

Cabinet 4th June 2024 Public Questions and Answers

Name of person submitting	Questions
<p>Paul Elstone</p> <p>Page 1</p>	<p>Question 1: This Administration has stated that it will manage Council Taxpayers funds and budgets prudently and will not repeat the failings of the 3 Rivers debacle.</p> <p>I contend this Administration is grossly failing in these aims by pursuing Modular Housing to provide social homes. Specifically, the Revenue and Capital Outturn report Agenda Item 14 states that there is an overspend of £717,000 for the Shapland Place modular development.</p> <p>In answer to a question, I asked at Cabinet Meeting of March 2023 I was told that the initial budget was £1.4 million that the ZED PODS quote for Shapland Place was £1.488 million. Therefore, with the overspend the total cost is now around £2.2 million.</p> <p>As the gross internal floor area for the eight (8) Shapland Place dwellings is 438 square meters the £2.2million cost equates to an extortionate cost of £5,022 per square meter. Calculations show similar excessive cost for the St Andrews, Cullompton development.</p> <p>I would refer you to the Haddon Heights Viability Assessment and a document which Council Officers did all they could to prevent me from seeing. It states the following. The Building Cost Information Service (BCIS) data on building cost and rebased for Mid Devon is £1,396 per square meter. Using the upper quartile rate it is £1,626 per square meter. Incidentally the current sales price of £675,000 for a luxury Haddon Heights property of 228 square meters or £2,960 per square meter - That is sale price not build cost.</p> <p>Therefore, the Shapland Place modular home development has cost the MDDC taxpayers between two and three times as much as available data shows it reasonably should.</p> <p>Will the Council Leader fully explain how he considers this is prudent spending or lessons have been learned? This when the data shows that MDDC could build over twice as many and much needed social homes and for the same capital spend ?</p>

Response from Cabinet Member for Governance, Finance and Risk:

The total cost is as set out in reply to Q1 from Mrs Kearns-Hannah.

With regard to the unit costs comparison between the MDH social housing scheme at Shapland Place and the market scheme Haddon Heights these are not readily comparable projects and the method of comparison is not valid.

Shapland Place is an urban flood zone 3 development which was also designed and specified from the outset to provide wider regeneration benefits to the Shapland Place area which includes a mix of existing/former MDH tenants and private homeowners. It has enabled MDH to transform low-value underutilised, challenging land previously blighted by poor drainage within its ownership into a valuable long-term use as vital social housing. This includes broader benefits of bringing forward a scheme in a sustainable location within an existing community whilst enhancing the wider area.

In terms of comparison costs:

The £2.2m referred to the question is the total project cost for the development at Shapland Place and not just the modular units themselves. So works include:

- Feasibility study, viability works, planning and design costs
- Legal and s106 fees
- Demolition of 40+ end of life garages
- Removal and disposal of asbestos containing materials
- Groundworks and new services
- Significant below ground drainage and flood attenuation covering the footprint of the building and car parking areas
- Steel frame podium design with undercroft due to flood zone requirements
- 30+ car parking spaces (significantly above planning policy requirements to alleviate wider parking pressures in the locality)
- Surfacing and line marking across the whole scheme including the extended parking areas
- Additional costs arising from planning committee design requirements (above policy)
- EV chargers
- Modular units

- Commissioning

In terms of comparison method, the question makes a comparison between the internal floor areas for the Haddon Heights homes versus the entire floor area of Shapland Place. The modular scheme has a large amount of external floor area including communal bin stores, cycle store, communal walkways and communal staircases.

In terms of specification, Shapland Place has an enhanced 120year life-span design with significantly reduced cyclical maintenance costs to the MDH Housing Revenue Account compared to more a traditional build such as Haddon Heights. Furthermore, the modular units contains a significant future-proof investment in renewables enabling it to achieve EPC A+ rating and net-zero lifetime carbon accreditation versus an EPC B rating for Haddon Heights and the co-benefit to MDH tenants of exceptionally low energy running costs.

Since the flood and drainage attenuation has been completed, the wider Shapland Place area has seen no winter or flash flooding for the first time in many years and we expect the new Council homes to be occupied soon.

Question 2:

In terms of the 3 Rivers Final Impairments, agenda Item 14 many of the numbers provided deserve close scrutiny. As one example interest payments on St Georges Court. For year 2023/2024 shows an interest payment of £428,148 on an outstanding loan balance of £12.86 million.

It is understood that MDDC only purchased St Georges Court in March 2024. Therefore 12 months interest payments are due from 3 Rivers. At a very low loan interest rate of 5% or 0.5% base rate plus 4.5% agreed uplift, the loan interest payment due should be over £643,000 or £215,000 more. There are many other similar irregularities it seems.

Why do the interest payable numbers not reconcile, this amongst many other things?

Response from Cabinet Member for Governance, Finance and Risk:

The interest charged was dependent upon the prevailing interest rate at the time of the draw down. Therefore, the simple equation of £xm outstanding at y% interest rate is not applicable. In addition, interest ceased to be charged from the date the offer to purchase the site was accepted 17 November 2023.

	<p>Question 3: Will the results of an external audit conducted on the 3 Rivers numbers be made available to the public?</p> <p>Response from Cabinet Member for Governance, Finance and Risk: The external auditor’s opinion will be included within the company’s accounts filed at Companies House.</p>
<p>Barry Warren</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 4</p>	<p>May I refer members to Agenda item 14 on page 265 of the papers. Recommendation 1 seeks approval for a transfer of £635k from the New Homes Bonus reserve. Paragraph 1.3 on page 266 sets out some history but a little more detail shows the fuller picture. Council in March 2023 had to set a budget and the original proposal from officers showed an income of about £900k in interest from 3 Rivers but most knew that this money would have to be borrowed before it could be paid. It was not acceptable to members. Members were told that to take this from reserves would take the agreed reserves to under £2m.</p> <p>It now appears that in paragraph 1.5 £635k can be taken from reserves without a problem. In paragraph 1.6 it states: “Appendix 1a. The table below assumes this is offset by a transfer from the New Homes Bonus <u>Earmarked Reserve</u>.”</p> <p>Question 1: Does this mean that using these <i>Earmarked Reserves</i> does not affect the £2m reserve figure?</p> <p>Response from Cabinet Member for Governance, Finance and Risk: Yes</p> <p>Question 2: In paragraph 1.5 it states: “This is a major corporate achievement and reflects the hard work and efforts of managers and services during the year.” This is good work but why was the <i>Earmarked Reserves</i> option not offered to Council in March 2023?</p> <p>Response from Cabinet Member for Governance, Finance and Risk: The use of the NHB earmarked reserve was for the specific one-off exceptional cost directly attributable to the closure of 3Rivers. This additional cost was not funded in the original budget as the future of the company had not been decided.</p>

The financial challenges that were included within the original revenue budget set by the previous administration were ongoing rather than one-off in nature. It is not prudent to fund ongoing expenditure from one-off sources, therefore, the need to identify a plan to replenish the reserves used to balance the budget was included as part of the budget recommendation. I am pleased that this administration successfully delivered that plan and protected the General Fund reserve.

I refer to Agenda Item 7 starting on page 65. Section 10 of the Complaints and Feedback Policy page 77 has a section which states: The term complaint in this guidance also covers requests made under access to information law such as the Freedom of Information Act 2000.

Question 3:

Why does this Council policy regard requests for information as Complaints?

Response from Cabinet Member for People, Development and Deputy Leader:

The Council does not regard requests for information as complaints. However, repetitive requests from an individual on the same subject once a response is given could be deemed to be vexatious. Guidance on requesting information and appealing a Council response can be found in our Freedom of Information (FOI) Policy which is available on our website. [Freedom of information - MIDDEVON.GOV.UK](http://MIDDEVON.GOV.UK)

Question 4:

If the Council consider such requests: *are time consuming and repetitive and can take up excessive officer and Member time that could be used on other council/landlord priorities; why are those seeking information not dealt with in a straight forward, open and honest manner rather than being denied information and then having to seek reviews?*

Response from Cabinet Member for People, Development and Deputy Leader:

The Council considers each request for information on its own merits. The Complaints Policy text is alluding to repetitive requests for the same information. Please refer to our website for further information and question 5 response.

Question 5:

Would it not be better to provide the information rather than have enquirers complaining to the Information Commissioner and have that office direct the Council to release the information?

Response from Cabinet Member for People, Development and Deputy Leader:

A request will only be refused:

- It is a vexatious or repeated request;
- If it falls under one of the exemptions;
- If a clarification request has not been responded to within 60 days.

If the Request is refused, we will provide a detailed explanation as to why any relevant exemptions have been applied to the request. The applicant has an appeal route as outlined in our FOI policy.

Question 6:

Where can a member of the public actually see the numbers of Freedom of Information requests made and the results?

Response from Cabinet Member for People, Development and Deputy Leader:

The FOI disclosure logs can be found on our websites: [FOI/EIR disclosure logs - MIDDEVON.GOV.UK](https://www.middevon.gov.uk/foi/eir-disclosure-logs)