

Public Question Time

Questions from Paul Elstone:

Question 1

Page 16 of your papers Section 5.2 shows a 3 Rivers overspend of four hundred and one thousand pounds (£401,000) on the Knowle Lane Development. 3 Rivers do not even have outline planning on this site, so what exactly was this overspend for?

Answer:

This is a variance against the Council's assumed Deliverable Budget – which in this case reflects the forecast draw down by 3Rivers against the project in line with the approved 2022/23 Business Plan. The increase reflects the higher interest rate charges than forecast at the time of setting the budget.

Question 2

On page 17 there is an overspend on the Shapland Place zed pod Modular development of four hundred and sixty seven thousand pounds (£467,000) mostly for planning. Planning changes that have increased the modular unit project budgeted amount by about 25%. Given these planning changes reduce the modular unit foot print by 1.5 meters surely the build cost should go down and not massively up.

Answer:

Some £125k of additional project costs were incurred due to the conditions applied to the consent by the planning committee beyond or amending those proposed by the planning officer and are not 'planning changes'. As noted at Cabinet on 7 February, the largest element of this additional cost was the requirement to replace wooden trellis screening on balconies with opaque glazing. The remainder came from upgraded landscaping requirements to include semi-mature trees.

There are also additional cost increases that were identified after the ground investigation surveys were carried out that means that different foundations and attenuation will need to be carried out, these intrusive surveys are not carried out before planning permission is received due to the high costs. This survey work found that a foundation redesign was required resulting in a slightly smaller building footprint and repositioning slightly further away from existing properties to the rear of the development. The redesign work itself was completed by our contractors at no additional cost to the Council, however a further (variation) planning application was required to regularise this as it amended the original consent.

Furthermore, the Cabinet report on page 33 notes we have been successful in obtaining £852k of funding on this project, £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 MTFP.

The MDDC chosen developer is not on the approved South West Procurement Alliance list for constructing enhanced energy performance homes yet their main

competitor who is on the list was not asked to bid. Will the Cabinet Member for Housing please implement a comprehensive external audit on the Contract Awards and all costs for the Modular Homes at both the Shapland Place and Cullompton sites?

Answer:

You will be aware that you raised several queries on this matter and project procurement previously during the Cabinet decision to award contract in January 2022. Detailed responses have therefore already been provided and I refer to emails sent on 06/01/22 and 10/01/22. Nonetheless, for the purposes of clarity, please note a summary and further information below.

The South West Procurement Alliance (SWPA) framework we are utilising is the NH2 'Offsite construction of New Homes' framework and not 'Enhanced Energy Performance Homes' as the latter is not a framework but is an option within the actual framework. The housing we are providing is 'Net carbon zero' and EPC A rated which goes beyond the 'Enhanced energy performance' element within NH2. The contractor (Zed Pods) was the only one within NH2 or other frameworks considered that offered 'Net Zero Housing' that can be delivered as an offsite turnkey system and their selection was part of a carefully considered process looking at design, quality, price and environmental performance. In more detail:

Zed Pods are one of 7 suppliers approved under the modular housing work-stream within the NH2 SWPA framework. Whilst technically, any of these suppliers could have been selected without further evaluation, Zed Pods were selected for the following specific reasons:

- UK based – reduced carbon footprint, including for Pod delivery
- Quality – BOPAS design/assured and perceived (ability to view existing modular schemes in Bristol and London)
- Appearance – offer the widest range of final finishing schemes to suit different locations and local architecture etc
- Net-zero carbon build standard/performance – assured and approved
- Adaptive pods – one of only two suppliers to offer this
- Flexibility – range of 1-4 bed unit options
- Room on roof and stilt options – further flexibility of location

Any approved framework for supply of goods and works at this level has to be OJEU compliant as defined within UK public sector procurement legislation. This is exactly what SWPA frameworks do, including the NH2 framework specifically.

Consequently, there has been a national, competitive tendering process undertaken and legal review regarding contract terms etc as a fundamental part of the development of the framework itself. All providers seeking access to the framework had to meet the same, detailed technical specification and the wider assurance criteria being considered. All were evaluated but not all would have been selected on the grounds of cost and compliance with specification. This means there has been the widest best value process undertaken before the framework has been made available.

SWPA are the regional access point for south-west public sector organisations such as MDDC into this and other frameworks they manage. The NH2 framework itself is national and can be accessed by the other regional bodies equivalent to SWPA across the UK that make-up the LHC not-for-profit umbrella organisation. Modular build and modern methods of off-site construction are nonetheless relatively specialised with only a limited number of manufacturers in the UK – this is reduced further when you consider the technical requirements of the tender around quality, assured durability, adaptability and carbon standards etc alongside capability to provide a turnkey solution across different types and sizes of accommodation. This makes the framework absolutely ideal for us in terms of best value, compliance and access to technical expertise and high quality products. As a direct award framework, no further mini-completion or tender across the companies within the framework is required but our points of wider consideration in choosing Zed Pods on this occasion have been set out above including the enhanced environmental performance.

As provided previously, full information on SWPA and the NH2 framework can be found here: [Offsite Construction of New Homes | Frameworks | SWPA](#)

Question 3

On Page 18 Section 7 covers interest and loan repayments from 3 Rivers. Have 3 Rivers always met their interest and loan payment obligations on all project loans and at the due time?

Answer

Yes

Question 4

My last question covers Agenda Items 6, 7, 8 and 9 which all deal with lending to 3 Rivers. I was at the last Cabinet Meeting on 31 January and witnessed the public resignation of the 3 Rivers Finance Director. As he left he told me and one other that he was resigning because of the lack of competency of MDDC Officers and Cabinet Members. He is an experienced Commercial Director and I took him seriously and was concerned. Will the Leader of the Council arrange an external investigation into whether there is any basis for this statement?

Answer

This is for the leader to decide.

Question 5 (statement)

At the last Cabinet meeting, I asked questions. I am still awaiting the promised written answers. Thank you.

Answer

Those answers have now been provided.

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