



**High Risk
Monitoring
Protocol**

High Risk Monitoring Protocol

High risk projects are reported to the Investment Committee through the High Risk Projects Report, including details of the basis for risk assessment calculation. High risk projects are so deemed if their aggregate risk rating is either RED or RED/AMBER, as determined through the use of the MHCLG risk assessment system.

When a project reaches this status the Investment Committee will be invited to formally agree actions and recommendations. The Committee can take a range of actions in such situations: Either:

1. Decide that project can proceed under close monitoring.
2. Agree a 'watch and wait' period based upon suitable delivery body assurances.
3. Write to Government requesting an extension of time for draw down of funding and then choose either action 1, 2 or 4.
4. Recommend to the Board to withdraw and re-allocate funding to other SEP priority projects.

In relation to action four above, the Chair of the Investment Committee will notify the Chairman and all Board members in writing when a project reaches this stage, seeking Board approval to proceed. Board members will have fourteen days to scrutinise the evidence which has been gathered by Investment Committee to support this recommendation. Consent will be sought from Board members in writing prior to proceeding to implement this decision.

Before deciding to take any of the above actions the Investment Committee will gain sufficient evidence to be able to confidently answer three 'key' lines of enquiry (KLOEs) questions, which are detailed within the decision making protocol below. In order to answer these questions the Investment Committee may choose to:

1. Decide that it has sufficient information to answer the KLOEs and take a decision.
2. Commission a 'deep dive' working group to report back.

The results of (2) above would then be reported back to the Investment Committee to allow one of the four actions listed earlier to be agreed.

The Coast to Capital Investment team will always work with delivery bodies to assist them to reduce project risks and to continue to support approved schemes, through providing any assistance. However, where such assistance cannot be confirmed, Coast to Capital has a duty to deliver value for money, approved outputs and overall programme expenditure in accordance with its commitment to Government.

Where projects are at risk of undermining this duty, Coast to Capital's risk assessment ratings will trigger the Investment Committee to examine what steps can be taken to assist delivery bodies to bring projects back on track. However, in the event that this cannot be achieved and the Investment Committee determines that the 'key' lines of enquiry below cannot be satisfied, it will recommend to the Board withdrawal of funding from projects and re-allocate it in accordance with the latest Strategic Economic Plan priorities.

'Deep dive' working groups will specifically focus on what assistance Coast to Capital can give to reduce project risk ratings and this may include recommendations that the Investment Committee write formally to Government to request specific dispensations to allow projects to continue. Where such assistance cannot be confirmed and all options have been exhausted to remediate the 'key' lines of enquiry detailed below, the Investment Committee may recommend to the Board to withdraw funding on projects. The decision making protocol below outlines the steps that the Coast to Capital will follow when projects are risk rated RED or RED/AMBER.

Prior to any decision to recommend withdrawal of funding on a project, the delivery body concerned will be invited to make representation to the Investment Committee.

In relation to funding withdrawal, the Board has the ultimate authority to take any decision that it wishes in relation to high risk projects.

**High Risk, Local Growth Fund Projects, Decision Making Protocol –
Applies to all Projects with or without Business Cases.**

Investment Committee undertakes initial review of RED and RED/AMBER rated projects based upon the quarterly Local Growth Fund High Risk projects report with accompanying detail.

Investment Committee then follows the below listed 'key' lines of enquiry.



The Investment Committee may choose to establish a specific 'deep dive' project working group to enable it to be informed sufficiently to make a decision, if it feels that it does not initially have sufficient information to answer the 'key' lines of enquiry detailed below.

INVESTMENT COMMITTEE or 'DEEP DIVE' REVIEW GROUP ESTABLISHES ANSWERS TO THE FOLLOWING 'KEY' LINES OF ENQUIRY AS RELEVANT:

KLOE. Question 1 (For Approved Projects without Business Cases):

Will, in the view of the Investment Committee or 'deep dive' review group, the Business Case for the project be forthcoming for approval, allowing sufficient subsequent time for the project to draw down funding before March 2021?

YES – Investment Committee decides project can proceed under close monitoring with suitable delivery body assurances. Investment Committee may choose to 'watch & wait' with further report back.

No – Investment Committee recommends to the Board to withdraw and re-allocate funding to other projects in accordance with SEP priorities.

NB. Prior to taking the above decision, the Investment Committee may choose to write to Government requesting carry forward of funding beyond 2021. If Government agree this, funding will not be withdrawn and the project will be closely monitored and continue. If Government do not agree – funding will be withdrawn.

KLOE. QUESTION 2:

Are the project outputs and/or value for money expected to be materially different in a negative direction from those stated within the original Strategic Economic Plan, Business Case or funding application?

No – Investment Committee decides project can proceed under close monitoring with suitable delivery body assurances. Investment Committee may choose to 'watch & wait' with further report back.

Yes – Investment Committee recommends to the Board to withdraw and re-allocate funding to other projects in accordance with SEP priorities.

KLOE. QUESTION 3:

Is the project expenditure draw down profile deemed to be highly likely to drift into the next spending period even if flexibility funding has been provided?

Yes – Specific dispensation from Government will be sought and if this cannot be obtained and remediation applied to draw down funding, the Investment Committee will recommend to the Board to withdraw funding or part funding.

No – Investment Committee decides project can proceed under close monitoring with suitable delivery body assurances. Investment Committee may choose to 'watch & wait' with further report back.

If at any stage the Investment Committee are unable to agree a conclusion on any of the above KLOEs they will defer decision making to a forthcoming meeting.

