

POLICY FOR THE APPRAISAL AND APPROVAL OF CAPITAL AND INVESTMENT PROJECTS

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1 Introduction

1.1 Purpose

The purpose of this policy is to ensure that investment decisions regarding Capital and Investment Projects are assessed and approved in a transparent, efficient, and cost-effective manner, while aligning with the strategic objectives and financial capabilities of the University of Limerick (the "**University**").

The Higher Education Act 2022 assigns responsibility to the Governing Authority to approve expenditure for major capital and investment projects.

This policy sets out protocols for the assessment and approval of Capital and Investment Projects. This policy does not apply to the acquisition (including long term leasing) of new property, buildings, land or infrastructure, which is covered by the **Policy for the Acquisition (Including Long Term Leasing) of Property**.

This policy has been drafted in line with the State's Infrastructure Guidelines and sector specific guidance for the Further and Higher Education sector. The Infrastructure Guidelines are a set of financial rules and procedures governing capital investment. The Guidelines aim to ensure that Irish public bodies adhere to their obligations, to treat public funds with care and ensure the best value for money is obtained when public money is invested in public capital infrastructure.

The Infrastructure Guidelines specify a five stage process in the life cycle of a project. Stages one to three relate to approval and appraisal and once a project is approved the fourth and fifth stage are implementation and post completion review. This Policy deals with appraisal and approval which are stages 1 to 3. A separate procedure called University Management of Capital Projects Procedure sets out the requirements to be complied with for stages four and five. These stages do not involve any approvals.

This policy must be read in conjunction with the University's Contract Signing policy which outlines the delegated contract signing authorities for various individuals and committees.

1.2 Scope

1.2.1 *To whom does the policy apply?*

This policy applies to all members of the governing authority, employees, schools, divisions, departments, units and subsidiaries of the University.

1.2.2 *In what situations does the policy apply?*

This policy applies in every instance where a Capital or Investment Project is proposed to be developed by the University or a Subsidiary where the project is in receipt of State Capital Funding, or has an expected cost of more than €5,404,000

1.3 Definitions

Please see **Section 2** for a listing of the definitions used in this policy.

2 Definitions used in this policy document

For the purposes of this policy the below definitions apply.

Term	Definition
Capital Project	A Capital Project is a **Large-scale** investment in physical infrastructure used over a long term, such as constructing new buildings or significantly renovating existing ones, aimed at enhancing facilities for teaching, research, and growth. These projects create or improve tangible assets, providing benefits for many years and involve complex planning, financing, and execution.
Investment Project	An investment project is a **Large-scale** investment in technology, curriculum or organisational change, such as implementation of a software system, purchase of course material, academic partnership/joint venture, or organisational and procedural restructuring. These projects have a material impact on the operations of the University and involve significant amounts of employee time, external consultancy and/or software licensing; however, they may not result in the creation of a tangible asset.
Large-scale	**Large-scale** is defined as costing more than the Official Journal of the European Union (OJEU) threshold for public works contracts currently €5,404,000. Projects, costing less than €5,404,000, should be clearly documented in the Annual Budget process. The Annual Budget is reviewed by the Governing Authority Finance, Strategy and Performance Committee and approved by Governing Authority. In the event that a new project costing more than €1,000,000 and less than €5,404,000 is proposed, which has not been explicitly identified in the Annual Budget, the project must be approved by the Governing Authority under the Matters Reserved for Governing Authority i.e. the project can proceed on the basis of approval by EC, GA FSPC and GA and does not require a preliminary, detailed and final business case. Examples include emergency repairs or projects funded by philanthropy.
Major Capital or Investment Project	Major Capital or Investment, projects are defined as those costing more than €10,000,000. The Infrastructure Guidelines require that these projects have an additional level of appraisal in the preparation of the Preliminary Business Case and an intermediate approval step before the project is tendered. In the guidance note **Economic Appraisal Draft Guidance for Further and Higher Education Projects (Autumn 2021)** it is proposed that all projects with a capital cost of €10 million or greater should be subject to an economic appraisal. Therefore, the university has adopted this amount as the threshold above which a Capital or Investment project is classified as Major.
Self-Funded Capital or Investment Project	A Self-Funded Capital or Investment Project is a Large-scale Capital or Investment project not in receipt of State Capital Funding. These projects may be funded from any of, or a combination of, the University's own resources, subsidiary resources, philanthropic donations and loan financing.

State-Funded Capital or Investment Project	A State-Funded Capital or Investment Project is a Large-scale Capital or Investment project in receipt of state capital funding. Typically, these projects are funded using a combination of state capital funding and self-funding.
Infrastructure Guidelines	The Infrastructure Guidelines are a living set of Government policy and procedure documents that are to be adhered to and are updated periodically to reflect best practice. The arrangements set out in the Infrastructure Guidelines apply to all public bodies and all bodies in receipt of Exchequer capital funding.
Promoter	The Promoter is the person who advocates at Executive Committee for the progression of a Capital or Investment Project, initiating the Capital and Investment Projects Appraisal and Approval Process. The Promoter will usually be a member of the Executive Committee, although a member of Executive Committee may nominate/authorise another senior employee of the University to act in that capacity, such as a Head of School/Department/Research Centre or Divisional Director. The Promoter will assemble a Project Team to assist in the preparation of the business case/funding application. Initial membership of the Project Team should be agreed by Executive Committee and additional members appointed by the Promoter as necessary.
Project Team	The Project Team is a task and finish group of University and/or subsidiary employees who assist the Promoter in preparing the business case/funding application through its various stages. This team must include staff with appropriate skills and knowledge drawing on all relevant University and subsidiary departments.
Business Case/Funding Application	Business Case refers to the document submitted for approval at the Preliminary Business Case, Detailed Business Case and Final Business Case stages of the Infrastructure Guidelines. Where a project is submitted for competitive State Funding, the Business Case is usually in the form of a Funding Application, which prescribes the level and nature of information to be submitted, usually in a template format.
Sponsoring Authority	The Sponsoring Authority has primary responsibility for evaluating, planning and managing **Large-scale** capital and investment projects within the parameters of the Infrastructure Guidelines. The Governing Authority of the University is the Sponsoring Authority for all **Large-scale** Capital and Investment Projects.
The Approving Authority	The Approving Authority refers to the organisation, body or Government Department, which has ultimate responsibility for a project being developed. Normally, the designated Approving Authority is the Department funding the project or programme of works, or a body which has delegated sanction from a department. In the case of the University for State-Funded Capital or Investment Projects the Approving Authority will usually be the Department of Further and Higher Education, Research, Innovation and Science and/or The Higher Education Authority. In the case of Devolved Grant funding from the Higher Education Authority, the Executive Committee is the Approving Authority, as per the terms of funding. For Self-Funded Capital or Investment Projects the Approving Authority is the Governing Authority of the University.

The Accounting Officer	Under the Infrastructure Guidelines it is the responsibility of the relevant Accounting Officer of the Approving Authority, to ensure the project is compliant with the relevant requirements. The Accounting Officer approves the project at each stage gate and has ultimate responsibility for the project. For State-Funded Capital or Investment Projects the Accounting Officer of the funding Department/agency has ultimate responsibility for the project. For Self-Funded Capital or Investment Projects the Accounting Officer of the University is the President, who takes responsibility for the project.
Executive Committee Major Projects Committee	This is a subcommittee of Executive Committee whose purpose is to review documentation relating to Major Projects and advise the President and wider Executive Committee on whether to approve same. This committee should include the following officers of the university: • The Chief Finance and Performance Officer • Director, Buildings and Estates • Director, Information Technology • Provost and Deputy President • External expert on Infrastructure Guidelines Responsibility for conformation of process compliance for a major capital or investment project should be independent of the project promoter. Therefore, Promoters and their line managers should recuse themselves from this committee if they have taken on the role of Promoter for a Project that is before the Committee for approval.
Multi-Criteria Analysis (MCA)	MCA is a decision-making tool used to establish preferences between multiple project and programme options by referencing an explicit set of criteria and primary objectives. The Department of Further and Higher Education, Research, Innovation and Science (DFHERIS) requires that an MCA be conducted on all higher education capital projects over €10 million. Any project costing more than €20 million will also be subject to economic appraisal, either a cost benefit analysis or cost-effectiveness analysis. The type of appraisal will be agreed between the Sponsoring Agency and the Approving Authority on a project specific basis.

3 Roles and Responsibilities

Role	Responsibility
Approval of policy	University Governing Authority
Compliance with policy	The University Governing Authority and Accounting Officer will satisfy itself for every Capital or Investment Project that the University is in full compliance with this policy.
Subsidiaries of the University	This Policy applies to all Capital and Investment Projects of University subsidiary companies.
Promoting a Capital or Investment Project	A member of University's Executive Committee or such other senior employee nominated by a member of Executive Committee to propose a Capital or Investment Project.
Preparation of: • Preliminary Business Case • Detailed Business Case • Final Business Case ***Detailed Business case is required for Major Capital or Investment Projects, costing more than €10,000,000***	The Project Promoter, with the assistance of the Project Team.
Review of: • Preliminary Business Case • Detailed Business Case • Final Business Case ***Detailed Business case is required for Major Capital or Investment Projects, costing more than €10,000,000***	• Major Projects sub-committee of Executive Committee. • Governing Authority Finance, Strategy and Performance Subcommittee. • Subsidiary Board of Directors will be expected to review if the Capital or Investment Project is being progressed by a subsidiary company
Approval of Preliminary Business Case	• Executive Committee & President on the recommendation of the Major Projects sub-committee of Executive Committee • Governing Authority, on the recommendation of the Finance, Strategy & Performance Committee • The relevant Accounting Officer and the Approving Authority if State-Funding
Approval of application for planning permission	• Governing Authority on the recommendation of the Campus Development Committee This will generally happen after the approval of the Preliminary Business case.
Approval of Detailed Business Case ***Detailed Business case is required for Major Capital or Investment Projects, costing more than €10,000,000***	• Executive Committee & President on the recommendation of the Major Projects sub-committee of Executive Committee • Governing Authority, on the recommendation of the Finance, Strategy & Performance Committee • The relevant Accounting Officer and the Approving Authority if State-Funding

Approval of Final Business Case	• Executive Committee & President on the recommendation of the Major Projects sub-committee of Executive Committee • Governing Authority, on the recommendation of the Finance, Strategy & Performance Committee • The relevant Accounting Officer and the Approving Authority if State-Funding
Executing procedural elements of policy	The Project Promoter, with the assistance of the Project Team, is responsible for the preparation of Preliminary, Detailed and Final Business Cases. The Executive Committee Major Projects Committee is responsible for checking compliance with the procedural elements of the policy.

4 Background

In March 2023, the Minister for Public Expenditure issued Circular 06/2023 **(Update on the Public Spending Code Capital spending Requirements**), which replaced and superseded the Public Spending Code capital appraisal guidelines with a set of Infrastructure Guidelines.

The Infrastructure Guidelines sets out the value for money guidelines for the evaluation, planning and management of public investment projects. The Guide replaces the Public Spending Code requirements for capital expenditure outlined in the Public Spending Code: A Guide to Evaluating, Planning and Managing Public Investment, December 2019. The arrangements set out in the Guide apply to all public bodies and all bodies in receipt of Exchequer capital funding.

It is the responsibility of the University to put in place procedures for evaluating, planning and managing public investment, which align with the Infrastructure Guidelines. This policy sets out those procedures.

In August 2024, the Comptroller and Auditor General published a report on two University property transactions. Whilst the report focus on property acquisition, one of the recommendations is also relevant to Capital and investment Projects; "*Responsibility for confirmation of process compliance in respect of a proposal for a major investment project or property asset acquisition should be assigned to an officer who is independent of the project promoter*". This recommendation is addressed though the establishment of the Executive Committee Major Projects Committee, and the obligatory recusal of Promoters and their line managers as applicable. The University Renewal Plan includes a number of recommendations regarding the need for Policy review, compliance improvements and training on the oversight and management of capital projects. These are addressed in this Policy.

5 Decision making process

The ownership of a Capital or Investment Project is typically led by a member of Executive Committee (the Promoter). The Business Case/Funding Application is prepared by the Project Team, led by the Promoter. The Business Case/Funding Application is then reviewed by the Executive Committee Major Projects sub-committee which makes a recommendation to the Executive Committee and President for approval.

Presidential and Executive Committee approval is required for each Stage Gate (preliminary, detailed (if required) and final business cases).

The Higher Education Act 2022 assigns responsibility to the Governing Authority to approve expenditure for major capital and investment projects. As per Section 2.2 (Finance, Property, and Reporting) of the Matters Reserved to Governing Authority, the University's Finance, Strategy & Performance Committee is the designated group to review funding plans for major investments and capital projects that require planning permission and to recommend them to Governing Authority. Under the Infrastructure Guidelines the Sponsoring Authority, the Governing Authority has primary responsibility for evaluating, planning and managing public investment projects Therefore, Governing Authority approval is required for each Stage Gate (preliminary, detailed and final business cases).

When the University project is in receipt of State-Funding the Approving Authority (either a Government Department or State Agency) will also sign off on the business cases, at each stage gate. The Approving Authority may have its own guidance and thresholds which are to be applied and will take precedence over guidelines and thresholds as set out in this policy. Furthermore, any project, irrespective of funding source, costing more than €200,000,000 must have Government approval. Where a project is not in receipt of state capital funding, the Governing Authority of the University is the Approving Agency, and the President is the Accounting Officer.

In order to bring a Capital or Investment Project to a stage where it can be approved, the Infrastructure Guidelines sets out a series of steps that are necessary to take a proposal from concept to evaluation and approval. Projects vary in size and complexity, but all projects can be mapped to the prescribed project lifecycle structure. There are three approval stages in the lifecycle prior to implementation:

- Decision Gate1 – Preliminary Business Case
- Decision Gate 2 – Detailed Business Case (Pre-tender – Project Design, Planning and Procurement Strategy)
- Decision Gate 3 – Final Business case (Post Tender)

In the Infrastructure Guidelines Capital Projects with an estimated capital cost of less than €20,000,000, combine Decisions Gate 2 and Decisions Gate 3 prior to implementation. The University has decided that the threshold for requiring Decisions Gate 2 is €10,000,000.

For projects <€10,000,000there are two Decisions Gates.

- Decisions Gate 1 - Preliminary Business Case
- Decisions Gate 2 - Final Business Case

The Government has published detailed guidelines setting out the approach to preparing documentation for each decision gate. A summary of the requirements for the stage gates is set out below. The level of detail should be proportionate to the scale and complexity of the proposed Capital Project. Where a Capital Project has a value less than €10,000,000, the requirements of Stage Gate 2 and Stage Gate 3 should be combined.

The three business cases referred to in the three stage gates should be considered as a single document that is augmented and refined at each stage, setting out in the Final Business Case the full body of knowledge on the Capital or Investment Project. The Final Business Case is also a record of the process followed from proposal of the Capital or Investment Project to its approval to proceed.

Stage Gate 1 - Strategic Rationale & Preliminary Business Case (Approval in Principle)

The preliminary business case aims to establish whether, at face value, a sufficient case exists for considering a proposal in more depth. It leads to a recommendation whether to proceed to the detailed appraisal and costing stage which can entail significant effort and professional services costs.

New Capital Projects should only be proposed where existing capacity has been exhausted and there is a clearly established need for the investment. The Capital Project should only be of sufficient scale to meet the identified requirements. New Investment Projects should have a clear business need and align with the Strategy of the University.

Where there is an identified need for a project, a preliminary business case should be prepared to include:

- Define the objective (objective should be expressed in a way which will facilitate consideration and analysis of alternative ways of achieving it).
- Align objective with university strategies
- identify all realistic options, including the option of doing nothing and, where possible, quantify the key elements of all options
- Estimate the costs of viable options and specify proposed sources of funding
- Analyse the main options
- Identify the risks associated with each viable option
- Decide on a preferred option
- Make a recommendation

Stage Gate 1 – Specific requirements in "Infrastructure Guidelines: Strategic Assessment and Preliminary Business Case" for Capital Projects with a projected cost greater than €20,000,000.

1. Infrastructure Guidelines require the preparation of a Strategic Assessment to ensure that the proposed Capital Project aligns with National Policies.
2. In line with the Infrastructure Guidelines, Capital Projects also require an Economic Appraisal, usually in the form of a Cost Benefit Analysis.
3. A Multi Criteria Analysis should be carried out for Capital Projects to arrive at the recommended option.

The University has decided that the threshold for Major Capital Projects is €10,000,000. It is not necessary for a Strategic Assessment and Economic Proposal to be prepared for Capital Projects costing between €10,000,000 and €20,000,000, however a multi-criteria Analysis should be prepared for all projects costing more than €10,000,000 in line with sector specific guidance for the Further and Higher Education sector. Multi-Criteria Analysis is a key tool in assessing investment in Higher Education projects. It provides a tool to those developing projects and a reassurance to approvers. It provides an objective methodology to assess non-financial criteria along with multi-criteria analysis also helps prevent “optimism bias”.

Stage Gate 2 – Pre Tender Approval (Detailed Appraisal; Project Design, Planning and Procurement Strategy)

This stage involves detailed planning and costing of the Project. The preferred option is subject to more detailed scrutiny, assumptions are further tested and refined, risks are better understood and the design stage is sufficiently advanced to arrive at the Detailed Business Case. This stage includes the development of the procurement strategy and project execution plan.

Considerable consultancy costs (e.g. architects, quantity surveyors, etc.) can be incurred at this stage as a building may need to be designed and planning permission sought.

The output of this stage is a detailed business case and a procurement strategy, which in the case of a building is a fully designed project with planning permission in place.

Stage Gate 2 approvers should review the detailed business case, paying particular attention to updates and clarifications on the assumptions and constraints on which the Approval in Principle was based, reviewing the detailed costings and interrogating the assessment methodology applied to the preferred option selection.

The approval sought is to proceed with finalising the costings of the preferred option. This is likely to take the form of a competitive procurement process.

Stage Gate 2 is not necessary for projects costing less than €10,000,000. Instead, any design, planning and procurement work should be integrated into the Final Business Case.

Stage Gate 3 - Post Tender Approval to proceed (Final Business Case)

This review takes place after costs have been finalized. The detailed business case prepared as part of Stage Gate 2 (or Stage Gate 1 where project value is <€10m) should be updated to reflect final costs in the funding request and any financial and economic analysis.

Stage Gate 3 approvers should review the final business case to ensure continuing strategic relevance and re-examine affordability in the context of the most recent University’s financial update (considerabe time may have elapsed between preliminary business case and final business case). The business case should again be reviewed to identify optimism bias. Attention should be shown to the risk assessment, delivery schedule, benefits realisation plan and evaluation plan.

The approval sought is to proceed with the Capital or Investment Project. Post approval the construction of Capital Projects are governing using the Management of Capital Works policy. The Management of Capital Works policy addresses the Implementation stage and Post Completion Review and Benefits Realisation stages of the Infrastructure Guidelines.

6 General principles

- All Large-scale Capital and Investment Projects require a business case and financial plan. A business case is an evolving document, building in scope, detail and level of certainty through the decision gates, as the project is assessed, designed and planned. The level of detail required at each gate depends on the cost and nature of the project, however key requirements are set out in this document to ensure approvers have sufficient information to assess the proposal.
- Preparers of business cases for Capital Projects should refer to the published guidance, as specific requirements are set out in the Infrastructure Guidelines and the guidance documents prepared for the Further and Higher Education Sector. The University has decided to follow similar appraisal and approval processes for Investment Projects, however there may be some requirements in the documentation specific to Capital projects that are not applicable to Investment Projects – these should be noted as not applicable in the Business Case.
- Approvers may require additional information and clarification as part of the review process, so a Capital or Investment Project may go through an approval gate more than once.
- Capital and Investment Project may only proceed once Stage Gate 3 approval is granted. Stage Gate 1 and Stage Gate 2 (if applicable) approvals allow the proposal to proceed to the next gate/approval level and are not indicative of final approval. The Accounting Officer and Governing Authority must approve at each stage gate.
- The availability of grants or other funds is not of itself justification for a project to proceed. The project must address a business need and align with strategic priorities.
- The development of Capital Projects and post completion appraisal shall be managed through the University's Management of Capital Projects Procedure.
- The Governing Authority will confirm via the Annual Governance Statement annually that the University is in full compliance with the Infrastructure Guidelines and this Policy.
- Professional advice will be sought by the University as deemed necessary to assist in the preparation of business cases, and the design and planning for Capital and Investment Projects.
- Proposals with an estimated capital cost in excess of €200 million are considered Major Projects by the Government and are subject to the following:
  - External Assurance Process at the Strategic Assessment and Preliminary Business Case (AG1) stage of the project lifecycle.
  - Review by the Major Projects Advisory Group at the Preliminary Business Case (AG1) stage of the project lifecycle.
  - Consideration by Government at the Preliminary Business Case (AG1) and Final Business Case (AG3) stage of the project lifecycle.
  - Government consent will be sought through a Memorandum for Decision.

7 Training

Members of the Committees with a role of review and approval under this Policy will be invited to attend regular training on this Policy and the policies and guidelines related to the oversight, management and delivery of capital projects.

8 Reporting to Governing Authority

In order that the Governing Authority has the required assurance to enable it to approve any proposed Capital or Investment Project submitted by the Promoter, it must receive a Final Business Case, consistent with the requirements of this policy and the applicable legislation, codes, circulars, etc. (or any combination thereof) referred to in Section 5 above.

9 Related documents

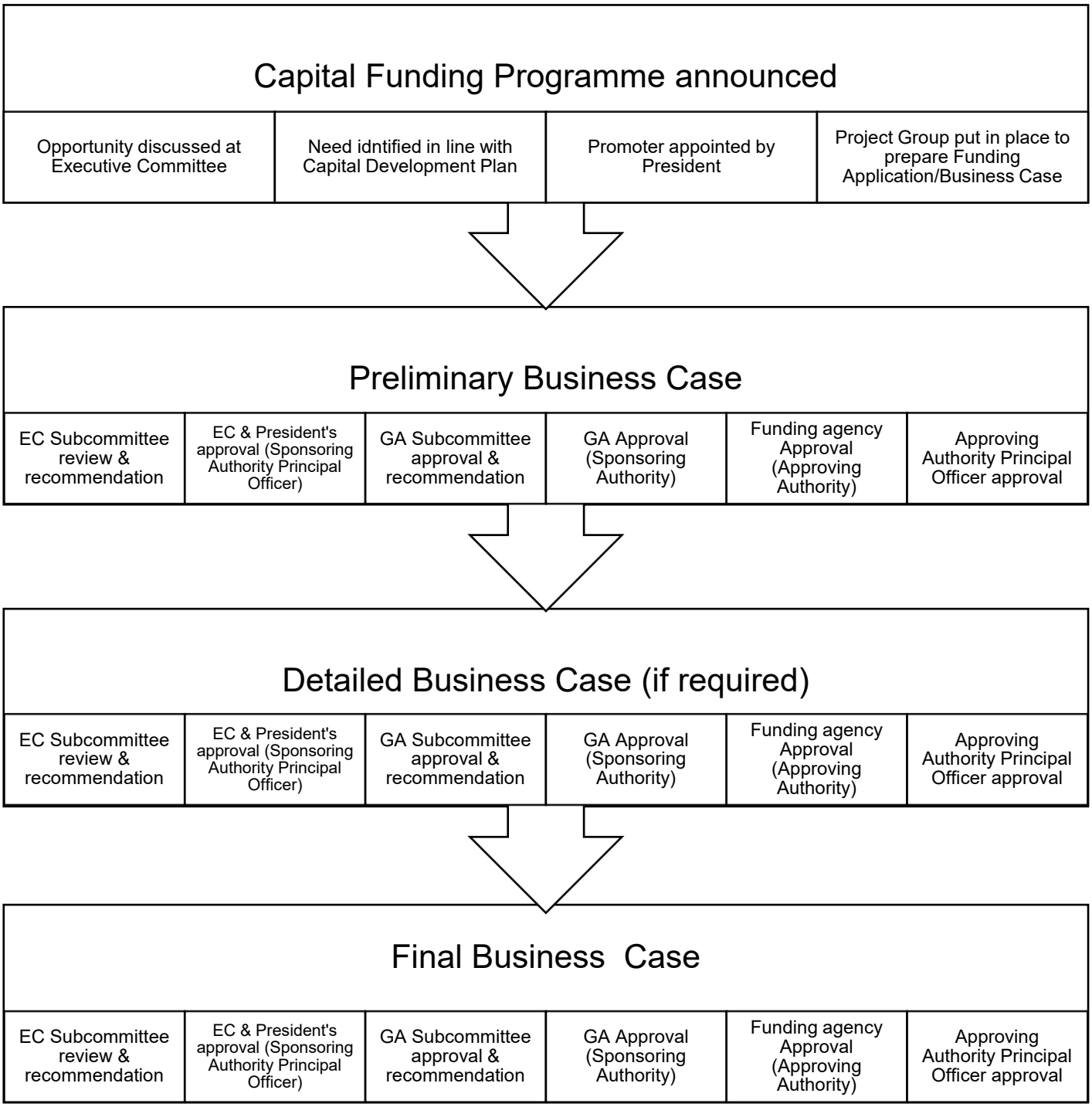
9.1. In applying this policy, adherence must be evidenced in the Business Case to the legal, regulatory and governance framework applicable to the development of Capital Projects, including:

- The Department of Public Expenditure NPD Delivery and Reform Infrastructure Guidelines:
- Infrastructure Guidelines: A Guide to the Strategic Assessment and Preliminary Business Case:
- Infrastructure Guidelines: A Guide to the Project Design. Planning and Procurement Strategy:
- Infrastructure Guidelines: A Guide to the Final Business Case:
- Infrastructure Guidelines: A Guide to the Implementation Stage:
- Infrastructure Guidelines: A Guide to the Post Completion Review and Benefits Realisation:
- The Capital Works Management Framework; Capital Works Management Framework | A suite of best practice guidance, standard contracts and generic template documents. (constructionprocurement.gov.ie)
- Code of Practice for the Governance of State Bodies: gov.ie - Governance
- Code of Governance for Subsidiary Companies of Irish Universities
- Universities Act 1997 (as amended)
- University of Limerick Code of Governance (2021)
- Sector specific guidance documents issued for the Further and Higher Education Sector.
- University of Limerick Strategic Plan
- University of Limerick Capital Development Plan
- University of Limerick Conflicts of Interest Policy
- University of Limerick Acquisition of Property, Buildings Land, and Infrastructure Procedure
- University of Limerick Management of Capital Projects Procedure – This procedure outlines the process to be followed in terms of the required professional reports to support required due diligence.

10 Document Control

Document Version	1.0
Document Owner	Chief Financial & Performance Officer and Chief Commercial Officer
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Approved by	GA Finance Strategy & Performance Committee
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11 Appendix 1 State-Funded Projects Process



12 Appendix 2 Non-State Funded Projects Approvals

Project Value **€1,000,000 to < €5,404,000**	**Project Value** **€5,404,000 to < €10,000,000**	**Project Value** **€10,000,000 to <€200,000,000**
If project included in Annual Budget, then project is already approved.	Preliminary Business Case Approved by EC, President and GA	Preliminary Business Case Approved by EC, President and GA
If not included in Annual Budget, then project must be approved by GA following review by EC and GA FSPC	Final Business Case Approved by EC, President and GA	Detailed Business Case Approved by EC, President and GA
		Final Business Case Approved by EC, President and GA
		Projects €200,000,000 plus, must also be approved by Government