

## Homes PDG – 3 June 2025 - Public Questions and Answers

Name of person submitting	Questions
<p><b>Barry Warren</b></p> <p>Page 1</p>	<p>My observations and questions are prompted by item 12 on your agenda.</p> <p>The report is prepared by the Head of Housing and Health.</p> <p><u>Question 1</u></p> <p>Is this the report which he told the March 2025 meeting he was going to present to give further reassurance that the Zed Pod developments were value for money and for people to be assured that right homes were being provided at the right cost?</p> <p>After he had advised of his proposed actions the then Chair of this committee said “Make it as robust as possible to counter the little group of difficult people.”</p> <p><b>Response from the Homes PDG Chair:</b></p> <p>In respect of the first part of the question above I can confirm it is the report.</p> <p><u>Question 2</u></p> <p>Is the report robust as required when there is manipulation of facts or the full truth is not being told?</p> <p>An example of this is contained in paragraph 1.8 of the report where it states – “It is also worth noting that MDDC has also been instrumental in enabling the delivery of other affordable housing units within the district - for example the 70 new properties at Post Hill.” There are those who know the full story behind this site where a deal was done with the original developers to acquire the land for a 3 Rivers project that did not materialise and</p>

the land has been sold by MDDC at a loss of some £1.4 million. If the developers had built the houses as part of the original development some would already have been lived in for the past 3 years.

**Response from the Homes PDG Chair:**

Sources of the information used to develop the report are set out within the document / annexes and were discussed during the PDG meeting itself. There has been no manipulation of facts and the report seeks to put forward a balanced, robust appraisal of the strategic and local context for the delivery of MMC homes in the district, the national grant funding landscape and provides clear benchmarking / value for money information regarding the Mid Devon schemes. It provides further, factual information setting out the development standards and wider benefits to the Council and tenants.

As current chair of the PDG, I cannot comment in detail on the original land acquisition of the Post Hill site by the Council for affordable housing beyond signposting the questioner to the Cabinet meeting of 29 August 2023 and minute item 43 (HRA – large sites options appraisal). This provides further information and the historic context. [Cabinet 290823 HRA Large Sites Options.pdf](#)

Since the original acquisition, the Council has undertaken public consultation and secured full, major planning permission which ultimately facilitated the transfer of the site to a developer on behalf of a major regional registered provider of social housing. Development of the new affordable housing has commenced on the site. As such, the Council has evidently been instrumental in the enabling the delivery of these much needed new homes.

Question 3

Is this an example of due diligence and value for money?

The report gives information of grant funding which has been obtained which is excellent news for the MDDC finances.

**Response from Homes PDG Chair:**

Yes.

Question 4

Is it correct for this grant monies to be deducted from a build cost to make costs per square meter of floor space look cheaper than it really was?

In true 'Yes Minister' comedy script the following appears on page 145 of your papers: Space standards – all residential schemes meet the nationally described space standards. As the formal Principal Designer and developer, Zed Pods are responsible for incorporating this into each building design and this is checked by MDDC Development Control at Planning Approval stage to ensure the minimum standards are met. Post-completion, as built measurements have been taken at several schemes to further verify compliance.

**Response from Homes PDG Chair:**

In respect of the first part of Question 4, then yes.

For transparency purposes, the report / annexes are clear in presenting both the gross and net costs to the Council of the Zed Pod modular schemes alongside other, traditional build or MMC schemes within its housing development programme and outside of Mid Devon. By very definition of gross and net, if there is grant income attributable to a specific scheme then this deducted from the gross cost resulting an actual, net cost that is lower. The scheme therefore does not look cheaper, but is cheaper for the Council and a key part of the viability of the scheme. As the report highlights in several areas, it is the net cost to the Council's HRA budget that is the relevant measure and the MMC design, net-zero carbon specification together with the regeneration and social rent focus of the Zed Pod schemes that have enabled to Council to attract a higher level of grant funding.

Question 5

This suggests that as built measurements have not been taken at all schemes. Which ones have not been so measured?

**Response from Homes PDG Chair:**

All the Council's modular schemes completed and now occupied have been checked as built against the national space standards. Alongside the approved planning drawings, these measurements were undertaken to provide assurance in respect of repeat queries regarding compliance in this regard. As noted in sections 4.13 – 4.14 of the report, there are common advantages in off-site MMC modular factory build in terms of quality and design. One of the greatest differences between traditional building and MMC is the ability to ensure a level of quality in the finished product that meets exact design specifications.

The assessment of drawings against requirements such as space standards is nevertheless the principal mechanism within the Local Planning Authority development management process to ensure compliance for all relevant planning applications. Consequently, there are doubtless a number of other, non-Zed Pod modular residential developments completed within the district since the present space standards came into force several years ago that have not been measured as built where the planning process has provided assurance as the development consent stage as is required.

**Paul Elstone**

My questions relate to Agenda Item 12.

Modular Home Value for Money Benchmarking Report.

A report which I fully consider is fatally flawed this including with some very basic maths errors plus factual errors that seriously distort results.

I have provided Committee members with a copy of a document plus attachments, and which I hope you have had the opportunity to read. A document I believe once scrutinised fully validates my statement.

### Question 1

The report represents that the Bristol New Kingsland development as a high cost development this when compared to this Councils ZED POD's modular projects

The factual information available shows something very different.

The gross square meter cost for the BRISTOL development is Three Thousand Four Hundred and Seven Pounds (£3,407)

ZED POD - CROFT ESTATE SANDFORD development cost Five Thousand Five Hundred and Ninety Pounds £ 5,590 or 64% higher.

SHAPLAND PLACE – TIVERTON cost £5,103 or 50% higher

ST ANDREW – CULLOMPTON cost £4,689 or 36% higher

And astoundingly while not mentioned in the report, FIR CLOSLE - WILLAND will cost £8,108 or 136% higher..

These cost fully exposing the accuracy and therefore validity of the Value for Money data you have been presented with

Why are the financial numbers in the report so very different from fact?

### **Response from Homes PDG Chair:**

In order to provide a broad response to statements within the question that the report is seriously flawed or contains errors, it is helpful to highlight the following:

- Benchmarking is very difficult for construction projects where no two schemes are the same. Some may be green-field, high-volume sites and lower specification build, others may be small, infill/brownfield regeneration sites but higher specification. Some schemes are fully traditional build, some fully MMC

with others a blend and within MMC there are different categories. Furthermore, variable energy performance is designed and costed in, resulting in different EPC ratings. In a local context, project designs and local planning requirements will vary significantly too. These variables are set out more fully within the report.

- External information supporting benchmarking has come directly from independent and authoritative sources including Homes England. This includes the Homes England classification of sites in Annex B of the report that are in receipt of Affordable Homes Programme (AHP) grant funding. Homes England have therefore set out their consideration of whether the specific scheme is classified as traditional or a category of MMC overall and this has been duplicated in the report.
- Other information has come from publically available data including planning documents.
- All stated AHP grant amounts for the benchmark schemes have also come directly from the awarding, responsible body i.e, Homes England.
- Typically, the Council's Zed Pods schemes are around 6 units in size and located on infill, brownfield regeneration sites. As such, the wider schemes used for external benchmarking have been selected to have as similar as possible characteristics and scale across a mix of different traditional or MMC build types. For this reason atypical, single-unit developments such as Fir Close were not selected and a more valid benchmarking exercise has been undertaken.
- A single unit development will still carry a level of project costs such as planning, project management, utility changes/provision and disbursements etc that are common to any development. As such Fir Close and any other single unit developments outside of the Council is very likely to have higher than average m2 and unit costs. As per responses previously provided to earlier questions from the questioner, Fir Close has been benchmarked against another recent single unit development in receipt of AHP funding outside of the Council area where the cost comparisons are favourable on this more valid basis. Whilst seeking to meet local needs and bring forward some smaller developments, Fir Close is nonetheless an

atypical scheme for the Council with very few single unit developments forming part of its current or planned development programme.

- The external grant funding requirements with Homes England and MHCLG are very robust and independent. They professionally scrutinise our project costs and undertake their own value for money (VfM) exercises using national benchmarking data they have access to. If our schemes don't meet the benchmarking and VfM requirements then the Council would not be awarded grants and funding would be allocated elsewhere. Given that the Council have been consistently successful in leveraging grants with regards to its Zed Pod MMC schemes this is not the case and feedback from Homes England is that our schemes are at the upper end of high value, as the report sets out.

In respect of the stated m2 costs for the Bristol New Kingsland development, the figure being quoted within this question (£3,407) will in likelihood be based on the gross internal floor area for the entire development. For all the Zed Pod schemes m2 costs, the report has used 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 made when benchmarking against the Bristol New Kingsland scheme in to compare it on a closer to 'like for like' internal liveable floor area basis. Consequently, the report is stating a slightly higher cost per m2 of £3,724.

Irrespective of which of the above m2 costs are applied for New Kingsland, this does not change the relative ranking of the scheme in the report (5.14/Table 1) where the net m2 cost is still higher than any of the Mid Devon Zed Pods schemes.

In respect of the cost comparisons set out within the question regarding the Crofts, Shapland Place and St Andrews Zed Pod schemes, the questioner is incorrectly comparing the gross costs per m2 of the Zed Pod units with the net cost of the Bristol New Kingsland project. The correct net to net m2 comparisons are set out in the report and duplicated below with the % differences shown.

Net cost per m2 (gross living floor area)

Bristol New Kingsland	£3,407 - £3,724
Crofts Zed Pod modular:	£3,321 or 2.5% lower (against lowest possible New Kingsland cost)
Shapland Place Zed Pod modular	£2,874 or 15.6% lower (against lowest possible New Kingsland cost)
St Andrews Zed Pod modular	£2,305 or 32.3% lower (against lowest possible New Kingsland cost)

Question 2

Why does the report say that the Bristol Development is Traditional Build when the evidence says it's built with MMC structures and using robotics ?

**Response from Homes PDG Chair:**

As set out in the response to Question1, external information supporting benchmarking has come directly from independent and authoritative sources including Homes England. This includes the overall site classification i.e. whether Homes England consider the scheme benchmarked to be traditional or a category of MMC and the report is simply being consistent. Nevertheless, specifications, other broader comparables (e.g, scale, brownfield regeneration, social housing) and unit / m2 costs for specific schemes are more applicable in terms of VfM benchmarking, as is emphasised in the report, rather than simply the traditional/MMC or blended build classification of each development.

Question 3

Why does the report indicate that the Bristol Development is not as energy efficient than it really is and as the available evidence shows even having Passive House design components?

**Response from HPDG Chair:**

All dwellings in the UK have an associated Energy Performance Certificate (EPC). This document provides a



headline energy efficiency rating and is the legal standard nationally as set out in the Energy Performance of Buildings (England and Wales) Regulations 2012. It is a clear way of comparing one building with another as a legal reference value or benchmark.

The EPC will provide an energy efficiency rating from A to G, where A is very efficient and G is the least efficient. The better the rating, the more energy efficient the building is, and the lower the fuel bills are likely to be for the occupants.

Homes England have stated that the EPC of Bristol New Kingsland development is B, lower than the energy performance of the EPC A ratings of the Zed Pod modular schemes.

The Passive House (or Passivhaus) specification is one form of energy efficient design or type of construction concept for buildings of German origin and is not directly related or comparable to the UK EPC rating. Furthermore, a scheme having components of Passive House design may not be fully certified to meet the overall Passive House standard.

#### Question 4

How reasonably can the Eastleigh former Post Office development be considered as a Value for Money point of reference?

A four (4) story high block, built using a mix of traditional and modules, even with a lift.

Very importantly a development that has two commercial units on the ground floor. This as shown in the document provided to this committee?

#### **Response from Homes PDG Chair:**

The challenge in comparing construction projects is set out within the report and summarised in the response to Question 1 above. To reiterate, typically, the Zed Pod schemes are around 6 units in size on average and located on infill, brownfield regeneration sites. As such, the sites used for external benchmarking have been

selected to have similar as possible characteristics and scale across a mix of different traditional or MMC build types.

The Eastleigh development was therefore included as it contains a mix of other modular build (and is defined as MMC by Homes England) and is also an infill, regeneration project for affordable housing. It was furthermore also awarded Homes England AHP funding. As set out in the report, many of the schemes have additional or variable requirements such as communal areas, podium design, landscaping and open space provision, lifts, higher or lower levels of parking provision, different drainage and other infrastructure requirements etc. Consequently, there will be some differences between the Eastleigh scheme and all the other MDDC or non-MDDC schemes used with the benchmarking set out in the report.

It should also be highlighted that reference to commercial units in a VfM context should not be taken to imply such units have higher construction costs. Conversely, commercial units are typically lower cost to provide in comparison to residential units on an m2 comparison basis.

#### Question 5

The benchmarking makes use of grant funding in various forms to reduce the apparent ZED POD development cost. Grant funding that in most instances could and should be applied to the external developments used as the reference this to normalise the quoted development cost.

Grants If applied to the Bristol development cost calculations it would further and substantially prove that this Councils ZED POD development schemes are not providing the anything like “Best Value” and by any reasonable measure.

Will this Committee accept that the data they have been provided with in the report is fundamentally (fatally) flawed and therefore defer making any recommendations to Cabinet based on its content, this until fully scrutinised?

#### **Response from Homes PDG Chair**

Grants where applicable and where awarded have been applied to all schemes in the benchmarking tables. This clearly includes the Bristol New Kingsland development and a £1,600,000.00 AHP grant award as set out

in Annex B of the report. Consequently, the basis of the question and assumptions made appear to be incorrect.

The inclusion of grant funding as an income against overall project cost is wholly valid in accounting terms and actual expenditure incurred. For transparency purposes, the report / annexes are clear in presenting both the gross and net costs to the Council of the Zed Pod modular schemes and other, traditional build or MMC schemes within its housing development programme and outside of Mid Devon. By very definition of gross and net, if there is grant income attributable to a specific scheme then this deducted from the gross cost resulting an actual, net cost that is lower.

As the report highlights in several areas, it is the net cost to the Council's HRA budget that is the relevant measure and the MMC design, net-zero carbon specification together with the regeneration and social rent focus of the Zed Pod schemes that has enabled to Council to attract a higher level of grant funding and a lower net cost whilst meeting its wider corporate plan objectives.

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