

## Cabinet Meeting 8 July 2025- Public Questions and Responses

<p><b>Barry Warren</b></p>	<p>In paragraph 1.9 two schemes for MMC modular homes to be installed in Willand: Fir Close, 1 unit underway for completion in November 2025] and Somerlea, 7 units due to commence August 2025.</p> <p>The Parish Council and some residents are aware that public money, their money, has been spent already on these projects but they can see nothing other than a fenced area in Fir Close which, has been like it for nearly two years. No sign of it being underway.</p> <p><b>Question 1:</b> When are we going to see some positive progress on site?</p> <p><b>Response from Cabinet Member for Housing, Asset and Property Services:</b></p> <p>Site works at Somerlea, Willand are due to commence on the 21<sup>st</sup> July</p> <p>The required diversion works by the relevant utility companies are booked in for the 1<sup>st</sup> - 4<sup>th</sup> August at Fir Close, which will enable the necessary ground works to be started shortly afterwards.</p> <p>It was raised at a Parish Council meeting that MDDC have made payments of over £1.1million to Zed Pods for the Somerlea development with nothing to show for it on site. The main concern was about what safeguards were in place for public money should the company fail. As the result of concerns raised, one of our Ward Councillors asked a number of questions to try and obtain facts. The answer conveyed from an officer contained the following:</p> <p><i>“There are contractual obligations, as is the case with most development projects irrespective of the contractor, where staged payments are made. Nonetheless, through drawing down a contract via the South West Procurement Alliance (SWPA) framework there are additional protections for all parties whereby our funds are not released until key milestones on delivery are signed off.”</i></p> <p><b>Question 2:</b> According to accounts seen monies have been paid to Zed Pods - so what key milestones on delivery have been ‘signed off’ and by whom?</p>
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**Response from Cabinet Member for Housing, Asset and Property Services:**

The Council constitution sets out the financial approval limits for approval of orders and payments by different officers.

Key milestones that have been signed off by the relevant officer are;

- Planning design
- Planning process
- Planning submission
- Utility mapping
- Geotechnical surveys
- R&M surveys
- Consultation
- Facilitating works
- Substructures
- Superstructures
- Internal finishes
- Fittings & Equipment
- Services
- Pre-fabricated buildings and building works.

In May 2025 the accounts appear to show six payments to Zed Pods in relation to Somerlea namely;140k; 103k; 110k; 140k;103k;103k and 37k.

**Question 3:**

What is the detail of each of these payments please? Generalisation such as 'contractual obligations' will not answer the question.

**Response from Cabinet Member for Housing, Asset and Property Services:**

It is not possible to disclose the detail of individual amounts as itemised within specific invoices as these are commercially sensitive, but works completed to date include but are not limited to:

- Planning design
- Planning process
- Planning submission
- Utility mapping
- Geotechnical surveys
- R&M surveys
- Consultation
- Facilitating works
- Substructures
- Superstructures
- Internal finishes
- Fittings & Equipment
- Services
- Pre-fabricated buildings and building works

The units for this project are complete and ready to be delivered when the relevant groundworks are carried out.

In 2024/25 so far £1,139,000 has been paid up front to Zed Pods. The risk assessment on page 368 of your bundle refers to the detail being covered in the report. Nowhere does it clearly address what protection the Council has for these monies should Zed Pods fail to deliver on the contract.

**Question 4:**

As risk owner, will the Chief Executive recognise that there is a potential risk to the Council and include the potential risk in the Corporate Risk report?

**Response from the Chief Executive:**

The corporate risk report does not list every potential risk to the council, it shows the strategic risks impacting on the delivery of the council's corporate plan. Each project will have its own documentation, including risk analysis, which is then monitored at service/departmental level. Risks can be escalated/elevated from this technical level up to the corporate risk register if deemed appropriate, but it is not accurate to suggest that any

	<p>potential risk concerning any aspect of council activity should automatically appear on the corporate risk register. Responses to previous questions have given assurance on payments being made in line with agreed milestones, therefore there is no additional risk manifesting at this time. However, all such risk assessments are subject to regular review (at least monthly), as part of standard operating procedures, so this will be kept under review.</p>
<p>Page 4</p> <p><b>Paul Elstone</b></p>	<p>After the massive financial losses and losses still being incurred due to the 3 Rivers debacle, It is reasonable for the Mid Devon Residents to expect that business plans, budgets and supporting detail would be scrutinised to a completely new level and by this Administration and its various Committees. I contend that the required level of scrutiny is not happening. The Modular Home Value for Money Benchmarking report being a case in point.</p> <p>This report references two external projects, and which form the major part of the conclusion being projected that the ZED POD's modules are the best value for money. Namely a development at the former Eastleigh Post Office and the other at New Kingsland, Bristol</p> <p>Reference – Eastleigh Post Office.</p> <p><b>Question 1:</b> Are Cabinet Members fully aware that the report is based on the following and factually incorrect information?</p> <p>That it's a development of 28 flats with retail units under. A development made up of 2 separate apartment blocks. It is not 10 flats as the report projects.</p> <p>That the value for money Appendix 'B' does not even get simple subtractions correct for the Eastleigh development this when deducting the £1,050,000 grant funding.</p> <p>That the nett cost should be £1.78 million not £2.7 million as stated. This seriously corrupting the bench marking results.</p> <p><b>Response from Cabinet Member for Housing, Asset and Property Services:</b></p> <p>Information on the size of EBC development (i.e. 10 units), the cost of these 10 units (£2.836m) and the Homes England AHP grant that was applied to these units (£1.05m) came directly from Homes England. This scheme may have been part of a wider development for which additional costs/grants are associated, however the</p>

figures provided are correct and therefore valid for benchmarking purposes. The net costs for these 10 units with the deduction for the AHP grant is therefore accurate at £2.701m.

**Question 2:**

Are Cabinet Members fully aware that the report is based on the following and factually incorrect information?

Reference – Bristol New Kingsland.

That the Net Cost calculation is based on a Gross Internal Floor Area (GIFA) or Liveable Area. They are the same thing of only 900 square meters. It is not. The true area is 1,350 square meters as the detailed drawings previously provided to you show.

That the net cost per square meter is in fact £2,482. It is not £3,742 as the report says. A huge difference, a reduction of 50%. Yet again very seriously corrupting report results.

That the report says its Traditional Build. It is not. It is a MMC panel system Category 2 development.

Given these facts the Bristol MMC Development is Best Value and by any reasonable measure and not as the Value for Money Report attempts to present.

**Response from Cabinet Member for Housing, Asset and Property Services:**

To restate the full response already provided to the questioner in respect of a Public Question they raised at the Homes PDG on 3 June 2025 and Scrutiny Committee on 9 June on the same matter:

In respect of the stated m2 for the Bristol New Kingsland development, the figure being quoted in the question is the gross internal floor area for the entire development i.e. 1,350m2. As set out in Table 1 of the report, all of the m2 calculations used in the report are based gross internal liveable floor area in m2 – this is a conservative approach as it excludes communal areas, stairwells, bin stores, landings etc resulting a per m2 cost for the overall project that is higher in relative terms. Some adjustment was therefore required where only gross m2 data was available for the external schemes used for benchmarking. Consequently, in order to compare projects on a closer to 'like for like' basis i.e. internal liveable floor area, when benchmarking against the Bristol New Kingsland scheme the stated net cost per m2 of £3,724 is calculated on an adjusted figure of 900m2. The resultant, comparable net cost of the Bristol scheme is therefore higher than the equivalent net m2 costs for all of the Zed Pod projects within the report.

Even if the less comparable gross m2 area figure is used as the basis of the cost per m2 benchmark, the Bristol scheme is still higher in cost than a number of the Mid Devon Zed Pod projects which also have a higher energy performance specification (EPC A/zero-carbon), as further set out within the report. Consequently, this is not a calculation error or otherwise incorrect.

The definition of the build type for this build-type used within the report is the same as that used by Homes England. Nonetheless, irrespective of whether the level of pre-made panels used within the Bristol development means the scheme can be described a Category 2 MMC or traditional build, it is still a valid benchmark scheme/different build approach for comparison against the Category 1 fully modular MMC Zed Pod schemes developed within the district.

**Question 3:**

Will this Cabinet now “tear up” the value for money benchmarking Annex B report this given in the clearest of terms it does not represent fact. It is fatally flawed.

That instead arrange for a proper and fully independent value for money benchmarking exercise to be undertaken and to Royal Institute of Chartered Surveys (RICS) standards?

The Leader stated that Mr Warren and Mr Elstone would receive a written response to their questions. The Leader noted that the Cabinet had received and read the email from Mr Elstone in regards to the Value for Money item on the agenda.

**Response from Cabinet Member for Housing, Asset and Property Services:**

Please see the full responses provided above and in respect of similar or related public questions raised in regards to this report at the Homes PDG and Scrutiny Committee meetings in June 2025. These set out the validity and accuracy of the benchmark data and analysis of costs.