



REPORT TO THE GROWING MID WALES BOARD

19th April 2024

TITLE:	Project Substitution and Pipeline
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1 Purpose of the Report

- 1.1 To appraise the Growing Mid Wales Board of considerations with regard to Portfolio Change Management Protocol and in particular the process for Project Substitution from a Pipeline, should the need arise, following endorsement by the Portfolio Delivery Board March 2024.

2 Decision(s) Sought

- 2.1 To approve the Portfolio Change Management Protocol and in particular the process for the Closure of Projects and Project Substitution (from a Pipeline).

3 Background and Relevant Considerations

- 3.1 The Strategic Portfolio Business Case (SPBC) confirms the intended scope of the Mid Wales Growth Deal and its projects.
- 3.2 The Portfolio Management Office (PoMO) continue to develop operational protocols for the delivery of the Growth Deal to meet live needs. These now include proposals for managing project change, however this occurs and to the extent that the Growth Deal holds an interest in such change.
- 3.3 The PoMO have also considered what actions could be taken should a project ultimately fail and the options for remedy that might exist in this circumstance.

4 The Portfolio Change Management Protocol

- 4.1 The proposed Portfolio Change Management Protocol is set out in the Flowchart attached at **Appendix A**.
- 4.2 The Protocol proposes a stepped approach to the promotion, evaluation and consideration of any Change Requests. It will be for the proposing Project Sponsor to undertake all necessary activities to evaluate and justify any Change Request. The Protocol allows for project, programme and portfolio governance to address such changes, subject to progressively increasing tolerances, or delegated authority.
- 4.3 The Change Criteria set out in **Table 1** on the following page will be applied to each Change Request to establish a RAG rating which will in turn determine which governance group should initially deal with it. In any case, a lower governance group may refer the change to an upper governance group for decision, if desired.
- 4.4 Should the Change Request/Issue require escalation to GMW Board, Project

Closure may be instructed under certain circumstances.

Table 1 – RAG Rating Methodology and Governance Group Tolerances

Change Criteria	Very Low (in tolerance)	Low	Medium	High
	Project Board	Programme Board	Portfolio Delivery Board	GMW Board
Total Project Cost or Finance Increase (value of each change up to a maximum aggregate % variance as stated)	<£0.1m max <5%variance	£0.1-0.5m max 5-10% variance	£0.5-1.0m max 10-30% variance	>£1.0m max >30% variance
Increase in Growth Deal financial 'ask'				any variance
Delay to Delivery / Milestones	<2months	2-6months	6months to 1 year	>1 year
Product Quality - including Scope and Risk – viewed against Design Strategy & Risk Register	Minor non-compliance/s or Risk value <0.5m	Minor non-compliance/s or Risk value £0.5-1.0m	Notable non-compliance/s or Risk value £1-4m	Major non-compliance/s or Risk value >£4m
Variance to Benefits	<5% variance	5-10% variance	10-30% variance	>30% variance
Investment Objectives affected (GVA, jobs or inward investment)				Any variation
SOC or OBC assessments fail to determine a successful Project recommendation				Where a RED overall rating is identified for an assessment
Project Failure to cooperate and observe due process				Repeated transgressions
Project Failure (identified at a Gateway Review)				Where RED DCA occurs

5 Closure of Projects and Project Substitution

- 5.1 This category of change will apply during the Project Development Phase only.
- 5.2 **Appendix B** sets out the parameter by which projects that ultimately fail might be formally closed, how such issues might be identified, how 'non-viability' will be assessed, where that decision will be made and what options and actions will be considered to determine a suitable project substitution into the Portfolio, should this be desired.
- 5.3 This appendix also details the current *Project Pipeline* (of potential candidate replacement schemes).
- 5.4 **Project substitution will only be initiated once an annual SPBC review has been completed.**

5.5 The attendant *Project Change Flowchart* details the proposed project substitution process, including how the Project Pipeline could be expanded as part of this, should the need arise.

6 Decision(s) Sought

6.1 That Growing Mid Wales Board approves the Portfolio Change Management Protocol and in particular the process for the Closure of Projects and Project Substitution (from a Pipeline).

7 Legal Implications

7.1 None anticipated at this stage. Project Sponsors may wish to challenge a GMW Board decision to instruct project closure.

8 Human Resources Implications

8.1 None envisaged.

9 Financial Implications

9.1 None anticipated at this stage. Project Sponsors may have incurred eligible development costs up to the point of project closure. Liability for such costs needs to be considered.

10 Appendices

- Appendix A - Portfolio Change Management Protocol – Project Change Flowchart
- Appendix B - Closure of Projects and Project Substitution Parameters (including sub-appendices)