



Executive
29th May 2007

**Report from the Director of
Housing and Community Care**

For Action

Wards Affected:
Barnhill

Chalkhill Redevelopment - winding up the project.

Forward Plan Ref: H&CC/0607/37

1.0 Summary

1.1 This report summarises progress to date on the Chalkhill redevelopment scheme and presents a number of issues for decision so that the final stages of the project may be completed.

2.0 Recommendations

2.1 That the Executive notes the advanced stage reached at the Chalkhill redevelopment scheme and the need to finalise arrangements to conclude the project (paragraphs 3.1.1 to 3.1.6).

2.2 That the Executive agrees to the winding up of New Horizons (Brent) Ltd., provided that proper arrangements are made to dispose of New Horizons' assets and deal with its remaining obligations as set out in the report (paragraphs 3.3.1 to 3.3.2).

2.3 That the Executive agrees that New Horizons dispose of the Stadium Training Centre on the open market and hands the initial purchase amount to the council as the accountable body for Single Regeneration Budget (SRB) purposes, on the understanding that New Horizons hands the 'net proceeds' in excess of that amount, having deducted the cost of sale, to the Chalkhill Community Trust Fund (paragraphs 3.4.1 to 3.4.4).

- 2.4 That the Executive instructs officers to make a case to the London Development Agency for keeping the initial purchase amount in the borough, for the provision of training and employment opportunities for local residents (paragraph 3.4.4).
- 2.5 That the Executive instructs officers to write to the Chalkhill Community Trust Fund on behalf of the council, requesting that, in light of the enhanced size of the Fund, the Trustees reserve some part of the Fund to support the set up and running costs of the community centre, as well as funding projects in the community (paragraphs 3.5.1 to 3.5.3).
- 2.6 That the Executive agrees that officers should pursue the proposal that the council becomes developer of the park at Chalkhill; instructs officers to make a formal proposal to New Horizons' board, whereby New Horizons is relieved of its obligation to provide the park in return for giving the council the budget it has reserved for the design and construction of the park; and that officers bring a further report to the Executive with more detailed proposals, including the procurement route and detailed cost estimates, before a final agreement with New Horizons is reached (paragraphs 3.6.1 to 3.6.5).
- 2.7 That the Executive agrees to dispose of the Saxon Road site to MHT, at a valuation to be set in accordance with the mechanism in the Framework Agreement, to be offset against an allowance made for MHT taking on liabilities for other negative value sites, as set out in the report, the package to be agreed by the Director of H&CC, acting on the advice of the Head of Property and Asset Management (paragraphs 3.7.1 to 3.7.7).
- 2.8 That the Executive agrees that, failing an agreement being reached with MHT on any or all of the negative value sites, the capital programme identified in the report at paragraphs 3.11.1 to 3.11.4 be used to carry out environmental works, to improve the appearance of the sites and reduce any future maintenance liability to the council.
- 2.9 That the Executive agrees to the disbanding of the Chalkhill Joint Development Board and that the meeting held on 19th April 2007 be the last meeting of the board (paragraphs 3.8.1 to 3.8.3).
- 2.10 That the Executive notes the revised estimates for expenditure against the council's disposal receipt from the sale of land to George Wimpey and notes that there is no overage payable to the council under the terms of the overage agreement with George Wimpey (paragraphs 3.9.1 to 3.9.9).
- 2.11 That the Executive agrees the proposals for a Chalkhill capital budget for the years 2007/08 and 2008/09 to be financed from the Council's Disposal Receipt as set out in paragraphs (3.11.1 to 3.11.4).
- 2.12 That members note the full scheme capital expenditure at Chalkhill, taking account of receipts from the sale of land and recharges for work carried out by the council, as set out in paragraphs 3.12.1 to 3.12.9.

- 2.13 That the Director of H&CC is authorised to negotiate and agree a further Supplemental Agreement with New Horizons, as is necessary to give effect to the decisions made by the Executive.

3.0 Detail

3.1 Background

- 3.1.1 The Chalkhill redevelopment scheme is probably unique in that it progressed without any direct government funding (apart from Single Regeneration Budget funding for training and employment projects) and it combined a housing stock transfer with a redevelopment scheme, in which the council played a major direct role. Following a design and development competition in 1993, a consortium headed by Wimpey Homes and Metropolitan Housing Trust (MHT) was invited to submit detailed proposals for the extended Chalkhill estate, comprising 1270 flats on the Bison system estate and about 450 flats and houses on the Scientist estate. The council carried out two statutory consultation exercises: the first on the redevelopment scheme for the whole estate, in November and December 1994; and the second on the transfer of the Scientist estate to MHT in July 1995. Both consultations returned large majorities in favour of the proposals.
- 3.1.2 Wimpey and MHT set up a joint development company, solely for the purpose of the Chalkhill project, which is called New Horizons (Brent) Ltd. On 1st July 1996, the council and New Horizons entered into a series of legal agreements concerning the development scheme, the main agreement being known as the Framework Agreement. Modified over the years by five Supplemental Agreements (dated 29/12/97, 17/02/98, 6/07/98, 31/03/03 and 2/03/04) the Framework Agreement has governed the scheme throughout its life and this report is intended to round off a number of outstanding matters from that agreement, so that the Chalkhill project may be concluded. The agreed position of the Executive will need to be put to and agreed by the New Horizons board and a sixth and final Supplemental Agreement drawn up to formalise the agreement reached.
- 3.1.3 To remind members of the essential points of the development scheme, it was designed to completely redevelop the 30 concrete, walk-up blocks of the Bison estate and refurbish the Scientist estate. Without government aid, the redevelopment was predicated on the sale of land for retail use (the Asda store) to raise finance. The council undertook the decanting of the Bison blocks, rehousing some 1245 families across the borough (see appendix 1). The council was also responsible for the demolition of the Bison blocks and two multi-storey car parks, together with the clearance of any associated roads, hard standings, services etc. Rehousing and demolition of the Bison blocks was completed at the end of 2002. Cleared areas of land were then transferred to MHT in phases for a nominal sum to be developed for social housing, supported by grant from New Horizons, in order to keep the rents affordable.

- 3.1.4 New Horizons undertook to provide 450 new social housing units through MHT and these have all been completed. In addition, 150 homes for sale have been developed by George Wimpey on the site opposite the Town Hall, with the development by MHT of a further 15 social units on the Jenner House site and 18 lifetime homes reserved for elderly people. As well as the 633 new homes completed there are 42 shared ownership units being built as part of the Combined Facilities Building (see below). In order to replace the land lost to retail use MHT developed two schemes with Housing Corporation grant off site, at Yeats Close, Neasden (103 units) and De Havilland Road, Queensbury (149 units). The table attached as appendix 2 details the new housing provision associated with the Chalkhill scheme.
- 3.1.5 In addition to the new build housing, the scheme includes the refurbishment of the Scientist estate which was completed in 2000, a new heating system, playground and boundary treatment for Chalkhill primary school, public open space and a programme of training and employment projects, supported by Single Regeneration Budget (SRB) funding of £3.25m.
- 3.1.6 There are three development obligations which remain to be completed. These are the main park, the community centre and the new health centre, which are all linked. The health centre and community centre are provided in the 'Combined Facilities Building' (CFB) which is currently under construction by MHT, on the site formerly occupied by Bison blocks A4 and A5 and the old health centre. The Executive agreed to the disposal of the site to MHT for this purpose on 23rd May 2005 and the disposal was completed on 26th June 2006. The CFB will also contain offices for MHT and 42 shared ownership flats. Chalkhill health centre is currently housed in temporary buildings on the site of the park and so the park cannot be started until the health centre moves to its new premises. These issues are dealt with more fully below.

3.2 The Combined Facilities Building

- 3.2.1 The project was faced with two problems: how to provide new community facilities at Chalkhill and how to re-provide the health centre which was located on the ground floor of two of the blocks scheduled for demolition. Neither of these facilities were included within the scheme finances or the obligations of New Horizons. The absence of an agreement with the health centre on its occupation of the premises meant falling back on the interpretation of 'Minor User Rights' in the National Health Service Reorganisation Act 1973. The solution was developed over several years and four reports to the council.
- 3.2.2 It was agreed with the then Parkside Health Trust that the District Auditor be appointed as independent expert to determine the matter of compensation owed by the council for the extinguishment of Minor User Rights over the old health centre premises. The incoming Brent Primary Care Trust (PCT) agreed it would pay a fair rent for new premises, the rent again to be determined by the District Valuer. In the full proposal which emerged, MHT became the developer, purchasing the site from the council and financing the development of the new health centre, as part of the larger Combined

Facilities Building (CFB) from the future rent to be received. The compensation due to the PCT was set at £155,000 and this has been paid from the council's receipt from the disposal of land to George Wimpey.

3.2.3 The proposal for the CFB was developed as one of a number of amendments to the original master plan which sought to gain more income for the scheme when a shortage of funding was threatening completion of the development. In the event, all the original development objectives have been achieved (or will be by completion). Following a public consultation exercise, the Executive agreed the necessary changes on 16th December 2002. The private housing site was sold to George Wimpey on 31st March 2003, which amongst other things, gave the council the resources to finance the construction costs of the community centre element of the CFB and meet the cost of compensating the PCT and providing temporary premises, until the new health centre has been built. The full financial implications of the Wimpey disposal are dealt with further in section 3.9 below.

3.2.4 This has effectively dealt with the problems of how to re-provide community facilities and the health centre. The CFB containing the new health centre and the community centre will be completed in March 2008. The council has a 125 year lease (no premium or rent payable) on the community centre but has agreed to lease it back to MHT on completion of the building works for 25 years (again no rent or premium payable) to operate as a community centre. There is no revenue cost to the council from the operation of the community centre (see further below on possible financial assistance to the community centre via the Community Trust Fund). If the community centre ceases to operate for any reason the lease will terminate and the community centre building will revert to the council, which may then seek alternative uses. MHT is currently working with a group of residents, giving them training and assistance in developing a business plan, so that they can operate as a management board. MHT will keep control of the facility at least until the community group has developed sufficient competence to run it themselves.

3.3 New Horizons

3.3.1 New Horizons (Brent) Ltd is the jointly-owned company set up by Wimpey and Metropolitan Housing Trust, for the sole purpose of carrying out the Chalkhill redevelopment project. The council's legal agreement governing the redevelopment scheme – the Framework Agreement – is with New Horizons, not with MHT or Wimpey individually. All the assets which New Horizons owns must be used for the Chalkhill scheme and cannot be taken away by the company, which does not have a life after Chalkhill. Now that Wimpey has left site it has no further interest in Chalkhill and it has become increasingly difficult to operate New Horizons as a company. New Horizons' decision-making has therefore become very cumbersome and there is a certain amount of bureaucracy and cost incurred in running the company in accordance with company law, when it is actually now delivering very little, especially as MHT not New Horizons is developing the CFB. New Horizons' final obligation, to build a local park, cannot begin until the CFB is completed, in about a year's time.

3.3.2 Winding up a company is a lengthy process and council officers and New Horizons agree it would be as well to begin this process as soon as possible. In order to do this now means that New Horizons must discharge its remaining obligations under the Framework Agreement and dispose of all its remaining assets. It is recommended the Executive approves this course of action subject to agreement being reached on the proposal in sections 3.4 to 3.7 below, concerning New Horizons' obligations and assets.

3.4 Stadium Training Centre

3.4.1 The Stadium Training Centre (STC) is owned by New Horizons, but was purchased with Single Regeneration Budget (SRB) funding. Before it can be wound up as a company, New Horizons must sell the STC and under existing agreements it is required to return £257,000, being the amount of SRB used to purchase the premises in 1995, to the council as the accountable body. The council is required to return this amount to the London Development Agency (LDA) being the residuary body for outstanding SRB issues. Any net proceeds over that amount (taking into account the cost of disposal) are to be used to augment the Community Trust Fund (see further below).

3.4.2 New Horizons has recently had the premises valued at £900,000, with an annual rental value of £70,000, so the Community Trust Fund (CTF) stands to benefit by a considerable amount (although of course the real value will be determined by what someone is willing to pay). Officers have been trying to find a way to continue to use the STC for training purposes and at the same time guarantee a rental income into the CTF, with the capital value of any subsequent sale still being available to augment the CTF in the way originally agreed. Carillion which currently occupies the premises was originally interested in taking a ten year lease but has since changed its business plans and now will be moving out on 15th May 2007.

3.4.3 The Executive is asked to agree the following plan of action which will then be put to the board of New Horizons to agree. In the first instance, a proposal is being explored whereby an alternative training agency might occupy the premises and pay rent, but the prospect of renting the premises to a training provider now looks remote. If the rental option does prove feasible, New Horizons would still have to give up ownership of the building and it is proposed that the CTF would become the owner. As well as being agreed by the council and New Horizons, this will need the approval of the LDA. The LDA would also need to agree whether it is prepared to give up all claim to the original purchase price or whether that portion of the value would still have to be returned at some point.

3.4.4 If, as now seems more likely, there is no alternative training agency to rent the STC premises, then New Horizons will sell the property on the open market. This is actually what they are charged with doing under current agreements and is a simpler prospect, the receipt being distributed as in paragraph 3.4.1 above. The council may wish to make a case for keeping the 'purchase price element', i.e. £257,000, in the borough, to provide more training and

employment opportunities for Brent residents, but the 'net proceeds' would still go to the CTF. The Executive is recommended to instruct officers to make a case to the LDA to keep the purchase price element in the borough to provide further training and employment opportunities.

3.5 Community Trust Fund

3.5.1 Under the Framework Agreement, New Horizons was required to set up a Community Trust Fund (CTF) for Chalkhill. The CTF was set up in July 2000 and has six trustees: two council members, two MHT and two community trustees, co-opted by the council and MHT trustees. It is a charitable body with widely drawn charitable objectives which would enable it to own property if this becomes a possibility. New Horizons was obliged to establish, in instalments, a total fund of £495,000. The final instalment of these payments was paid in 2001. Under the Framework Agreement, the CTF holds the money until the JDB has carried out community consultation on the use to be made of the funds. The JDB is to make proposals to the CTF and the CTF 'shall not unreasonably withhold their consent to such a proposal' (Second Schedule, Part I, Framework Agreement 1996).

3.5.2 MHT carried out a Household Survey in 2003, which included some questions about the use to be made of the CTF. In the survey 88% of households interviewed agreed it should be linked to the community facilities i.e. the community centre being built as part of the CFB. This was communicated to the CTF by the Joint Development Board and the Trustees agreed to more or less keep the fund intact until the future of the community centre, in terms of its construction, fitting out and running costs, was determined. Only a few small allocations of funding have been made to date and the fund currently stands at over £500,000, having earned interest on the original sum. The CTF stands to more than double in size, assuming the sale of the STC realises the valuation put on it.

3.5.3 As a charity, the CTF cannot be fettered in the way it decides to allocate its funds, in accordance with its objectives and so it is not open to the JDB or the council to decide the use of any part of the CTF's funds. However, the community centre will never be completely self financing and while alternative sources of funding will be sought, there is no guarantee that these will be sufficient. At its last meeting the JDB agreed to communicate its view that the CTF uses its funds to both support the running of the community centre and meet the long term needs of the neighbourhood by funding worthwhile projects for the community. In view of the additional funding which the CTF will now receive, it is recommended that officers write to the CTF on behalf of the council, asking that some of the funds be set aside to support the set up and running costs of the community centre as well as funding ongoing projects in the community.

3.6 Main Park

3.6.1 The chief remaining obligation of New Horizons is to provide a local park and this was a council requirement from the time of the original planning brief in

1993. New Horizons' remaining monetary assets comprise a sum reserved to construct the park. It is known in the master plan as the Main Park to distinguish it from the completed Linear Park – the landscaped walkway which runs from Forty Lane, opposite the Town Hall down to the Main Park. The park is to be built on the site between Rook Close and Dugolly Avenue, currently occupied by the temporary health centre, meeting hall, car park and kick-about area. Work on the park can only begin when the CFB is complete (programmed for March 2008) and the PCT can move across to the new health centre. The design for the park is almost finalised subject to agreement with the council's Planning and Parks Services on the playground equipment. The council is obligated (as part of the demolition contract) to remove the car park and temporary buildings together with their foundations and services. Some of this has been pre-paid with the demolition works but there are other associated costs which will arise in 2008 (see below).

- 3.6.2 The park will be a public open space on council-owned land to be managed by the Parks Service and it is proposed that the council should develop the park itself, with the funding which New Horizons has set aside for the purpose. This would require an agreement with New Horizons releasing it from its obligation and placing that obligation on the council, in return for New Horizons giving up its park budget. Preliminary discussions have taken place with the Parks Service and they would be keen to carry out the planting once the site has been shaped to the right contours. It would therefore be necessary to have a separate contract for earth works which would be managed by the council. A soils survey is being carried out to ascertain any contamination, which would be remediated as required by the council's Environmental Monitoring Team. This would be dealt with as part of the earth works.
- 3.6.3 This strategy has a number of advantages. It releases New Horizons from a protracted obligation and allows it to begin the lengthy process of winding up the company some eighteen months earlier than if it has to develop the park. It will save VAT as the council is able to reclaim this tax (this is subject to further legal and tax advice). As New Horizons' budget for the park is a cash sum which has not changed since the development started, the potential saving of 17.5% could be crucial. And finally, the Parks Service, which will be maintaining the park in the long term, will have direct input into its provision.
- 3.6.4 At this point in time, not all the costs are known in detail. There is the ability through the proposals for a capital budget for 2007/08 and 2008/09 (funded from the Wimpey receipt - see below section 3.11) to supplement the budget available from New Horizons. A total of £124,220 is set aside in the proposed capital budget for 'Park and other works', the major part of which is available for the park if required. Also paragraph 3.9.5 notes that some of or all the contingency sum on the community centre build cost (£199,670) is likely to become available for allocation at Chalkhill, because the council's contribution is fixed in the development agreement with MHT at £1,996,700. There is a revenue funding implication for the Parks Service in maintaining the park, although this will of course be the case whoever develops it, because it was a council requirement of New Horizons to provide a public park on council

owned land. The Parks Service request for growth for maintaining this park has been deferred until 2008/09, but members should appreciate that the park will be developed by New Horizons if the council does not develop it. The Chalkhill park will not come into management until late 2008/09 or the beginning of 2009/10.

- 3.6.5 It is recommended that the Executive approves this approach to the council becoming developer of the park, utilising New Horizons' budget, subject to a further report setting out the procurement route and with more complete and up to date cost information, before an agreement with New Horizons is finalised.

3.7 Other Framework Agreement obligations

- 3.7.1 Officers have worked through the Framework Agreement, to check on any other outstanding legal obligations on the council and New Horizons. Apart from those already mentioned above (i.e. the council's obligations to remove the car park and temporary buildings etc., the provision of the park, New Horizons taking no assets away from the scheme) there only remain some very minor issues to deal with.

- 3.7.2 There are three small sites which had development proposals in the original scheme, which have changed or are now considered not feasible. Being areas intended for new development, ownership was not transferred to MHT when the Scientist estate was transferred. The most significant of these is the Saxon Road office site (Zone 24 in the Chalkhill master plan and agreements) which in the original master plan was to be used for the police office and a launderette. The police office was built elsewhere and a launderette is not considered to be a viable business proposition. There are two other sites – one behind Edison House (Zone 21) and one on Chalkhill Road adjacent to Gervase Close and Demeta Close (Zone 20) – which have no development value and are a maintenance liability.

- 3.7.3 In addition there are some small sites in council ownership which are outside the boundary of the redevelopment area, which are a maintenance liability and source of complaints from residents, as they attract rubbish dumping and supermarket trolleys. Ideally these sites would also be transferred into the ownership of MHT, which manages surrounding properties and has grounds maintenance contracts in the area. There is also a fence between these sites and the private housing estate of Chalklands/The Leadings behind, which is in poor condition. The ownership of this fence is unclear as the council's property records do not specify this. The position of the arris rail suggests it is owned by the council and the managing agents of the private estate also say it is in council ownership.

- 3.7.4 There is also a footpath which runs behind 18 to 88 Barnhill Road. Although this borders public open space, the Parks Service does not accept that it has maintenance responsibility and it seems likely that this footpath was built as part of the adjoining housing in Barnhill Road. Some of these properties have been purchased under the right to buy and are owned freehold; some are

owned by MHT and occupied by MHT tenants; and some are owned by MHT and leased back to the council and occupied by council tenants. The footpath is a maintenance problem in that it is barely ever used and therefore becomes overgrown. MHT are unwilling to take on the maintenance and there are too few council properties (which in any case will decline to zero over time as tenancies come to an end) for the HRA to maintain the path.

- 3.7.5 Under the terms of the Framework Agreement, either New Horizons or the council can make alternative proposals for those sites within the master plan (i.e. Zones 20, 21 and 24) if for some reason the agreed master plan cannot be implemented. It is known that in New Horizons' view, the Saxon Road site should be sold to MHT for a small residential infill development and MHT are preparing such proposals. In the absence of a competitive tender for the site, the Framework Agreement says that one of three named property valuation consultants should be asked to establish the open market value. This is the mechanism used for previous disposals at Chalkhill to Wimpey and MHT, such as the private housing site, Jenner House and the health centre (CFB) sites.
- 3.7.6 Officers recommend that the Saxon Road site be sold to MHT, subject to a price being established as open market value and that the Executive also instructs officers to negotiate a deal to include other sites which have no development value, offsetting any negative values associated with their maintenance liabilities against the value of the Saxon Road site. It is considered that this arrangement will enable the best overall value for the council to be secured. Accordingly, it is recommended that the negotiation be concluded by the Director of H&CC, taking advice from the Head of Property and Asset Management, that the deal represents the best overall value for the council.
- 3.7.7 If agreement cannot be reached with MHT, it is recommended that the 'Chalkhill Capital Budget' be used to carry out environmental improvements on these sites, in order to improve their appearance and deter fly-tipping etc and reduce future maintenance liabilities to the council.

3.8 Joint Development Board

- 3.8.1 The Chalkhill Joint Development Board (JDB) was formed by the council, under the terms of the Framework Agreement to act as the main consultative forum for the redevelopment scheme. It first met in July 1996 and has met quarterly ever since. Membership is comprised of local resident representatives, council members, MHT, Wimpey and various local agencies such as the police, primary school, health centre and Asda. It is chaired by the Lead Member for Regeneration and Economic Development.
- 3.8.2 For some time now, the meeting has been poorly attended and is sometimes inquorate, as with the last meeting on 19th April. No-one has attended from Wimpey, Asda, the police, the school or the health centre for two years. This is because the level of development activity has greatly reduced and there is little of significance to discuss. Furthermore, MHT has set up a new resident

group which can offer an alternative means of consulting residents, who are now more concerned with housing and neighbourhood management issues.

3.8.3 Officers consider it is an appropriate time to wind up the board and it was agreed at the last (inquorate) meeting of the board that their meeting on 19th April 2007 would be their last. If the Executive agrees, this will be put to New Horizons for their formal agreement.

3.9 Chalkhill Capital Expenditure and Use of Disposal Receipt from Sale of Land to George Wimpey.

3.9.1 In agreeing proposals to revise the master plan and to re-provide the health centre and community facilities as part of the Combined Facilities Building on 17/09/02, the Executive also agreed to sell land to George Wimpey for private housing development. This was a larger site and in a different location from the private housing site in the original master plan. The enhanced capital receipt which this provided met a gap in New Horizons' cashflow (which would otherwise have prevented completion of the final phase of social housing) and also contributed towards the council's costs.

3.9.2 A fourth Supplemental Agreement was drawn up to agree certain changes to the redevelopment scheme and the allocation of the capital receipt. Under the original Framework Agreement, New Horizons would otherwise receive all the proceeds of any disposal within the redevelopment area. The main points of the fourth agreement were:

- To formally agree changes to the Chalkhill Master Plan
- To release New Horizons from certain obligations, which are no longer sought, namely the development of a 'foyer' and sheltered housing
- To release the Council from its obligation to New Horizons to re-roof and reinstate the health centre (in the Bison blocks)
- To remove the development of social housing on the Jenner House site from New Horizons cashflow
- To confirm the commitment to, minimum expenditure on and timing of the provision of the Linear Park and the Main Park
- To make supplemental financial provisions, specifically for the use of the capital receipt from the disposal of land to George Wimpey.

3.9.3 Following on from the last bullet point, the table below summarises the deployment of the capital receipt, as agreed in the Supplemental Agreement.

Table 1

Deployment of Receipt	Amount	Description
Cashflow Contribution	£3.633m	Amount retained by New Horizons to meet the deficit in their cashflow
Contribution to Councils costs	£1.514m	Cost of clearing site.
Council's Disposal Receipt	£3.470m	This receipt to be used only for the following: <ul style="list-style-type: none"> ▪ Construction cost of community facilities ▪ Compensation to Brent PCT ▪ Cost of temporary health centre ▪ Cost of removing health centre between buildings ▪ Any balance remaining to be used to meet development objectives on Chalkhill at Council's discretion.
Purchase Price	£8.617m	Paid by Wimpey for private housing land

Note all above sums subject to VAT.

- 3.9.4 The agreed contribution of £3.633m was paid to New Horizons and the council also received £1.514m as a contribution to its costs, at the time of the disposal. The remaining amount of £3.470m, known as the Council's Disposal Receipt, has been reserved by Finance and Corporate Resources to meet expenditure arising under the agreed headings.
- 3.9.5 One of the specific areas to be covered by the Wimpey receipt is the construction cost of the new community centre, being built as part of the Combined Facilities Building (CFB). The CFB is being built on the site of the old health centre and in 2005/06 the council received a receipt from the sale of this land of £900,000 net of vat. With the agreement of New Horizons, this receipt was not tied into the Chalkhill redevelopment and was therefore available for allocation by the council. In the development agreement with MHT, the construction cost has been set at £1,996,700 and this cannot now be increased without the council's prior written agreement. Nevertheless, in table 2 below a 10% contingency allowance has been added as a prudent safeguard. It is likely therefore that further amounts (up to approximately £200,000) will be available for future allocation in accordance with the agreed development objectives for Chalkhill.
- 3.9.6 The other main area of expenditure covered by this receipt is that associated with the health centre: the compensation payment to the PCT; the provision of a temporary health centre; and the removal of the PCT from the temporary premises into the new health centre. The compensation amount was fixed by the District Valuer and has been paid. The removal costs are relatively minor and estimated to be around £30,000. The cost of renting the temporary premises and associated costs of its provision are by far the largest element of this cost heading. The PCT reimburse about half the rent but the net cost

to the council has risen with delay to the construction of the new health centre. In addition to the rental, there are other costs incurred by the council associated with the provision of the temporary health centre, its removal or the provision of the new community centre. These are legal and consultancy fees, site security, the costs of removing the temporary building, car park and re-instating the site so that it is suitable for the construction of the local park.

3.9.7 The total costs which can be met from the Wimpey receipt are set out in table 2 below. The table also distinguishes between costs already paid up to the end of March 2007 and those which will be incurred over the next two years. Members will note that the receipt held in reserve is sufficient to meet all the council's costs in respect of the re-provision of the community centre and health centre.

**Table 2:
Deployment of Wimpey receipt in accordance with Supplemental Agreement**

	Income £	Expenditure £
Council's Disposal Receipt	3,470,000	
Compensation to PCT		155,000
Community Centre build cost		1,996,700
+ contingency allowance		199,670
Temporary Health Centre:		
Net rent to date		602,240
Net rent future		95,865
Sibcas removal		45,500
Reinstate site (pre-paid)		42,750
Reinstate site (future)		41,022
Associated costs (fees etc) to date		110,012
Associated costs (fees etc) future		60,000
Remove PCT to new health centre		30,000
Total spend identified		3,378,759
Balance to be allocated		91,241

3.9.8 The total identified costs to be met from the Wimpey receipt amount to £3.379m, leaving £91k available to be allocated at Chalkhill. Members should note, however, that it is very likely that some or all of the £199,670 contingency allowance will become available for further allocation at Chalkhill, once the community centre has been completed.

3.9.9 Finally, the agreement reached with George Wimpey over the sale of land for private housing included an 'overage' agreement, whereby the council would receive 40% of any net sales income over a threshold sales value of £30m plus allowable costs, as defined in the overage deed. Hamptons International was appointed to review the sales values achieved and the schedule of allowable costs and determine if overage is payable. Hamptons wrote to the council on 24 April 2007 to say that sale proceeds had not reached the agreed threshold and so no overage payment is due.

3.10 Council's costs to date reclaimable from Wimpey receipt

3.10.1 To date, the only council costs to have been met from the Wimpey receipt are the PCT compensation of £155k and two years capital expenditure at Chalkhill: £101k for 2005/06 and £108k for 2006/07. However, the council began incurring costs associated with the provision of a temporary health centre from 2002/03 and these were met out of the council's own capital budgets for Chalkhill. The table below sets out the expenditure incurred by the council up to March 2007 totalling £545,475, which can be properly set against the Wimpey receipt. Members should note that there will be an amount due to the council from the Wimpey receipt, which will be available to allocate to other projects. However, there will be further expenditure over the next two years, which the council will incur and may reclaim from the Wimpey receipt as set out in section 3.11 below. Because there are still some uncertainties over the full extent of these costs and the risks to the council from cost overruns, it is recommended that the balance of the Wimpey receipt be kept in reserve until all these costs are fully known.

Table 3:
Reclaim of expenditure incurred to date

Compensation to PCT	155,000
THC rent to date	602,240
Associated costs (fees etc) to date	110,012
Pre-paid reinstatement cost	42,750
Total to reclaim	<u>910,002</u>
Less taken out to date:	
PCT compensation	(155,000)
2005/06 capital spend	(101,575)
2006/07 capital spend	<u>(107,952)</u>
Total already claimed	<u>(364,527)</u>
Total to reclaim for spend to date	<u><u>545,475</u></u>

3.11 Future capital expenditure

3.11.1 There is no capital budget allocated to Chalkhill for 2007/08 or 2008/09. Apart from the build costs of the community centre, the major expenditure yet to be incurred is that associated with renting the temporary health centre buildings until April 2008 (£95,865) the cost of removing the buildings and the foundations, car park and services associated with them (£86,522) and the cost of moving the PCT to the new health centre (£30,000). There will also be some other legal and consultancy costs which will also be incurred over the next two financial years associated with the health centre (£60,000) bringing the total which may be charged to the Wimpey receipt to £272,387.

3.11.2 There is a projected balance of £91,241 from the Wimpey receipt, which the council must spend in furtherance of the agreed development objectives, in line with the 4th supplemental agreement. In addition, there is an estimated

£40,000 (subject to final agreement) which is owed to the council as the final balance from the value engineering, cost allocation arrangement.

- 3.11.3 It is recommended that the Executive agrees to make these amounts available for capital expenditure at Chalkhill over the next two years. The funds will be used to augment the budget available for the new local park, including public art and to carry out environmental improvements within the redevelopment area or works to reduce ongoing maintenance liabilities. Members should note that the proposed budget set out below does not include the amount to be reclaimed for previously incurred expenditure, as in paragraph 3.10.1 above, which will be kept in reserve and not utilised at Chalkhill without a further report to the Executive. The Executive is asked to agree to the budgets for 2007/08 and 2008/09 set out in table 4 below.

**Table 4
Proposed Chalkhill Capital Budget 2007/08 and 2008/09.**

	2007/08 £	2008/09 £
Community centre build cost ¹	2,013,339	183,031
Temporary health centre	95,182	117,205
Temporary meeting hall	6,480	540
Fees	30,000	30,000
Park and other works	30,000	94,220
Total	2,175,001	424,996

¹Includes contingency allowance

- 3.11.4 As stated above, the contingency allowance on the community centre build cost is likely to result in further funding being released, once the building is completed in March 2008. It is difficult to make firm proposals for this in advance of knowing the amount available. However, members are invited to consider the restrictions placed on the use of this funding by the supplemental agreement. This agreement stipulates that any balance left from the Wimpey receipt must be spent in furtherance of the agreed development objectives, at the council's sole discretion. The development objectives themselves are broadly stated (see appendix 3) and include amongst other things: the re-provision of the maximum amount of affordable housing on Chalkhill; the improvement of the quality of life of those now living on Chalkhill by its redevelopment; the provision of social housing elsewhere in the borough; and the stimulation of the local economy. Officers recommend that proposals be brought to a future Executive for the use of the final balance of the Wimpey receipt, once the community centre has been completed and the amount released from the contingency sum is known.

3.12 Full scheme capital expenditure

- 3.12.1 The financial position of the Chalkhill scheme has gone through many changes over the years. The scheme was originally predicated on a capital receipt of around £12m for the retail site. Pessimistic professional opinions as

to the value of the site in 1996 meant that the Framework Agreement had to allow for the worse possible outcome, which would have required the council to contribute 'Deficit Funding' on a sliding scale, up to a maximum of £7.68m (depending on how far the receipt fell short).

- 3.12.2 In the event, the disposal to Asda realised far more than the target amount and the first two Supplemental Agreements were put in place to agree to part of the receipt being passed back to the council. The council's invoice to New Horizons was for £6.431m, but of this, £500,000 was only payable if New Horizons assets were sufficient to meet all its costs and obligations. At the time the payment was due, New Horizons cashflow was in deficit and the amount was not paid.
- 3.12.3 No credit note was issued at that time because there was a fall back date – the 'Review Date' which is when the council completed its works - at which point the calculation may be repeated. Whilst the major part of the council's works was completed in 2002 when the demolition programme was completed, there is some outstanding work concerning the removal of the temporary health centre and car park. Technically it could be argued that the 'Review Date' will not be reached until mid 2008. However officers are aware that New Horizons' assets are barely sufficient to meet its obligations to fund the construction of the park and elsewhere in this report it is recommended that the council puts aside funds to augment the budget available from New Horizons. In these circumstances, it is recommended the council now gives up its claim to the £500,000, as it will not be recoverable from New Horizons, given its cashflow situation. The Executive is asked to approve officers' actions.
- 3.12.4 A report to Policy and Resources Committee on 11 January 1999, showed that there was a major increase in the requirement for capital expenditure at Chalkhill, because of delays caused partly by the judicial review but mainly by slow rehousing progress. This also caused MHT's costs to rise and therefore the call on New Horizons for grant. At that time it was estimated that the original total capital budget requirement, from 1996/97 to the projected end date, had risen by £5.460m from £11.237m to £16.697m. (Capital expenditure was also incurred at Chalkhill in the two years prior to 1996/97, but the budget was reset when the demolition contract was agreed in December 1996). The report also stated that there was a prospect of some capital receipts arising towards the end of the project, but these were not capable of being quantified at the time. Members will appreciate that under the original agreement and master plan, the council could expect no receipts back from Chalkhill.
- 3.12.5 More recently, on 16th December 2002, a report to the Executive on the Chalkhill capital programme reported more delays and a further increase in gross capital spend projected to 2004/05 totalling £21.148m, although this was to be offset by various claims for work done by the council on behalf of MHT to become an estimated total spend of £20.703m net.

- 3.12.6 The final position will be greatly improved over these earlier projections, because the anticipated capital receipts from disposals have materialised and been greater than expected. The full picture is set out in appendix 4. This assumes members agree the capital budget for 2007/08 and 2008/09 set out in section 3.11 above. In summary, gross capital expenditure from 1996/97 to 2008/09 is now estimated at £23.343m (taking account of ongoing payments from the PCT towards the cost of renting the temporary health centre buildings). There have been four land disposals: two large ones where the council has taken a share of the total receipt (the remainder going to New Horizons); and two smaller ones where the council has taken the whole receipt. These receipts total £12.528m.
- 3.12.7 It was agreed with the developers, New Horizons and MHT, that the project would adopt a 'value engineering' approach to the scheme, pursuing the best overall cost position, benefiting both the council and the developers. This meant that, in carrying out the demolition and general site clearance work through its main contractor McNicholas, the council was often in the best position to carry out some advance works for the developer, mainly in leaving the site levels and ground conditions in the optimum state for the following new build works. The council therefore had a series of claims for work done on behalf of the developers, which were determined by engineers appointed by both parties. For the purposes of budget setting, cautious estimates were made as to the value of these and in each case the reclaim exceeded the original estimate. The council was also entitled to reclaim the cost of providing a new heating system for Chalkhill school, which was originally heated by the estates district heating system. The total receipt from these recharges was £1.24m including a final amount estimated at about £40,000 still to be agreed and reclaimed.
- 3.12.8 The total income as set out in appendix 4 is £13.768m bringing net expenditure down to £9.575m. This is a considerably better outcome than even the original Chalkhill budget forecast prior to the report to P&R in January 1999, on the rising cost of delays.

4.0 Financial Implications

4.1 These financial implications provide a summarised version of the key financial issues covered in the detail of this report. The report covers a number of issues the financial implications of which are covered below.

4.2 The Combined Facilities Building (CFB).

MHT are owners and developers of the building. The council has an obligation under the development agreement to contribute £1.997m to the costs of the building and its contribution cannot be increased without its consent. However, officers feel that it would be prudent to set aside a 10% (£197k) contingency allowance to cover any overruns. The council's funding for both is being met from the Wimpey receipt. The CFB includes a community centre which will be leased to the council for 125 years and then leased back to MHT for 25 years to operate as a community centre. For both arrangements no premium or rent is payable. The council is also not

obligated to meet any running or maintenance costs in respect of the community centre for the 25 year leaseback period. However, if the community centre ceases to operate for any reason the community centre will revert back to the council's ownership.

4.3 **New Horizons (Brent) Ltd.**

The proposal is to agree to the winding up of the company. In doing so, the company's assets and obligations will need to be disposed of and discharged. This includes the disposal of the Stadium Training Centre, the provision of a local park and agreement to the disposal of some small sites.

- **The Stadium Training Centre** is currently owned by New Horizons. In the event of its disposal there is an obligation on it and the council as the accountable body to return £257k of SRB funding to the LDA from the disposal proceeds. Under the framework agreement the balance of any disposal proceeds are required to be placed in the Community Trust Fund. The current estimated disposal value is £900k so £643k, less the costs of disposal, will be placed in the CTF. Officers propose to make a case for retaining the £257k within the borough to provide training and employment opportunities.
- **The Community Trust Fund (CTF)** was set up under the Framework Agreement as a charitable body. Available resources amount to around £500k but this will be increased following the disposal of the Stadium Training Centre. The council cannot decide on the use of the funds but it can ask the CTF to consider proposals. Officers feel that since the community centre would never be totally self financing that the CTF be asked to consider setting aside funds to support the setting up and running of the community centre.
- **The provision of a local park** is an obligation of New Horizons. It is proposed that this obligation and the set aside funds be passed to the council. The total cost of providing the park, including the costs related to the council's remaining and unpaid obligation to remove the car park and temporary buildings currently on the site, and the value of the New Horizons budget have both yet to be determined. It is quite possible that there is deficit on this proposal in which case it is proposed that it be met from the Wimpey receipt. The Parks Service will maintain the park at extra cost. Under this arrangement the council would bear the risk of contract overruns and extras and soil contamination.
- **The disposal of small sites** remains to be resolved. One site has the potential for a small capital receipt, but others have either a zero value or even a negative value because of their maintenance liabilities. Officers are trying to negotiate a disposal deal with MHT for all the sites, netting off any negative values against the disposal receipt, which will see the maintenance and upkeep obligations being placed with MHT. If the land is retained by the council it is proposed that it be laid

out with environmental improvements the cost of which could be met from the Wimpey receipt.

4.4 **The use of the George Wimpey receipt.**

In 2004/05 the council received £4.984m as its share of the receipt. £1.514m was used to offset site clearance costs and £3.470m was placed into a reserve for specific use on the site, in accordance with the terms of the Supplemental Agreement. By the end of the 2006/07 financial year £364k of eligible costs had been deducted from that receipt leaving a balance of £3.106m in the reserve. Currently, this balance is allocated as follows:

Fund Balance		£3.106m
Earmarked for the CFB	£2.197m	
Other recoverable costs incurred but not yet deducted	£545k	
Future expected recoverable costs	£272k	
Total deductions		£3.014m
Balance remaining		£92k

4.5 There will be variations to this balance as the project advances towards conclusion. This could include:

- Under use of the £200k CFB contingency allocation
- An additional allocation to the local park scheme
- Legal and consultancy costs
- Possible environmental improvements to the small sites.

4.6 Members should note that the £545k of other costs set out in the table above have already been incurred and funded from the councils capital programme. Hence, when the deduction is made, the funding will be returned to the capital programme for general use. At this point, however, it is planned that no deduction will be made until there is certainty around the CFB and local park obligations.

5.0 **Legal Implications**

5.1 Ashurst (formerly Ashurst Morris Crisp) has acted as the Council's legal adviser on Chalkhill since the inception of the redevelopment scheme in 1994 and has provided legal advice for this report.

5.2 The Framework Agreement (the agreement) signed by the Council and New Horizons (Brent) Ltd on 1st July 1996 governs the redevelopment of Chalkhill. It sets out the development objectives and the obligations of both parties. The Chalkhill Master Plan was annexed to the agreement and shows the areas of

new social housing and other intended developments. All land within the redevelopment area, on the satisfaction of certain conditions, passed from the Council to New Horizons or to a third party nominated by New Horizons. Social housing land was transferred for a nominal sum to Metropolitan Housing Trust; and land for private housing was sold at the equivalent of open market value. The proceeds, if the agreement had remained unchanged, would have passed to New Horizons.

- 5.3 When the Council and New Horizons agreed to change the Master Plan, a supplemental agreement was entered into to change the terms of the Framework Agreement accordingly. This was signed on 31 March 2003 and without it, the proceeds from the disposal to Wimpey - £8.617m – would have gone to New Horizons under the original agreement. By agreement with New Horizons, the Council has been able to gain a proportion of the receipt for the Council's use in discharging its obligations in relation to the Chalkhill scheme, including a contribution to the cost of demolition and site clearance. The report deals with the treatment of what is known as the Council's Disposal Receipt and properly makes proposals for its use, under the terms of the supplemental agreement. The report also concludes that the issue of overage has been properly determined by Hamptons International under the terms of the Overage Deed with George Wimpey.
- 5.4 The original proposals for Chalkhill, as embodied in the Framework Agreement and annexed documents, required a number of special consents from the First Secretary of State and these were received on 26th June 1996. The changes made to the Master Plan and the agreement made it necessary to seek variations to the Secretary of State's consents. The site sold to George Wimpey at open market value on 31 March 2003, was originally to be sold to New Horizons or its nominee at a nominal sum, for use for social housing and a community building, with a 'foyer' scheme. The changes to the proposals required a variation to the Secretary of State's consent under sections 32 to 34 of the Housing Act 1985. These provisions give local authorities power to dispose of land held for housing purposes. This consent was received on 25th March 2003.
- 5.5 The Office of the Deputy Prime Minister also deemed it necessary to issue a separate revised consent for the Phase 6 social housing site even though this was the counter part of the disposal to Wimpey. This is consent under section 233 of the Town and Country Planning Act 1990, to sell land at less than the best consideration that can reasonably be obtained. This is because this site was originally to be sold at open market value for private housing, but under the changes made was to be transferred to MHT for £1 for social housing. The valuations demonstrated that the 'net' effect of switching the private and social housing sites was a substantial financial benefit of £3m. This consent was received on 24th October 2003.
- 5.6 The disposal of the Jenner House site to Metropolitan Housing Trust, at below an unrestricted valuation of the site, was carried out under the powers in sections 24 to 26 of the Local Government Act 1988, to provide financial assistance to someone providing privately let housing accommodation,

subject to a Secretary of State's consent. The Secretary of State has issued a General Consent under section 25 allowing an authority to give financial assistance to a registered social landlord in disposing of land for development as housing accommodation, subject to certain conditions. These conditions were satisfied as reported to the Executive at the time.

- 5.7 Under the terms of the Framework Agreement, either New Horizons or the council can make alternative proposals for those sites within the master plan if for some reason the agreed master plan cannot be implemented. This is relevant to Zones 20, 21 and 24 which are referred to in the report. If agreement cannot be reached over the development of these sites there are procedures in the Framework Agreement to have the matter determined by an independent expert, but it has not been necessary to invoke these procedure to date.
- 5.8 The proposals regarding the winding up of the New Horizons company, the main park, the early winding up of the New Horizons company, the transfer of its assets, the sites within the redevelopment area (Zones 20, 21 and 24) will require the agreement of New Horizons (Brent) Ltd and this should be formalised in a further supplemental agreement.

6.0 Diversity Implications

- 6.1 When the Chalkhill project began in 1993/94 there was no requirement to produce Impact Needs Requirements Assessments. This report is mainly concerned with concluding matters in accordance with legal agreements previously entered into by the council in 1996.
- 6.2 The Chalkhill neighbourhood is a very diverse area although a precise breakdown of the ethnic background of the local population is not available, because the area was at its smallest population level when the last census took place, because of the rehousing programme at that time. The ethnic background of those rehoused was collected and the rehousing outcomes for the main ethnic groups was analysed. It showed that there had been an even distribution of rehousing outcomes as for example the split between council and housing association, on-Chalkhill and off-Chalkhill, new properties and existing properties.
- 6.3 A survey carried out by MHT in 2003 of 400 households found that 48% were white, 27% Black or Black British and 17% Asian or Asian British. The population was relatively young with 30% of households having children aged five and under. 80% of those interviewed were happy to be living at Chalkhill and there was little difference between demographic groups, except that even more (93%) of people over 65 wanted to continue living in the area.

6.4 The survey also asked about the community centre proposal and this was a priority for White respondents but was a particular priority for Black or Black British households. It is considered that the main developments to which this report refers – the park, new health centre and community centre – are facilities which will benefit and be enjoyed by all demographic groups and will also help in promoting community cohesion.

7.0 Staffing/Accommodation Implications (if appropriate)

7.1 There are no staffing implications arising from this report.

Background Papers

Framework Agreement relating to Chalkhill Estate, Brent - 1/07/96.

First Supplemental Agreement - 29/12/97.

Second Supplemental Agreement - 17/02/98.

Third Supplemental Agreement – 6/07/98.

Fourth Supplemental Agreement – 31/03/03.

Fifth Supplemental Agreement – 2/03/04.

Chalkhill Capital Budget – P&R 11/01/99.

Combined Facilities Building and the Disposal of Land at Chalkhill – Executive 17/09/02.

Chalkhill Redevelopment: Consultation on Proposed Changes to Master Plan – Executive 16/12/02.

Chalkhill Capital Programme – Executive 16/12/02.

Chalkhill: Combined Facilities Building and the final stages of the redevelopment scheme – Executive 10/11/03.

Chalkhill: Combined Facilities Building – Executive 23/05/05.

Contact Officers

Any person wishing to inspect the above papers should contact Paul McConnell, Project Director (Regeneration) on 020 8937 2269 or email paul.mcconnell@brent.gov.uk

Martin Cheeseman

Director of Housing and Community Care

Appendix 1

Chalkhill Rehousing Scheme - Final Outcome

Total Bison Flats	1274			
Community use	1			
Void prior scheme start	28			
Number to be decanted	1245		1245	
Rehoused by Council				
Church End	1	0.2%		
St Raphaels	12	2.7%		
Harlesden & Brentfield	15	3.4%		
South Kilburn	22	5.0%		
Chalkhill	22	5.0%		
North Kilburn	108	24.4%		
South Wembley	118	26.6%		
North Wembley	145	32.7%		
Total Council	443	100.0%	443	35.6%
Rehoused by Housing Associations				
MHT	365	60.0%		
PCHA	85	14.0%		
Network	47	7.7%		
Ujima	45	7.4%		
Ealing Family HA	17	2.8%		
Family HA	15	2.5%		
Griffin HA	11	1.8%		
Acton HA	9	1.5%		
Others	14	2.3%		
Total HA	608	100.0%	608	48.8%
Out of Borough				
Total OOB	12		12	1.0%
Special Accommodation				
Total SA	6		6	0.5%
Transfer & Purchase				
Total T&P	6		6	0.5%
Total Rehoused				
Total rehoused in all tenures			1075	86.3%
Casual Vacancies				
Evicted	73	42.9%		
Vacated without notice	27	15.9%		
Private accommodation	57	33.5%		
Deceased	11	6.5%		
Deported	1	0.6%		
Not known	1	0.6%		
Total CV	170	100.0%	170	13.7%
Total Decanted			1245	100.0%

Appendix 2

New Housing Provision in Connection with Chalkhill

Chalkhill On Site Social Housing

Phase 1 new build	Rent	24
	S/O	0
Phase 2 new build	Rent	48
	S/O	0
Phase 3 new build	Rent	148
	S/O	0
Phase 4 new build	Rent	54
	S/O	13
Phase 5 new build	Rent	69
	S/O	13
Phase 6 new build	Rent	63
	S/O	13
Total new build	Rent	406
	S/O	<u>39</u>
	Total	<u>445</u>
Purchase of existing properties		<u>5</u>
Total Framework Agreement		<u>450</u>

Chalkhill On Site (cont)

Phase 6 LTH	Rent	18
	S/O	0
Jenner House	Rent	10
	S/O	5
CFB	S/O	42
Total social on site	Rent	439
	S/O	<u>86</u>
	Total	<u>525</u>
For private sale		
Wimpey PD site	O/O	150
Total new build on site		<u>675</u>

Off site new provision

New build

Yeats Close	Rent	103
	Total	103
	S/O	33
	Total	149
Total Off site new build	Rent	219
	S/O	<u>33</u>
	Total	<u>252</u>

ESP's purchased to assist decant

MHT	24
Acton HA	8
Total ESP's	32
Total for rent	690
Total for shared ownership	119
Total for sale	<u>150</u>
Total Chalkhill all types	<u>959</u>

Chalkhill Development Objectives
Extract from Framework Agreement – First Schedule

20.7.2 No amendment or modification of this Agreement shall be valid or binding on any party unless the same is made in writing refers expressly to this Agreement and is signed by its duly authorised representative

IN WITNESS of which this document has been executed and on the date set out above delivered as a Deed

THE FIRST SCHEDULE

The parties hereto acknowledge that their objectives in entering into this Agreement are (in no order of priority):-

- The removal of the existing sub-standard housing on the Bison Estate
- The improvement of the Scientist Estate properties and the transfer of the freehold to MHT subject to those tenants not wishing to become MHT tenants remaining as tenants of the Council
- The re-provision of the maximum amount of affordable housing on the Chalkhill Estate subject to the financial and statutory constraints to which the Development (and the parties involved therein) are subject
- The improvement of the quality of life of those now living on the Chalkhill Estate by its redevelopment
- The provision of the Community Benefits referred to in this Agreement
- The provision of social housing elsewhere in the London Borough of Brent and the replacement of land lost to non-residential use
- The stimulation of the local economy

THE SECOND SCHEDULE

Appendix 4

Whole Scheme Capital Expenditure

	Actual Costs & Expenditure					To March 2007	Projected Costs		Total Whole Scheme
	1996/97 to 2002/03	2003/04	2004/05	2005/06	2006/07		2007/08	2008/09	
Demolition	15,897,895	0	0	0	0	15,897,895	0	0	15,897,895
Rehousing	2,388,901	5,505	0	3,400	0	2,397,806	0	0	2,397,806
Leaseholder Compensation	291,000	155,000	0	0	0	446,000	0	0	446,000
Legal/Consultants	904,757	112,866	23,708	50,395	21,987	1,113,713	30,000	30,000	1,173,713
Temporary Health Centre	0	141,472	317,485	78,060	78,060	615,077	85,182	112,205	812,464
THC - Provisional Works Allowance	0	0	0	0	0	0	10,000	5,000	15,000
Temporary Meeting Hall	0	11,842	(5,724)	9,595	1,196	16,909	6,480	540	23,929
Combined Facility Building Contribution	0	0	0	0	0	0	2,013,339	183,031	2,196,370
Other	172,817	78,676	25,482	12,125	6,709	295,809	20,000	64,220	380,029
Total	19,655,370	505,361	360,951	153,575	107,952	20,783,209	2,165,001	394,996	23,343,206
Receipts from disposals									
Asda (1998)	5,931,000								5,931,000
Wimpey (2003)		4,984,000							4,984,000
Jenner House (2004)			713,000						713,000
Health Centre Site (2005)				900,000					900,000
Total									12,528,000

	1996/97 to 2002/03	2003/04	2004/05	2005/06	2006/07	To March 2007	2007/08	2008/09	Total Whole Scheme
Recharges to MHT/New Horizons									
Southern Relief Road (1999) - 045 & 049	0								0
Southern Relief Road (1999) - 050	229,682								229,682
School Heating (1999) - 051, 054, 055	0								0
Road 10 Construction (1999) - 053	105,213								105,213
School heating Phase 1 (1999) - 056	54,764								54,764
Earthworks phase 2 (2002) - 139	55,967								55,967
Earthworks phase 3 (2002) - 140	116,046								116,046
Earthworks phase 4 (2002) - 141	97,977								97,977
Earthworks phase 5 (2002) - 142	146,665								146,665
Road 1 (2002) - 143	136,539								136,539
Road 1 Fees & Charges (2002) - 144	11,702								11,702
School heating Phase 2 (2002) - 145	39,906								39,906
Earthworks phase 6 (2002) - 146	148,334								148,334
Soil contamination (2003) - 149		56,895							56,895
Final balance on VE schedule - Pending							40,000		40,000
Total									1,239,690
Total Capital Expenditure	23,343,206								
Less - Capital Receipts		12,528,000							
Less - Project Recharges		1,239,690							
Net Capital Expenditure									9,575,516