

Project Change Request Form

This document should be used to seek approval to change one or more of the agreed parameters of the project e.g. budget, deadlines.

It can also be used for changes that have already happened or that are already within planned work that will mean the project falls outside of the agreed tolerances ("slippage"). For example, if additional or reduced finances is required, a change request should be completed.

The Change Request will be considered in line with the agreed parameters and delegations and may need to be referred to the Combined Authority Board, depending on the level of change being requested. The change should not be implemented until Project Board/CPCA approval is obtained.

Please ensure a copy Project Change Request form is saved down in the project folder on SharePoint and that changes are recorded on the project highlight reports.

Details of change request	
Project Name	Date of change request
Business Growth Service	09 February 2021
Project Manager	Project Director
Alan Downton, Interim Programme Manager	John T Hill Director of Business & Skills
Background	
<p>The issue for consideration is whether the Business Board wish to proceed with its investment of £5.4m of LFG equity, £9.5m of recycled growth funding, £997kof Enterprise Zone receipts and £2.0m of LGF grants, in advance of confirmation of whether the ERDF inward investment funding will be approved. This would involve agreeing to proceed on the assumption that the ERDF inward investment funding will not be forthcoming, and the project scope reduced accordingly.</p> <p>Of the not yet confirmed ERDF funding £1,815,305 is for the inward investment service and £135,600 top sliced for part-funding 2 FTE Growth Co staff. Both these lines of funding would be lost if the funding were not to be approved.</p> <p>The situation is urgent in that the Growth Service provider wishes to proceed to execute the main contracts for the Business Growth Service as soon as possible and requires certainty as to whether the ERDF inward investment funding is to be part of the contract. They are open to the option of the ERDF element of the inward investment funding being removed from the contractual documents at this time with the option of a change control process being used to add the funding back in to the contract if approval is ultimately forthcoming.</p> <p>This would mean reducing the inward investment workstream budget from c.£4m to c£1.66m.</p> <p>While it is now considered highly likely that the ERDF inward investment funding in question will not be approved, this is not yet certain; if it is successful the Business Growth Service will scale up its inward investment service to the original specification.</p>	
Reason for change	
<p>The Full Application for £1.9m of European Regional Development Fund (ERDF) to part-fund the BGS Inward Investment Service was submitted to MHCLG on 17th March 2020. From April 20 to August 20, the CPCA went out to market to procure a delivery partner to deliver the Business Growth Service and this went through the OJEU process. The proposal underwent an appraisal as</p>	



part of MHCLG's usual compliance process. On 22nd September 2020 we were advised that the appraisal was complete but that MHCLG had decided to undertake a compliance review of the CPCA's procurement process for the Business Growth Service. During the SSQ (Standard Selection Questionnaire) stage of the process, one potential candidate encountered a technical issue with the procurement portal and were unable to submit their response by the deadline. The potential bidder raised the issue with the CPCA and the portal provider. In response the CPCA fully investigated the issue, took both internal and external legal advice, and allowed an extension so that the SSQ stage response could be submitted. To ensure a level playing field, the extension period was notified to all potential candidates. The CPCA provided a full set of procurement documents to MHCLG in September 2020 and have subsequently provided additional evidence on the specific technical issue at SQ stage and our response. This has been backed up by internal and external legal advice.

MHCLG have raised a concern relating to the evidence that a technical fault occurred. The CPCA have now carried out a further investigation and provided them with a report and additional evidence of the sequence of events and the CPCA's response. This further response was submitted to MHCLG on 1st February 2021 and an urgent decision requested. MHCLG agree that the CPCA acted in good faith but have a concern that a future audit of the process may raise the issue again. The risk to MHCLG is that the independent Audit Authority may take the view that the issue compromised the procurement process which would lead to identification of a financial irregularity and possible claw back of funds. This would contribute the Programme error rate. The CPCA's position is that the strong evidence supplied mitigates this risk and provides the basis for satisfying any future audit process. A decision is awaited from MHCLG, but no deadline has been given for when the decision will be made.

The CPCA has considered the option of continuing to pause the project until the ERDF inward investment bid is formally rejected or accepted. This would add further delay to the commencement of the BGS service which was due to be launched in October 2020 and has been delayed since September 2020 due to the procurement issue.

The CPCA is considering its options for addressing the potential shortfall in ERDF funding, but none are available at the present time.

All agreed changes to scope, outcomes and financial parameters will be recorded in the CPCA's PMO function

Other options considered

The pre-condition is applied and the contract for delivery of the Service is delayed until confirmation of ERDF inward investment funding.

This is not a viable option, as no deadline has been provided for confirmation or refusal of the ERDF funding. This would result in additional delay to the delivery of the Service which was due to be launched in October 2020.

Withdraw the Business Growth Service

Withdrawing the Business Growth Service would significantly impact the CPCA's ability to deliver against it's Local Industrial Strategy and would result in the loss of two other EU grants and significant leveraged private sector funding for investment and business coaching in the Combined Authority area.

Costs of implementing the change

Approving the change request does not have any direct financial implications for the Business Board, as the funding requested has not changed, however the cost effectiveness of the Business





Board's investment will be reduced due to the inward investment activities being reduced in line with a smaller overall budget.

The expected result is a reduction of 683 in the number of jobs forecast to be achieved by the inward investment service, this is 58% of the total jobs forecast for this area of the project and reduced the overall jobs outcome from 5,961 to 5,278.

Risk of implementing the change

There are no specific risks associated with implementing the change, rather this would mitigate risks associated with continued delay to the mobilisation of the project. In particular it would allow for delivery to begin, reducing the risk of other time-limited grant funds not being fully spent.

Decisions/approval for change

Business Board decision

Name of Director:	
Decision:	
Date of Decision:	