

Tay Cities Region Deal Joint Committee

PMO Presentation

23rd June 2023



Programme



Deal Programme Timetable

Key:

Grant Offer Letter Requirements

Operational Activity

Activity	April 2023	May 2023	June 2023 Joint Committee	July 2023	Aug 2023	Sep 2023 Joint Committee
Quarterly Performance Report – financial forecasting and risks	Meeting with Governments		30 th June		Meeting with Governments	30 th September
Term Forecast – Q2 and Q4					31 st August 2023	
Annual Performance Report to Governments						2022/23 Annual Report draft starts
Benefits Realisation Reporting annually in Q2 to inform the Annual Performance Report						30 th September
Implementation Plan annual review commitment		May MG	Submission to Govs 30 th June			
Statement of Compliance	Submission to Govs 28 th April					
Draft Grant Offer Letter (GoL) for 2023/24 received			Signing of 23/24 GoL			
Internal Audit						Sept JC
Project Meetings – in person to inform quarterly reporting and key Deal commitments		12-18 May			August TBC	
Project Owner Events – events to update Project/Programme Owners on key messages and activities			7 th June (Teams)			Just 5 Min Event In Person Date TBC
Scottish PMO Networking Group – Chair and secretariat provided by Tay Cities PMO			1 st June	26 th July		20 th September

Statement of Compliance



- There is a commitment within the Grant Offer Letter for the Accountable Body to submit a Statement of Compliance every year by 30th April
- This is to confirm that any grant claimed from the Scottish Government in the previous financial year was properly due and was used for its intended purposes in line with the terms and conditions
- All Projects who made a claim in 2022/23 were asked to provide a Statement of Compliance (signed by their Finance Director) to provide assurance to the S95 Officer
- All Projects provided the required assurance.
- The statement of compliance was submitted to the Scottish Government on the 28th April 2023



2023/24 Grant Offer Letter



- A final draft of the 2023/24 Grant Offer Letter has been received by the Scottish Government
- The following new clauses have been included but will not result in an addendum to Project Legal Agreements:
 - In Relation to **eligible Capital Expenditure** - *Expenditure associated with Research and Development (R&D) activity which under ESA 10 guidelines is eligible to be capitalised. “ESA 10” means the European System of National and Regional Accounts 2010. **Research and Development (R&D)**” means creative work undertaken on a systematic basis to increase the stock of knowledge, and/or use of this stock of knowledge for the purpose of discovering or developing new products, including improved versions or qualities of existing products, or discovering new or more efficient processes of production*
 - In relation to **disposal of assets** - *Notwithstanding the generality of this condition 6.2, where the arrangements contemplated by the funding approach are underpinned by a Project Full Business Case, approved by partners and endorsed by government, and subject to the terms of the offer or grant from Scottish Government, a project shall be entitled to the capital receipts from the sale of assets (without the prior written consent of the Scottish Ministers being obtained).*
 - In relation to **Internal Audit** - *It is for the «Region_Deal_Name» Local Authority partners to allocate Internal Audit resources for «Region_Deal_Name» activities. The Accountable Body shall determine which of the «Region_Deal_Name» Local Authority partners Internal Audit functions should conduct specific audits for «Region_Deal_Name» activities. The results of the audit will be submitted by the Accountable Body to DGEFinanceUnit@gov.scot upon completion of the audit.*

Capital Business Cases with Joint Committee Approval

Programme / Fund / Project Reference and Name	Approved by Govts	Approval by Joint Committee
TCD014 Eden Campus	03/09/2020	21/08/2020
TCD021 Regional Culture and Tourism Investment Programme	08/04/2020	19/06/2020
TCD021 (a) Hospitalfield	Not required	17/07/2020
TCD016 Growing the Tay Cities Biomedical Cluster	20/11/2020	19/02/2021
TDC012 Angus Fund	24/09/2020	19/02/2021
TCD010 Advanced Plant Growth Centre	10/03/2021	19/03/2021
TCD011 International Barley Hub	10/03/2021	19/03/2021
TCD017 Perth Cultural Transformation (City Hall)	17/02/2021	19/03/2021
TCD021 (b) Discovery Point	Not required	23/04/2021
TCD013 cyberQuarter	24/05/2021	18/06/2021
TCD005 & TCD006 Rural Angus and Rural Perth and Kinross Highspeed Broadband	13/05/2021	18/06/2021
TCD007 5G Digital Testbeds	21/12/2021	17/09/2021
TCD029 Stretch Dome Simulator	26/08/2021	10/12/2021
TCD025 Tay Cities Engineering Partnership	15/02/2022	11/03/2022
TCD008 Low Carbon Transport & Active Travel Hubs Programme	25/02/2022	01/07/2022
TCD008 Low Carbon Transport: Phase 1 Broxden	06/06/2022	01/07/2022

Business Cases with Joint Committee Approval

since March 2023

Programme / Fund / Project Reference and Name	Capital or Revenue	Approved by Govts	Approval by Joint Committee
TCD012 a Mercury Drone Ports (Angus Fund)	Capital	14/03/2023	24/03/2023
TCD018 Pitlochry Festival Theatre	Capital	06/02/2023	24/03/2023



Revenue Business Cases with Joint Committee Approval

Programme / Fund / Project Reference and Name	Approved by Govts	Approval by Joint Committee
TCD002 Dundee Airport Investment (Revenue)	12/11/2020	19/02/2021
TCD024 Regional Skills & Employability Development Programme	26/01/2022	11/03/2022
TCD024(a) Skills Programme Manager Post	26/01/2022	11/03/2022
TCD025 Tay Cities Engineering Partnership	15/02/2022	11/03/2022
TCD024(b) Digital Skills	03/11/2022	09/12/2022

- There have been no Business Cases approved by the Joint committee since December 2022.



Outline Business Cases with Government and Management Group Approval

- There is a commitment in the Deal Document to inform the Joint Committee when the Management Group and Governments approve a Business Case
- The table below sets out the Business Cases that have achieved this for the period of April to June

Programme / Fund / Project Reference and Name	Approved by Thematic Board	Approval by Governments	Approval by Management Group
TCD012b Angus Rural Mobility Hub OBC	27/01/2023	30/03/2023	25/05/2023



Capital Programme 22/23



Year 3, 22/23 Year End Capital

- There was a **capital allocation** of **£37.32m** in 2022/23.
- This included an **£8m acceleration** from the Government
- The Partnership **achieved drawdown of £36.49m** a total of 98% of the allocation
- The **capital underspend** of **£0.822m** in 2022/23 has been placed in Year 10
- A detailed breakdown by Project can be provided on request
- All Partners thanked for their contribution towards the delivery of the 22/23 Capital Programme



Revenue Programme 22/23



Year 3, 22/23 Year End Revenue

- The revenue allocation in year 3 at Deal signing was £2.749m. This was reduced to **£2.415m** following the reallocation of revenue to capital for the TCEP Project.
- At the beginning of 22/23 the Partnership agreed to **confirm underspend of £1.404m** against the Skills Programme to the Scottish Government, ahead of the Grant Offer Letter being issued
- The Partnership were then reporting to a **£1.011.5m revenue allocation** in 2022/23.
- The Partnership **achieved drawdown of £135k a total of 13%** of the GoL value.
- There is currently a significant risk to the delivery of the Revenue Programme **with £4m confirmed underspend placed in Yr. 10.**
- There is a key action for the **Partnership to review the Regional Skills Programme and develop a realistic and deliverable Programme.**



Capital Programme 23/24



Year 4, 23/24 Capital Programme

- The **Capital** Programme for 2023/24 was awarded **£29.570m** at Deal Signing. This includes the transfer of £0.345m revenue to capital for the Tay Cities Engineering Partnership Project.
- The Partnership has **secured £13m of acceleration in 2023/24.**
- The £13m accelerated funding has been allocated towards the two JHI Projects.
- The Capital Programme this year therefore now has a value of **£42.57m.**
- This is the highest value Capital Programme in 2023/24 for any of the Scottish Deals.



Year 4 2023/24 Business Case Timetable - Capital

Programme / Fund / Project	May 2023	Jun 2023 Joint Committee	Jul 2023	Aug 2023	Sep 2023 Joint Committee	Oct 2023	Nov 2023	Dec 2023 Joint Committee	Jan 2024	Feb 2024	Mar 2024 Joint Committee
Regional Culture and Tourism Investment Programme Refresh							OBC refresh to MG	OBC refresh to JC			
(CASI) Programme (Angus Fund) (Year 2)						<i>Programme OBC to MG TBC</i>		<i>Programme OBC to JC TBC</i>			
CASI HQ Project (Angus Fund) (Year 2)											<i>BJC TBC</i>
Crop Quality Centre Project (Angus Fund) (Year 2)						<i>OBC to MG TBC</i>			<i>FBC to MG TBC</i>		<i>FBC to JC TBC</i>
Angus Rural Mobility Hub Project (Angus Fund) (Year 2)	<i>OBC to MG</i>				<i>FBC to MG TBC</i>			<i>FBC to JC TBC</i>			
Perth Innovation Highway Project (Year 3 Project – confirmed no drawdown until Year 4)			<i>OBC to MG</i>			<i>FBC to MG</i>		<i>FBC to JC</i>			
Low Carbon Transport Phase 2: Active Travel Hub Project (Year 4) * dependent on Perth People Place project										<i>OBC to MG*</i>	
Aviation Academy for Scotland (Year 3 Project – confirmed no drawdown until Year 5)										<i>OBC to MG</i>	
Regional Culture & Tourism Investment Projects (Year 4 & 5 Projects Tranche 2)										<i>FBC to MG TBC</i>	<i>FBC to JC TBC</i>
Advanced Manufacturing Programme (Year 5 Project)	<i>Presentation of Approach to MG</i>	<i>Presentation of Approach to JC</i>	<i>Expression of Interest</i>	<i>Assessment Panel / Call for Projects</i>			<i>Programme OBC to MG (following call for projects)</i>	<i>Programme OBC to JC (following call for projects)</i>			
Advanced Manufacturing Projects (Year 5)							<i>Programme Owner has indicated Project business case development from October to March</i>				

Revenue Programme 23/24



Year 4, 23/24 Revenue Programme

- At Deal Signing, the total **2023/24 revenue allocation was £2.775m**. This was reduced by £345k with the reallocation of revenue to capital for TCEP.
- Management Group in May agreed to formally **confirm an underspend of 828k to the Scottish Government for the 23/24 revenue allocation**. This related to a confirmed underspend at year start by the Skills Programme. This will be reflected in the Grant Offer Letter.
- As part of the Annual Conversation, the Partnership were tasked with **scrutiny of the Revenue profile**
- Quarterly meetings have been set up with the Programme Owner, Section 95 Officer and Management Group chair to provide assurance that the Programme has in place robust Programme Management to ensure delivery.
- The Scottish Government have highlighted that the **refresh of the skills Programme should set out a robust and realistic profile for the next 5 years**, showing what they would request to **reduce their funding sitting in year 10**.



2023/24 Business Case Timetable - Revenue

Programme / Project	May 2023	Jun 2023 Joint Committee	Jul 2023	Aug 2023	Sep 2023 Joint Committee	Oct 2023	Nov 2023	Dec 2023 Joint Committee	Jan 2024	Feb 2024	Mar 2024 Joint Committee
Regional Skills & Employability Development Programme Refresh							Prog. refresh to MG	Prog. refresh to JC			
Life Sciences (Tay Cities Skills and Employability Development Programme) (Year 3)				BJC to MG	BJC to JC						
Supporting SME Skills (Tay Cities Skills and Employability Development Programme) (Year 3)							FBC to MG	FBC to JC			
Hospitality (Tay Cities Skills and Employability Development Programme) (Year 3)				BJC to MG	BJC to JC						
Pockets of Need & Skills Phase 2 Projects (Tay Cities Skills and Employability Development Programme) (Year 4)										FBC to MG TBC	FBC to JC TBC

Inflation



Inflation Next Steps

- The Management Group have agreed that all quarterly reporting will require the assurances to be reviewed and signed off to help both the Partnership and Governments to understand any key risks
- All Projects and Partners have been reminded of their role to ensure that any inflationary impacts are highlighted as soon as known
- Work is currently underway with all of the Projects who have identified a potential funding gap and impacts to commitments so that they can confirm in detail and what their request is to the Partnership to consider as a potential change to what they presented to Joint Committee for approval
- Continue to actively report to the Joint Committee as a standing item
- It is expected that a fuller update on the position will be provided at the September Joint Committee meeting


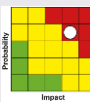
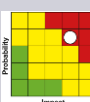


Risk Register



Programme Risk Register

Last updated: June 2023

Risk	Impact	Likelihood	Severity	Resolution Plan or Mitigating Action	
PMO and Partnership resource and capacity issues	5	5	25	<ul style="list-style-type: none"> Due to vacancies and resourcing pressures, there is currently reduced capacity within the PMO. The PMO has been operating at a reduced capacity for over 18 months. Permanent positions for the PMO Team have now been agreed by the Partnership. The Project Officer post and Project Co-Ordinator post have now been recruited. The Finance & Monitoring Support role will be advertised in June/July. 	
Delays in development and approval of business cases	4	4	16	<ul style="list-style-type: none"> Each Project Owner/ Partner has been asked to ensure that they are planning in sufficient time to the development of their business case PMO working closely with project and policy leads within UKG and SG to support business case development and approval to an agreed timeline. Issues e.g. project capacity & risks to be raised through governance. Programme of outreach and virtual events outlining governance timescales to mitigate delays in development with projects. Regular meetings with projects have been set up to keep regular contact with projects and for M&E. 	
Failure to deliver individual projects within the TCD programme	4	4	16	<ul style="list-style-type: none"> Regular dialogue/reporting around progress takes place between PMO and Project Leads where issues are raised in advance and, if appropriate, escalated to Partnership and Governments Programme Management reporting in place. MG and other governance arrangements in place to monitor project development. PMO will escalate any issues relating to individual projects through existing governance arrangements. 	

Programme Risk Register

PMO lead Clare Slater, Project Manager

Last updated: June 2023

Risk	Impact	Likelihood	Severity	Resolution Plan or Mitigating Action
Global Supply Chain Issues. Combined effect of Brexit / Covid / Ukraine Conflict	5	5	25	<ul style="list-style-type: none"> Projects are indicating less impact on staff resources, but significant impacts on availability and cost of materials. PMO working with SG, UKG and Projects to understand supply chain exposures and contingency plans. Monitoring of impacts on project costs / tenders received through regular updating of progress report and monthly financial forecasts and feedback to the partnership and Governments. Impacts on outputs & benefits of individual projects as a result of inflationary increases to be managed through the agreed change control process. A number of projects have identified possible impacts to outputs/scope and are providing details of impacts to the project delivery and commitments.
Programme Management	5	5	25	<ul style="list-style-type: none"> A number of projects have incurred underspends against their awarded drawdown profiles. All underspend is be in 'year 10' at the Project Owners risk. Due to inflationary pressures, there is a risk that awards to projects later in the Deal may represent less value for money and has the potential to impact on the deliverables for each project. The severity of the risk has increased. A number of projects are indicating increased construction costs. Many have indicated they have had to address this through Value Engineering which has highlighted potential risks to outputs and benefits. The PMO will monitor this through the returns from Projects and Project Owner meetings. The Partnerships revenue Programme is at risk with a significant value not drawn down and therefore placed in Y10. The Scottish Government have asked that the Skills Programme Owner sets out how they are going to address the challenges with the Programme and set a realistic and deliverable way forward. Highlighted at the 2023 Annual Conversation.



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