first half of 2022 (see figure below).

Fig. 16



Source: Costar 2022

- 15.1.6 The effects of the rise in demand in relation to the availability of units has not only been clear to see in the market rents but also in the months a unit spends on the market.
- 15.1.7 The end of 2020 saw the number of months a unit spent on the market fall dramatically and this has remained at a relatively stable rate between 4 – 6 months since.
- 15.1.8 A landlord can therefore expect to see results and a letting as quickly as they ever have before, especially when you compare current time on the market to 2012 / 2013 where units were generally expected to be on the market for between 16 – 18 months (figure below).

Fig. 17



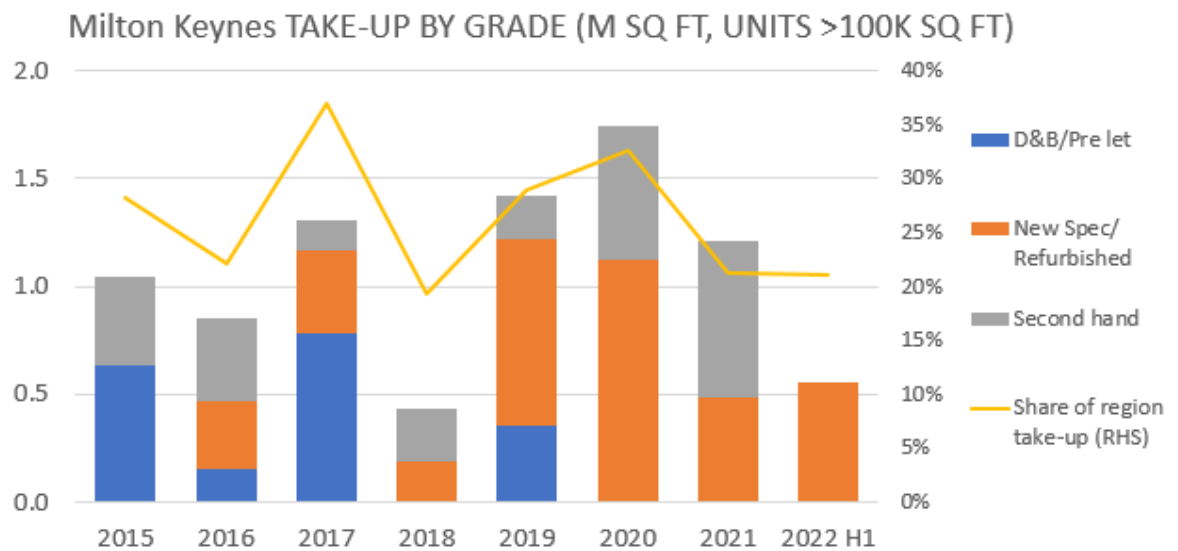
Source: Costar 2022

15.2 Above 50,000 Sq Ft

15.2.1 The ever-growing industrial market in Milton Keynes has shown very little sign of slowing up since the Covid-19 pandemic, especially when it comes to the Big-Box market (100,000 sq ft+).

15.2.2 In recent years ‘big-box’ deals have continued to account for a significant proportion of the take up in Milton Keynes and the strength of this since 2019 is highlighted in the figure below.

Fig. 18



Source: LSH Research

15.2.3 Evidently the second half of 2022 will need to be strong in order to maintain the take up of the last few years, however, unlike the sub 50,000 sq ft market the speculative development opportunities are readily available for further activity in the larger end of the market.

15.2.4 Another significant element the figure highlights is the disappearance of second hand take up in the 2022 ‘big-box’ market, perhaps demonstrating the lack of existing stock available. The impact in the short term could be significant, creating a further strain on supply and resulting in businesses choosing alternative locations if their requirement is immediate.

15.2.5 Similarly, to the sub 50,000 sq.ft. market, the increasing competitiveness for space has resulted in units spending less time on the market. Since Q1 2021 units over 50,000 sq ft have spent approximately 6 – 8 months on the market, again significantly less than the 20 – 25 months between 2012 and 2015 as displayed in the figure below.

Fig. 19

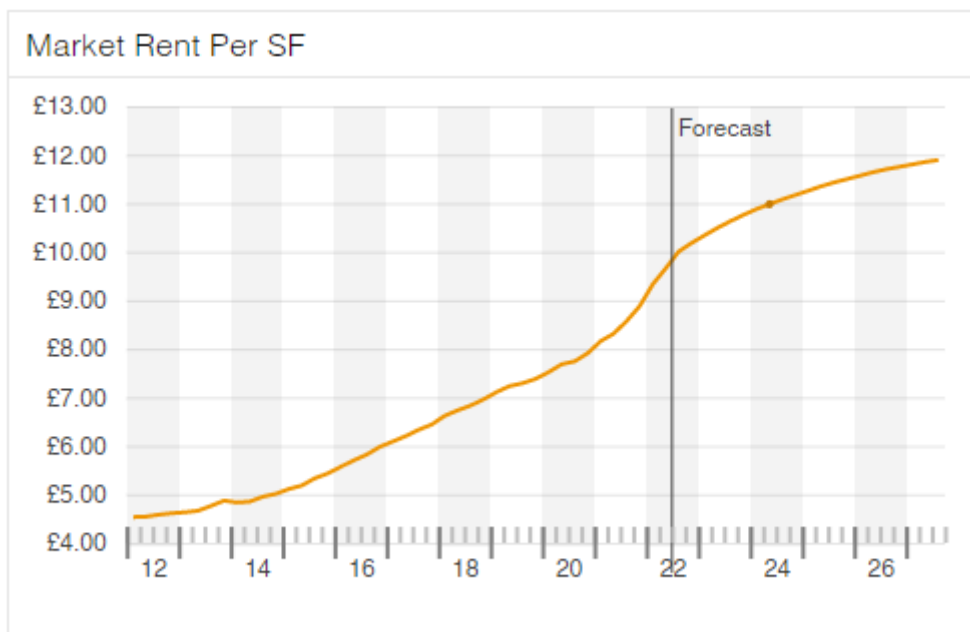


Source: Costar 2022

15.2.6 In addition to the similar trend in months spent on the market, rents are also significantly rising in the Mid/Big Box market (> 50,000 sq ft) as prime rents are estimated at £10.50 psf and secondary rents at c.£8.50 psf.

15.2.7 The upwards trend has continued since 2012 and has risen sharply in the last two years, with Costar currently estimating the average market rent on units above 50,000 sq ft to be at £9.88 psf, a figure which has therefore doubled in the last 10 years.

Fig. 20



Source: Costar 2022

- 15.2.8 Industrial & Logistics take-up since 2020 has been very impressive in the Milton Keynes market. The largest letting in 2020 involved M&S who completed on the refurbished former Cadbury's unit (360,200 sq ft). In addition to this Q4 saw another two strong deals, as Royal Mail took on a newly constructed 314,000 sq ft unit at Magna Park along with Toughglaze (Glass manufacturer) taking on the 100,000 sq ft former RAJA UK unit.
- 15.2.9 Occupier activity continued to grow in strength throughout 2021, with manufacturing providing two of the key deals in the prime industrial market. Magnitude 88 (Magna Park) was let to the card manufacturer Woodmansterne, and this was followed up by Tutti Bambini a furniture company who took Unit 2 at the new Baytree development (Fenny Lock/Bletcham Way).
- 15.2.10 The evidence shows that logistics take up in 2021 continued to excel, with John Lewis' acquisition of the remainder of Tesco's lease at their 617,400 sq ft former Fenny Lock distribution centre. Although the unit is secondary stock, it provided John Lewis with the desired proximity to their existing Magna Park site, again demonstrating the importance of the prime stock constructed in Milton Keynes.
- 15.2.11 Further prime logistics activity saw the bathroom distribution business, Ideal Bathrooms, take the remaining unit at Baytree logistics' scheme during construction in Q3 2021.
- 15.2.12 The first quarter of 2022 built on the remarkable take up in the 50,000 sq ft plus market, with the completions of significant lettings at two new builds, MK220 and Unit 1 G-Park. Although Q2 has been slightly quieter, negotiations are ongoing for a number of prime units, further backing up the strength of this segment of the market. (The table below sets out a number of key deals over the last two years).

Key lettings above 50,000 sq ft

Quarter	Scheme name / unit	Occupier	Size (sq ft)	Grade	Achieved Rent (sq ft)
Q3-22 (now in planning)	Equites Park	Culina	100,000	Build to suit	£10.50
Q3-22 (now in planning)	Equites Park	DHL	400,000	Build to suit	£10.50
Q2-22	Unit 2 G Park	ICP Logistics	140,029	New build spec	£9.75
Q1-22	Unit 1 G Park	Pro FS	117,414	New build spec	£9.75
Q1-22	MK220	ICP Logistics	220,700	New build spec	£8.25
Q4-21	Unit 2 Baytree	Tutti Bambini	72,000	New build spec	£8.50
Q4-21	Unit 1 Baytree	Ideal Bathrooms	108,694	New build spec	£9.15
Q3-21	Magnitude 88	Woodman Stearn	87,650	New build spec	£9.25
Q3-21	Fenny Lock	John Lewis	617,393	2nd Hand	£7.74
Q1-21	MK169	Amazon Fresh	169,374	2nd Hand	£7.00

15.2.13 Logistics has undoubtedly been key to take up in Milton Keynes, however, traction has also begun to build in the manufacturing market following the UK's decision to leave the EU, with a growth in enquiries from businesses looking to manufacture products in the UK.

15.2.14 Overall the transactions in large-scale logistics evidently underpin the industrial market in Milton Keynes. The impact of this can be significant though with year on year take up relatively volatile and largely dictated by the level of availability which typically experiences limited void and competitive interest.

16.0 Industrial Supply & Development in Milton Keynes

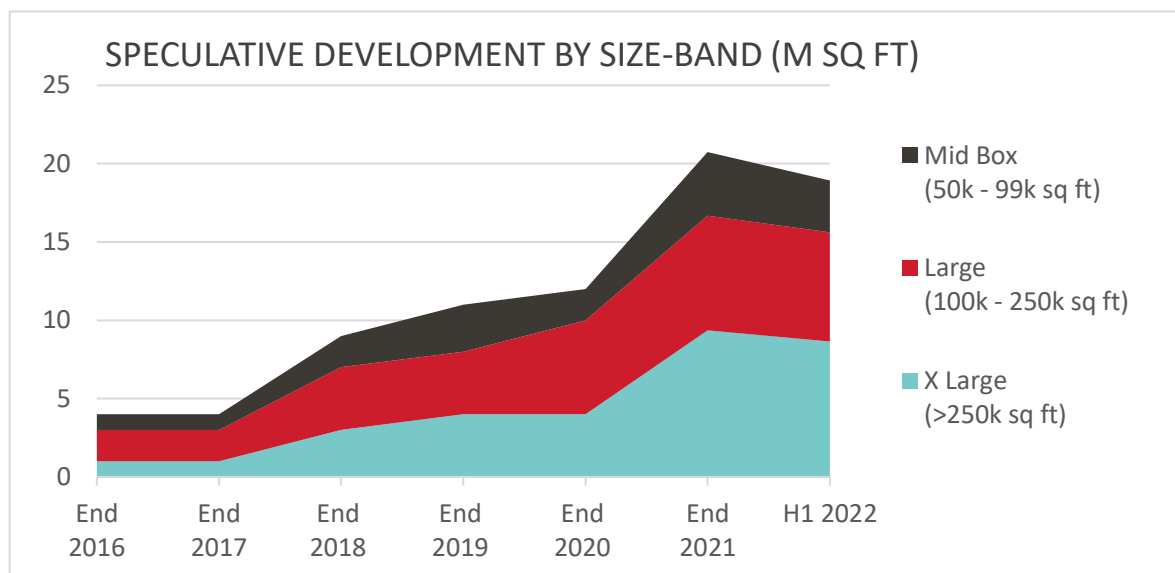
16.1.1 Insatiable levels of occupier demand, tight levels of existing built supply and a huge influx of investment targeting the UK Industrial market have driven unprecedented levels of speculative development.

16.1.2 For units over 50,000 sq ft, UK-wide spec development under construction hit 20.7m sq ft at the end of 2021 (figure below). Remarkably, this spec development accounts for 40% of total UK supply.

16.1.3 While 2020's surge in development volume was driven by increased unit size, 2021's soaring level better reflects the sheer number of units coming forward. 133 units were under construction at the end of 2021, rising from 76 units 12 months prior.

16.1.4 The average size of units under construction was relatively stable compared with 2020, up 2% to 155,925 sq ft.

Fig. 21



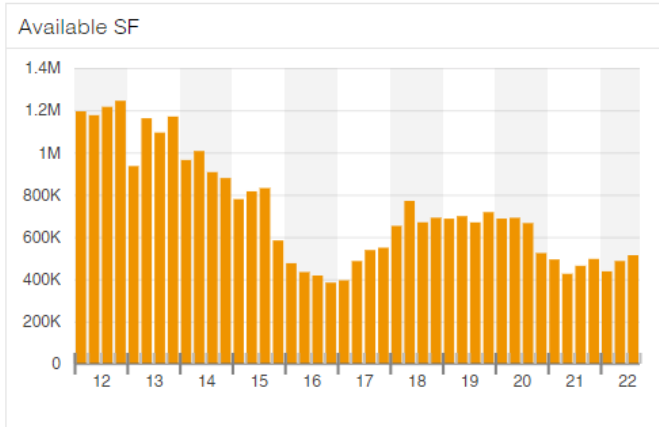
Source: LSH Research

16.1.5 The total inventory in Milton Keynes was highlighted as 32.8m sq ft according to the VOA, this puts it in the top ten industrial centres in England in terms of total sq ft.

- 16.1.6 Milton Keynes itself is a relatively new city and has very little stock pre-1980, with only a few areas along the A5 having units of 1960/70s build. Although the majority of units are of 1980s and 1990s build, Milton Keynes has seen an influx of newer stock, especially from 2014 onwards when the Magna Park development along the M1 brought a significant number of larger units to the market.
- 16.1.7 When looking at the existing inventory there is a fairly evident split between the total stock below and above 50,000 sq ft. The inventory sub 50,000 sq ft is approximately 8 million sq ft whereas 50,000 sq ft plus stock sits nearer to the 25 million sq ft mark, showing the significance of the larger industrial stock to the Milton Keynes market.
- 16.1.8 The comparison of available stock in the smaller and big box markets paints an interesting picture. Since 2020 stock at the smaller end of the scale has remained relatively low after a significant decrease from Q3 2020, following the fallout of the extreme demand in the first lockdown. Looking at stock levels in 2012, the sub 50,000 sq ft market has seen a significant drop off in availability from circa 1.2 million sq ft to approximately 500,000 sq ft in 2022.
- 16.1.9 The two figures below also highlight the generally healthy levels of available units above 50,000 sq ft in comparison to smaller sub 50,000 sq ft availability.

Fig. 22

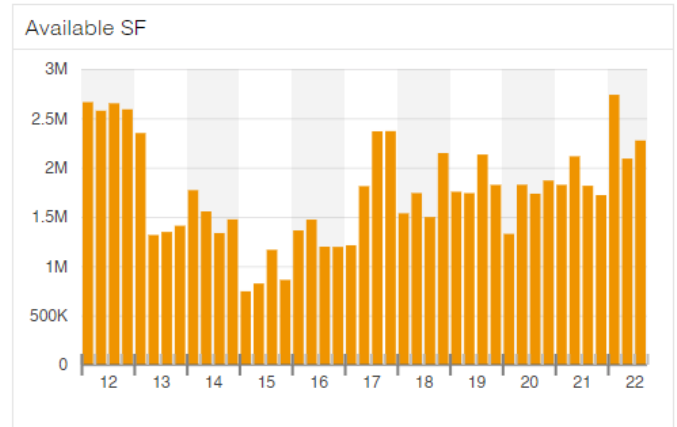
< 50,000 SQ FT



Source: Costar 2022

Fig. 23

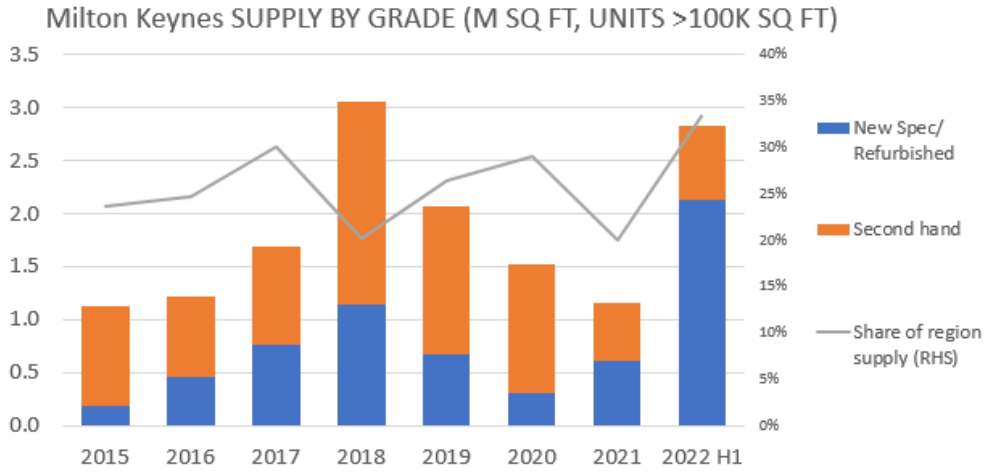
> 50,000 SQ FT



Source: Costar 2022

- 16.1.10 The levels of existing second hand stock in the larger size bracket remains low, with the available sq ft being propped up by a number of newer build schemes. The main second hand unit that is tentatively being marketed is MK313 in Kiln Farm which is currently leased to Tesco.

Fig. 24



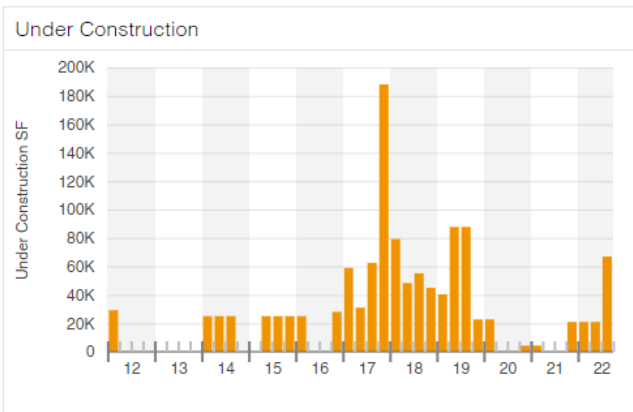
Source: LSH Research

16.1.11 The available stock in the near future looks promising with schemes including CODE Milton Keynes (Equation Properties / Bentall Green Oak development), PLP MK, CORE Milton Keynes (Tramell Crow development), Frontier Park and Equites Park (Newlands / Equites Property Fund development). Together they will provide approximately 4 million sq ft of prime industrial stock to the ever growing market.

16.1.12 The stock arriving on the market varies greatly from circa 15,000 – 1,100,000 sq ft, helping to alleviate supply issues across a wide proportion of the market. This does highlight an issue in itself, with demand still high amongst smaller businesses, the question arises over whether there is enough smaller stock with no new multi-let estates on the horizon.

Fig. 25

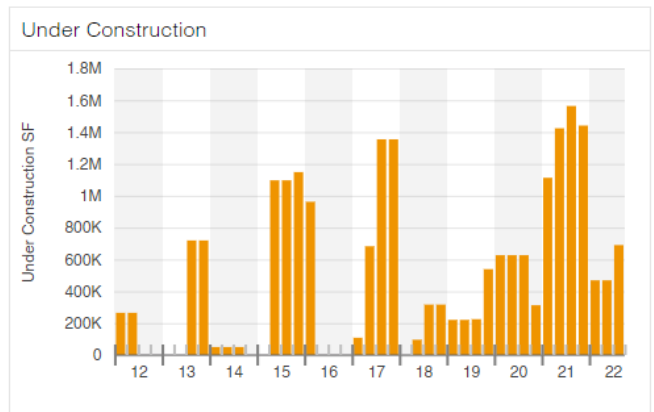
< 50,000 SQ FT



Source: Costar 2022

Fig. 26

> 50,000 SQ FT



Source: Costar 2022

- 16.1.13 Following the completion of the Heathfield development at Stacey Bushes and subsequent lettings, there appears to be no additional new multi-let schemes, leaving the pipeline in this market potentially short.
- 16.1.14 Adding pressure to this is the desire for high quality space which is constantly increasing year on year, with ESG at the forefront of many businesses and landlord's minds
- 16.1.15 The issue facing developers and landlords in the smaller multi-let market is the increasing build costs, which restricts cost-effectiveness of the projects and explains the lack of new development planned.
- 16.1.16 The majority of landlords in Milton Keynes have therefore continued to carry out refurbishments in the multi-let market, especially with the occupier demand still very much present. Extensive works were carried out at Lakeside (Mount Farm) and this is due to be followed by Abbey Court/Alston Drive that will undergo a substantial facelift.
- 16.1.17 The importance of high quality space can also be reflected in increased rents and improved investment value for the landlord.
- 16.1.18 How the market will perform in the coming years is of course unknown, especially with the greater financial pressures facing businesses and the looming business rates revaluation. The market may stall as a result, however, the current development pipeline and growing values in the area suggest that Milton Keynes industrial & logistics is in a positive place.

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Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the Revised NPPF, which specifies the main categories of affordable housing to be: affordable housing for rent; starter homes; discounted market sales housing (sold at a discount of at least 20% below market value); shared ownership, relevant equity loans, other low cost homes for sale and rent to buy.

Affordable Rent is provided by social landlords and rented for less than would be paid if renting privately. It must be at least 20% cheaper than the equivalent private rent in the area and must also be below the value of the Local Housing Allowance in the area.

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the HNA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible and adaptable standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2011 Census.

Churn: the movement of tenants from one commercial property to another.

Concealed families are defined as; *“family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”*¹⁰⁷.

ECO underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

First Homes are discounted market sale units which must be sold with either a 30%, 40% or 50% discount in perpetuity to a person or persons meeting the First Homes eligibility criteria.

Green Deal is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

Gross Value Added (GVA) is the value to the economy generated by any unit engaged in the production of goods and services.

¹⁰⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

Headship rates are defined by CLG as: *“the proportion of people in each age group and household type who are the ‘head’ of a household”*¹⁰⁸

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. ‘Gross’ or ‘new’ household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting ‘successor’ households, when the former head of household dies or departs). ‘Net’ household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

House in Multiple Occupation are currently defined by the Housing Act 2004 as:

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

¹⁰⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

Pent up demand is unfulfilled demand or need for housing from households within the existing population, such as hidden households.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately. It typically has lower rents than Affordable Rent.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

BRMA	Broad Rental Market Area
CLG	Department for Communities and Local Government (now DLUHC)
DLUHC	Department for Levelling Up, Housing and Communities
DWP	Department of Work and Pensions
EHS	English Housing Survey
HEDNA	Housing and Economic Development Needs Assessment
HJA	Hardisty Jones Associates
LA	Local Authority
LAHS	Local Authority Housing Statistics
LHA	Local Housing Allowance
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
MHCLG	Ministry for Housing, Communities and Local Government (now DLUHC)
NPPF	National Planning Policy Framework
NVQ	National Vocational Qualification
ONS	Office for National Statistics
ORS	Opinion Research Services
PPG	Planning Practice Guidance
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment

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