

## Audit Committee Public Questions and Answers (9<sup>th</sup> December 2025)

Name of person submitting	Questions
Barry Warren	<p>My questions result from content in item 10 on your agenda.</p> <p>The report advises that procurement of the Modern Methods of Construction contracts was through the South-West Procurement Alliance framework (SWPA). Officers have responded that this gives the Council safeguards. In reality it would appear that orders are placed by MDDC direct with Zed Pods. At Somerlea, Willand a contract agreement was signed between MDDC and Zed Pods on the 7<sup>th</sup> of August 2024 for £2,605,338.13 to build 7 dwellings – no involvement of SWPA evident at this point.</p> <p><u>Question 1</u></p> <p>MDDC paid Zed Pods invoice for £324.000 against this project on the 26<sup>th</sup> of June 2023 some 13 months before entering into a contract. Why was this and have either of the Auditors noted this?</p> <p><b>Response from the Chair of the Audit Committee:</b></p> <p>In order to provide some clarification, any orders/purchases would always be made with the contractor not via the procurement arrangements. I note your reference to a payment made in June 23, clearly the external audit of the 2024/25 accounts would not have included the review of a transaction made in a previous financial year. However, I remain confident that Bishop Fleming would conduct a thorough audit process in compliance with all prevailing financial standards before issuing their opinion on the accounts and value for money assessments for both the 24/25 and 23/24 financial years.</p> <p>Bishop Fleming state – “Our work has not identified any evidence to suggest that the decision to build MMC housing using Zed Pods Ltd was not an informed decision with all of the relevant information available to councillors.”</p>

**Question 2**

What evidence did the auditors see to justify that comment?

**Response from the Chair of the Audit Committee:**

I refer to my answer to Qu1.

Prior to your last meeting I circulated a briefing paper to members of this committee and auditors, raising a number of concerns regarding the justification of payments made. In your response you said: "We appear to now regularly be in receipt of some form of "briefing papers" which clearly sits outside of our proper process. If members of the public want to raise issues with outside agencies, I would encourage them to go to them directly."

I had copied the 'outside agencies'.

Devon Assurance Partnership, in response to a question, included these words – "While DAP does not typically initiate audits solely based on public submissions, information provided by members of the public — particularly where it relates to governance, fraud, or financial irregularities—can be valuable." They later say "If you have specific concerns or information you believe should be considered, I would encourage you to submit them through the appropriate channels, such as the council's complaints process, whistleblowing policy, or via a Freedom of Information (FOI) request."

I have done all of that.

**Question 3**

Mr Chairman. You tell me to inform the Auditors, not Councillors - but the Auditors say I should tell the Council. It took a member of the public to bring to notice errors regarding proposed car park charge increases and action was taken to ensure corrections were made. I as a member of the public, am raising the potential for fraud or malpractice involving perhaps millions of pounds. Are you interested in taking action on this or not?

	<p><b>Response from the Chair of the Audit Committee:</b></p> <p>I am content that both the Council's auditors and officers have looked into your allegations and have provided my Committee with no evidence to support your comments. You also heard, on record, from officers from Bishop Fleming that they were content with the Council's financial/procedural affairs during 2024/25.</p>
<b>Paul Elstone</b>	<p>Agenda Item 10 Bishop Fleming Auditors Annual Report Page 284 - Modular Social Housing.</p> <p><u>Question 1</u></p> <p>The Auditors Report says that there were two firms identified as suppliers of "adaptive pods". That ZED PODS were directly appointed after the other company went into administration. What is the name of that other company?</p> <p><b>Response from the Chair of the Audit Committee:</b></p> <p>This procurement was wholly delivered through the SWPA NH2 framework. Within this, one of two identified suppliers under the relevant adaptive pods section were ultimately unable to submit a bid due to entering administration. That supplier was Impact Modular Ltd.</p> <p><u>Question 2</u></p> <p>The Auditors Report mentions that Cabinet approved a report with regard to value for money and best practice. There is hard evidence available to show that the Value for Money (VFM) Report very seriously misrepresents fact.</p> <p>Examples:</p> <p>Non representative 3rd party external projects used as benchmarks against MDDC MMC projects. One being a 2 phase and part commercial development.</p> <p>Manipulation of the gross internal floor areas of the 3<sup>rd</sup> party developments.</p>

Budget figures used for unfinished ZED POD projects, such as Beech Road and Sycamore Road when the real cost of these projects will be much more.

A failure to normalise discounted payments such as Right to Buy receipts i.e. 141 also Brownfield Land Release payments. Seriously distorting the true cost of the ZED POD modular projects and when compared to 3<sup>rd</sup> party projects.

3<sup>rd</sup> party developments said to be conventional build when they were in fact MMC projects.

Major calculation errors made, which seriously distorted benchmark results,

I can back up these statements with supporting hard copy evidence if required but I ask:  
Are Bishop Fleming merely repeating what they have been told on face value or have they fully audited this VFM Report?

**Response from the Chair of the Audit Committee:**

I am content that the Council's external auditors, as expressly mentioned during the meeting, have issued their unqualified opinion on the 2024/25 accounts and Value for Money assessment after undertaking a complete and thorough audit.

**Question 3**

The external Auditors Report projects the opinion that all information was presented to Members so they could make informed decisions. I would very strongly contest this.

There is hard copy evidence available showing the following.

The value for money report is not worth the paper it's written on.

Certain ZED PODS modular developments do not comply with the Governments Minimum Floor Space Standards.

Energy certificates that do not comply with statutory requirements.

Misleading information has been provided regarding substantial project budget costs overspends.

Misleading information being provided regarding substantial project delivery overruns.

My name has publicly been disparaged for supposedly making unsubstantiated claims regarding this Councils modular home developments.

To resolve this matter once and for all - I now formally ask for a meeting with CROSS PARTY MEMBERS of this Audit Committee. This to permit me to present the hard evidence and the important full supporting details.

Will Audit Committee Members meet with me for this?

**Response from the Chair of the Audit Committee**

These are clearly your own views and opinions on this specific matter. Most of the issues you raise here are repeats of previously raised questions and I am content that they have already been fully responded to by our officers. I am aware that you have had a number of meetings with both Councillors and officers, on this topic and others, giving you the opportunity to provide evidence to support your allegations. I am not aware you have been able to effectively demonstrate your position to date. However, if you wish to forward to me, or my officers any further evidence, then we will ensure it is fully reviewed.