

Growth Deal Change Control and Delegated Authority Processes

1. Change Control Definition

Change control is the process through which all requests to change a project baseline are captured, evaluated and then approved, rejected or deferred.

2. The Change Control Process

Change control is deployed to enable changes that deviate beyond the tolerance boundaries that have been set, to be agreed by the relevant authority. A clear audit trail must be put in place to ensure that the reason for the change from the baseline is transparent.

The following are instances that would trigger change control / a request for change:

1. A proposal to accelerate funding from a subsequent financial year into the current financial year (when the value of a project exceeds the agreed tolerance);
2. A proposal to passport funding from the current financial year into the subsequent financial year/s when the value exceeds the agreed tolerance;
3. Increases to a Grant Award;
4. Scope creep / change in scope from the baseline. This can sometimes result in changes to costs and outputs; and
5. When the outputs agreed to be delivered by a project change.

Change Control is the process. The 'Request for Change' form is the documentation used to request the actual change which will result in a change request.

The project manager will use the 'Request for Change' form to document the request and submit this to the Programme Management Office (PMO). The formal change request should be anticipated following the fortnightly project status updates to the PMO via the online reporting tool, Verto.

Depending on the nature of the request it may be subject to technical appraisal using the BC LEP's professional property/technical advisors (i.e. if changes to property / land elements of scope). The Change Request, and any technical recommendations (if applicable), will be considered by the Funding Sub Group. The Funding Sub Group will make a recommendation to proceed / not to proceed to the main LEP Board at the next available BC LEP Board meeting.

The applicant will be informed of the outcome of the LEP Board decision via the agreed protocols.

The bid will then be subject to endorsement by the Heads of Regeneration Working Group and the Advisory Board. If both these groups endorse / make a recommendation to proceed, the bid will then be considered by the Black Country Joint Committee (BCJC).

The applicant will be informed of the outcome of the Joint Committee decision via the agreed protocols.

Version	Date	Created by	Approval & date	Protection	Page Number
1.1	18/10/2018	BCC ltd	BCJC January 2019	Not Protectively Marked	1

3. Tolerances

A Request for Change must be submitted to the LEP Board and Joint Committee for approval (via the PMO) when the following thresholds are passed:

- Cashflow accelerated into current year by >10% of total project value or > an increase of £300,000
- Cashflow slipped into subsequent years by > 10% of total project value or by greater than £300,000
- Outputs decrease by 10% (core outputs) or 30% (additional outputs)
- There is addition or omission from scope

4. Reforecasting

It's very rare that a project will be executed exactly to plan. Changes to original cost estimates, issues uncovered causing delays, or other variables may have been introduced. Any one of these situations will cause a deviation from a project's original estimate (the baseline). When deviations from the baseline occur the Project Manager will reforecast, or re-estimate the project, delivery plan, spend profile, outputs, risk and issues etc. This is an iterative process, forecasts are continually refined throughout the project lifecycle.

There are two instances when a reforecast would mandate a change request:

1. At the end of the financial year when a spend forecast exceeds agreed tolerances, i.e. when approval is required to increase the grant value for draw down in current year or amend the grant value to be slipped into the following year, when that value is higher than the agreed tolerances or financial value; and
2. When the outputs agreed to be delivered by the project fall below the agreed tolerances (TBC).

This process is also known as Management by Exception, i.e. should any proposed change deviate beyond agreed tolerance boundaries for a project, the LEP Board and Joint Committee must be involved in the decision on whether to implement or not.

5. Management by Exception

Under the Management by Exception rule, the LEP Board only take decisions on high impact deviations from planned results. This frees the Board to focus on strategic activities. Instead the authority to take a decision on the Board's behalf is delegated.

6. Additional Funding

It is to be noted that a request for additional funding in response to an increase to costs by any amount will be processed via an Additional Funding Request form (provided by the PMO) and will need to be approved by the LEP Board and Joint Committee via the normal channels (outlined in section 2 above).

Version	Date	Created by	Approval & date	Protection	Page Number
1.1	18/10/2018	BCC ltd	BCJC January 2019	Not Protectively Marked	2

7. Delegated Authority

Within pre-determined conditions project change requests can be approved via delegated authority. The different instances of delegated authority are detailed below in sections 8 to 11.

8. BC LEP Board - Delegated Authority Change Control

The BC LEP has delegated authority to the SEP Delivery Director to:

- Deploy a Change Control process with clearly stated range of Project Tolerances, at 10% maximum of the total value of in year grant, applied to in-flight projects, approved by LEP Board.

All decisions undertaken under this delegated authority are reported by the SEP Delivery Director to the next available Funding Sub Group Meeting. The Chair of the Funding Sub Group will then report the decision at the next available BC LEP Board meeting, which is then recorded in the minutes of that meeting (published on the BC LEP website <http://www.blackcountrylep.co.uk/about-us/our-board/lep-board-meetings/>).

It is at the discretion of the SEP Delivery Director if and when delegated authority is deployed.

9. BCJC - Delegated Authority Change Control

The Joint Committee has delegated authority to the Chair of the BCJC's Working Group to:

- Deploy a Change Control process to approve changes of plus/minus 10% of individual project value e.g. if a project total is £2m, up to £200k of changes can be agreed in the current financial year under delegated authority; and
- Deploy a Change Control process whereby overall changes can be approved up to a total of 10% of the LGF Grant for that year – e.g. in 2017/18, this is £2.83m.

However there are financial thresholds applied to decisions taken under delegated authority:

- **Mid-year** – changes can only be approved under DA up to 10% of total project value or up to a value of £300,000; and
- **Year-end** – changes can be approved under DA up to 15% of total project value or up to a value of £500,000.

Change Control decisions taken under DA must be made in consultation with the Chief Executive BCC and the Sponsoring WG member.

10. Delegated Authority – Changes Control Scenarios

There are four types of Change:

- I. **A Change of greater than 10% of total project value or greater than £300,000** - must be reported to the LEP Board and Joint Committee for approval via a formal Change Request form submitted to the PMO.

Version	Date	Created by	Approval & date	Protection	Page Number
1.1	18/10/2018	BCC Ltd	BCJC January 2019	Not Protectively Marked	3

- II. **A Change within 5 - 10% of total project value up to £300,000** – will be approved under Delegated Authority and reported to the Joint Committee only as a Delegated Authority Decision for Noting. This decision by the chair of the Working Group is requested via the ‘Request for Use of Delegated Authority’ proforma. The form will be amended to include a running tally of the value of schemes approved under DA to date (both Changes and New Projects) in the current financial year to support the chair in his decision.
- III. **A Change of up to 15% of total project value up to £500,000 (end of the financial year only)** - will be approved under Delegated Authority and reported to the Joint Committee only as a Delegated Authority Decision for Noting. This decision by the Chair of the Working Group is requested via the ‘Request for Use of Delegated Authority’ proforma. The form will be amended to include a running tally of the value of schemes approved under DA to date in the current financial year to support the Chair in his decision.
- Increasing year end cashflow tolerances to 15% of total project allocation, will make management of cashflow changes far easier and prevent delays to the Accountable Body in paying claims at year end; and
 - Consultation for these decisions will be with the Section 151 Officer at the Accountable Body, the Chief Executive BCC, the Chair of the BCJC and the Sponsoring Working Group member.
- IV. **A Change less than 5% of total project value** – this is considered a reforecast and will not require formal approval until year end when the projected year-end claim value is confirmed (usually at the June Joint Committee). A mid-year report to the Joint Committee Chair may also be considered.

It is to be noted that a summary report on all changes at year end will be brought to the Joint Committee each June.

11. BCJC - Delegated Authority New Projects

It is to be noted that the Joint Committee has delegated authority to the Chair of the BCJC’s Working Group to approve new projects:

- Whereby the grant funding to be approved is within 10% of the total delegated authority award for a given financial year, e.g. in 2017/18, this is £283,000 per project.

Decisions to award grant to new projects taken under DA must be made in consultation with the BCJC Chair, Chief Executive BCC, Section 151 Officer and the Sponsoring WG member.

Version	Date	Created by	Approval & date	Protection	Page Number
1.1	18/10/2018	BCC Ltd	BCJC January 2019	Not Protectively Marked	4