

Cabinet 4 February Public Questions and Answers

<p>Paul Elstone</p>	<p>Agenda Item 5 2025/26 Budget and in particular Annex 2 HRA Capital Programme 2025 to 2030.</p> <p>Question 1:</p> <p>I note that the Housing Revenue Account (HRA) Capital Programme document now shows most if not all the names of the HRA Projects as opposed to just Project Numbers. Additionally, there was a column showing previous years expenditure.</p> <p>Thank you for taking on board the request to have this information provided.</p> <p>However there remains four (4) very important omissions.</p> <ul style="list-style-type: none">• There was no initial budget forecast column.• There was no total expenditure to date column.• There was no final budget expenditure column for completed projects.• There was no description provided explaining the reason for any budget overspend against initial forecast. <p>Would Cabinet give full consideration to these requirements? Requirements that fully support good cost management, good governance plus openness and transparency?</p> <p>Response from the Cabinet Member for Governance, Finance and Risk:</p> <p>Cabinet feel that the questioner is confused about the objectives of a Budget Report. It is to present decision makers with the forecast spend for projects for approval, not to provide commentary on current or previous expenditure as this is covered within a Monitoring Report.</p> <p>There is no need to include an initial budget forecast column, as the new proposed budget supersedes that and builds upon spend to date. The prior year expenditure is shown along with forecast in-year spend, therefore the total expenditure to date is effectively shown, just not in a separate total column. Similarly with an initial budget forecast, it is not appropriate or potentially possible to include a final budget column as by nature many capital projects span more than one year. Therefore, in such cases, the budget is refined over time. Finally, a</p>
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commentary on current projects is not appropriate within a Budget Report, it is included within the Monitoring Report.

Question 2:

Project 41 – Fir Close Shows an expenditure to date of £111,000 and a further expenditure of £185,000 this if I read the confusing budget sheet correctly or a total of £296,000

It had been noted the budget had increased by £10,000 in the last month.

To put this cost into perspective, Fir Close module was a demonstration unit first built around 6 years ago and never intended for occupancy. It had been converted for single person occupancy only.

A module that was now costing an exorbitant £8,000 per square meter.

The 5 properties remaining for sale at Haddon Heights, Bampton and using sale price and not build cost, had a cost of £2,900 per square meter. For the 39 properties at St Georges Court their cost was under £3,300 per square meter.

There was irrevocable evidence available to show that by any measure this Council was paying an exorbitant cost for its new build social homes.

Would Cabinet implement a fully independent Value of Money Assessment, and if not precisely why not?

Response from Cabinet Member for Housing, Assets and Property Service and Deputy Leader:

The Fir Close property will be fully refurbished and will have a new 10-year development warranty. As such will be fully purposed for occupancy.

Single dwelling development projects will always cost more than larger schemes against a 'per unit' or 'per square metre' benchmark due to the disproportion impact of the normal project management, planning and other overheads that are still required. For this reason, single dwelling schemes are not common within the HRA development pipeline. However, a key aspect of our strategic housing approach is not only in providing more housing but doing so at point of need. As such, smaller schemes including a limited number of single dwelling

projects will come forward for consideration where there is a well-established, discrete housing requirement in a particular location and an opportunity to infill a unit.

Furthermore, as has been noted previously, the Fir Close specification including EPC-A rating and net-zero carbon is of a higher standard than both the Haddon Heights and St Georges Court schemes that the questioner has used as comparison. Unit costs are therefore expected to be higher.

Nonetheless, as part of our VFM benchmarking for this single dwelling modular scheme, we have obtained overall costs for a single, 1-bed social housing scheme recently supported under the Homes England Affordable Homes Programme (AHP). This scheme has been used as an exemplar case study by Homes England and, in common with relevant Mid Devon projects, all AHP schemes are scrutinised by Homes England to a high level of diligence in terms of VFM. This scheme is a traditional build, EPC-C rated property with a high-level of internal adaption to a base specification to meet physical disability needs. As such, it is a useful traditional build cost comparison and whilst the EPC rating and carbon performance/costs are lower, the adaption costs are likely to offset these. This scheme is located in Ashford, Kent, nonetheless broad housing delivery costs will broadly comparable for this type of scheme. Overall, it is therefore a valid VFM comparison in terms of being a broadly similar cost-specification and single unit of social housing that meets a specific housing demand. Homes England have confirmed the Ashford unit attracted £100k/30% AHP funding against overall, eligible project costs. From this we can be confident of a minimum total project cost of at least £300k which compares well with the Fir Close project.

The Council has recently attempted to procure via a framework and via an open tender process for a supplier to deliver a single dwelling traditional build HRA project at another location within the district. However, these invitations attracted no expressions of interest which means a more local, directly comparable project cost cannot be provided at this stage. This also highlights a wider challenge in securing contractor interest in delivering smaller, traditional build projects regionally where demand is high.

Based on the above explanation/details there is no need to consider any further independent assessment.

Question 3:

Given there had now been substantial payments made on certain HRA projects:

HRA Project 20 shows a project spend to date of £363K out of a total project value of £16.49 million.

HRA Project 8 shows project spend to date of £371K.

Project 33 a spend of £162K.
Project 29 a spend of £62K.

Spends that should already or would form part of budget statements and also which should already clearly show on the supplier invoice payments data base.

Where precisely were these individual HRA projects?

Response from Cabinet Member for Finance, Governance and Risk:

The response to this question was given at the Cabinet meeting and included in the published minutes.

Question 4: Supplementary Question.

I had considered asking question 3 another way but on having sent the written question in advance I decided not to as I was aware that given the text change it would not be answered this evening.

Given the answer received to Question 3 it was now a difficult question to ask.

Can it be confirmed that the £16.49 million project i.e. Project 20 related to Knightswood, Cullompton and as there was information in the public domain.

Response from Cabinet Member for Finance, Governance and Risk:

As outlined within question 3 response included in the minutes of the Cabinet meeting, there has not been full consultation with the local residents and community so the council will not comment on speculation.