

Tay Cities Region Deal Joint Committee

PMO Update

22nd September 2023



Deal Programme



Deal Programme Timetable

Key:
Grant Offer Letter Requirements
Operational Activity

Activity	Sep 2023 Joint Committee	Oct 2023	Nov 2023	Dec 2023 Joint Committee	Jan 2024	Feb 2024	Mar 2024 Joint Committee
Quarterly Performance Report – financial forecasting and risks	30 th September	Meeting with Governments		29 th December 2023	Meeting with Governments		31 st March 2024
Term Forecast – Q2 and Q4						28 th February 2024	
Annual Performance Report to Governments	2022/23 Annual Report draft starts		Annual Report to MG	Submission to Governments 15 th December		Final presentation to MG	Final presentation to JC & publication
Benefits Realisation Reporting annually in Q2 to inform the Annual Performance Report	Reporting due from Projects		Updated Benefits Realisation Plan	Submission to Governments 15 th December		Final presentation to MG	Final presentation to JC & publication
Annual Conversation						Annual Conversation 16 th February	
GoL Audit Commitment	September JC Informed						
Change Control Process review			November MG				
Risk Management Arrangements review			November MG				
Fund/ Programme and Project Owner Meetings - in person to inform quarterly reporting and key Deal commitments			w/c 27 th November			Date TBC	
PMO Networking Group - Chair and secretariat provided by Tay Cities PMO		19 th October In Person	15 th November		Date TBC		Date TBC
Joint Committee & Management Group Chair Changeover				December			

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 Museum	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

Capital Business Cases with Joint Committee Approval



Latest BJC/FBC approved by Joint Committee

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
TCD027 Aero Space Kinross 	Capital	15/02/2023	23/06/2023



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 revenue 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
- There have been no OBCs approved by the Management Group since the June Joint Committee



Key Issues, Challenges and Risks

- **The delivery of the Deal Programme and Commitments as a result of the Impact of inflation** being felt by Partners and Projects
- **Business Cases not having secured Joint Committee approval** ahead of the year of profiled drawdown
- **Impact of acceleration on the Capital Programme**
- **Developing and ensuring effective delivery of the Revenue Programme**
- **Pressures on resources** within the Partnership and PMO with the potential to impact the effective management and delivery of Programme



Capital Programme 23/24



Capital Programme 2023/24

- The Capital Programme this year has a value of **£42.57m**
- Since the Grant Offer Letter was signed for 2023/24 **£3.507m has been confirmed as an underspend** within the Capital Programme.

Programme / Fund / Project	Confirmed Underspend Value £000	Comment
Mercury Drone Ports (Angus Fund)	500	Project was approved by JC in March 2023. Due to issues with original location for Zero Four and delays to CAA airspace approval the Project confirmed an underspend of £500k against its 2023/24 allocation of £700k.
CASI (Angus Fund)	2,307	Project confirmed a full underspend of £2.307m allocation in 2023/24 for the CASI projects. This reflects delays to business case development and approval.
Angus Rural Mobility Hub (Angus Fund)	700	Project confirmed an underspend of £700k against an allocation this year of £1.5m. This is due to business case delays, but the FBC is in development and some activity has proceeded at risk.
Total	3,507	

- An ask of **£499k** to the 5G Digital Testbeds Project was agreed by Management Group in August. This reduces the current confirmed underspend value to **£3.008m**.

Year 4 2023/24 Business Case Timetable - Capital

Programme / Fund / Project	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			
Angus Rural Mobility Hub Project (Angus Fund) (Year 2)				FBC to MG	FBC to JC			
Perth Innovation Highway Project (Year 3 Project – confirmed no drawdown until Year 4)				OBC to MG			FBC to MG	FBC to JC
Aviation Academy for Scotland (Year 3 Project – confirmed no drawdown until Year 5)							OBC to MG	
Regional Culture & Tourism Investment Projects (Year 4 & 5 Projects Tranche 2)							OBC to MG <i>TBC</i>	
Advanced Manufacturing Programme (Year 5 Project)	Scoping Exercise		Assessment of Scoping Exercise				Programme OBC to MG	Programme OBC to JC
Advanced Manufacturing Projects (Year 5)							Programme Owner has indicated Project business case development from early 2024	

Business Case Headlines

- Since the June Joint Committee, the following revisions to business case development have been reported by the Project Owners
 - The **CASI Programme** was due to be presented to the December 2023 Joint Committee. The Programme Owner has confirmed this will not be presented this financial year, which means there will be no drawdown in 2023/24.
 - **Angus Rural Mobility Hub** previously reported as December 2023 Joint Committee, now being requested March 2024 Joint Committee
 - **Perth Innovation Highway** reported as December 2023 Joint Committee, now being requested March 2024 Joint Committee along with confirmation of no drawdown this financial year
 - **Low Carbon Transport Phase 2: Perth Active Travel Hub** reported presentation to February 2024 Management Group. Project Owner is now indicating they will not secure approval to 2024/24, which means there will be no drawdown in 2023/24
 - **Advanced Manufacturing Programme** previously reported as December 2023 Joint Committee, now being requested March 2024 Joint Committee



Revenue Programme 23/24



Year 4 2023/24 Revenue Programme

- The Revenue Programme this year has a value of **£1.602m**.
 - £1.505m Skills Programme
 - £97k TCEP
- The Revenue Programme is forecasting a full drawdown of its **£1.602m** allocation.
- Revenue drawdown difficulties have continued to be highlighted to the Partnership, particularly in relation to the Regional Skills and Employability Programme
- A briefing note on how the Programme is being managed on behalf of the Partnership is being presented by the Skills Programme Manager under item 6 of this meeting.



Year 4 2023/24 Business Case Timetable - Revenue

Programme / Project	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) - <i>Project Still to confirm dates</i>							
Pockets of Need						OBC to MG	
Skills Phase 2 Projects (Tay Cities Skills and Employability Development Programme) (Year 4) - <i>Project still to confirm dates</i>							

Year 4 2023/24 Business Case Headlines

- Since the June Joint Committee, the following revisions to business case development have been reported by the Project Owners
 - **Life Sciences** previously reported as September 2023 Joint Committee, now being requested December 2023 Joint Committee
 - **Hospitality** previously reported as September 2023 Joint Committee. Project Owner is still to provide date through the Programme Owner
 - **Pockets of Need** reported as March 2024 Joint Committee. Now indicating will not secure approval until 2024/25 which means it will not be able to drawdown.
 - **Phase 2 Projects** Programme Owner is still to provide dates



Inflation and Funding Gap Risks



Inflation and Additional Project Costs

Current Partnership Position:

- The Partnership have been actively monitoring the impact of Inflation and Additional Project costs on the Programme
- To assist in managing the impact of these, the Partnership have:
 - Sought **quarterly assurances** from Project Owners and their Finance Directors that they are still able to deliver the scope of the Project and agreed outputs/ commitments
 - Developed an **Early Warning process** for Projects to highlight any significant risks to the Partnership and Governments around delivery of their Project and the output commitments
 - Developed a **Change Control process** for Projects to submit a change request for any variations in the scope of the project, and commitments agreed at Deal or subsequent Business Cases approvals.



Inflation and Additional Project Costs

Ask of Partners:

- **All Funds, Programmes and Projects to continue to highlight any Inflation and additional Project costs, as soon as known** setting out how it is planned to be managed so the Partnership and both Governments can consider the impact and risk to the Deal Programme
- The Partnership will **continue to monitor and report the impact of Inflation and Project Costs**



Partnership Audit



Internal Audit 2022/23

- The Partnership undertook an internal audit in the first year of the Deal (2020/21) and the Government complimented the Partnership on this approach
- There is now a commitment within the Grant Offer Letter for the Accountable Body to carry out an internal audit at a minimum interval of every two years
- An internal audit has been carried out in line with this commitment and was presented to Management Group in August, who considered and agreed the wording
- The internal audit report will be presented to the Dundee City Council Scrutiny Committee on 27th September



Risk Register



Programme Risk Register

Last update: September 2023



Risk	Impact	Likelihood	Severity	Details
Inflation and Increased Project Costs	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. This is primarily related to inflation but also as a result of Covid-19, Brexit and the Ukraine conflict. The Scottish Government carried out an exercise in early 2022 to understand supply chain exposures. A number of projects have identified possible impacts to outputs/scope and are providing details of impacts to the project delivery and commitments. This will be managed through the Early Warning Inflation & Funding Gap Notifications process, and current agreed Change Control process.
Programme Management	5	5	25	<ul style="list-style-type: none"> We are currently in Year 4 and the Partnership have secured approval of a large number of Business Cases, however, we are now entering a period where there are a substantive number of Projects with awarded funding who have not secured their Business Case approval from Joint Committee, the financial year ahead of their allocated drawdown. This is a risk to the Project but is also a significant risk to the Partnership in being able to manage the Deal Programme All Partners and their lead sponsors have an action to ensure they provide a realistic and deliverable programme to secure Joint Committee Approval
Revenue Programme	5	5	25	<ul style="list-style-type: none"> The revenue programme for the Deal has limited flexibility as there is only the Skills Programme, TCEP and Dundee Airport with revenue allocated to them. £20m of the £21.2m revenue allocation is the Skills Programme. The Skills Programme is due to be refreshed in 2023 to identify Phase 2 Projects. However there has been a delay and the Programme Owner is still considering which Phase 2 Projects to proceed with. There is £4.4m of revenue from the Skills Programme at risk due to underspends to date and significant delays in Project business cases getting developed and approved. Revenue drawdown difficulties were highlighted in the Annual Conversation by Scottish Government as an area that the Partnership should scrutinise and set out how it proposes to address it going forward

Programme Risk Register

Last update: September 2023



Risk	Impact	Likelihood	Severity	Details
Delays in development and approval of business cases	5	5	25	<ul style="list-style-type: none"> All Programme/ Fund and Project Owners and Partners have been asked to ensure that they are programming to have Business Cases developed and approved at Joint Committee the year ahead of the requested drawdown. Delays to business cases are resulting in underspends being placed in Year 10 at the risk to the Programme/Fund/Project Owner. For revenue specifically, this places future funding availability at significant risk.
PMO and Partnership resource and capacity issues	5	4	20	<ul style="list-style-type: none"> Time for training will put PMO capacity under pressure and for at least 6 months after recruitment. Permanent positions for the PMO Team have now been agreed by the Partnership and therefore recruitment of 3 vacant posts can commence. The Project Officer post is now in the Team and the Programme Co-Ordinator post has been offered. The Finance & Monitoring Officer role will be advertised in due course. The Tay Cities finance support is currently reduced and under review. Due to vacancies and resourcing pressures, there is currently reduced capacity within the PMO.
Failure to deliver individual Fund/ Programmes and Projects within the TCRD programme	4	4	16	<ul style="list-style-type: none"> The delivery of revenue identified as significantly high risk for the Deal Programme. This is captured as a separate risk due to the severity. For both revenue and capital Programmes/Fund/Projects, there is an agreed change control process that should be employed to manage any incidences where individual Programme/Fund/Projects are unable to be delivered.

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www.taycities.co.uk

