

## Public Question Time

**Paul Elstone**

### Question 1

MDDC Officers seem to place a lot of credibility in the fact that Zed Pods constructed the developments at Hope Rise Bristol and in Bromley.

Are Officers and Cabinet Members aware that these developments were in fact built and project managed by a company called Impact Modular to Enhanced Energy Performance Standards. Zed Pods are not a SWPA appointed company for this work-stream.

That there are other questions worthy of asking in terms of the SWPA Procurement process and the required level of MDDC oversight and governance. Is this another 3 Rivers in waiting?

Will this Cabinet implement a full investigation including in respect of project cost prior to committing to any further Zed Pods Projects being implemented?

### Answer

It is a matter of public record that the specific Bristol modular project involved several partners including Zed Pods within the core project team responsible for design, supply and installation with Impact Modular (formerly Lesko) as the contracted manufacturer.

As Bristol City Council note in the SWPA procurement lessons learnt document <https://www.swpa.org.uk/media/hqhfghy/hope-rise-lessons-learnt-document.pdf>, the Zed Pods product was at the time fabricated in the Impact Modular manufacturing facility in Peterborough and Zed Pods have since been novated to the NH2 framework in their own right. Our contracts for St Andrew's and Shapland Place are via the same framework and are solely with Zed Pods. All of this sits within the industry standard JCT published form of contract with additional protections provided to the Council via the NH2 framework.

The Council has undertaken appropriate due diligence checks regarding both Zed Pods and SWPA as part of its supplier procurement and approval process. A further comprehensive due diligence process on all bidding suppliers was completed by SWPA as part of its tender framework process and all successful suppliers on the resultant framework must have satisfied this process as part of what was an OJEU approved/compliant tender process. As a public sector procurement process, SWPA have also demonstrated full compliance with relevant financial regulations in place to protect public funds. Additionally, as a direct award framework, it is furthermore normal for the due diligence process to be very high level.

We have no further information to provide regarding the above. If you have any additional queries about access to the NH2 framework then please contact SWPA directly on 01392 574100 or via <https://www.swpa.org.uk/contact-us/>. Further questions are directed to Cabinet and cannot be answered by officers.

## **Question 2**

In a written reply to a question about the Zed Pod Module overspend of Four Hundred and Sixty-Seven Thousand Pounds (£467,000) related to the Shapland Place development.

It is said that One Hundred and Twenty Five Thousand Pounds (£125,000) this overspend is mostly due replacing the wooden trellis with opaque glass screens. These are 4 screens each about 5 meters long.

Planting semi mature trees which are just 1.8 to 2.4 meters tall. There being a total of 16 trees. Also adding a small clear glazed panels to just 3 windows

On checking these cost the figure of £125,000 seems to be a gross over statement being nearly five times market rates.

Will MDDC Officers arrange for a detailed written cost breakdown to be provide to Cabinet Members and ideally myself. This to ensure full transparency.

## **Answer**

We have broken the 'overspend' down into categories below.

- Initial budget £1.4m based on best guidance, this was calculated in November 2019 and went to Cabinet for approval on 13th Feb 2020. A quote from contractor was subsequently received in March 2020 of £1,488,000. All such standard construction contracts contain clauses to protect suppliers against rising material and labour costs, especially where there may be several years between contract award leading to detailed feasibility studies/design, consultation, planning decision and delivery. This enables an annual increase to be applied based on CPI. We cannot accurately predict CPI however interest rates have nonetheless risen to unexpected levels. If you apply CPI to this figure from March 2020 to January 2023 the interest is 16.4% which works out at £1,731,889.50 resulting in an unavoidable pressure of £331,889.50
- Additional costs incurred by Planning conditions as per decision May 2022, £125k (additional CPI on this figure May 2022 to January 2023 is £6k)
- Additional costs incurred after ground investigation at Shapland Place £5k

This gives an overspend of £467,889.50.

As you will note, the direct additional costs arising from the revised plans and planning requirements incurred after the ground investigation are minimal with the greater impact being a delay on progressing the project and the overall CPI increases contained in the contract.

The glazing requirement conditioned by Planning Committee necessitates a significant area of specialist, toughed safety glass. However, the additional costs go

beyond this in terms of metal frames and rails to hold the glass that would not have otherwise been required.

We have nonetheless been successful in obtaining £852k of funding on this project via Homes England and One Public Estate, £160k of which is solely for use on decontamination and enabling works on top of the original project cost. This would have been funded by alternative capital spending in future years enabling the HRA to use that assumed funding to support the broader development programme in the medium-term financial plan. The net project cost is therefore below the initial budget.

**Question 3**

Even if cost is One Hundred and Twenty-Five Thousand Pounds (£125,000) it means an additional Three Hundred and Forty Two Thousand Pounds (£340,000) for foundation upgrades.

Again, seems a massive price hike in foundation cost. Equivalent to nearly Forty-Three Thousand Pounds per apartment.

Put another way conventional build cost at £150 per square foot would equate to around £708,000 for the 8 apartments measuring Four thousand seven hundred and nineteen (4,719) square feet in area, excluding stair towers.

Zed Pods increased cost of £340,000 is for foundations alone.

Will MDDC Officers arrange for a detailed written cost breakdown to be provided to Cabinet Members and ideally myself this to ensure full transparency?

**Answer**

See reply to Q2 and the detailed breakdown provided.

**Question 4**

It is stated that reason for cost increase is after identifying foundation change requirements this after high-cost intrusive investigations.

A site visit reveals that just four (4) small holes have been dug – now filled in. Holes not all in the location of module supporting pillars i.e. foundation locations.

Will MDDC Officers arrange for a copy of the intrusive foundation report and recommendations to be provided to Cabinet and ideally to myself this for full transparency?

**Answer**

We must highlight that advance permission is required to enter our sites for safety and other reasons and no such permission was sought or granted.

The specialist ground investigation report involved a greater number of test holes alongside on-site and off-site testing leading to a specialist, engineering consideration of safe foundation design and positioning. It was carried out by a competent, assured and experienced local contractor (Ruddlestone Geotechnical Ltd).

However, we are unfortunately unable to release the report externally given the copyright restrictions within the terms of the report, as duplicated below.

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