



REPORT TO: MORAY COUNCIL ON 28 SEPTEMBER 2022

**SUBJECT: MORAY GROWTH DEAL HOUSING MIX DELIVERY PROJECT
PROCUREMENT REQUIREMENT**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To ask the Council to approve the appointment of external consultants to update the economic appraisal in support of the preparation of the Full Business Case (FBC) for the Moray Growth Deal Housing Mix Delivery Project.
- 1.2 This report is submitted to Committee in terms of Section III B (6) of the Council's Scheme of Administration relating to any new policy matter which does not fall within the terms of reference of any Committee.

2. RECOMMENDATION

- 2.1 **It is recommended that the Council agrees the appointment of an external consultant to undertake an economic appraisal to support the preparation of the Full Business Case.**

3. BACKGROUND

- 3.1 The Full Deal document for the Moray Growth Deal was signed on 20 December 2021. The Growth Deal includes 8 projects, and the Housing Mix Delivery is one of them.
- 3.2 The Housing Mix Delivery project aims to support and accelerate the delivery of up to 360 affordable houses and plots, to support a minimum of 150 jobs annually and to stimulate the private housebuilding sector to deliver up to 500 market houses, supporting town centre regeneration of brownfield sites and provision of housing in rural towns and villages.
- 3.3 The Outline Business Case (OBC) for the Housing Mix Delivery project was approved by both the Scottish and UK Governments in November 2021.

4. PREPARATION OF THE FULL BUSINESS CASE (FBC)

- 4.1 Following the recent appointment of a Project Manager, the preparation of the FBC is being progressed which requires all five cases set out in the OBC to be further considered.
- 4.2 The OBC Economic Case includes an economic appraisal that considers the five short-listed options that were approved by the Housing Mix Delivery Project Board on 27 October 2020. An economic appraisal for each short-listed option was undertaken in line with the HM Treasury Green Book Central Government Guidance on Appraisal and Evaluation (2018). It is presented as a Cost Benefit Analysis in real terms (today`s prices with the effect of inflation removed). The appraisal evaluated the investment objectives and benefits and these were monetised and used to derive the cost/benefit ratio of each option. The option with the highest cost/benefit ratio was selected as the preferred option that would meet all project objectives.
- 4.3 Given the time that has passed since the economic appraisal was undertaken for the OBC, it is essential to update the appraisal to take account of current benefits and costs, and to ensure that the preferred option meets all the objectives of the project. The updated economic appraisal will re-evaluate the cost/benefit ratio for each option, which are informed by updated benefits and costs, reflecting the current economic challenges facing the construction industry.
- 4.4 The economic appraisal for the OBC was undertaken in-house by an officer who was trained to carry out the task at high level but since they left the Council, there is no one in-house with this expertise. Therefore, an appointment of an external consultant via a Quick Quote process is required to undertake an economic appraisal that would inform the FBC. In line with Section 6.2.1 of the Moray Council Procurement Procedures (V19 December 2021), where a cost of appointing an external consultant exceeds £15,000, committee approval is required. This work is estimated to be in the region of £15,000-£20,000.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The Housing Mix Delivery project will contribute to achieving the corporate plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy.

(b) Policy and Legal

The Housing Mix Delivery project is a great example of the delivery focus introduced by the Planning (Scotland) Act 2019 and further advocated by the draft National Planning Framework 4 (NPF4) to support the delivery of more and better homes, in the right locations, providing choice across tenures.

(c) Financial implications

The cost of appointing an external consultant will be met from the existing Housing Mix Delivery project budget.

(d) Risk Implications

The lack of an updated economic appraisal could risk the Council progressing with a preferred option that does not meet all objectives of the project.

(e) Staffing Implications

None.

(f) Property

None.

(g) Equalities/Socio Economic Impact

None arising from this report. The Equalities Impact Assessment included in the OBC will be updated for the FBC.

(h) Climate Change and Biodiversity Impacts

The Housing Mix Delivery project has the principles of addressing fuel poverty, promoting innovative sustainable design, health and well-being; and delivering carbon conscious homes.

As part of the Housing Mix Delivery OBC Economic Case, a carbon calculation was undertaken and this will be recalculated in the FBC as further details emerge around building specifications and renewable energy sources to give a more accurate monetised value for carbon emissions.

There are no climate change or biodiversity impacts directly resulting from this report.

(i) Consultations

Depute Chief (Executive Economy, Environment and Finance), Head of Economic Growth & Development, Chief Financial Officer, Assistant Manager Procurement, Legal Services Manager, Moray Growth Deal Programme Manager, George Gunn (Climate Change Strategy Officer), Equalities Opportunities Officer and Tracey Sutherland (Committee Services Officer).

5. CONCLUSION

5.1 This report sets out the requirement for an external consultant to undertake an economic appraisal to support the preparation of the Housing Mix Delivery project Full Business Case (FBC) which is the next step towards delivery of the project.

5.2 The report asks the Council to approve the procurement requirement and allow officers to progress with a Quick Quote process.

Author of Report:

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Background Papers:

Ref: