

Tay Cities Region Deal Joint Committee

PMO Update

28th March 2024



2023/24 Annual Conversation



Annual Conversation 2024

- The purpose of the **Annual Conversation** is for the UK & Scottish Governments' Scottish City Region and Growth Deal Delivery Board to engage with each Deal at senior official level, to celebrate success and discuss progress for both the **Deal** and **Regional Collaboration**
- The Annual Conversation is informed by the **Annual Performance Report** and the **Annual Benefits Realisation Plan**
- The meeting also presents an opportunity to reflect and work through any concerns that either the Regional Partners or Governments have about the implementation of the Programme and the ambitions for the Programme going forward
- The Tay Cities Region Deal **third** Annual Conversation was held on **Friday 16th February 2024** at the **James Hutton Institute**



Annual Conversation 2024

- The Partnership were represented by:
 - Chief Executive of the Accountable Body, Greg Colgan
 - Section 95 Officer, Robert Emmott
 - Barbara Renton, Ken Gourley, Management Group chair 23/24
 - Ken Gourley, representing the Management Group chair 24/25
 - HE/FE Forum, Colin Campbell
 - Regional / HoED, Gordon Mole
 - PMO Programme Manager, Mo Saunders

- The Partnership were complimented by both Governments on their on going ambition and drive and the progress that they have made in delivering their commitments.



Annual Conversation 2024

To date **strong Partnership** working has enabled the:

- **Release of £127.4m of the Deal Funding,**
42.3% of commitment
- **Securing of £145.8m investment,**
36.5% of commitment
- **Creation of 1,411 jobs,**
23.5% of commitment

Achieved through **Partnership collaboration**
ambition and drive



Annual Conversation 2024



Governments:

- **Commended the Partnership for their progress** with delivery (both the release of funding, as well as investment secured, and jobs created)
- Indicated that they were **pleased to see the work being undertaken with regards to assurance of delivery** of the overall Programme
- Indicated that they **remain open and flexible to any proposals from the Partnership around effective delivery** of the Deal
- **Welcomed the refresh of the Regional Economic Strategy**



Deal Programme



Key:
Grant Offer Letter Requirements
Operational Activity

Deal Programme Timetable

Activity	Feb 2024	Mar 2024 Joint Committee	Apr 2024	May 2024	June 2024 Joint Committee
Annual Conversation with Partnership & Governments	16 th February				
Annual Performance Report & Benefits Realisation Plan		Presentation to JC & publication			
Grant Offer Letter 2024/25			2024/25 Grant Offer Letter		
Implementation Plan annual update			Preparation by PMO		30 th June submission to Governments
Project Owner Events				Date TBC	
PMO Networking Group - Chair and secretariat provided by TCRDPMO	22 nd February		4 th April	16 th May	




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

- For a full list of capital business cases with Joint Committee pre-March 2023, please view this additional slide






Microsoft
PowerPoint Presentati



Revenue Business Cases with Joint Committee Approval



Latest BJC/FBC approved by Joint Committee

Programme / Fund / Project Reference and Name	Approved by Govts	Approval by Joint Committee
TCD002 Dundee Airport Investment (Revenue) (1)	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
TCD002 Dundee Airport Investment (Revenue) (2)	06/03/2024	23/10/2023
TCD024(b) Digital Skills 	03/11/2022	09/12/2022
TCD024(c) Life Sciences: Biotechnology and Medical Technology 	20/11/2023	08/12/2023
TCD024(d) Supporting SME Skills 	12/10/2023	08/12/2023



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 have approved an Outline Business Case (OBC).
- There have been no OBCs approved by the Management Group since the December 2023 Joint Committee.



Delivery of the Deal



2023/24 Year 4 Capital Programme



23/24 Capital Programme Year End Forecast

- The capital profile for 2023/24 is **£42.57m**.
- This includes the **£13m acceleration** awarded by the Scottish Government in spring 2023.
- It is the highest capital Programme allocation of any Scottish Deal this year 2023/24.
- Subject to no further underspends being declared, the 23/24 Capital Programme Year end forecast has the potential to end **delivery at £42.57m**
- This is **100% of the awarded funding**.



2023/24 Year 4 Revenue Programme



23/24 Revenue Programme Year End Forecast

- The revenue profile awarded at Deal Signing for 2023/24 was **£2.43m** for both the Regional Skills & Employability Development Programme and Tay Cities Engineering Partnership (TCEP)
- In May, there was a confirmed **underspend of £828k against the Skills Programme** which informed the Grant Offer Letter. Therefore, the revenue programme this year had a value of **£1.602m**.
- Subject to no further underspends being declared and confirmation of all claims at year end, the 23/24 revenue programme has the potential to end **delivery against the Grant Offer Letter value at £1.151*m**. This is **72% of the awarded revenue funding**
- Against the value awarded at Deal Signing the Revenue Programme is forecast to **deliver 47% of the allocation** with a **full underspend of £1.279m**

*This includes the approved transfer of £305k capital to revenue for Dundee Airport Investment



2024/25 Year 5



Year 5 Profile

Grant Offer Letter 2024/25

- The Scottish Government have asked that Partnership **provide assurance on all Projects which are programmed to drawdown in 2024/25 ahead of the Grant Offer Letter being awarded.**
- The assurance should include the Partnership's confirmation that a **business case can be secured within the timescales to enable drawdown of a Project's allocation in 2024/25.**
- This approach is similar to that sought for the revenue allocation in 2023/24 for the Skills Programme.
- It is now being requested for both **Capital and Revenue.**



Capital



Year 5 - Capital Programme Profile

- The capital allocation for 24/25 is **£29.564m**.
- There is known **unallocated funding of £5.746m** as a result of **acceleration of the Deal Programme**
- Projects /Programmes with an allocation of **£10.746m in 24/25** have **confirmed an underspend against awarded profile**
- This leaves an allocation of **£13.072m that could be drawn down in 24/25**. Taking account of the **transfer of £763k capital to revenue for Dundee Airport Investment**, this value is reduced to **£12.309m**.



Year 5 - Capital Projects Confirming no Spend

- **Six Projects** have confirmed that they will not be in a position to draw down against their allocation in 24/25. This totals **£10.746m** which will not be drawn down in 24/25.

Project	Current Agreed Allocation for Year 5 £000	Comment
Aviation Academy for Scotland	1,779	Project have confirmed no drawdown in Year 5
Angus Fund - CASI	3,144	Project have confirmed no drawdown in Year 5
Angus Fund – Zero Four	1,107	Project have confirmed no drawdown in Year 5
Perth Innovation Highway	999	Project have confirmed no drawdown in Year 5
Regional Culture & Tourism – Discovery Point	1,600	Project has confirmed no drawdown in Year 5
Dundee Airport Investment	2,117	Programme Owner has confirmed no capital drawdown in Year 5. The capital allocation at Deal signing was £2.88m and this has been reduced through an approved change request to Governments to change £763k of capital to revenue in 24/25
Total	10.746	Note that the original figure at Deal signing was £11.509m. This was before Scottish Government agreement to transfer £763k capital to revenue for the Dundee Airport Investment Project

Previous Capital Underspend

- In the first four years of the Deal, there has been capital underspend declared by Projects to a total value of **£30.979m**
- To date the Partnership has been able to manage this by Projects being able to draw down additional funding
- From 24/25, there will be limited opportunities for the Partnership to manage the Deal Programme in this way

Deal Year	Value of Capital Allocation £000	Value of Capital Underspends Declared £000
Y1 2020/21	22,359	2,239
Y2 2021/22	40,832	6,633
Y3 2022/23	37,320	13,052
Y4 2023/24	42,570	9,055
Total	143,081*	30,979 (21.7%)

- Total allocation for capital includes acceleration received from Scottish Government



Year 5 Capital 'Ask' to Government

- There is **high confidence** that **£13.065m** can be drawn down:
 - Profiled Projects with a 24/25 allocation considered high confidence for delivery - **£7.823m**
 - Projects with approved Joint Committee Business Cases indicating spend over their allocation with a high confidence of delivery - **£5.242m**
- There is the potential for an additional **£2m** to be drawn down with high confidence from the Angus Rural Mobility Hub Project (subject to Joint Committee approval).
- The recommendation, subject to year 4 end changes, is that the Partnership make a request to Scottish Government for a capital allocation of **£13.065m**.
- This is **£16.499m lower than the current agreed profile**



Year 5 Capital 'Ask' to Government

- Management Group have confirmed that they agree with the Finance Directors Group recommendation to make a request to Scottish Govt for a **capital allocation of £13.065m**
- The Partnership have currently been awarded and released the **acceleration of £33.9m Capital**.
- This is the first year that the Partnership will be **requesting a reduction** in its annual Capital award.
- Both Governments and the Partnership **remain committed to delivering the full £300m investment** over the term of the Deal.



Revenue



Year 5 – Revenue

- The revenue allocation for **24/25** is **£2.537m**.
- There has been an approved change request to transfer **£0.458m** capital to revenue funding for the Dundee Airport Investment Project
- The current agreed allocation for **revenue in 24/25** is **therefore £2.995m**



Year 5 Profiled Revenue Projects Confirming no Spend

- No Revenue Projects are confirming an underspend
- All Revenue Projects with an approved business case and/or allocation have indicated they will drawdown their allocation in 24/25
- There is currently **£484k Phase 2 funding** within the **Regional Skills and Employability Development Programme** for 24/25 which has still to secure approval
- The **proposed profile and 'Asks'** for the Regional Skills and Employability Development Programme have been **provided by the Skills Programme Manager**



Previous Revenue Underspend

- In the first four years of the Deal, there has been an underspend declared in the Revenue Programme to a total value of **£5.05m**

Deal Year	Value of Revenue Allocation £000	Value of Revenue Underspends Declared £000
Year 1 2020/21	300	0
Year 2 2021/22	1,650	1,289
Year 3 2022/23	2,415	2,280
Year 4 2023/24	2,430	1,485
Total	6,795	5,054 (74.4%)



Year 5 Revenue 'Ask' to Government

- There is **high confidence that £2.376m can be drawdown;**
 - Profiled Projects with a 24/25 allocation considered high confidence for delivery - **£2.19m**
 - Projects with approved Joint Committee Business Cases indicating spend over their allocation with a high confidence of delivery - **£186k**
- The recommendation, subject to year 4 end changes, is that the Partnership make a request to Scottish Government for a revenue allocation of **£2.376m.**
- This is **£619k lower than the current agreed profile**
- Management Group have confirmed that they agree with the Finance Directors Group recommendation to make a request to Scottish Govt for a **24/25 revenue allocation of £2.376m.**



Programme Risk Register



Programme Risk Register

Last update: February 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. This is being considered as part of the Deal Programme review
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 This is being considered as part of the Deal Programme review
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 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. 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. 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 This is being considered as part of the Deal Programme review

Programme Risk Register

Last update: February 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 Partnerships agreed Early Warning Notification approach and Change Control process.This is being considered as part of the Deal Programme review
PMO and Partnership resource and capacity issues	5	4	20	<ul style="list-style-type: none">Permanent positions for the PMO Team were agreed by the Partnership in December 2022. The Project Officer, Programme Co-Ordinator and Finance & Monitoring Officer posts are now recruited and in place.The Tay Cities finance support is currently reduced and under review.Due to vacancies and resourcing pressures to date, there is currently reduced capacity within the PMO and there will be a period of onboarding of new team members.This is being considered as part of the Deal Programme review
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.This is being considered as part of the Deal Programme review

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