Tithe an Oireachtais
Houses of the Oireachtas

Capital Spending: An Overview of Ireland's Infrastructure Guidelines

An Oifig Buiséid Pharlaiminteach
Parliamentary Budget Office

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Séanadh

Is í an Oifig Buiséid Pharlaiminteach (OBP) a d'ullmhaigh an doiciméad seo mar áis do Chomhaltaí Thithe an Oireachtais ina gcuid dualgas parlaiminteach. Ní bheartaítear é a bheith uileghabhálach ná críochnúil. Féadfaidh an OBP aon fhaisnéis atá ann a bhaint as nó a leasú aon tráth gan fógra roimh ré. Níl an OBP freagrach as aon tagairtí d'aon fhaisnéis atá á cothabháil ag tríú páirtithe nó naisc chuig aon fhaisnéis den sórt sin ná as ábhar aon fhaisnéise den sórt sin. Tá baill foirne an OBP ar fáil chun ábhar na bpáipéar seo a phlé le Comhaltaí agus lena gcuid foirne ach ní féidir leo dul i mbun plé leis an mórphobal nó le heagraíochtaí seachtracha.

Is de chineál ginearálta í an Fhaisnéis. Baineann éiginnteacht le ráitis réamhbhreathnaitheacha agus d'fhéadfadh go dtiocfaidh nithe suntasacha chun cinn mar thoradh ar an bhFaisnéis. Ní sholáthraítear ráiteas cinntitheach leis an bhFaisnéis i ndáil le haon saincheist ar leith nó i ndáil le himthoisc phearsanta. Ní comhairle atá san Fhaisnéis. Ní mór a dheimhniú duit féin go bhfuil an Fhaisnéis a sholáthraímidne, an Oifig Buiséid Pharlaiminteach agus Coimisiún an Oireachtais (lena n-áirítear seirbhísigh, gníomhairí agus conraitheoirí na hOifige agus an Choimisiúin) oiriúnach agus iontaofa. Ní ghlacaimid aon fhreagracht as cruinneas ná oiriúnacht, ná eile, na Faisnéise agus ní thugaimid aon ráthaíocht ná aon ghealltanas ná aon bharánta i leith an chéanna; ná go mbeidh ár leathanaigh ghréasáin nó an Fhaisnéis nó ábhar eile saor ó earráidí, saor ó víris nó saor ó shárú. Ní ghlacaimid aon dliteanas (lena n-áirítear i leith éilimh maoine intleachtúla) a eascróidh as aon ábhar tríú páirtí nó aon suíomh gréasáin tríú páirtí a gcuirfimid nasc ar fáil chuige nó dá ndéanfaimid tagairt. Ní ghlactar le haon dliteanas ar bith, a mhéid is mó a cheadaítear faoin dlí is infheidhme nó (i) as aon iontaoibh a chuirfear san Fhaisnéis nó san ábhar ar ár leathanaigh ghréasáin nó (ii) as aon chaillteanas nó damáiste a eascróidh as an úsáid a bhainfidh tú as na leathanaigh ghréasáin sin nó i dtaca leis an úsáid sin. Féach ár *bhFógra Séanta cuimsitheach anseo*. I gcás aon easaontacht a bheith idir an Séanádh seo agus ár bhFógra Séanta cuimsitheach, is ag an gceann deireanach a bheidh an forlámhas.

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1. Introduction

What are the Infrastructure Guidelines?

Governments across the EU and OECD have developed specific guidance regarding the development and evaluation of public investment in capital infrastructure. This is a set of requirements to ensure the delivery of public capital infrastructure occurs in a timely and efficient manner, minimises risks, ensures proper evaluation is conducted and ensure value for money. For example, the UK capital appraisal guidance is set out in the Green Book, while Australia uses the Guide to Programme Appraisal.

The *Infrastructure Guidelines* is Ireland's 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.[1] This public capital investment guidance is designed to ensure these standards are upheld across the Irish public service.

Scope

This briefing paper gives an overview of the Infrastructure Guidelines. The note aims to outline:

- The background and rationale for introducing the Infrastructure Guidelines,
- What the purpose of the Guidelines are,
- Outline the different agents involved as well as their roles and responsibilities (such as oversight), and
- Present the different stages and approval gates required in the process.

The paper also sets out to provide clarity on the complex nature of the capital projects process and outline the required stages and that may impact the projects timeline and costs. However, it is important to note, this paper is not intended as in-depth assessment of the Infrastructure Guidelines. Instead, it is meant to provide an overview of the documents involved and the main points which may be of interest to members of the Houses of the Oireachtas.

While this note draws from the existing, and previous, material that is available, further information is available at *Infrastructure Guidelines,* and within the supporting documentation that accompany it.

This note forms part of a series of PBO publications intended to serve as ongoing reference documents. These publications are intended to explain key concepts which are present in many of the PBO's core publications, enabling new and returning readers of PBO publications to maximise their understanding of the PBO's analysis. These publications address issues of varying degrees of complexity.

This paper is structured as follows. Section 2 establishes the background to the Infrastructure Guidelines. Section 3 sets out the rationale and purpose. Section 4 outlines the roles and responsibilities of the different agencies involved with

[1] Department of Public Expenditure, NDP Delivery and Reform, Infrastructure Guidelines, 2023

implementing the Infrastructure Guidelines. Section 5 outlines the stages and approval gates required for developing and delivering a capital investment project. Section 6 identifies the recent reforms introduced by the Infrastructure Guidelines, while Section 7 provides a conclusion.

2. Purpose of the Infrastructure Guidelines

The Infrastructure Guidelines serve to support the different agents involved with the development of public capital infrastructure. It offers a set of guidelines for public bodies (e.g., Departments), to appraise project proposals from conception to completion, in line with international best practice. The Guidelines was designed to aid with developing robust proposals and mitigate against risks and potential issues when developing capital projects across a range of sectors, such as transport or housing.

The Infrastructure Guidelines supports public sector organisations and agencies (known as Sponsoring Agencies) with their preparation of robust proposals for public capital projects, when investing public monies. The Guidelines also support Government Departments, and other agencies with delegated sanction, (known as Approving Authorities) who are ultimately responsible for funding and approving capital projects.

While the Infrastructure Guidelines is the primary document supporting Approving Authorities and Sponsoring Agencies with the development of capital projects and proposals, Government Departments may develop their own bespoke, sectoral guidance to offer support for sector specific needs. For example, the Department of Transport's Transport Appraisal Framework (TAF)[2] provides transport specific guidance. The Department of Housing has the Four Stage Approval Process for the development social housing, while the Office of Government Procurement has the Capital Works Management Framework[3] which complements the Infrastructure Guidelines. However, it is important to note, that should any issues arise between sectoral guidance and the Infrastructure Guidelines, the Infrastructure Guidelines retains supremacy to ensure consistency.

3. Background to Ireland's Infrastructure Guidelines

The guidelines governing Ireland's capital investment were never designed to be a static document, that would remain unchanged and inflexible in responding to modern developments of investing in capital infrastructure. Rather, Ireland's current rules and requirements governing capital spending were developed over time through an ongoing process. This ensures guidance is continuously evolving and responding to new developments facing capital investment, by incorporating new learnings, approaches and solutions. This evolving process ensures necessary updates and reforms are incorporated into the relevant documentation, which outlines the requirements, responsibilities and obligations when spending public monies on capital infrastructure.

[2] Department of Transport, 'Transport Appraisal Framework (TAF)' (June 2023).
[3] Office of Government Procurement, 'Capital Works Management Framework'.

At present, the *Infrastructure Guidelines* document underpins capital spending in Ireland. This guidance is managed by the Department of Public Expenditure, NDP Delivery and Reform, who are responsible for maintaining and updating the capital appraisal framework that must be adhered to by Departments.

Timeline of Capital Appraisal Guidance

In 2013, the first iteration of the now Infrastructure Guidelines was published in Ireland, known as the Public Spending Code, introduced via Circular 13/2013. Titled "*The Public Spending Code: Expenditure Planning, Appraisal & Evaluation in the Irish Public Service*", this document consolidated several previous public investment guidance documents which existed between 1983 and 2006, into one standalone document. The Public Spending Code developed and updated the previous guidance notes as appropriate, to enable them to better reflect more modern circumstances. It set out "the details of the obligations that those responsible for spending public money are obliged to adhere to as well as guidance material on how to comply with the obligations outlined."[4]

In 2019 a review of the Public Spending Code occurred, resulting in updates to the code. This revised document was titled '*Public Spending Code: A Guide to Evaluating, Planning and Managing Public Investment*'. This updated the code into a six-stage capital project development and approval lifecycle, including four stages of approval that capital projects must pass as part of their development. The revised Public Spending Code emphasised the efficient management and delivery of capital projects and maintaining the rules and requirements around economic and financial appraisals of investment proposals. This also followed Circular 06/2019 which introduced the requirement for Sponsoring Agencies to publish their Post-Project Reviews of Public Private Partnership projects.

The 2019 Public Spending Code was compiled into one primary document. This was supported by some separate technical guidance notes, and updated technical parameters notes, introduced by Circular 18/2019. These documents underpinned the assumptions to be applied for infrastructural projects into the future. For example, the discount rate over a few decades. The Code ultimately establishes the different roles and responsibilities for agencies responsible for initiating and delivering capital infrastructure (Sponsoring Agencies), Government Departments (Approving Authorities), and outlines the requirements for each stage of the PSC's project lifecycle.

In 2021, Circular 25/2021 introduced further reforms to the Public Spending Code. While the Code remained largely unchanged, this added several updates to the project lifecycle process. These updates were introduced following the New Childrens Hospital cost overrun and the International Monetary Fund's comparative analysis report of Ireland, the Public Investment Management Assessment. [5] The reforms included introducing an External Assurance Process (EAP) and Major Projects Advisory Group (MAG) for Major Public Investment

[4] Department of Public Expenditure, NDP Delivery and Reform, The Public Spending Code: Planning, Appraising and Managing Capital Investment Programmes, 2022.
[5] Department of Public Expenditure, NDP Delivery and Reform, *Infrastructure Guidelines* (December 2023).

Projects, to improve governance and oversight of major capital projects. This required a review of major publicly funded capital projects, estimated to cost over €100 million, by a panel of independent experts. The review group would focus on issues such as cost, risk and ability to deliver projects at two stages of the project's life cycle.[6]

In 2022, the Department of Public Expenditure, NDP Delivery and Reform published a Spending Review paper, titled '*The Public Spending Code: Planning, Appraising and Managing Capital Investment Programmes*'. This examined the Public Spending Code and proposed a number of recommendations to streamline the project lifecycle process, improve deliverability, and address any issues which had arisen over the course of implementation of the code.

In 2023 a further package of reforms occurred, which aimed to improve the delivery of capital infrastructure projects in a timely manner and support the delivery of the National Development Plan 2021-2030. These reforms and updates superseded the previous capital spending requirements and saw the Public Spending Code replaced by the Infrastructure Guidelines. The Infrastructure Guidelines implemented several significant reforms, which included reducing the number of approval stages for capital projects to improve delivery, streamlining the approval process, increasing the External Review and Major Project Advisory Group threshold to €200 million, strengthen the role of the Accounting Officers in Departments and implementing the recommendations identified in the Department's 2023 Spending Review.

The new Infrastructure Guidelines are now responsible for setting out the value for money guidelines for the evaluation, planning and management of new public investment projects, including purchase or acquisitions of assets or shareholdings. While projects which were initiated and approved under the previous Public Spending Code are permitted to proceed under the old guidance, where appropriate.

The Guidelines are now structured across several documents, which relate to the different stages involved in the project lifecycle. This allows them to be updated as appropriate and removes the need to regularly reissue a new overarching document. In addition, the Guidelines retained the supporting technical documentation which outlines the necessary information concerning Compliance, Public Private Partnerships, as well as Economic and Financial Appraisal in the development of capital projects.

4. Infrastructure Guidelines: Main Reforms

In 2023, the Department of Public Expenditure, NDP Delivery and Reform announced several Public Spending Code reforms and updates. This included changing the title of the Public Spending Code to the Infrastructure Guidelines to help communicate its role and function. While much of the contents of the Public Spending Code were retained in the Infrastructure Guidelines, several key reforms

[6] Department of Public Expenditure, NDP Delivery and Reform, Update of the Public Spending Code: Guidelines for the Externa Assurance Process for Major Public Investment Projects, (November 2021).

were introduced. Some of these reforms were provisionally introduced by way of Circular 06/2023, prior to the full update and publication of the Infrastructure Guidelines.

The reforms introduced were designed to improve the speed of delivering capital projects under the National Development Plan 2021-2030 (2021), and National Planning Framework (2018). They incorporated modern economic and environmental circumstances, such as inflation and environmental impacts, and to address any shortcomings identified in the previous Code, such as developing capital programmes (i.e., interrelated and interdependent projects).[7] The reforms can be summarised as follows:

- Removed requirement for Departments to seek Government approval, or technical reviews, for major projects costing over €100 million. Instead Approving Authorities must seek Government consent at two stages of the project lifecycle (Approval Gates 1 and 3), with the Minister of Department and Accounting Officer instead responsible for project approval. This reform strengthens the role of the Accounting Officer in the project lifecycle process. The Accounting Officer must either 'comply or explain' to the Comptroller and Auditor General where the Infrastructure Guidelines processes and requirements are not followed.
- Removal of the obligation for Sponsoring Agencies to prepare a separate Strategic Assessment Report. Instead, they must prepare the relevant material as part of a Preliminary Business Case. This stage of the project lifecycle is now known as the Strategic Assessment and Preliminary Business Case Stage.
- Introduction of a 3-stage process, reducing from the previous 5-stage project lifecycle, with the Strategic Assessment subsumed into the Preliminary Business Case, and the merging of the Project Detail Design Stage and the Tender Document stage into a Pre-Tender Stage.
- Increase to the general cost threshold for major public capital infrastructure projects from €100 million to €200 million.
- The cost thresholds in the Infrastructure Guidelines will now be reviewed every 3 years to ensure they remain appropriate. The next review should take place around 2026 to 2027.
- Additional climate considerations were incorporated as part of developing capital infrastructure, following engagement with the OECD. At Preliminary Business Case Stage, an assessment of the climate and environmental performance is required.
- Recommendations on how to account for a programmatic approach to infrastructural development were incorporated. This refers to where a series of interrelated, but separate standalone, projects can be developed in tandem or individually from other aspects of a project, e.g., train station and train tracks.

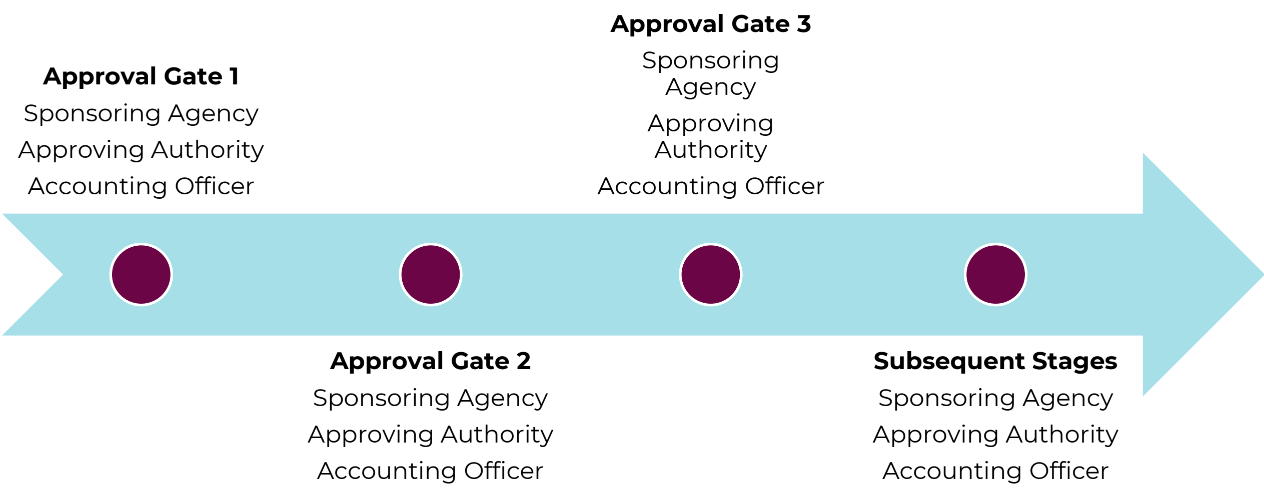
[7] Department of Public Expenditure, NDP Delivery and Reform, The Public Spending Code: Planning, Appraising and Managing Capital Investment Programmes, 2022.

5. Roles and Responsibilities

There are a wide range of public sector organisations involved in the preparation and development of a capital project proposal. In addition, there are other layers involved in ensuring the robust assessment, oversight, and approval of projects to ensure alignment with the capital appraisal guidelines. As the Infrastructure Guidelines operate within the framework of the Public Financial Procedures, this section makes a distinction between some of the roles involved in the project lifecycle process.[8]

This section outlines the roles, function and responsibilities some of the key agents have throughout the project lifecycle process for delivering capital infrastructure. The agents involved with project or programme delivery and oversight will vary, depending on the nature and scale of the proposed investment. The roles and responsibilities of three agents are examined in more detail below, including the Sponsoring Agency, the Approving Authority and Accounting Officer. Figure 1 sets out the agents involved in the review of projects below the €200 million threshold.

Figure 1: Capital Projects Process Oversight and Governance Under €200m



Note: The approval process is not necessarily always linear and may require stages be revisited, should issues arise at any stage.

Sponsoring Agency

The Sponsoring Agency is the body with primary responsibility for evaluating, planning and managing public capital investment projects within the Infrastructure Guidelines parameters. The Sponsoring Agency will vary depending on the project in question. The Sponsoring Agency may be a Government Department, local authority, state agency, higher education institute, cultural institution or other state body.[9] In some instances, depending on the nature of a capital project, there may be multiple agents involved with the development of a

[8] Department of Public Expenditure, NDP Delivery and Reform, *Infrastructure Guidelines* (December 2023).
[9] Department of Public Expenditure, NDP Delivery and Reform, *Infrastructure Guidelines* (December 2023).

project, but which must nominate a lead sponsoring agency.[10] The key responsibilities of the Sponsoring Agency include:

- Preparing the Strategic Assessment and Preliminary Business Case and submitting them to the Approving Authority for 'Approval in Principle' at Approval Gate 1.
- Preparing a Pre-Tender: Project Design, Planning and Procurement document to submit to the Approving Authority for approval at Approval Gate 2 (Proceed to Tender).
- Procuring the project in line with the necessary procurement guidance and updating the Final Business Case information before seeking approval at Approval Gate 3 (Award Contract).
- Monitoring and managing the implementation stage, providing regular updates to the Approving Authority.
- Planning and conducting an ex-post evaluation of the investment to identify lessons learned from the process and submitting the report to the Approving Authority.

The Sponsoring Agency must obtain all the necessary approvals from the relevant Approving Authority, at the necessary points in the project lifecycle, and must ensure the project proceeds along the lines agreed and approved by the Approving Authority. All capital projects being sponsored by a state body must be approved by the Board of the body or management, in line with any delegated authority. Where a programmatic approach is taken that involves several smaller projects and multiple public bodies involved, it is appropriate to identify one Sponsoring Agency. This allows other stakeholders to input to the programme as appropriate.

Approving Authority and Accounting Officer

The Approving Authority refers to the organisation, body or Government Department, which has ultimate responsibility for a capital 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. For example, Transport Infrastructure Ireland or the National Transport Authority under Transport.

The Infrastructure Guidelines say it is the responsibility of the relevant Accounting Officer of the Approving Authority, to ensure the proposed capital project is compliant with the relevant requirements to ensure accountability, delivery, regularity, propriety and ensure value for money. The Accounting Officer is normally a senior official, such as the Secretary General or those in charge of signing the Appropriation Account for public bodies. The Public Financial Procedures outlines that "*each Accounting Officer is personally responsible for the*

[10] For example, the development of the Athlone to Galway Greenway involves multiple local authorities, but Westmeath County Council are designated the Sponsoring Authority for the project.

safeguarding of public funds under his or her control,"[11] and to determine whether the processes in their organisation are appropriate to ensure compliance with Infrastructure Guidelines and management of their capital budget. However, the Public Financial Procedures are in the process of being updated to reflect the new responsibilities of Accounting Officers under the new Guidelines.

Normally, the day-to-day Approving Authority functions remain the responsibility of the public body which is funding the proposal, such as granting approval to proceed at Approval Gates. However, where a proposal is estimated to cost over €200 million, this approval function is reserved for Government given the significant financial implications. Yet overall, the key responsibilities of the Accounting Officer and Approving Authority include:

- Ensuring Departments and Agencies prepare sector specific guidance, where appropriate, for evaluating and managing public investment, in alignment with the Infrastructure Guidelines.
- Assessing the Strategic Assessment and Preliminary Business Case proposal from Sponsoring Agencies and deciding whether to grant Approval in Principle at Approval Gate 1, or not.
- Where projects are estimated to exceed €200 million, they must engage with the External Assurance Process and submit the proposal to the Department of Public Expenditure, NDP Delivery and Reform for review by the Major Projects Advisory Group.
- Assess the Pre-Tender stage document against the Infrastructure Guidelines, and other relevant documentation, to determine whether to grant approval to Approval Gate 2 (Proceed to Tender).
- Assess the Final Business Case of the project and determine whether to approve to Approval Gate 3 (Award the Contract).
- Monitoring the project or programme as it is implemented and review whether the project remains viable.
- Review the Ex-Post Evaluation Report, incorporating any lessons learned into the process or guidance, and submit to Department of Public Expenditure, NDP Delivery and Reform as necessary.
- Notify Government of adverse developments, such as unforeseen cost increases, which call into question the desirability or viability of the investment proposal, by submitting a report to Government at the earliest possible moment, with measures to resolve the situation.
- Ensure the necessary documentation is published as soon as possible, after the decision to approve the proposal at each of the relevant stages.

[11] Department of Public Expenditure, NDP Delivery and Reform, Public Financial Procedures Manual, 2022

6. Major Capital Infrastructure Projects

Many projects and programmes submitted by Sponsoring Agencies to their Approving Authorities will be comparatively small in terms of cost. These will follow the standard project lifecycle process. However, there are some instances where large and very complex infrastructure projects come with a significant development cost.

Proposals estimated to cost in excess of €200 million are considered to be major infrastructural projects. These are subject to some additional assessments and scrutiny, in addition to the standard project lifecycle, given the significant financial investment being undertaken. This includes:

1. Review as part of the External Assurance Process at Approval Gate 1, Strategic Assessment and Preliminary Business Case stage.
2. Review by the Major Projects Advisory Group at Approval Gate 1, as part of the Preliminary Business Case Stage.
3. Consideration by Government at Approval Gate 1 and Approval Gate 3, Preliminary Business Case and Final Business Case Stages.

Where major projects are being proposed, Government consent is required for a project to proceed. However, responsibility for the day-to-day functions of the proposed project remain with the designated Approving Authority that is funding the proposal. Where Government consent is required for a major project, this is sought through a 'Memorandum for Decision' from Government at Approval Gate 1 and Approval Gate 3 in order to proceed. However, Sponsoring Agencies may voluntarily seek Government consent at Approval Gate 2, should they so wish, but this may lengthen the overall duration of project delivery. Prior to receiving Government consent, major projects must undergo review in both the External Assurance process and Major Projects Group.

External Assurance Process

The External Assurance Process (EAP), established in 2021, provides a standardised method to support business and the delivery of major capital projects and programmes, costing over €200 million. By providing external support, this process helps improve the quality of capital investment proposals being prepared, by providing expert insight for both Sponsoring Agencies and Approving Authorities to draw from. As part of the EAP, external companies must bid as part of a request for tender, to have the role of undertaking the review. They must demonstrate their previous knowledge and experience in the area, and ensure the EAP is carried out in alignment with the requirements set out in the Request for Tender document used to establish the framework.

Where the EAP has provided recommendations, the Infrastructure Guidelines requires that Sponsoring Agencies and Approving Authorities must outline what recommendations and changes were made, following the External Review process. They must also highlight what changes were made to the Preliminary Business Case prior to the report being submitted to the Major Projects Advisory

Group for their review. Where recommendations were not incorporated, these are to be provided to the Major Projects Advisory Group on a separate list.

The requirements for Departments and Approving Authorities engaging with the External Assurance Process are set out in Circular 25/2021, 'Update of the Public Spending Code: Guidelines for the External Assurance Process for Major Public Investment Projects'.

Major Projects Advisory Group

The Major Projects Advisory Group (MPAG) was established in 2021, as part of updates to the 2019 Public Spending Code. The role of MPAG, along with the EAP, was to strengthen and improve the project management and oversight of public capital infrastructure, and assist the Department of Public Expenditure, NDP Delivery and Reform in the application of the Infrastructure Guidelines, prior to any Government consideration.

With major projects, estimated to cost in excess of €200 million, MPAG will review proposals at the Preliminary Business Case and Final Business Case stages of the project lifecycle. The main roles of MPAG are to consider:

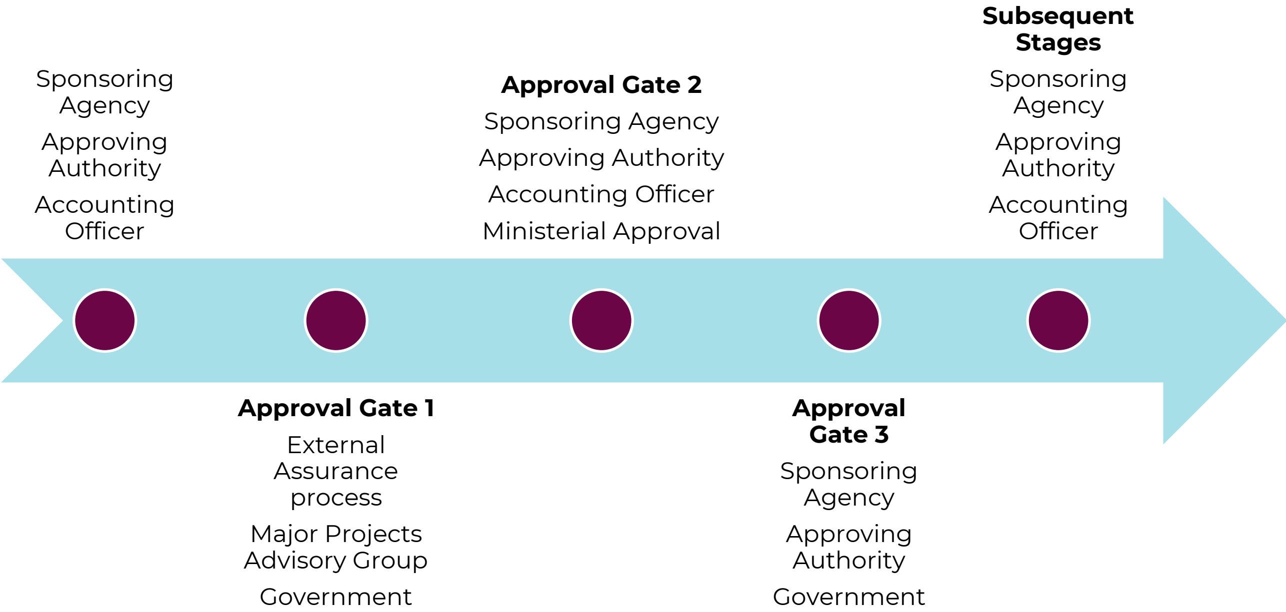
- The business case and assurance reports for major public investment projects;
- Advise the Department of Public Expenditure, NDP Delivery and Reform on potential risks and issues related to project costs, schedules and benefits based on the review of the business case and assurance report; and
- Consider future reforms to the Infrastructure Guidelines, and governance arrangements for major projects, as required.

The Group consists of six experts with experience in planning, managing and delivering major public investment projects, including four external members. These experts aid the Department of Public Expenditure, NDP Delivery and Reform in assessing issues, such as costs, risks, and delivery. The Group supports Departments and agencies with improving the quality of their major project proposals, by drawing from their experience in addition to other successfully delivered major infrastructure projects.

The Infrastructure Guidelines process requires Sponsoring Agencies to provide documentation to MPAG which reviews them to identify potential issues and provide feedback to the Sponsoring Agency. The Sponsoring Agency must in turn inform the MPAG, on how their recommendations were incorporated into the proposal. Following engagement with the EAP, MPAG prepare a note highlighting their observed positive aspects, areas of concern and recommendations for the proposal. This is subsequently sent to stakeholders, prior to the Approving Authority seeking Government consent. This level of oversight, in addition to the EAP, ensures Ireland is in line with international best practice for major project development.[12] Figure 2 presents the agents involved with governance and oversight as part of the major projects review process.

[12] Department of Public Expenditure, NDP Delivery and Reform, *Infrastructure Guidelines* (December 2023).

Figure 2: Major Projects Process Oversight and Governance



Note: The approval process is not necessarily always linear and may require stages be revisited should issues arise at any stage.

The MPAG End of Year Report (2022) outlines the 5 major projects that were reviewed in 2022. However, these were assessed under the previous Public Spending Code guidance where major projects were classified as estimated spending being over €100 million, and under the previous project lifecycle process. The projects included sectors such as transport, health and housing which were all at the previous Preliminary Business Case Stage, having completed the Strategic Assessment Report Stage (Table 1). The report notes that on average, MPAG was able to review projects within an average of 28.5 days or 5 weeks. This is substantially below the required 6-to-8-week turnaround time, reflecting the quick turnaround time associated with the expert group.

Table 1: Major Projects Reviewed by MPAG in 2022

Project Title	Project Lifecycle Stage (in 2022)	Sector	Date PBC Submitted to MPAG	Date MPAG Review Completed
Bus Connects Dublin	AP1 – Preliminary Business Case	Transport	21 Jan 2022	23 Feb 2022
Metrolink	AP1 – Preliminary Business Case	Transport	2 May 2022	21 June 2022
Clonburris Abnormal Strategic Infrastructure	AP1 – Preliminary Business Case	Housing	21 June 2022	20 July 2022
Cork and Galway Elective Care Centres	AP1 – Preliminary Business Case	Health	6 Oct 2022	17 Nov 2022

Source: Major Projects Advisory Group End of Year Report 2022

The report includes a summary of the process which MPAG follows as part of its review process for major projects, the general recommendations identified for improvement following the reviews in 2022, as well as the learnings identified to improve the capital appraisal process.

The report identified a particular issue with cost forecasting for projects, which recommended conducting further research in this area to ensure estimated costs are more accurately account for risks in major project cost estimations. This successfully resulted in the Department of Public Expenditure, NDP Delivery and Reform publishing "An Analysis of Cost Forecasting in Major Capital Projects and Programmes" as part of the Spending Review process 2023.

Department of Public Expenditure, NDP Delivery and Reform

The Department of Public Expenditure, NDP Delivery and Reform (DPENDPDR) is responsible for maintaining and updating the capital appraisal guidance, the Infrastructure Guidelines, as appropriate. This is to ensure capital investment occurs in adherence to achieving the best value for money and overseeing effective and efficient public investment in capital projects.

However, the Department does not approve projects or programmes at individual level, which is a function of the relevant Approving Authority. This ensures the Department is not required to engage on every individual project which is being proposed or developed. Instead, the Department will only engage on particular major projects or programmes, where the estimated cost crosses the €200 million threshold. This ensures a more streamlined process of project delivery.

The Department's main responsibilities include:

- Setting the overall multi-annual capital expenditure ceiling for each Vote Group.
- Determining how these multi-annual ceilings are reflected in the annual estimates.
- Issue delegated capital sanction letter on behalf of the Minister, where appropriate.
- Monitor actual aggregate spend against monthly expenditure profiles based on information submitted from each Department to DPENDPDR's relevant vote section.
- Maintain and update the national frameworks within which Departments operate to ensure appropriate accounting for and value for money in public expenditure such as Public Spending Code.
- Gather information from departments on project and programme progress and compile the Investment Project and Programme Tracker and related outputs.
- Secretariat for the Major Projects Advisory Group.

Government

The Government may only play a role in the project lifecycle where major projects over €200 million are being developed and require approval to proceed. For a capital proposal of this size to proceed through the project lifecycle, the Sponsoring Agency and Approving Authority must first ensure the proposal is in alignment with the Infrastructure Guidelines and other relevant sectoral guidance. For all investment proposals under the threshold, the Infrastructure Guidelines outlines that Government has no role in approving a proposal to proceed.

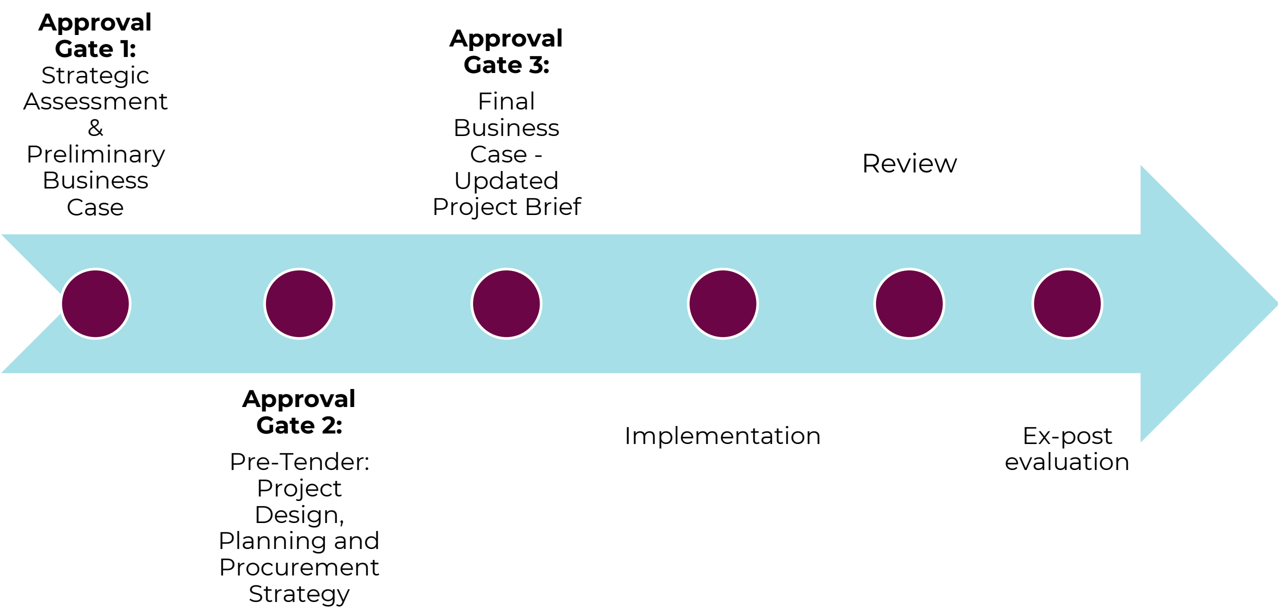
Once the Approving Authority and Accounting Officer are satisfied all the necessary requirements are met, the major project must be scrutinised through both the EAP as well as by the MPAG processes, outlined above. Once the proposal has cleared these stages it is sent to Government for their approval to proceed to the next stage of the project lifecycle.

Infrastructure Guidelines outlines that Government is only required to provide consent for approval at two stages of the project lifecycle: at Strategic Assessment and Preliminary Business Case Stage, where approval in principle is given at Approval Gate 1, and at Final Business Case Stage, for approval to proceed at Approval Gate 3.

7. Infrastructure Guidelines Project Lifecycle Stages and Approval Gates

The Infrastructure Guidelines outlines five separate stages for capital projects in the project lifecycle (Figure 3).

Figure 3: Project Lifecycle



The Project Lifecycle refers to the stages and activities which are necessary to take a proposal from its concept to completion and evaluation. Three of these stages require Sponsoring Agencies to receive approval from the relevant Approving Authority for projects to progress to the subsequent stage, known as Approval Gates. While proposals may vary in size and complexity, all projects and programmes can be mapped to the project lifecycle structure. Currently, under the Infrastructure Guidelines, there are five project lifecycle stages, a reduction from the previous six.

The timeline for projects to reach each of these stages will vary depending on a range of factors, such as the size, complexity and challenges experienced. This means each stage of the project lifecycle can occur over significant periods of time, while the time required to reach each stage is not predetermined. In addition, the project lifecycle is not necessarily linear, as investment proposals can move sequentially through each stage, or a stage may require revisiting at different points, as issues arise, or circumstances change. Should a programmatic approach be taken to develop several smaller capital projects, the Infrastructure Guidelines recommends a programmatic structure for each individual project be clearly outlined, and to identify whether a specific sequence of project development might be required.

The project lifecycle, step by step approach, ensures capital projects are developed in an incremental fashion, with safeguards built in to ensure scarce Exchequer resources are protected from being locked into a project which does not represent value for money. The Approval Gate process ensures only the necessary level of resources are committed at each stage of development, and where necessary, approval for a project may be denied should the project no longer represent value for money. While if a programmatic approach is taking place, the project lifecycle may see individual projects being developed in sequence, or in tandem, through the project lifecycle stages at different rates.

The Infrastructure Guidelines set out the parameters for different projects, appropriate to their scale and the level of detail required depending on the projects size. Where capital costs are below €20 million, the following steps will apply:

- Approving Authorities can commence a capital project without preparing the Strategic Assessment aspects of the Preliminary Business Case, but must include the strategic case, rationale and projects objectives.
- Approving Authorities and Sponsoring Agencies must determine whether an economic and financial appraisal are required.
- Ex-Post evaluations are not required, but a representative sample of projects is preferable.
- Approving Authorities and Sponsoring Agencies are not required to undertake the steps outlined in the Pre-Tender Stage or seek approval at Approval Gate 2.

However, where capital costs are estimated over €200 million, the additional EAP and MPAG requirements outlined under Major Projects will apply. However, all projects and programmes regardless of size must adhere to the project lifecycle and Approval Gate stages.

Approval Gate 1: Strategic Assessment and Preliminary Business Case

The Strategic Assessment and Preliminary Business Case Stage are the first stage of the project lifecycle. These outline some important and high-level information related to the proposed investment. For example, the objectives of a proposal, the long list of options considered to address the problem identified, potential risks, and the governance framework which will provide oversight for the project. This is set out in 'Infrastructure Guidelines: Strategic Assessment and Preliminary Business Case'.

The reform is intended to reduce the amount of time required by Sponsoring Agencies and Approving Authorities by compiling all necessary information in one step.

Strategic Assessment

The purpose of the Strategic Assessment is to examine the rationale for potential policy interventions and ensure the strategic fit of potential proposals with government policy. It is also intended to ensure alignment with the National Planning Framework and National Development Plan. It forms an important bridge between linking the proposed project and the necessary policy, and therefore is designed to guard against the potential failure to clearly specify the desired objectives and outcomes of what a project is trying to achieve. This is a common challenge for projects both in Ireland and internationally, as well as being a common challenge for both the public and private sectors.[13]

The Strategic Assessment must happen as early as possible in the concept phase of a proposal in order to meaningfully inform key decision points and should be informed by lessons learned from earlier schemes. Where a programme of investment is happening on a number of schemes which can be replicated, such as housing developments, it is beneficial for Sponsoring Agencies to undertake the Strategic Assessment for the programme as a whole, rather than for each individual component.

The Approving Authority can commence a project or programme without the need for the strategic elements of the Preliminary Business Case if the investment proposals are estimated to cost less than €20 million. However, the Strategic Assessment remains an important stage for the early scrutiny of a proposal's objectives, consideration of alterative options, identifying risks, and examining the specific problem to be addressed by the proposed intervention. This helps to identify and address any potential issues prior to committing investment of public funding.

Before proceeding with developing a Preliminary Business Case, the Strategic Assessment of the proposal considers the following areas:

- Investment Rationale
- Objectives

[13] Department of Public Expenditure, NDP Delivery and Reform, The Public Spending Code: Planning, Appraising and Managing Capital Investment Programmes, 2022.

- Strategic Alignment with Government Policy – in particular the NDP and the NPF
- Preliminary Demand Analysis
- The long list of potential options

Where a Strategic Assessment is completed for a proposal, it must be submitted to the Approving Authority for review. Once the Approving Authority is satisfied the proposals' rationale is sufficient to warrant a public policy intervention and aligns with the Infrastructure Guidelines and sectoral guidance, the Sponsoring Agency proceeds to the Preliminary Business Case element. Undertaking this stage properly can ensure time savings at later stages by pre-empting many challenges.

Preliminary Business Case

The Preliminary Business Case Stage incorporates the work already carried out as part of the Strategic Assessment and serves as a more detailed appraisal of the long list of options considered for a project. It aims to further develop the strategic case for the proposal and incorporates a more detailed appraisal of the options available, which may include the option to "do-nothing" as an intervention. This enables the Preliminary Business Case to articulate a preferred option for the proposed project that represents the best value for money and resolves the challenges identified. It also incorporates assessments of the associated risks along with the proposed approach to implementation of the investment proposal. The end output of this process is the Preliminary Business Case Report, which must include the following elements:

Table 2: Preliminary Business Case Requirements

Preliminary Business Case Requirements	
Confirm strategic relevance of proposed project and detailed specification of objectives	Risk assessment (Including optimism bias, risk management strategy etc)
Description of short-list of options to deliver project	Proposed approach to implementation and operation
Detailed demand analysis	Proposed procurement approach
Options appraisal (Including Financial, Economic, Sensitivity)	Assessment of delivery risk
Assessment of climate and environmental performance	Monitoring and evaluation plan and key performance indicators
Affordability assessment from existing resources	Recommendation of approving authority

Source: Infrastructure Guidelines: Strategic Assessment and Preliminary Business Case, page 6.

In some instances, there may be allowances for Sponsoring Agencies at Preliminary Business Case Stage to submit a single programme level investment approach. This is subject to it capturing all the necessary and required information of all the individual projects being developed as part of the programme. As individual projects within a programme may proceed at different speeds, resulting in several business cases being prepared, this new programmatic approach under the Infrastructure Guidelines will streamline the project lifecycle process at Approval Gate 1.

The Strategic Assessment and Preliminary Business Case process is a critical stage in the assessment of potential project proposals:

- For the Sponsoring Agency it provides a framework to assess costs, benefits, affordability, deliverability, risks and sensitivities associated with potential project options.
- For the Approving Authority it provides the information required to inform decisions on the viability and desirability of public spending proposals.

The Infrastructure Guidelines outlines the Preliminary Business Case should be an aid to good decision making, but it is not a final decision in and of itself. It also includes several key principles for Sponsoring Agencies to consider when preparing the Strategic Assessment and Preliminary Business Case. This includes optimism bias and behavioural influences, additionality, investment counter factual, and applying the appropriate time horizon.

Once finalised, the Preliminary Business Case should be sent to the Approving Authority for their review. They must check it for completeness and that it adheres to the Infrastructure Guidelines and relevant sectoral requirements. At this stage of the project lifecycle, the proposal presents a clearly preferred option, approach to delivery supported by evidence of a preliminary design to base costings, and the economic and financial appraisal.

Where the Approving Authority and Accounting Officer are satisfied the Preliminary Business Case meets the required standards and there is justification for the proposed project, it can then progress to the next stage of the project lifecycle, the Pre-Tender: Project Design, Planning and Procurement Stage. The relevant Approving Authority provides approval in principle and represents Approval Gate 1 in the project lifecycle. Alternatively, the Approving Authority may decide to seek further refinements or abandon the proposal entirely, should they identify issues.

Major project proposals over €200 million, follow a slightly different process at this stage of the project lifecycle to receive approval at Approval Gate 1, due to the size of the financial investment. Once Approving Authorities are satisfied the Infrastructure Guidelines and sectoral guidance requirements are being met, major projects must be submitted for review through the External Assurance process. The project proposal and external reviews are then submitted and interrogated by the Major Projects Advisory Group who provide feedback to the Sponsoring Agency.

This is a prerequisite to a major project receiving seeking approval in principle. Finally, once the necessary MPAG recommendations are addressed, Government must provide consent at Approval Gate 1 for the major project to receive approval in principle. Only then can major projects proceed to the next stage of the project lifecycle.

Approval Gate 2: Pre-Tender Project Design, Planning and Procurement Strategy

The Pre-Tender Project Design, Planning and Procurement Strategy is the second stage of the project lifecycle. This is set out in 'Infrastructure Guidelines: A Guide to the Project Design, Planning and Procurement Strategy'.

Here, the preferred option identified in the Preliminary Business Case receives a more detailed scrutiny. The existing assumptions are refined, risks better understood and the design stage is sufficiently developed to prepare the Detailed Project Brief. This stage includes the development of the procurement strategy and project execution plan, with tasks including:

- Further development of governance structures used throughout the life of the project.
- Reviewing and confirming assumptions and constraints on which the Approval in Principle was based, including budget estimates.
- Reviewing the assumptions underpinning the preferred option.
- Preparing the Detailed Project Brief.
- Developing and refining the budget within the Detailed Project Brief.
- Developing a Project Execution Plan.
- Deciding on a procurement strategy.

Where capital investment proposals are proceeding based on inaccurate project briefs, this will result in amendments being required after the project design phase or construction have begun. This will result in delays and additional costs, where changes are required later in the delivery process, and in the project being more expensive to deliver. The main purpose of the Pre-Tender Project Design, Planning and Procurement stage is to avoid and minimise unnecessary cost changes. This means Sponsoring Agencies must accurately specify their output requirements as accurately, timely and precisely as possible.

The Pre-Tender Stage is also supported by the Capital Works Management Framework, which is complimentary and derives from the Infrastructure Guidelines.[14] It outlines the key requirements and guidance at this stage, of relevance to proposal management, project definition, the definitive project brief and budget development.[15]

Where a programme of work is undertaken, the Design and Planning Stage may proceed at different speeds, depending on the nature of each individual project. However, differences in timelines should be minimised as much as possible, with the documentation outlining how the overall programme and individual projects intend to seek approval going forward.

Once the Detailed Project Brief and Procurement Strategy is completed, it is sent to the Approving Authority for review to ensure its alignment with the

[14] The Capital Works Management Framework is due to be updated to reflect the specific provisions of the Infrastructure Guidelines

[15] Department of Public Expenditure, NDP Delivery and Reform, *Infrastructure Guidelines* (December 2023).

Infrastructure Guidelines and any other sectoral guidance. The Approving Authority and Accounting Officer must decide to either approve the proposal to seek refinement, or further development of the Pre-Tender document or abandon the proposal. This is an essential stage in the project lifecycle, as the Approving Authority and Accounting Officer must be satisfied with the projects design and be satisfied it continues to represent maximum value for money. Any further developments at the Design and Planning Stage must be considered within the parameters of the economic and financial appraisal. The appraisal should also be reviewed where material changes which occurred may undermine the basis for the initial approval in principle received at Approval Gate 1.

However, where a capital investment proposal is estimated to cost below €20 million, the Sponsoring Agency and Approving Authority are not required to undertake the element of the Pre-Tender – Planning and Design Stage of the project lifecycle. These proposals are also not required to seek approval at Approval Gate 2. However, they should follow the steps outlined in the Capital Works Management Framework by the Office of Government Procurement, before tendering for the main contract.

Under the Design and Planning Stage major project proposals are not required to be submitted for External Review or to be considered by the Major Projects Advisory Group, unlike at the Preliminary Business Case Stage. However, if previous issues raised by MPAG which required further scrutiny were raised, MPAG may request at Approval Gate 1 that the proposal be resubmitted to them for review before the proposal can proceed to Pre-Tender Stage at Approval Gate 2.

Following the preparation of the Pre-Tender, and receiving approval to proceed, tendering is the final element of this stage. It broadly encompasses 4 main stages, while there is a responsibility on all Sponsoring Agencies to undertake public procurement in line with both EU and national requirements. The main tendering stages include:

Table 3: Main Steps in Tendering Process

Stage	Title	Detail
1	Preparation	The detailed tender documentation is prepared for publication.
2	Invitation	The tender documents are published, and prospective contractors are invited to respond.
3	Evaluation	The responses from prospective contractors are evaluated.
4	Approval	The Approval to Proceed is sought from the Approving Authority. This requires the re-appraisal of the proposal using the information from the tendering process and submission.

Source: Infrastructure Guidelines: Project Design, Planning and Procurement Strategy, page 7.

Approval Gate 3: Final Business Case

The Final Business Case aims to reassess the initial assumptions underpinning the Preliminary Business Case, and to reconsider the findings which emerge. This stage is set out in 'Infrastructure Guidelines: Final Business Case'.

At this stage of the project lifecycle, the Sponsoring Agency will have a much greater understanding of the range of issues that can affect the proposal. This would include areas such as the cost, benefits, risks, and the affordability of the project, which must be reflected in the Final Business Case to ensure continued investment in the proposal is valid. In addition, this stage allows for any reconsideration of the economic and financial case for the project, and its overall delivery. By gaining a deeper understanding of the proposal by building on previous stages, this enables the creation of a Final Business Case Report, that determines whether to proceed further with a project or programme. Where a proposal has been properly prepared at the early stages, this means there may be minimal changes at this stage of the process which will minimise any delays.

The Final Business Case sets out all the relevant information on the project or programme, and a range of commercial and delivery issues that emerged following the tendering process. These help to inform the next steps of the project. Once the Final Business Case Report is completed, the Sponsoring Agency must submit it to the relevant Approving Authority, after the tendering process but before the construction contracts are awarded. The Approving Authority and Accounting Officer review the Final Business Case Report to ensure the completeness of the contents.

As the Final Business Case Report updates and expands on the Preliminary Business Case, it must include the following information:

- Final confirmation of the strategic relevance of the proposal and detailed specification of the objectives of the proposal.
- The Detailed Project Brief as set out in the Planning and Design Phase and as confirmed by the tendering process.
- Economic and financial appraisal using updated information from the tendering process as necessary.
- Re-examination of affordability within existing resources and with particular reference to the Medium-Term Exchequer Capital Envelope for projects funded from Voted expenditure.
- Full risk assessment and consideration of remaining optimism bias.
- Detailed delivery schedule.
- Benefits Realisation Plan.
- Evaluation Plan.

If a programmatic approach is pursued, where individual projects are interdependent or related, these can be bundled together into a package submission, even if this results in multiple submissions and approvals required at each Approval Gate. Where a Final Business Case is required for each individual project within a programme, the project level Final Business Case can provide a summary of the updated appraisal of the overall programme to allow the

Approving Authority and Accounting Officer updates on the most recent status of the programme.

Where the Approving Authority and Accounting Officer are satisfied the Final Business Case meets the required standard, the project is justified, affordable within funding constraints, and a relatively high priority compared to other competing proposals, they can approve the project to proceed. Alternatively, the Approving Authority and Accounting Officer may decide to seek refinement, further development or retendering of an amended scope, or to abandon the proposal altogether.

Where the final cost of a proposed project is likely to exceed €200 million, the Approving Authority may submit the Final Business Case Report to the Department of Public Expenditure, NDP Delivery & Reform for review and provide feedback to the Approving Authority. Once this is finalised, Government consent must be sought for the major project to proceed at Approval Gate 3.

Implementation Stage

The Implementation Stage begins once final approval for the award of a contract is secured from the Approving Authority. This is set out in 'Infrastructure Guidelines: A Guide to the Implementation Stage'.

The main tasks involve awarding the contract, manage and monitor the project to ensure it is undertaken to a satisfactory manner, within budget, to the required standard and on time. The Sponsoring Agency is responsible for implementation of the project, while the Approving Authority and Accounting Officer, must be satisfied the project is delivered as had been approved. Where Government acts as the Approving Authority for major projects, the responsibility rest with the relevant public body funding the project to ensure the successful management and monitoring of functions to ensure delivery, often a Department.

Further guidance is set out in the Capital Works Management Framework which outlines the steps required in contract management, designed to ensure the smooth delivery of a project. Projects are monitored on an ongoing basis during the Implementation Stage by the Sponsoring Agency, to ensure projects are being completed to the required cost, quality and agreed timeline. This will allow for changes in circumstances to be factored in, for example the impacts of energy inflation or supply chain issues, which may impact the development of projects or programmes.

Sponsoring Agencies should prepare regular management reports, through the projects Governance structure, to cover any significant developments, such as a projects delivery, cost of development, and other related benefits accruing from the project. This should also include the most up to date information available, relative to the scheduled costs and delivery timeframes. Where a programmatic approach is taken to deliver several smaller projects, the necessary resources must be available so the Sponsoring Agency can plan and monitor each investment project, and the overall programme.

The Approving Authorities and Accounting Officer should closely monitor a projects implementation and take appropriate actions, should the circumstances require, within the context of contractual arrangements. All the necessary developments should be communicated to the Approving Authorities and Accounting Officer, and where necessary, to Government. This may include:

- Changes to governance arrangements.
- Changes to project scope.
- Cancellation on project.
- Changes to wider external environment.

Post-Completion Review and Benefits Realisation Stage

This is the last stage of the project lifecycle and an important one for identifying lessons learned through the projects development and helping to continuously improve how public bodies deliver, plan, manage and invest in capital projects and programmes. This enables the lessons learned to be translated back into the necessary sectoral and national guidance to aid future projects. This is set out in 'Infrastructure Guidelines: A Guide to the Post Project Completion Review and Benefits Realisation'.

The purpose of the Review Stage is to determine whether a capital project was delivered in line with its initial scope and budget, and whether it adhered to the Infrastructure Guidelines' requirements. The output from this stage is a Project Completion Report, which enables public bodies to build up data from the completed reports to inform future projects of cost and risk profiling of similar projects and programmes. The review should be conducted on all projects while being completed, to assess whether the Infrastructure Guidelines and sector-specific requirements were followed at each stage of the process. The aim of the Post Completion Review is to determine if:

- The basis for undertaking the project proved correct.
- The business case and management procedures were satisfactory.
- The operational performance and initial benefits were realised.
- The conclusions drawn are applicable to other projects, to the ongoing use of the asset, or to associated projects.

Ex-Post Evaluation

While not necessarily a stage in the project lifecycle, the purpose of the Ex-Post Evaluation is to determine whether the intended benefits and outcomes associated with the capital project materialised, and to assess the impact of the investment proposals intervention. This helps to contribute to the lessons learned and improve the sectoral and national guidance public bodies must follow when investing in capital. By building up Ex-Post Evaluation Reports, this enables public bodies to develop a baseline to profile outcomes and performance metrics for other similar project proposals.

The overall aim of the Ex-Post Evaluation is to determine whether:

- The expected benefits and outcomes materialised including operational performance.
- The planned outcomes were the appropriate responses to actual public needs.
- The conclusions drawn are also applicable to other projects, the ongoing use of the asset, or to associated investment projects.

A challenge with developing capital projects is the benefits associated with the investment may take some time after completion before they begin to manifest. As a result, depending on the type of project, Sponsoring Agencies should conduct the Ex-Post Evaluation after 3 to 5 years of a project's completion. This allows sufficient time to elapse to allow the benefits and any other outcomes to materialise. Where an investment on capital infrastructure has occurred as a programme of works, the Infrastructure Guidelines recommends one Ex-Post Evaluation is done for the overall programme, which incorporates each of the individual projects. It is important the structuring and selection of individual projects, and how this impacted the benefits and outcomes, is examined in the Evaluation.

The Ex-Post Evaluation must be completed in line with the methodology from the project's Evaluation Plan. This can include examining the financial or economic appraisals from the Final Business Case to assess whether the assumptions were correct or if the expected costs and benefits materialised over time. The Ex-Post Evaluation can use Value for Money Reviews or Focused Policy Assessment methodologies to assess the efficiency, effectiveness or impact of a proposal, or it could conduct interviews with key stakeholders as part of the evaluation.

The review should utilise the Key Performance Indicators from the project's monitoring and evaluation plan, and with the necessary information collected and reported as the project was implemented. While the Approving Authority and Accounting Officer must check the Ex-Post Evaluation report to ensure it aligns with the requirements under the Infrastructure Guidelines and sector-specific guidance. Where appropriate the findings and lessons learned should be incorporated into sectoral guidance to improve them for future projects.

The final report should be published to support continuous improvement on the evaluating, planning and managing of public investment. The Ex-Post Evaluation Report for projects over €50 million must be sent to the Department of Public Expenditure NDP Delivery and Reform for dissemination and to enable the findings and lessons learned by incorporated into the Infrastructure Guidelines where appropriate.

8. Infrastructure Guidelines Supporting Documentation

The Infrastructure Guidelines is accompanied by several supporting documents which provide guidance and a greater level of detail on specific areas which proposals can draw from for preparing documentation during the project lifecycle. This includes guidance around the use of Public Private Partnerships, compliance, and guidance for conducting economic and financial appraisal of proposals. This section provides a brief overview of these supporting documents.

It is important to note, these supporting documents are yet to be updated to reflect some of the changes introduced by the Infrastructure Guidelines. In many cases they still refer to the Public Spending Code. However, they remain in use as the current guidance that must be adhered to when preparing publicly funded infrastructure projects and programmes.

Public Private Partnerships

Guidance concerning the requirements of developing public infrastructure projects using Public Private Partnerships (PPP's) were published in 2019. This document replaced the previous guidelines published by the Department of Finance in 2006, by amalgamating and updating previous guidance material. This document updated the procurement process involving PPPs based on practical experience and lessons learned from the development of public infrastructure projects. These guidelines exist as the previous Public Spending Code, now the Infrastructure Guidelines, set out the steps to be taken when evaluating public infrastructure projects, yet when using a PPP process some stages differ from the main Public Spending Code/Infrastructure Guideline.

Further details on the guidance and requirements involved when undertaking PPP projects and programmes can be found in the 'Guidelines for the use of Public Private Partnerships (PPP)'.

Quality Assurance Process

The previous Public Spending Code, now the Infrastructure Guidelines, established the obligations and requirements at all stages of the project lifecycle for the development of capital projects and programmes using public funding. There is an obligation and responsibility on the Sponsoring Agency, Approving Authority and the Accounting Officer to ensure that all the relevant compliance requirements under the Public Spending Code/Infrastructure Guidelines are adhered to.

The Quality Assurance Process (QAP) document outlines the different roles and responsibilities as part of the quality assurance process for Sponsoring Agencies and Approving Authorities. This outlines who must undertake the quality assurance within the Approving Authority, and outlines the Department of Public Expenditure and Reform may undertake their own quality assurance checks on occasion. This is to ensure a consistent approach across the public service and the correct procedures were followed. Under the Quality Assurance Process there are 5 stages:

1. Draw up an inventory of projects/programmes at the different stages of the project lifecycle.
2. Publish summary information of all the procurements in excess of €10 million, related to projects in progress or completed in the year under review.
3. Complete the checklist contained within the Quality Assurance Process document.
4. Conduct an in-depth check on a small number of selected projects/programmes.
5. Complete a short summary report of the previous 4 steps, which must be signed by the Accounting Officer.

Further guidance on this can be found at 'Public Spending Code: Quality Assurance Process'.

Economic Appraisal

These are two separate documents which outline the main appraisal methods and techniques which must be undertaken as part of the economic or financial appraisal required by the Infrastructure Guidelines.

The approaches to be taken as part of an economic appraisal for spending was published in a document in 2012. This provides a brief overview and introduction of analytical techniques and methods used to appraise public spending on projects and programmes. This includes explanations of key terms and their purpose or purpose and how they function when appraising capital infrastructure projects, which includes:

- Net Present Value Method
- Discount Rate
- Cost Benefit Analysis
- Cost Effectiveness Analysis, and
- Multi Criteria Analysis

Further guidance on the information concerning conducting an economic appraisal can be found in 'Public Spending Code: Overview of Appraisal Methods and Techniques'. While further guidance on how public sector bodies should undertake a Cost Benefit Analysis for a proposal are outlined in 'Public Spending Code: A Guide to Economic Appraisal, Carrying out a Cost Benefit Analysis'.

Financial Appraisal

Supplementary guidance for public sector bodies conducting a financial analysis for a preliminary business case or Pre-Tender document is also available. A financial analysis is usually undertaken from the perspective of the Sponsoring Agency and should take account of the potential impact to the Exchequer and must provide an understanding of the cash implications of expenditure proposals.

The document outlines the use of public funding for projects and programmes must be delivered with the maximum value for money and must represent the best means to achieve a particular policy goal. As a result, the financial analysis is important to understand the wider implications of the spending on a proposal. The document outlines the guiding principles and steps for conducting a financial analysis for projects both under €1 million and above €1 million, as well as templates to be used by Sponsoring Agencies. It further outlines a different level of detail must be provided depending on the level of spending involved, with larger projects requiring greater levels of details.

Further guidance on conducting a financial appraisal is available in 'Public Spending Code: Carrying Out a Financial Analysis'.

Conclusion

The guidance underpinning Ireland's capital spending has undergone a series of reforms over the last decade. These reforms and updates set the guidance to ensure Ireland remains in line with implementing international best practice and capital infrastructure can be delivered to achieve the best value for money in a timely manner. This paper outlined the role of the Infrastructure Guidelines, which replaced the Public Spending Code in 2023, and how it updated and reformed the requirements involved with the delivery of capital projects in Ireland.

The Infrastructure Guidelines introduced several significant reforms including, streamlining the project lifecycle process, strengthening the role of the Accounting Officer, increasing the cost thresholds requiring Government consent, threshold reviews every 3 years, incorporating greater climate and environmental considerations.

As the Infrastructure Guidelines underpinning capital spending is a living document, further updates and reforms may be required with time. This is intended to ensure the requirements remain responsive, flexible and aid the delivery of public capital infrastructure in a timely and cost-effective manner.

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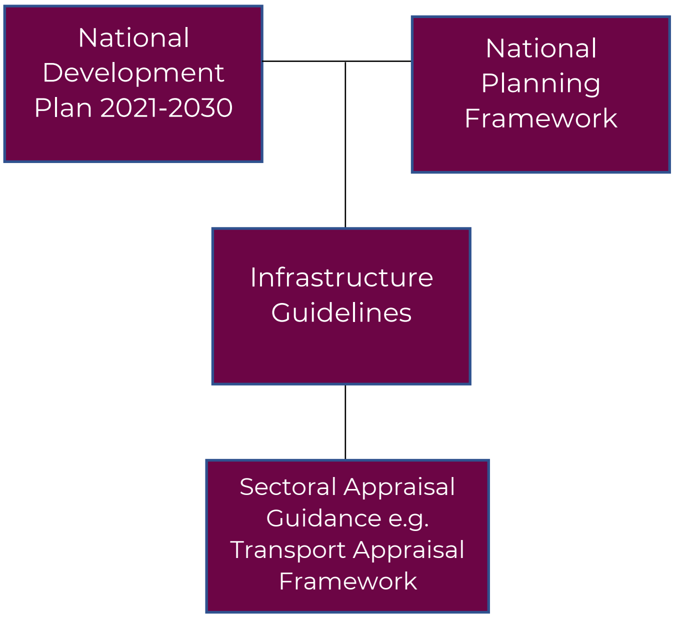
Figure 4: Where the Infrastructure Guidelines sits in the hierarchy of Project Ireland 2040 Strategies and Plans



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