

# Tay Cities Region Deal Joint Committee

## PMO Presentation

8<sup>th</sup> December 2023



# Deal Programme



|                                 |
|---------------------------------|
| Key:                            |
| Grant Offer Letter Requirements |
| Operational Activity            |

# Deal Programme Timetable

| Activity   | Nov 2023                  | Dec 2023<br>Joint<br>Committee         | Jan 2024                 | Feb 2024                                  | Mar 2024<br>Joint<br>Committee   | Apr 2024                   | May 2024             | June 2024<br>Joint<br>Committee |
|--|---------------------------|--|--------------------------|---|----------------------------------|----------------------------|----------------------|---------------------------------|
| <b>Annual Performance Report</b> to Governments  | Annual Report to MG       | Submission to Gov 15 <sup>th</sup> Dec |                          | Final presentation to MG                  | Presentation to JC & publication |                            |                      |                                 |
| <b>Benefits Realisation Reporting (BRP)</b> annually in Q2 to inform the Annual Performance Report | Updated BRP to MG         | Submission to Gov 15 <sup>th</sup> Dec |                          | Final presentation to MG                  | Presentation to JC & publication |                            |                      |                                 |
| <b>Annual Conversation</b> with Partnership & Governments  |                           | Annual Conversation preparation        |                          | 16 <sup>th</sup> February                 |                                  |                            |                      |                                 |
| <b>Grant Offer Letter 2024/25</b>  |                           |  |                          |   |                                  | 2024/25 Grant Offer Letter |                      |                                 |
| <b>Implementation Plan</b> annual update   |                           |  |                          |   |                                  |                            |                      | 30 <sup>th</sup> June           |
| <b>Statement of Compliance</b>   |                           |  |                          | Submission to Govs 26 <sup>th</sup> April |                                  |                            |                      |                                 |
| <b>Project Owner Events</b>  |                           |  | 29 <sup>th</sup> January |   |                                  |                            | Date TBC             |                                 |
| <b>PMO Networking Group</b> - Chair and secretariat provided by Tay Cities PMO                     | 30 <sup>th</sup> November |  | 17 <sup>th</sup> January | 22 <sup>nd</sup> February                 |                                  | 4 <sup>th</sup> April      | 16 <sup>th</sup> May |                                 |

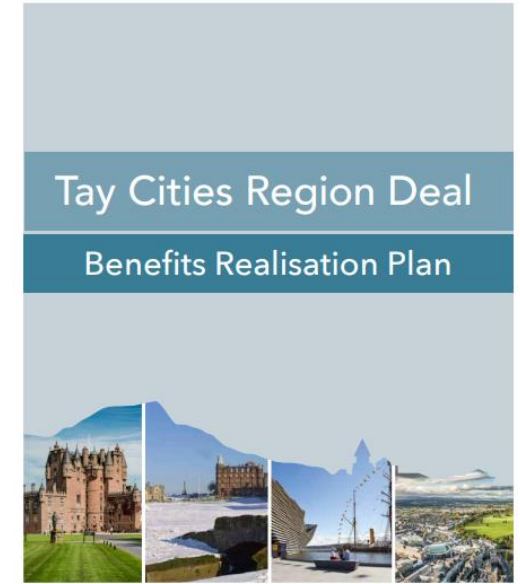
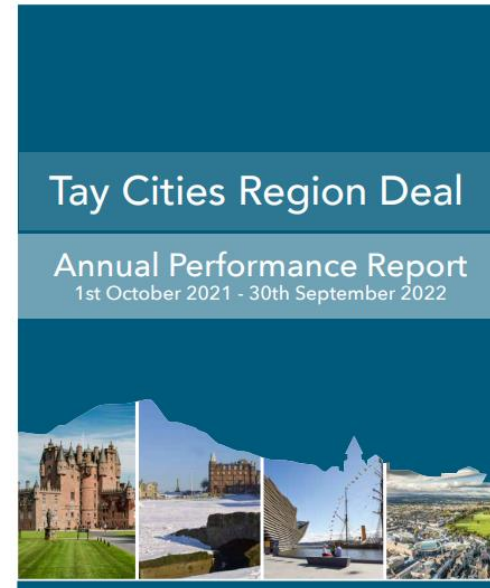


# Annual Report & Benefits Realisation Plan



# Annual Performance Report and Benefits Realisation Plan

- There is a commitment for the Partnership in the Grant Offer Letter to undertake both an **Annual Performance Report** and **Benefits Realisation Plan**
- Both documents **cover the reporting period of October 2022 to September 2023**
- The Partnership have a **commitment to submit a draft** of each document to both Governments **by the 15th December 2023**
- This **informs the Annual Conversation** with both Governments which is scheduled in February
- The **final versions** will be **presented to the Joint Committee in March** for their consideration and approval



# Delivery of the Deal

To date strong Partnership working has enabled the:

- Release of **£116m** of the Deal Funding,  
**39%** of commitment
- Securing of **£145m** investment,  
**36%** of commitment
- Creation of **1,712** jobs,  
**29%** of commitment
- Award of **£33.9m** Acceleration of capital



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# Key Issues, Challenges and Risks

- **The delivery of the Deal Programme and Commitments as a result of the impact of inflation** is 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



# Deal Programme - Impact of Inflation

## The delivery of the Deal Programme and Commitments as a result of the impact of inflation

- It is currently being managed through:
  - Project owners reviewing and managing their projects, including identifying mitigation approach's such as value engineering, securing new funding etc.
  - The review of the quarterly reporting and development of an Early Warning Notification approach.
  - The quarterly Assurances that are provided to the Partnership by the Project Owners and their Finance Director



# Deal Programme - Business Cases

## Business Cases not having secured Joint Committee approval ahead of the year of profiled drawdown

- A total of 9 named Projects at Deal signing have still to secure Business Case approval with **the value of £53m (capital)**
- A total of 10 Projects identified through the Fund and Programmes still have to secure Business Case approval with the **value of £47m (capital)**
- A further **£8m (capital)** and **£5.8m (revenue)** has still to be allocated to Projects from Programmes
- **A total £113.8m (38%)** has **still to secure Joint Committee approval** to enable the release of the funding





# Deal Programme - Acceleration

## Impact of Acceleration on the Capital Programme

- The Partnership have been **very successful to date in the delivery of the Capital Programme**
- They have **secured awarded acceleration of £33.9m**
- Where profiles have been accelerated within the Programme it leaves **funding that is not allocated to any Project**
- This has been reported as **both an opportunity and a challenge to the Partnership**



# Deal Programme - Revenue

## Developing and ensuring effective delivery of the Revenue Programme

- The Skills and Employability Revenue Programme has currently had **£86k released of a profiled £4.8m**
- There is currently **£4.63m confirmed underspend** which has been placed in Year 10.
- A total of **£5.8m is currently unallocated to any Project(s)** and requires a revised Programme OBC to be approved at Joint Committee



# Deal Programme - Resources

## Pressure on Partnership resources with potential to impact effective management and delivery of the Programme

- A number of Project Owners and Partners have informally indicated capacity and resource issues
- All have been asked to formally identify what they are and what the implications would be to the effective delivery of their Fund/ Programme/ Project
- The PMO has been operating on a reduced capacity since 2021 which was recognised in the recent Audit





# Future Delivery of the Deal Programme

- A **workshop** was held for the Partnership's Management and Finance Directors Groups **on the 29<sup>th</sup> November 2023**
- Part of the workshop focused on **how the Partners can ensure the effective delivery of the next part of the Deal**
- **Work is being developed** which will be **brought back to the Joint Committee later in 2024**





# Programme Risk Register



# Programme Risk Register

Last update: November 2023

| Risk  | Impact | Likelihood | Severity | Details  |
|---|--------|------------|----------|--|
| <b>Delays in development and approval of business cases</b> | 5      | 5          | 25       | <ul style="list-style-type: none"> <li>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.</li> <li>Delays to business cases are resulting in underspends being placed in Year 10 at the risk to the Programme/Fund/Project Owner.</li> <li>For revenue specifically, this places future funding availability at significant risk.</li> </ul>   |
| <b>Programme Management</b>                                 | 5      | 5          | 25       | <ul style="list-style-type: none"> <li>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.</li> <li>This is a risk to the Project but is also a significant risk to the Partnership in being able to manage the Deal Programme</li> <li>All Partners and their lead sponsors have an action to ensure they provide a realistic and deliverable programme to secure Joint Committee Approval</li> </ul>   |
| <b>Revenue Programme</b>                                    | 5      | 5          | 25       | <ul style="list-style-type: none"> <li>The revenue Programme for the Deal has limited flexibility as there is only the Skills and Employability Programme, TCEP and Dundee Airport Investment with revenue allocated to them. A total of £20m of the £21.2m revenue allocation is the Skills and Employability Programme.</li> <li>The Skills and Employability Programme was 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.</li> <li>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</li> </ul> |



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Last update: November 2023

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|--|--------|------------|----------|--|
| <b>Inflation and Increased Project Costs</b>   | 5      | 5          | 25       | <ul style="list-style-type: none"> <li>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.</li> <li>The Scottish Government carried out an exercise in early 2022 to understand supply chain exposures.</li> <li>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 Partnerships agreed Early Warning Notification approach and Change Control process.</li> </ul> |
| <b>PMO and Partnership resource and capacity issues</b>                                      | 5      | 4          | 20       | <ul style="list-style-type: none"> <li>Permanent positions for the PMO Team were agreed by the Partnership in December 2022. The Project Officer and Programme Co-Ordinator posts are both now recruited and in place.</li> <li>The Finance &amp; Monitoring Officer role has been offered and awaiting confirmation of a start date (expecting January 2024)</li> <li>The Tay Cities finance support is currently reduced and under review.</li> <li>Due to vacancies and resourcing pressures, there is currently reduced capacity within the PMO.</li> </ul>  |
| <b>Failure to deliver individual Fund/ Programmes and Projects within the TCRD programme</b> | 4      | 4          | 16       | <ul style="list-style-type: none"> <li>The delivery of revenue identified as significantly high risk for the Deal Programme. This is captured as a separate risk due to the severity.</li> <li>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.</li> </ul>   |



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