

10 February 2021

Joy Dennis
Chairman
Performance and Finance Scrutiny Committee

Dear Joy

Ref. Recommendations from the Performance and Finance Scrutiny Committee (PFSC) concerning proposed endorsement of the Broadbridge Heath Regeneration Scheme

Thank you for your letter of 21 January 2021 containing the recommendations of PFSC following scrutiny of the Broadbridge Heath Regeneration Scheme at its meeting on 20 January 2021. I have considered the recommendations and have addressed them as follows:

The Committee raised concerns over the viability of the scheme in the changing economic environment and suggested that further evidence be considered to assess viability including expectations for cost recovery before taking the scheme forwards. I have agreed to ensure that such additional evidential assurance is available to reinforce the proposal; this will include:

- a. Reviewing cost estimates for the capital works to ensure that they are robust and that sufficient 'contingency' is built into the cost estimates to cover eventualities coming forward
- b. Ensuring that the rental levels are agreed and fixed prior to entering into the 'agreement to lease'
- c. That a 'viability check' is undertaken prior to entering into any binding agreement.

The Committee asked that sensitivity analysis be undertaken to ensure the scheme remains financially viable when different variables and risks are taken into account. I have looked at the overall scheme and ensured there is sufficient robustness in the proposals to mitigate WSCC against any significant variations. In particular rental levels will be fixed as part of the agreement to lease and construction costs will be rigorously managed during the development of the scheme.

The Committee enquired whether there were mechanisms available to reset the timelines for the process so that the planned contract award could be linked to the outcome of the planning application. However, the relationship between the appointment and the planning process has already been addressed and it is not proposed that any further change in the proposal be made.

The Committee also asked that the Council's climate change strategy be taken into account when developing the site. Due to the development being an out-of-town site it was considered important to explore options that would enable the development of the site to contribute to the Council's realisation of its carbon reduction ambitions. This will continue to be addressed through the plans for the development in so far as such aims can be realised.

I thank the committee for its attention to this regeneration scheme and look forward to future conversations as progress on the project is monitored.

Yours sincerely,

Jeremy Hunt
Cabinet Member for Finance