



# An Roinn Iompair, Turasóireachta agus Spóirt Department of Transport, Tourism and Sport

## **Large Scale Sport Infrastructure Fund**

### **1. Introduction and Background**

The National Sports Policy was published on 25 July 2018 and provided for a Large Scale Sport Infrastructure Fund (LSSIF). The aim of the fund is to provide Exchequer support for larger sports facility projects. These are projects where the Exchequer investment would be greater than the maximum amount available under the Sports Capital Programme (SCP). In some cases, these may be projects where the primary objective will be to increase active participation in sport. In other cases, these may be large scale venues/stadia where the focus is more related to social participation and high performance sport. Initially, the scheme will have a particular focus on National Governing Bodies of Sport (NGBs) and Local Authorities. New swimming pool projects will also be considered. All project proposals will be subject to appropriate economic analysis.

The Government has provided a capital allocation of at least €100m over the period 2019 to 2027 for the LSSIF.

While this programme is aimed primarily at the NGBs and Local Authorities it is also open to other bodies, philanthropic funders, clubs and voluntary organisations to apply but such applications would necessarily have to be **made and prioritised** by a Local Authority and/or an NGB (subject to the criteria outlined in paragraphs 8, 9 and 10 below.)

### **2. Background to the Large Scale Sport Infrastructure Fund**

The Department of Transport, Tourism and Sport aims to increase participation and interest in sport, to improve standards of performance and to develop sports facilities at national, regional and local level through a Departmental policy and resource framework in partnership with its Agencies, other Government Departments and the National Governing Bodies of Sport.

### **3. How will the Fund be allocated?**

The National Development Plan makes provision of at least €100m between 2018 and 2027 for the LSSIF.

The National Planning Framework (NPF) is the Government's high-level strategic plan for shaping the future growth and development of our country out to the year 2040.

The NPF's aim is to see “a roughly 50:50 distribution of growth between the Eastern and Midland region, and the Southern and Northern and Western regions, with 75% of the growth to be outside of Dublin and its suburbs.”<sup>1</sup>

The plan targets five cities (Dublin, Cork, Limerick, Galway and Waterford) for 50% of overall national growth between them, with Ireland's large and smaller towns, villages and rural areas accommodating the other 50% of growth.

While it will be the aim to allocate the overall funding in a manner that is consistent with the National Planning Framework (NPF), the achievement of this objective will be dependent on receiving suitable high quality applications from across the regions. The allocation of funding will also have to be considered in the context of providing funding to a variety of sports if possible.

In assessing proposals, the location of a proposed development and its consistency with the NPF development targets will be a factor taken into consideration. There will also be an emphasis on the allocation of funding to a variety of sports.

#### **4. Aims of the Scheme - What Projects will be funded?**

The LSSIF will support investment in Sporting Infrastructure that will reinforce the principles outlined in the Department's National Sports Policy by

- Increasing active participation in sport
- Improving the quality of active participation in sport
- Increasing Social Participation in sport
- Improving the quality of Social Participation in sport
- Improving High Performance in sport
- Increasing Active Participation in sport by people with a disability

In considering investment in infrastructure that meets these aims, priority will be given to projects that

- Can be identified as a priority within a local authority's development plan and strategic vision, demonstrating cross sector collaboration and clearly identified local priorities.
- Can be identified as a priority of a NGB in its strategy for the development of active participation, social participation and improvement of high performance in the sport it governs e.g. development centres.
- Are multi-functional in nature and cater for a number of sports and other activities.

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<sup>1</sup> Section 1.2 of Project Ireland The National Planning Framework <http://npf.ie/wp-content/uploads/Project-Ireland-2040-NPF.pdf>

- Provide facilities that are open to the general public.
- Meet the needs of a mixed group of clubs and associations.
- Prioritise the needs of disadvantaged areas and groups including people with disabilities.
- Require funding for the development of capital infrastructure (new build, modernisation or refurbishment) and major fixed equipment where it is an integral part of a project.
- Do not include costs for non-fixed equipment which are not covered by this fund.
- Have not yet started on site.
- Are located on a site(s) where the applicant holds ownership or long-term lease with at least 25 years remaining.
- Are seeking a grant of at least €300,000 under Stream two.
- Identify confirmed capital partnership funding for the project from the applicant and/or other parties.
- Provide and demonstrate a commitment and ability to manage the facility in an effective manner once capital works are completed in a financially sustainable manner.
- Address the issue of energy conservation and encourage active travel e.g. through the provision of cycle parking facilities.

All projects must be compatible with EU Commission Regulation No 651/2014 of 17 June 2014 as amended by EU Commission Regulation 1084/2017 declaring certain categories of aid compatible with the internal market in the application of Articles 107 and 108 of the Treaty (The General Block Exemption Regulations). Article 55 of the EU General Block Exemption Regulations for State Aid is attached at Appendix One.

## **5. What Projects are Ineligible?**

All projects that do not meet the criteria set out in section 4 above are deemed ineligible for this grants scheme. In keeping with EU State Aid rules leisure parks and hotel facilities, in particular, are deemed ineligible.

Facilities that mirror or are deemed to compete with facilities currently available, under construction or planned at the National Sports Campus are also ineligible. These include:

- National Aquatic Centre
- National Indoor Arena
- National Horse Sport Arena
- National Modern Pentathlon Centre
- National Diving Training Centre

- High Performance Training Centre
- FAI National Training Centre
- GAA National Games Development Centre
- National Cross Country Track
- High Performance Cricket Training Facility (in planning stages)
- Sport HQ office accommodation (complete - home to 27 NGBs) and additional office accommodation (under construction)
- National Velodrome and Badminton Training Facility (planned)
- Athlete Accommodation (planned)

Facilities that mirror or are deemed to compete with other national or regional facilities currently available are also ineligible. These include facilities such as

- The National Rowing Centre and
- Existing regional development centres in particular sports

Other ineligible projects include

- Routine maintenance, minor repairs or other on-going costs (including the resurfacing of artificial pitches funded by the SCP in the last 10 years)
- Operational Costs
- Greenways
- Walking Trails
- Legal fees
- Projects that have already commenced or where contracts have been signed prior to grant award
- Projects where the total project cost exceeds €100m
- Children's Playgrounds
- The repayment of loans
- The purchase of land or buildings

## 6. Who can Apply?

The grants scheme is open to applications from

National Governing Bodies	National Governing Bodies with responsibility for certain Sports and recognised by Sport Ireland.
Local Authorities	

## 7. Ineligible Applicants

Ineligible applicants shall consist of

- ✓ Aid to undertakings in difficulty (details of which are set out in Appendix Two)
- ✓ Aid in favour of an undertaking which is subject to an outstanding recovery order following a previous European Commission decision declaring an aid illegal and incompatible with the internal market;
- ✓ Applicants that are not tax compliant are not eligible and applicants will be required to demonstrate evidence of tax compliance;
- ✓ Applicants that are not in a position to establish that they either (a) own the project site or (b) have the right to undertake the proposed project on the identified site and (c) that the Department can place a charge on the site to protect its investment;
- ✓ Applicants that are not the organisation or individual through which all grant-aided expenditure on the project will be made. (i.e. Entities that are not the grantee of the aid);
- ✓ Applicants that remain in breach of a material provision of a previous grant agreement. For these purposes, the applicant shall be deemed to include:
  - i. any other enterprise so in breach that was previously in receipt of funding and which either as of the date of the previous grant agreement or as of the date of an application under this scheme formed or forms part of 'single undertaking' (within the meaning of Article 2 (2) of Commission Regulation No. 1407/2013) with or in relation to the current applicant; and
  - ii. any person who is or was a director, officer, shareholder (with a shareholding of at least 10%) or interest holder (being in the nature of any right to at least 10% of any profits) of or in any enterprise that is or was so in breach, or of any other enterprise, which with or in respect of the former, forms part of a 'single enterprise' in accordance with (i) and which was so in breach.

## 8. Sharing - Making a Joint Application

A Local Authority or an NGB may make an application on behalf of an organisation that owns the land where the project is proposed. In such instances it will be necessary to ensure that an appropriate charge can be placed on the site to protect the Government's investment.

The details (name and tax registration number) of the organisations being joined to the applications must be provided during the applications process. All joint applicants must be tax compliant.

Licence agreements of sharing arrangements must be produced at time of application. Further details in Paragraph 9.

## **9. Evidence of Sharing**

Joint applications involving more than one organisation are encouraged. These can consist, for example, of joint ventures between a number of NGBs, a number of Local Authorities and/ or a mixture of both Local authorities and NGBs. Such applications can also make provision for the use of facilities by clubs, schools and other community groups.

**Applications for facilities that are being developed for professional sports must show evidence that the** infrastructure shall not be used exclusively by a single professional sport user. Use of the sport infrastructure by other professional or non-professional sport users shall annually account for at least 20 % of time capacity. If the infrastructure is used by several users simultaneously, corresponding fractions of time capacity usage shall be calculated.

Additional credit will be given in assessment where formal agreements can be shown to exist (e.g. a licence agreement signed by the clubs, and/or other community sports groups – please refer to your solicitor for further information) that will allow local school and/or community sports groups to use the proposed facilities throughout the year when it is not being used by the applicant(s).

Guidelines on what a licence agreement should contain are set out in appendix three.

## **10. Making More Than one Application**

More than one application may be made by NGBs and Local Authorities but these must be prioritised in order of merit by the NGB or Local Authority as appropriate.

## **11. State-Aid**

European Union State aid rules apply to this grant scheme and determine what types of projects are eligible and what support can be provided by the Department. These are provisions under which aid may be provided legally without prior notification and clearance by the European Commission. Article 55 of Commission Regulation 651/2014 (General Block Exemption Regulation) provides that aid may be provided for sport and multifunctional recreational infrastructure. Article 55 is reproduced at Appendix One.

This scheme is not prescriptive and applications will be determined with reference to the outcomes (both participative and qualitative) set out at Paragraphs 4 and 5.

The scheme will run from November 2018 until 2027 but may be amended from time to time to match any changes that are made in EU Commission regulations or to adjust the scheme in the light of experience as it develops. Additional calls for proposals may also be made during these years as resources permit.

## **12. What support is available?**

In assessing applications for Stream 1, priority will be given to those National Governing Bodies that do not have existing national or regional infrastructure at their disposal.

For Stream 2 applications the maximum grant amount that a project may receive is €30 million; however given the funding available it is very unlikely that any project will receive a grant of this magnitude. The minimum grant that will be offered under stream 2 is €300,000.

Applicants should bear in mind that the funding available to the programme is limited. The level of own funding provided by the applicant/promoter(s) of a project will be taken into account in assessing the order of merit of proposals.

The eligible costs and any associated grant will depend on the specific details of the proposed project. Total project costs consist of total eligible costs and such ineligible costs as determined by the Department from time to time. Only the capital expenditure, external consultancy costs and eligible expenditure of an approved project may be grant-aided under this scheme. Stream 2 projects seeking a capital grant of €300,000 and below should apply for funding under the Sports Capital Programme (See <http://www.dttas.ie/sport/english/sports-capital-programme> ).

In accordance with State Aid rules for investment aid for sport and multifunctional recreational infrastructure, the aid amount shall not exceed the difference between the eligible costs and the operating profit<sup>2</sup> of the investment. The operating profit shall be deducted from the eligible costs ex ante, on the basis of reasonable projections, or through a claw-back mechanism.

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<sup>2</sup> 'Operating profit' means the difference between the discounted revenues and the discounted operating costs over the relevant lifetime of the investment, where this difference is positive. The operating costs include costs such as personnel costs, materials, contracted services, communications, energy, maintenance, rent, administration, but exclude, for the purpose of this Regulation, depreciation charges and the costs of financing if these have been covered by investment aid.

### 13 Match funding

Match funding is required for all projects. The applicant will be required to contribute a minimum of 30% of total project costs as match funding. Applicants must demonstrate that they are incurring costs in the amount of 30% of the total project costs.

Match funding may be in the form of a combination of wider Exchequer and/or State sector capital expenditure, Local Authority investment, community investment, philanthropic contributions and private sector investment.

#### Evidence of availability of own funding

Written evidence of the availability of all matching finance to complete the project must be submitted with the application form. The source(s) of matching funding must be clearly identified and be secured by a written undertaking from the relevant source confirming that the funding will be forthcoming if the project is approved. This could be:

- A letter of reference from a financial institution, which includes the name of the organisation, the details of the bank account and the closing balance on the statement(s). Letters and statement must be dated within 3 months of the submitted application. In the case of joint applications or if the organisation has more than one bank account, letter and statement can be included for each account.
- If the level of own funding includes a loan, the financial institution must fill in and stamp the template provided at **Appendix 1 of Application Form** or provide a letter from your financial institution containing the information sought in that sample letter.
- Local Authorities must provide a letter from their finance officer/accountant confirming that the required own funding is in place.

As previously mentioned there are two streams of funding within this grant scheme (see paragraph 17).

Both streams will require match funding.

In the first stream, which concerns assistance in the development of detailed plans and cost effective analysis for a proposed project the applicant must outline how the project in its entirety will be funded including an outline of the sources of funding.



A Stream 2 application will require the applicant to demonstrate that sufficient match funding to deliver the project is in place (in the form of letters from an accountant/auditor and from your bank). In the case of a Local Authority a letter from the Finance Officer confirming that the required funding is in place must be provided.

## **14 Other Conditions of the Grant Scheme**

**Management and Accountability:** It is a rule of the scheme that all grants awarded for capital projects must comply with Department of Public Expenditure and Reform Circular 13/2014

**Audit:** All funded projects will be subject to audit by the Department of Transport, Tourism and Sport and/or the Comptroller and Auditor General. Full and accurate documentation to support all expenditure should be maintained and accessible for audit purposes at all times and for a period of six years from the date of completion of the project.

**Level of Grant:** The precise level of grant for an individual project will depend on the nature and quality of the proposal, and having regard to State Aid rules. While 70% represents the maximum contributions in some cases, the Fund might form the minor part of the total investment, providing a small but important element of funding to add value to a larger project which already has substantial funding commitments in place.

**Publication:** Details of individual awards will be published on the Departments website including, the Name of the beneficiary; Type of enterprise (SME/large) at the time of granting; Region in which the beneficiary is located; Sector of activity, Aid element, expressed as full amount in national currency; Aid instrument; Date of granting; Objective of the aid; Granting authority; proportion of match funding.

**Legal Title:** The organisation must have legal title to the premises upon which the development works are taking place. All organisations awarded grant funding will be required to enter into a comprehensive legal agreement with the Minister for Transport, Tourism and Sport placing a charge on the property being developed for the amount of the grant aid and for a period of 25-35 years at the discretion of the Department. If offered grant funding, a letter from the project's legal advisor must be provided, after letter of offer stage, stating the legal status of the property and confirming that there are no legal impediments to the project promoters entering into such a legal arrangement with the Minister.

**Continued use:** Payment of all grants will be subject to a Deed of Covenant guaranteeing the continued use of the facility for the purposes for which the grant is awarded for a specified period.

**Drawdown of grant**—Promoters of all projects must demonstrate their ability to project manage and deliver the proposal within the proposed time frame and within the proposed funding package.

Projects must be completed and funds drawn down as follow:-

- **Stream 1:** Within 18 months of grant award;
- **Stream 2:** As set out in a letter of offer from the Department of Transport, Tourism and Sport
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Applicants should note that grantees must pay for work prior to seeking reimbursement from the Department. The Department pays grants in stages as projects proceed by reimbursing costs when valid paid invoices are submitted. In line with best practice the Department will pay out grants in proportion to its contribution to the overall project cost.

The Department will, at its discretion, retain a proportion of grant payments (rate to be confirmed) until the project has been completed and the Department is in receipt of a letter from the applicants technical advisor confirming that the project is complete, that the defects period provided for in the contract for the works has expired and that all defects have been remedied in accordance with the terms of contract

**Acknowledgment of funding** – In respect of Stream 2 funding Photographic evidence of a bilingual sign indicating that the project is being part-funded by the Department of Transport, Tourism and Sport will be required during construction. Prior to final drawdown of grant a permanent sign indicating that the facility has been provided with the support of the Department of Transport, Tourism and Sport will be required.

Other suitable acknowledgements may also be required in terms of signage and literature.

Acknowledgement of funding may also be required for Stream 1 funding by way of credits in reports or feasibility studies.

**Availability of Infrastructure:** In recognition of the State's contribution to the provision of the facilities that are the subject of a grant under the Large Scale Sport Infrastructure Fund the applicants agree that they will not deny anybody access to any facility or part of a facility for which they receive a grant without just, reasonable and proper cause.

## **15. General**

The information provided in this document is intended to give applicants an understanding of the process by which applications for assistance are assessed and approved and does not purport to be a legal interpretation.

### **Disclaimer**

The Department of Transport, Tourism and Sport shall not be liable to the applicant or any other party for any loss, damage or costs of any nature resulting directly or indirectly from the application or its subject matter or the Department's rejection of the application for any reason.

The Department, its servants or its agents shall not at any time in any circumstances be held responsible or liable for any matter connected with developing, planning, financing, building, operating, managing and/or administering individual projects or any matter connected with the part payment by the Department of invoices submitted by grantees.

### **Freedom of Information Act 2014**

Under the Freedom of Information Act 2014, details contained in applications and supporting documents may, on request, be released to third parties. If there is information contained in your application which is sensitive or confidential in nature, please identify it and provide an explanation as to why it should not be disclosed. If a request to release sensitive information under the legislation is received, you will be consulted before a decision is made whether or not to release the information. However, in the absence of the identification of particular information as sensitive, it could be disclosed without any consultation with you.

### **Site Visits and Evaluation Survey**

If your application for funding is successful the Department may carry out site visits during various stages of your project. You may also be required to complete an Evaluation Survey on completion of your project.

### **Further information may be requested**

The Department reserves the right to request further information from you in order to assess your application if so required.

## 16. How to Apply

The onus is on applicants to make sure that all the correct/required documentation for your application is submitted by the due date.

Any multi-page documents must be provided as a single document rather than as separate documents.

It is important to note the following:

- The documents submitted can be in the following formats only: PDF, GIF, JPG, JPEG, TIF, TIFF, BMP, (word documents or other editable files cannot be used)
- Electronic files must not be password-protected or have other security restrictions applied
- The maximum size for an application (including all attachments) is 20 megabytes
- File names should make documents clearly identifiable and consist of only alphanumeric characters i.e. a - z, A - Z and 0 through 9 and spaces.

It is your responsibility to make sure that the correct documents are provided.

### ***Application Form***

There are two separate application forms, one for Stream 1 and one for Stream 2. Applicants are required to complete the relevant application form outlining their project. The application form is detailed and is designed to ensure that the Department has the necessary information to evaluate each proposal accurately and fairly. **Please ensure that you complete the correct application form in full and that all required documentation is submitted with your application.**

Only projects which clearly meet the terms outlined will be considered eligible for the purpose of securing a recommendation for grant funding. Submission of false or misleading information to the Department at any stage is treated very seriously. Any applicant that does not comply with the terms and conditions of the Large Scale Sport Infrastructure Fund may be subject to inspection, have their grant withdrawn, be required to repay all or part of a grant and/or be barred from making applications for a period of time. All serious breaches of the terms and conditions of the Scheme will be notified to An Garda Síochána.

Applications should be submitted by email to [LSSIF@dtas.gov.ie](mailto:LSSIF@dtas.gov.ie) to arrive no later than 5PM on 17<sup>th</sup> April 2019. Applications should be clearly marked as “**STREAM ONE**” or “**STREAM TWO**” as appropriate and as explained below. Applications received after this time will not be considered.

## **17. Two-Stream Application Process**

Applications under this grant scheme will be considered under two separate streams to allow for good communication between the Department of Transport, Tourism and Sport and project applicants early in the project lifecycle and before major expenditure has been incurred. This will also allow statutory consents to be secured before Government funds are committed to the delivery phase of the project.

### **Application Phases**

#### **Stream 1 Application (Development Phase)**

- Stream One applications are designed for projects that are at an early stage of planning. Prospective applicants may submit a Stream 1 Application when the project has reached a stage at which there is a definitive project brief and outline costs, and a feasibility report.
- Stream 1 gives applicants the opportunity to apply for a Consultancy Grant towards the cost of developing the project with the assistance of external consultants to the point that a Stream 2 final application for delivery phase funding can be submitted in the future.
- The Stream 1 Application Form can be downloaded [here](#)
- The Stream 1 Application Form will include or should be accompanied by the requirements specified in the application checklist below, including:
  - ↗ Feasibility Report (see Appendix 4 for template);
  - ↗ Operational and Business Strategy (if required);
  - ↗ Project Programme covering the development phase (in detail) and the delivery phase (in outline);
  - ↗ Detailed cost plan for the development phase;
  - ↗ Outline cost plan for the delivery stage.
- Projects which are successful at Stream 1 will be invited to proceed to a future Stream 2 Application. At this stage the Department may also provide advice or feedback, which is expected to be taken into account and acted upon before a Stream 2 Application is submitted.
- **Applicants should be very clear that an invitation to proceed to Stream 2 does not constitute a commitment by the Department to fund the ultimate delivery of your project.**

## **Stream 2 Application (Delivery Phase)**

- It is not necessary for an applicant for Stream 2 funding to have participated in Stream 1 provided that design of the project has advanced to the appropriate stage. Projects which have previously passed Stream 1 of this grant process, have been fully designed and costed in detail and which have secured all necessary statutory consents may submit a Stream 2 Application for funding of the delivery phase of the project.
- The Stream 2 Application Form may be downloaded [here](#)
- The Stream 2 Application form should be accompanied by the documents specified in the checklist below, including:
  - ↗ detailed design documentation;
  - ↗ statutory approvals;
  - ↗ detailed cost plan for the delivery phase of the project;
  - ↗ detailed economic appraisal in keeping with the guide at Appendix 5;
  - ↗ updated project programme covering the delivery phase in detail;
  - ↗ financial projections and plans for the operational phase.
- At a minimum, Stream 2 applications must include a clear financial proposal with a realistic cost breakdown that represents value for money in consideration of likely costs, benefits and economic impacts.
- While an application can be submitted in the absence of a full economic appraisal, it is a requirement of the Public Spending Code that such an appraisal be carried out before any funding can be drawn down. Therefore, more favourable consideration will be given to applications that include an economic appraisal from the outset. A brief guide to conducting an appropriate economic appraisal is included at Appendix 5.
- Projects that make successful applications for Stream 2 will be offered support (a delivery grant) towards the cost of implementing the project as designed in accordance with the scheme subject to availability of funding.

## Checklist Stream One and Stream Two Applications

The table below shows the different levels of information required for Stream One and Stream Two applications. The table contains links and references to guidelines and templates which are set out in the Government's Construction Works Management Framework (CWMF). These are provided as suggested best practice to which applicants may wish to refer to in order to inform/aid their completion of the application form and the preparation of required supporting documentation.

Information	Stream One Application	Stream Two Application
GENERAL	<ul style="list-style-type: none"> <li>· Tax Requirements: The organisation must be tax compliant. In line with tax clearance procedures, which came into effect in January 2016, the Tax Registration Number must be submitted for verification purposes.</li> </ul>	<ul style="list-style-type: none"> <li>· Tax Requirements: The organisation must be tax compliant. In line with tax clearance procedures, which came into effect in January 2016, the Tax Registration Number must be submitted for verification purposes.</li> </ul>
PROJECT DETAILS	<ul style="list-style-type: none"> <li>· Definitive Project Brief – Helpful CWMF guidance documents and templates can be found <a href="#">here</a></li> <li>· Feasibility Report. View guidance note and template headings for the feasibility report in Appendix 4</li> <li>· Sketch plans if available and relevant</li> </ul>	<ul style="list-style-type: none"> <li>· Detailed design documentation, if available. More favourable consideration will be given to those projects which provide documentation.</li> <li>· Detailed Financial or Economic Appraisal in keeping with the guidance at Appendix 5</li> <li>· Though an application may be submitted in the absence of an economic appraisal, it is necessary that one be conducted before any funding is drawn down. Therefore, more favourable consideration will be given to those projects which contain an economic appraisal</li> </ul>
PROJECT COSTS	<ul style="list-style-type: none"> <li>· Detailed cost plan for development phase prepared by a qualified technical adviser<sup>3</sup></li> <li>· Outline cost plan for delivery phase CWMF guidance documents and templates can be found <a href="#">here</a></li> </ul>	<ul style="list-style-type: none"> <li>· Detailed cost plan for delivery phase</li> <li>· Pre-tender estimates prepared by a qualified quantity surveyor will be required as a minimum</li> </ul>
OWN FUNDING	<ul style="list-style-type: none"> <li>· Evidence of availability of own funding</li> </ul>	<ul style="list-style-type: none"> <li>· Evidence of availability of own funding</li> </ul>
SPORTING OUTCOMES	Analysis of <ul style="list-style-type: none"> <li>· Increased participation and quality of active participation in sport</li> <li>· Increased Social Participation and quality of Social participation</li> <li>· Improving High Performance in Sport</li> <li>· Increasing Active Participation in Sport by people with a disability</li> </ul>	Detailed Analysis of <ul style="list-style-type: none"> <li>· Increased participation and quality of active participation in sport</li> <li>· Increased Social Participation and quality of Social participation</li> <li>· Improving High Performance in Sport</li> <li>· Increasing Active Participation in Sport by people with a disability</li> </ul>
SHARED FACILITIES	<ul style="list-style-type: none"> <li>· Details of which sports will avail of the proposed facility</li> <li>· In the case of professional sport user licence agreements that show at least 20% of usage of the completed facility by other professional or non-professional sport users.</li> </ul>	<ul style="list-style-type: none"> <li>· Details of which sports will avail of the proposed facility</li> <li>· In the case of professional sport user licence agreements that show at least 20% of usage of the completed facility by other professional or non-professional sport users</li> </ul>

<sup>3</sup> Normally a qualified architect, engineer or quantity surveyor

PLANNING PERMISSION AND OTHER CONSENTS	<ul style="list-style-type: none"> <li>Where capital works are likely to require local authority approval, it is highly recommended that discussions are held with the relevant local authority prior to submitting a stream one application</li> <li>Evidence of Title to Site: The organisation must have unencumbered legal title to the premises being developed by either ownership or a satisfactory lease.</li> <li>NGB and/or Local Authority support</li> </ul>	<ul style="list-style-type: none"> <li>Evidence of Title to Site: The organisation must have unencumbered legal title to the premises being developed by either ownership or a satisfactory lease.</li> <li>Full Planning Permission Granted or applied for</li> <li>Details of any other statutory consents (eg Foreshore Licence)</li> <li>Environmental Impact assessment completed if required</li> <li>NGB and/or Local Authority support</li> </ul>
PROJECT MANAGEMENT	<ul style="list-style-type: none"> <li>Project Execution Plan &amp; Project Programme covering the development phase in detail and the delivery phase in outline. This should indicate timetable/sequence for the key project milestones and deliverables. Helpful CWMF guidance documents can be found <a href="#">here</a></li> <li>Profile of the team responsible for the development and delivery of the project. Helpful CWMF guidance documents on the tendering process for a design team and experts can be found <a href="#">here</a></li> <li>Guidance on the design process, which deals with the role of design in both traditional(employer-designed projects) and in design-and-build projects can be found <a href="#">here</a></li> </ul>	<ul style="list-style-type: none"> <li>Updated Project Programme</li> <li>Design &amp; Build Tender approach: Where this procurement strategy is chosen, DTTAS require written confirmation from your technical adviser that the process is in accordance with CWMF and public Procurement guidelines</li> <li>Traditional Tender Process: Tender for Design followed by separate tender for Build works. Where this procurement strategy is chosen, DTTAS require written confirmation from your technical adviser of the process undertaken and that it is in accordance with CWMF &amp; public Procurement guidelines. Helpful CWMF guidance on the tendering process for a design team and experts, can be found <a href="#">here</a>.</li> </ul> <p>Guidance on the design process which deals with the role of design in both Employer-designed and in design-and-build can be found <a href="#">here</a></p>
OPERATIONAL PHASE	<ul style="list-style-type: none"> <li>Outline Operational Plan</li> <li>Outline Promotional Strategy</li> <li>Usage projections</li> <li>Outline Operational Profit for the facility</li> </ul>	<ul style="list-style-type: none"> <li>Detailed Staffing and Operation Plan including operational profit showing how the facility will be operated over a 25 year period to achieve the aims set out in the application and the usage projections provided</li> <li>A sustainable business plan (5 years) which combines capital, revenue public and private resources to support the facilities sustainability.</li> <li>Outline Promotional Strategy</li> </ul>



## 18. How We Will Evaluate your Application

### All Applications

- Evaluation of all applications for funding is carried out in two stages; each application is evaluated on the pass/fail criteria provided below under each heading in Section A. The purpose of these criteria is to assess the eligibility of each applicant rather than the proposed project for which the funding is sought.
- Those applicants that do not meet the requirements below will not be considered for inclusion in the competitive award process under section B.
- Without prejudice to the principle of equal treatment, the Department of Transport, Tourism and Sport is not obliged to engage in a clarification process in respect of proposals with missing or incomplete information. Therefore, applicants are strongly advised to ensure that they return FULLY COMPLETED proposals in order to avoid the risk of elimination from the competition.

### Section A

Pass/Fail Criteria Large Scale Sport Infrastructure Fund		
Ref	Criteria	Pass Requirement
	<b>Tax</b>	Applicants must be tax compliant. Tax Registration Number
	<b>Subject of a Recovery Order</b>	Applicants must declare if they are subject to an outstanding recovery order following a previous European Council decision regarding State aid.
	<b>Applicant Summary</b>	Applicants must answer this section. If the applicant is a grouping, then separate information must be completed for each group member.
	<b>Project Details</b>	Applicants must provide a summary of the project and the manner in which it meets the aims of the scheme
	<b>Own Funding</b>	Applicants must provide evidence of the minimum required own funding.
	<b>Site Legal Title</b>	Applicants must demonstrate that they are entitled to develop the identified site and have an appropriate chargeable title.
	<b>National Governing Body/Local Authority Support</b>	Applicants must provide a completed and signed declaration as provided for in the template provided at Appendix 6 or 7 (as appropriate) of the application form.
	<b>State Aid</b>	The funding proposed must fall within the parameters of EU State Aid rules.
	<b>Compliance</b>	Applicants must have adhered to the provisions of previously awarded grants

## **Section B**

Having met the criteria set out in Section A, proposals will be judged having regard to the manner in which the projects meet the criteria set out in Section 4 and the criteria set out in this explanation of the scheme

### **Stream One Evaluation and decision making**

1. Stream One Applications will be assessed first against the eligibility criteria for applicants and projects listed in Paragraphs 4, 5, 6 and 7.
2. Applications which, in the view of the Department of Transport, Tourism and Sport, have met the eligibility criteria for applicants and projects will be evaluated on a competitive basis against the other applications received in the manner that they meet the aims of the scheme as set out at paragraph 4 and the measurable outputs of the sporting outcomes of the proposal.
3. Applications which have both met the eligibility criteria for applicants and projects, and have performed best against the outcomes, will be prioritised for funding and receive a “Stream One pass”.
4. Projects which are successful at Stream One will be invited to proceed to Stream Two 2 (a Stream One Pass).

**Note:** An invitation to proceed to Stage 2 does not constitute a commitment by the Department of Transport, Tourism and Sport to fund the ultimate delivery of your project.

### **Stream Two Compliance checks and decision making**

1. A Stream Two Application for delivery phase funding may be submitted for projects which have previously received a Stream 1 Pass or, which have been already designed and costed in detail and which have secured all necessary statutory consents.
2. Projects which have progressed through the development phase and achieved what was set out in Stream 1 in terms of costs, outputs and outcomes, will be selected for delivery phase funding in a competitive process having regard to the allocation of funds regionally and NGB/Local Authority prioritisation and the eligibility criteria set out in this document.
3. Projects may be declined funding at Stream Two if:

- a. there is a significant divergence from the delivery cost, outputs and outcomes of the project described in the Stream One Application;
- b. the length of time between the Stream One and Stream2 Applications is more than 18 months;
- c. funding is no longer available to the Department of Transport, Tourism and Sport or is available but is required for other statutory purposes as determined by the Department

**Article 55 Aid for sport and multifunctional recreational infrastructures**

1. Aid for sport and multifunctional recreational infrastructures shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article 55 of the GBER and in Chapter I of the GBER are fulfilled.

2. Sport infrastructure shall not be used exclusively by a single professional sport user. Use of the sport infrastructure by other professional or non-professional sport users shall annually account for at least 20 % of time capacity. If the infrastructure is used by several users simultaneously, corresponding fractions of time capacity usage shall be calculated.

3. Multifunctional recreational infrastructure shall consist of recreational facilities with a multi-functional character offering, in particular, cultural and recreational services with the exception of leisure parks and hotel facilities.

4. Access to the sport or multifunctional recreational infrastructures shall be open to several users and be granted on a transparent and non-discriminatory basis.

Undertakings which have financed at least 30% of the investment costs of the infrastructure may be granted preferential access under more favourable conditions, provided those conditions are made publicly available.

5. If sport infrastructure is used by professional sport clubs, Member States shall ensure that the pricing conditions for its use are made publicly available.

6. Any concession or other entrustment to a third party to construct, upgrade and/or operate the sport or multifunctional recreational infrastructure shall be assigned on an open, transparent and non-discriminatory basis, having due regard to the applicable procurement rules.

7. The aid may take the form of:

(a) investment aid, including aid for the construction or upgrade of sport and multifunctional recreational infrastructure;

(b) operating aid for sport infrastructure;

8. For investment aid for sport and multifunctional recreational infrastructure the eligible costs shall be the investment costs in tangible and intangible assets.

9. For operating aid for sport infrastructure the eligible costs shall be the operating costs of the provision of services by the infrastructure. Those operating costs include

costs such as personnel costs, materials, contracted services, communications, energy, maintenance, rent, administration, etc., but exclude depreciation charges and the costs of financing if these have been covered by investment aid.

10. For investment aid for sport and multifunctional recreational infrastructure, the aid amount shall not exceed the difference between the eligible costs and the operating profit<sup>4</sup> of the investment. The operating profit shall be deducted from the eligible costs ex ante, on the basis of reasonable projections, or through a claw-back mechanism.

11. For operating aid for sport infrastructure, the aid amount shall not exceed the operating losses over the relevant period. This shall be ensured ex ante, on the basis of reasonable projections, or through a claw-back mechanism.

12. For aid not exceeding EUR 1 million, the maximum amount of aid may be set, alternatively to the method referred to in paragraphs 10 and 11, at 80 % of eligible costs.

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<sup>4</sup> 'operating profit' means the difference between the discounted revenues and the discounted operating costs over the relevant lifetime of the investment, where this difference is positive. The operating costs include costs such as personnel costs, materials, contracted services, communications, energy, maintenance, rent, administration, but exclude, for the purpose of this Regulation, depreciation charges and the costs of financing if these have been covered by investment aid.

**Undertakings in Difficulty**

An undertaking in difficulty is defined as follows:

- A) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (37) and 'share capital' includes, where relevant, any share premium..
- B) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU
- C) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- D) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.
- E) In the case of an undertaking that is not an SME, where, for the past two years: the undertaking's book debt to equity ratio has been greater than 7.5 and the undertakings EBITDA<sup>5</sup> interest coverage ratio has been below 1.0.

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<sup>5</sup> Earnings Before Interest, Tax, Depreciation and Amortization

## **INFORMATION ON THE PREPARATION OF LICENCE AGREEMENTS BETWEEN PARTIES TO JOINT APPLICATIONS UNDER THE LARGE SCALE SPORT INFRASTRUCTURE FUND**

**Please refer to your solicitor for advice on drawing up a suitable licence agreement. It is the responsibility of applicants to instruct their solicitors and to ensure that any legal agreements that they enter into are appropriate to their individual circumstances. The information below is for information purposes only and does not constitute legal advice on how licence agreements should be drawn up and the Department of Transport, Tourism and Sport shall not be liable to the applicant or any other party for any loss, damage or costs of any nature resulting directly or indirectly from the information contained in this document.**

**Applications for facilities that are being developed for professional sports must show evidence that the** infrastructure shall not be used exclusively by a single professional sport user. Use of the sport infrastructure by other professional or non-professional sport users shall annually account for at least 20 % of time capacity. If the infrastructure is used by several users simultaneously, corresponding fractions of time capacity usage shall be calculated.

These applications must provide evidence of the sharing of facilities in the form of **formal licence agreements** signed by the clubs, school and/or other community sports groups that will allow the parties to the application to use the proposed facilities throughout the year when it is not being used by the applicant themselves.

### **Elements of a licence agreement**

While the precise wording of any licence agreements is a matter for joint applicants and their respective solicitors, the Department will be checking that licence agreements include the following information:

- ↗ The name and/or address of the facility/proposed facility to be shared
- ↗ Names of all the groups that are party to the agreement – including a signature of a representative of each group
- ↗ The responsibilities of each of the parties to the agreement for example: insurance, liability insurance, maintenance, cleaning
- ↗ Details of any times when the facility is available to each party and any access arrangements
- ↗ The period for the which the licence is effective – open ended or for a minimum of 15 years
- ↗ Any limits on the purposes for which the facility can be used
- ↗ Any joint management arrangements – management boards, financial contributions and any joint bank account
- ↗ Any charging/funding arrangements for the use of the facilities – including who sets fees or rent and who pays them
- ↗ Any dispute resolution arrangements or forfeiture clause.

### **Stream One – Feasibility Report Template**

Applicants to the Grants Scheme for Large Scale Sport Infrastructure are required to prepare a feasibility report which will accompany their Stream One application. The purpose of the feasibility report is to objectively and rationally uncover the strengths and weaknesses of the proposed project, as well as the opportunities and threats as presented by the market potential, resources required to implement, value to be attained, prospects for success, and environmental and legal constraints. Before anything is invested in a new Large Scale Sport project, a feasibility report is carried out to know if the project is worth the time, effort and resources.

The feasibility report is intended to be a relatively short report which constitutes a view or evaluation on the viability of the project idea. Wherever and insofar as is possible, the information used in the report to support this evaluation should be factual, impartial and independently verified.

A feasibility report should contain the following information and responses to the following questions posed:

#### **1. Short description of the project and description of the activities it will facilitate**

- ✓ Strategic Rationale <sup>6</sup>
- ✓ National Policy
- ✓ Local Policy
- ✓ Existing facilities

#### **2. Project risks**

Outline the key risks to the project including constraints, external influences, key sensitivities legislation etc. and what measures will be put in place to manage those risks.

#### **3. Market feasibility**

- ✓ Is there a market opportunity?
- ✓ What is the market opportunity?
- ✓ What is the likely size of the market?
- ✓ What is the projected usage?
- ✓ Future demand?

#### **4. Financial feasibility**

- ✓ What are the economic benefits expected to the applicant and how do they compare with the projected costs?
- ✓ Exchequer costs and benefits

#### **5. Operational feasibility**

- ✓ Operational model
- ✓ Outline financial projections for operational phase (cashflow)

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<sup>6</sup> This section should contain a description of the “problem that the investment will solve; the consequences of not making the investment; and the projects objectives.



**6. Environmental feasibility**

- Are there any environmental constraints (natural or built) that could affect the feasibility of the project?

**7. Community support**

- What level of community support exists for the proposed project?

**8. Legal feasibility**

- Is the proposed project likely to conflict with legal requirements?

**9. Any other relevant information pertaining to the feasibility of the project**

## **Guide to Economic Appraisal**

Public funds are a scarce resource. For those responsible for spending public money, there is an obligation to make informed decisions and ensure that the State achieves value for money. This means that resources are committed to projects which meet identified priorities, that cost-effective interventions are chosen and that projects and programmes are implemented efficiently.

The purpose of this brief guide is to summarise the types of appraisal techniques that should be applied to new projects seeking public funding. It is emphasised, however, that readers should consult the Public Spending Code for the most up to date guidance and for greater detail about the topics covered. The Public Spending Code can be accessed here: <https://publicspendingcode.per.gov.ie/>

This guide is split into the following five sections:

1. Selecting the Appraisal Technique
2. Single Appraisal
3. Multi Criteria Analysis
4. Cost-Benefit Analysis
5. Cost Effectiveness Analysis

## 1. Selecting the Appraisal Technique

One of the key principles of the Public Spending Code is proportionality. This means that the complexity of an appraisal or evaluation of a project should be commensurate with its scale. Essentially, more expensive projects must be subjected to a greater degree of scrutiny and rigour than less expensive ones. Table 1.1 below sets out the Public Spending Code expenditure thresholds at which different appraisal techniques become applicable. **Note: these thresholds relate to the total cost of the project, not just the portion to be publicly funded.**

Table 1.1: Spending Code Expenditure Appraisal Thresholds

Projected Cost	Method of Appraisal
Less than €500,000	Simple Assessment
€500,000 - €5m	Single Appraisal
€5m - €20m	Multi-Criteria Analysis
More than €20m	Cost-Benefit Analysis or Cost-Effectiveness Analysis

Given the nature and purpose of the Large Scale Sport Infrastructure Fund, it is unlikely that any projects will fall into the category of simple assessment. However, where a simple assessment is carried out it will usually be sufficient to compare the expected benefits of an intervention with the expected costs. If the forecast benefits exceed costs, then the investment can be considered worthwhile. A simple assessment could potentially be strengthened by incorporating other elements from preliminary and detailed appraisal as set out in Section 2.

## 2. Single Appraisal

For projects costing between €500,000 and €5m a single appraisal should be carried out. While a single appraisal does not need to be as comprehensive as a cost benefit analysis, it should incorporate elements of preliminary and detailed appraisals. More information on carrying out preliminary and detailed appraisal can be found in the Public Spending Code, but in broad terms the preliminary appraisal will establish whether an intervention is needed and if conducting a detailed appraisal is justified while the detailed appraisal analyses the options, considers risks and leads to a recommendation. A single appraisal could be structured under the following headings.

### 2.1 Background

This section should provide a brief overview of the project. Include details of geographical locations, timelines and relevant policies and strategies.

### 2.2 Rationale

Provide a reason for the intervention, investment, etc., by defining the problem/issue. Why is this intervention needed?

### 2.3 Objectives

Identify what is to be achieved and how this addresses the problem. Objectives must be Specific, Measurable, Accurate, Realistic and Timely (SMART).

### 2.4 Options

Set out and describe the options for how to achieve the identified objectives. This should include a 'status quo' option, i.e., a do-minimum or do-nothing option, which would entail the current environment being maintained. For example: a floodlighting project could include a do-minimum option where current lighting conditions are maintained.

In some cases there may be only one realistic option available. If this is the case it may be necessary to explore the costs involved in that option. Could this option be pursued more cheaply by only executing part of it or doing it to a lesser extent? Assessing the option on this basis should show whether the scale of the intervention is correct.

## 2.5 Quantify Costs and Benefits

In this section estimates of the different costs and benefits involved in each option need to be set out. Costs should include capital costs, current costs (i.e. maintenance), fees, etc. The sources for funding also need to be specified.

Benefits include financial inflows such as fees and rent charged, while also including wider economic benefits such as job creation.

## 2.6 Analysis of Options

The options then need to be analysed and their results compared. Techniques for analysing the different options include Net Present Value (NPV) Method, Benefit Cost Ratio (BCR) and Internal Rate of Return (IRR). These are all explained in detail in Section D.01 of the Public Spending Code.

As part of the analysis it may also be necessary to provide a descriptive evaluation of the options based on how they meet the identified objective and whether there are other, less tangible benefits and costs which would impact on the effectiveness and efficiency of a specific option in achieving the identified objective. This may lead to an option being preferred despite it having a relatively worse NPV, BCR or IRR. This must be explicitly stated.

## 2.7 Risk Analysis

Identify realistic risks associated with each option, evaluate the likelihood of the risks outlined and mention potential actions to manage or mitigate these risks. It should be stated whether or not an option is still preferable to others following this analysis.

## 2.8 Decide on Preferred Option

Decide on the preferred option, specify it and a clear and detailed time profile for actions (including time for planning and decision making) and for expenditure. The preferred option may turn out to be a combination of the options set out at the start of the appraisal.

## 2.9 Recommendation

From the analysis carried out the preferred option should be obvious. The rationale for recommending the preferred option should be clear with sufficient evidence presented to decision makers to check the evidence and assumptions leading up to the selection of that option.

### 3. Multi-Criteria Analysis

*The following is a short summary of 'Multi-criteria analysis: a manual', published by the UK Department for Communities and Local Government in 2009. The full guide can be accessed here: [http://eprints.lse.ac.uk/12761/1/Multi-criteria\\_Analysis.pdf](http://eprints.lse.ac.uk/12761/1/Multi-criteria_Analysis.pdf)*

#### 3.1 Overview of Multi-Criteria Analysis

A key feature of Multiple-Criteria Analysis (MCA) is its emphasis on the judgement of the decision-makers in establishing objectives, criteria and weighting, as well as judging the contribution of each option based on the criteria. MCA can bring a degree of structure, analysis and openness to decision-making that can complement the analysis carried out as part of a CBA or can be used for assessment of smaller projects where a CBA is not required.

MCA can be used to:

- ✓ Identify a single most-preferred option;
- ✓ Rank options;
- ✓ Shortlist a limited number of options for subsequent detailed appraisal; or,
- ✓ Distinguish acceptable from unacceptable possibilities.

The basic MCA performance matrix may be the final product of the analysis. One of the main concerns with MCAs is around unjustified assumptions, which can affect the ranking of options. In analytically more sophisticated MCA techniques the information in the basic matrix is usually converted into consistent numerical values.

MCA techniques commonly apply numerical analysis to a performance matrix in two stages:

1. **Scoring:** Scales extending from 0 to 100 are generally used, where 0 represents a real or hypothetical least preferred option, and 100 is associated with a real or hypothetical most preferred option.
2. **Weighting:** numerical weights are assigned to define, for each criterion, the relative valuations of a shift between the top and bottom of the chosen scale.

The most common way to combine scores on criteria, and relevant weights between criteria, is to calculate a simple weighted average of scores. Use of such weighted averages depends on the assumption of mutual independence of preferences. This means that the judged strength of preference for an option on one criterion will be independent of its judged strength of preference on another. Where mutual independence of preferences cannot be

established, other MCA procedures are available, although they tend to be more complex to apply.

### 3.2 Steps involved in MCA

The following table provides an overview of the steps involved in carrying out an MCA.

Table 3.1: Steps in Conducting an MCA

#### **1. Establish the decision context**

- 1.1 Establish aims of the Multi Criteria Decision Analysis (MCDA)
- 1.2 Identify decision-makers and other key players.
- 1.3 Design the socio-technical system for conducting the MCDA.
- 1.4 Consider the context of the appraisal.

#### **2. Identify objectives and criteria**

- 2.1 Identify criteria for assessing the consequences of each option.
- 2.2 Organise the criteria by clustering them under high-level and lower-level objectives in a hierarchy.

#### **3. Identify the options to be appraised**

#### **4. Scoring**

*Assess the expected performance of each option against the criteria. Then assess the value associated with the consequences of each option for each criterion.*

- 4.1 Describe the consequences of the options.
- 4.2 Score the options on the criteria.
- 4.3 Check the consistency of the scores on each criterion.

#### **5. Weighting**

*Assign weights for each of the criterion to reflect their relative importance to the decision.*

#### **6. Combine the weights and scores for each option to derive an overall value**

- 6.1 Calculate overall weighted scores at each level in the hierarchy.
- 6.2 Calculate overall weighted scores.

#### **7. Examine the results**

#### **8. Conduct Sensitivity analysis**

- 8.1 Assess whether other preferences or weights affect the overall ordering of the options
- 8.2 Look at the advantage and disadvantages of selected options, and compare pairs of options.
- 8.3 Create possible new options that might be better than those originally considered.
- 8.4 Repeat the above steps until a 'requisite' model is obtained.

### 3.3 Guidance on how to identify the criteria used in an MCA

*For further information: Sections 2.4, 2.5 and 5.4 of the 2009 Manual.*

Once the objectives for a particular project, programme or scheme are defined, the next stage is to identify options that may contribute to the achievement of these objectives. Potential options then need to be developed in detail. The next stage is to decide on how to compare different options' contribution to meeting the objectives. Criteria express the many ways in which options create value.

The selection of criteria to reflect performance in meeting the objectives is an important step in MCA. Each criterion must be measurable (at least in a qualitative sense) in terms of how well a particular option is expected to perform in relation to that criterion. If options are already given, then a 'bottom-up' way to identify criteria is to ask how the options differ from one another in ways that matter. A 'top-down' approach is to ask about the aim, purpose, mission or overall objectives that are to be achieved.

If overall objectives are known these can be broken down into criteria, some of which are susceptible to numerical measurement, including monetary valuation, others to rating, and some to qualitative description only.

### 3.4 The Main MCA Techniques

*For further information: Section 4 of the 2009 Manual.*

An important initial consideration in the choice of MCA technique is that of the number of alternatives to be appraised.

MCA procedures are distinguished from each other principally in terms of how they process the basic information in the performance matrix. The following section provides an overview of some different models.

#### 3.4.1 Linear Additive Models

If it can either be proved, or reasonably assumed, that the criteria are preferentially independent of each other and if uncertainty is not formally built into the MCA model, then the simple linear additive evaluation model is applicable.



The procedure is carried out by multiplying the value score on each criterion by the weight of that criterion, and then adding all those weighted scores together. Weights may be directly assigned using a ranking process or pairwise comparison. Models of this type form the foundation for the other more detailed models.

### 3.4.2 The Analytical Hierarchy Process

The AHP also develops a linear additive model, but, in its standard format, uses procedures for deriving the weights and the scores achieved by alternatives which are based, respectively, on pairwise comparisons between criteria and between options. Thus, for example, in assessing weights, the decision-maker is asked a series of questions, each of which asks how important one particular criterion is relative to another for the decision being addressed.

The AHP generates a weight for each evaluation criterion according to the decision-makers pairwise comparisons of the criteria. Next, for a fixed criterion, the AHP assigns a score to each option according to the decision-maker's pairwise comparisons of the options based on that criterion. Finally, the AHP combines the criteria weights and the options scores, thus determining a global score for each option, and a consequent ranking. The global score for a given option is a weighted sum of the scores it obtained with respect to all the criteria.

### 3.4.3 Multi Attribute Utility Theory

Utility refers to the satisfaction that each choice provides to the decision-maker. In all cases the utility that the decision-maker gets from selecting a specific choice is measured by a utility function  $U$ , which is a mathematical representation of the decision-maker's system of preferences such that:  $U(x) > U(y)$ , where choice  $x$  is over choice  $y$  or  $U(x) = U(y)$ , where choice  $x$  is indifferent from choice  $y$  i.e. both choices are equally preferred.

The key building blocks for the MAUT procedures are:

- ✓ Creating a performance matrix
- ✓ Determining whether criteria are independent of each other or not.
- ✓ Estimating the parameters in a mathematical function which allow the estimation of a single number index,  $U$ , to express the decision-maker's overall valuation of an option in terms of the value of its performance on each of the separate criteria.

Utility functions can be either cardinal or ordinal. In the former case, a utility function is used to derive a numerical score for each choice that represents the utility of this choice. In this setting the utilities (scores) assigned to different choices are directly comparable.<sup>7</sup> In the latter case, the magnitude of the utilities (scores) are not important; only the ordering of the choices as implied by their utilities matters<sup>8</sup>.

Although well regarded and effective, in its most general form it is relatively complex and best implemented by specialists on major projects where time and expertise are both necessary and available. What makes this model potentially demanding to apply is that it:

- Takes uncertainty formally into account, building it directly into the decision support model;
- Allows attributes to interact with each other in more than a simple, additive fashion; and;
- Does not assume mutual independence of preferences.

#### 3.4.4 Outranking methods

The outranking frame of reference uses weights to give more influence to some criteria than others. The main concern voiced about the outranking approach is that it is dependent on some rather arbitrary definitions of what precisely constitutes outranking and how the threshold parameters are set and later manipulated by the decision-maker.

#### 3.4.5 MCA methods based on “fuzzy sets”

Fuzzy sets attempt to capture the idea that our natural language in discussing issues is not precise. Options are ‘fairly attractive’ from a particular point of view or ‘rather expensive’, not simply ‘attractive’ or ‘expensive’. Fuzzy arithmetic then tries to capture these qualified assessments using the idea of a membership function, through which an option would belong to the set of, say, ‘attractive’ options with a given degree of membership, lying between 0 and 1. These methods tend to be difficult for non-specialists to understand.

### 3.5 Dealing with Risk and Uncertainty

An important consideration in any decision making is risk and uncertainty. For decision problems in general, it is more practicable not to try to model the uncertainty explicitly, but

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<sup>7</sup> For instance, a cup of tea with an associated utility of 100 units is twice as desirable as a cup of coffee with a utility level of 50 units.

<sup>8</sup> For instance, a cup of tea with an associated utility of 100 units is preferred to a cup of coffee with a utility level of 50 units, but it cannot be concluded that a cup of tea is twice as desirable as a cup of coffee.

to undertake sensitivity testing of the rankings of options to changes in critical performance assessment inputs and/or criteria weights.

### 3.6 Allocating Weighting among Criteria

*For further information: Sections 5.5, 6.2 and 7 of the 2009 Manual*

Nearly all decisions imply some form of weighting system, though perhaps implicit, and not necessarily consistent. The key idea is to construct scales representing preferences for the consequences, to weight the scales for their relative importance, and then to calculate weighted averages across the preference scales. Generally the most preferred option is assigned a preference score of 100, and the least preferred a score of 0.

The weight on a criterion reflects both the range of difference of the options, and how much that difference matters. A criterion which is widely seen as ‘very important’ – say safety – could have a similar or lower weight than another relatively lower priority criterion – say maintenance costs. This could occur if all the options had much the same level of safety but varied widely in maintenance costs.

In terms of the allocation of weighting, the Manual states that “most proponents of MCDA now use the method of ‘swing weighting’ to elicit weights for the criteria. This is based on comparisons of differences: how does the swing from 0 to 100 on one preference scale compare to the 0 to 100 swing on another scale? To make these comparisons, assessors are encouraged to take into account both the difference between the least and most preferred options, and how much they care about that difference.”

The Manual notes that “there is a crucial difference between measured performance and the value of that performance in a specific context.” Some improvements in performance may exist but not necessarily useful, or of much value.

Therefore, the weight on a criterion reflects both “the range of difference of the options and how much that difference matters”. From this, it is possible to envisage a scenario where a criterion viewed as very important may have a relatively low weight if all options have relatively the same performance level for that criterion.

The Manual notes that “Often [the weightings] will be derived from the views of a group of people. They might reflect a face-to-face meeting of key stakeholders or people able to articulate those stakeholders’ views, in which weights are derived individually then compared, with an opportunity for reflection and change, followed by broad consensus.

If there is no consensus, the Manual advises that it might be best to “take two or more sets of weights forward in parallel, for agreement on choice of options can sometimes be agreed even without agreement on weights”. Moreover, even if this does not lead to an agreement, “explicit awareness of the different weight sets and their consequences can facilitate the further search for acceptable compromise.”

### 3.7 Methods for Scoring the Different Options

*For further information: Section 5.6 of 2009 Manual.*

It is conventional to allot a value score to each criterion between 0 and 100 on an interval scale. The advantage of an interval scale is that differences in scores have consistency within each criterion. When combined with appropriately derived weights for the criteria, the use of an interval scale measurement permits a full MCA to be carried out.

The first step in establishing an interval scale for a criterion is to define the levels of performance corresponding to any two reference points on the scale, and usually the extreme scores of 0 and 100 would be used. See examples of global<sup>9</sup> and local<sup>10</sup> scaling in Section 5 of the Manual.

Once the end points are established for each criterion, there are three ways in which scores may be established for the options.

- ✓ The first of these uses the idea of a value function to translate a measure of achievement on the criterion concerned into a value score on the 0-100 scale. For example, if one criterion corresponds to the number of regional fulltime jobs created and the minimum likely level is judged to be 200 and the maximum 1,000, then a simple graph allows conversion from the natural scale of measurement to the 0-100 range required for the MCA.

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<sup>9</sup> Assign a score of 0 to represent the worst level of performance that is likely to be encountered in a decision problem of the general type currently being addressed, and 100 to represent the best level.

<sup>10</sup> Associates 0 with the performance level of the option in the currently considered set of options which performs least well and 100 with that which performs best.

- ✓ The second approach to scoring performance on an interval scale is direct rating. Direct rating uses the judgment of an expert simply to associate a number in the 0-100 range with the value of each option on that criterion.
- ✓ A third approach to scoring the value of options on a criterion is to approach the issue indirectly, by eliciting from the decision-maker a series of verbal pairwise assessments expressing a judgment of the performance of each option relative to each of the others.

## 4. Cost-Benefit Analysis

Typically projects costed at over €20 million require a cost-benefit analysis (CBA), an appraisal method in which the costs and benefits of various proposals are given monetary values and weighed up against one another. The purpose of a CBA is to ensure that taxpayers get the best value for money in return for their investment. CBA is used to ensure the best and most efficient use of public funds, in the context of scarcity and competing priorities. However in certain circumstances, a Cost Effectiveness Analysis (CEA) may be a more appropriate appraisal tool. Information on conducting a CEA is set out in Section 5 of this guide.

Below is a summary of how to conduct a CBA. It should be noted, however, that Section D.03 of the Public Spending Code contains comprehensive guidance on all the topics covered here and additional information can also be found in the Common Appraisal Framework for Transport Projects and Programmes (CAF).

### 4.1 Information to Conduct out a Cost-Benefit Analysis

Generally speaking the information needed to carry out a cost-benefit analysis includes:

- ✓ A monetary value for each benefit and cost (e.g., labour, construction, regional development, etc.); and
- ✓ The monetary value of all discounted costs and the profile of costs over the lifetime of the programme:
  - Inclusive of both capital costs (i.e. construction costs, capital maintenance and renewals) and current costs (i.e. maintenance and operation); and
  - The monetary value of discounted benefits (including residual values) and the profile of benefits over the lifetime of the programme.

### 4.2 Steps in Conducting a Cost-Benefit Analysis

The CBA is one part of the overall appraisal process for a programme, project or scheme. Document B01 of the Public Spending Code sets out the standard appraisal steps for a project or programme. These are:

#### **Define the objective**

Should be outcome rather than output focused. The objective(s) must be Specific, Measurable, Accurate, Realistic and Timely (SMART).

### **Explore options taking account of constraints**

A series of realistic options should be developed and sifted. This process should be documented within the business case.

### **Quantify the costs of viable options and specify sources of funding**

Costs and benefits should be assigned monetary values based on best expert evidence available. Where costs or benefits cannot be accurately monetised they should not be ignored but rather considered within the qualitative portion of the appraisal process.

Market values are typically used in valuating costs and benefits. But in the case of market failure, market prices do not accurately capture true value. In these cases shadow prices should be used. The PSC should be consulted for the shadow prices which must be used for costs such as public funds, labour or carbon emissions.

Sunk costs are costs incurred before the appraisal period and should not feature in the CBA. A CBA is concerned only with costs about which decisions can still be made.

Benefits should be based on 'willingness to pay'. Revealed preferences are considered more accurate than stated preferences and should be used where possible.

Avoid double-counting of costs or benefits (e.g., wages created as a result of additional job creation and increased revenue in the form of income tax against those wages).

Deadweight refers to benefits which would have been accrued without the intervention. This should be extracted. Additionality refers to benefits which can be attributed to the project.

### **Analyse the main options**

Having identified and quantified the costs and benefits there are a number of methods/performance metrics which can be used to differentiate between options. These include:

- *Net Present Value Method (NPV)*: The sum of the discounted cash flows over the period. This criterion is simply based on whether the sum of discounted benefits exceeds the sum of discounted costs.
- *Benefit Cost Ratio (BCR)*: The ratio of discounted benefits to discounted costs. If the benefit cost ratio is greater than one the project may be accepted as there are more

benefits than costs. Unfortunately, however, this method does not take the size of the project into account so the results can be misleading. Generally a BCR of greater than 1:1 is an indicator that a proposal's benefits exceed the costs. As with the other performance indicators, a positive BCR does not automatically mean a proposal is accepted as other issues are relevant such as affordability constraints and qualitative factors.

• *Internal Rate of Return (IRR)*: The internal rate of return is the maximum rate of interest that a project can afford to pay for the resources used which allows the project to cover the initial capital outlay and on-going costs and still break even. It can also be described as the discount rate that equates the present value of benefits and costs. The IRR is generally compared to a hurdle rate of return (normally the test discount rate for public investment appraisal) which corresponds to the opportunity cost of funds.

Templates for the presentation of these values are provided in Section 7 of the CAF.

### **Identify the risks associated with each viable option**

Techniques such as sensitivity analysis, scenario analysis, expected values or monte carlo analysis should be used to determine the sensitivity of the NPV to changes in input, demand, etc.

### **Decide on a preferred option**

This process should take in to account the results of the CBA for possible options in addition to qualitative analysis and expert advice. The CBA is a guide but it is not decisive, a range of other considerations may factor in the decision making process. However these should be justified.

### **Make a recommendation**

The appraiser should give their recommendations based on best available evidence, including the results of the CBA.

#### **4.3 Qualitative Costs and Benefits**

The literature regarding the use of CBA in assessing the economic value of sports infrastructure, particularly large stadia, indicates that difficult to quantify social and political costs and benefits should be given due consideration. Benefits such as increased prestige for



the locality, or costs such as community dissatisfaction at increased crowds, could be included in an accompanying qualitative analysis. Qualitative costs and benefits may be significant enough for an appraiser to recommend an option which does not have the highest NPV but is deemed preferable nonetheless due to these qualitative considerations.

#### 4.4 Checklist for Conducting a Cost-Benefit Analysis

The following checklist can help to ensure that a cost-benefit analysis is carried out correctly.

Table 4.1 Cost-Benefit Analysis Checklist

	Assessment Area	Yes	No
<b>Project Specification</b>	Has project rationale been clearly identified?		
	Are objectives appropriate and clearly defined?		
	Have all potential options been assessed at preliminary appraisal stage?		
	Were options for detailed appraisal appropriately selected?		
<b>Costs</b>	How have cost estimates been determined? Do they appear realistic?		
	Is the profile of costs over time reasonable?		
	Have appropriate adjustments been made to costs (shadow cost of public funds and labour, project risk, etc.)?		
	Has the discount rate been applied correctly?		
<b>Benefits</b>	Has correct appraisal period been applied?		
	Has appropriate modelling software been used?		
	Are assumptions realistic?		
	Have additionality, deadweight, displacement correctly identified?		
	Has the discount rate been applied correctly?		
	Have emissions impacts been assessed properly? Has the shadow cost of carbon been correctly applied?		
	Have health and safety impacts been assessed appropriately?		
	Have air quality and other environmental Impacts been assessed appropriately?		
	Have indirect tax and other Exchequer impacts been identified and included?		
	Have any impacts been assessed qualitatively? Is the assessment reasonable?		
	Are residual values included? Are they modelled correctly?		
	Has sensitivity analysis been conducted on key assumptions?		
<b>Risk</b>	Have risks been identified? Are contingencies identified?		

## 5. Cost-Effectiveness Analysis

As already stated in Section 4 typically projects costing at over €20 million require a cost-benefit analysis, an appraisal method in which the costs and benefits of various proposals are given monetary values and weighed up against one another. However in certain circumstances, a Cost Effectiveness Analysis (CEA) may be a more appropriate appraisal tool.

CEA is often employed in cases where the output has already been decided upon/is essential, and the appraisal is concerned not with whether it should go ahead, but rather what is the most cost-effective method via which it can be produced. CEA is most commonly utilised when the 'output' or 'benefit' is not only predetermined, but also difficult to quantify in monetary terms e.g. in education or health settings. In these cases a non-monetary unit of measurement such as 'pupil educated' or 'Quality- Adjusted Life Year' (QALY) is used to quantify the output level achieved in return for the cost. In practice this means that while a CBA ratio depicts Costs:Benefits in monetary terms e.g. €1:€2, a CEA ratio monetises the costs but uses alternative units of measurement to indicate the benefits e.g. Policy A: €10,000:Pupil educated v. Policy B: €8,000:Pupil educated. For CEA to be effective the benefit should be homogenous and easily measured.

### 5.1 Principles of Cost Effectiveness Analysis

CEA compares alternative policies, programmes or projects with a common effect. It presents alternatives in order to identify the most appropriate option to achieve the most effective result at least cost. The aim of the analysis is to select the project that for a given output level, minimises the net present value of the costs or alternatively for a given cost, maximises the output level.

The tool can compare different measures with identical objectives, can establish a visibility of the intervention effectiveness and can be used as a communication tool which summarises outcomes using a single quantifiable indicator. A limitation of this tool is that it focuses on the primary expected impact of intervention, while other secondary or tertiary impacts may be ignored thus making the use of a cost-effectiveness analysis counterproductive.

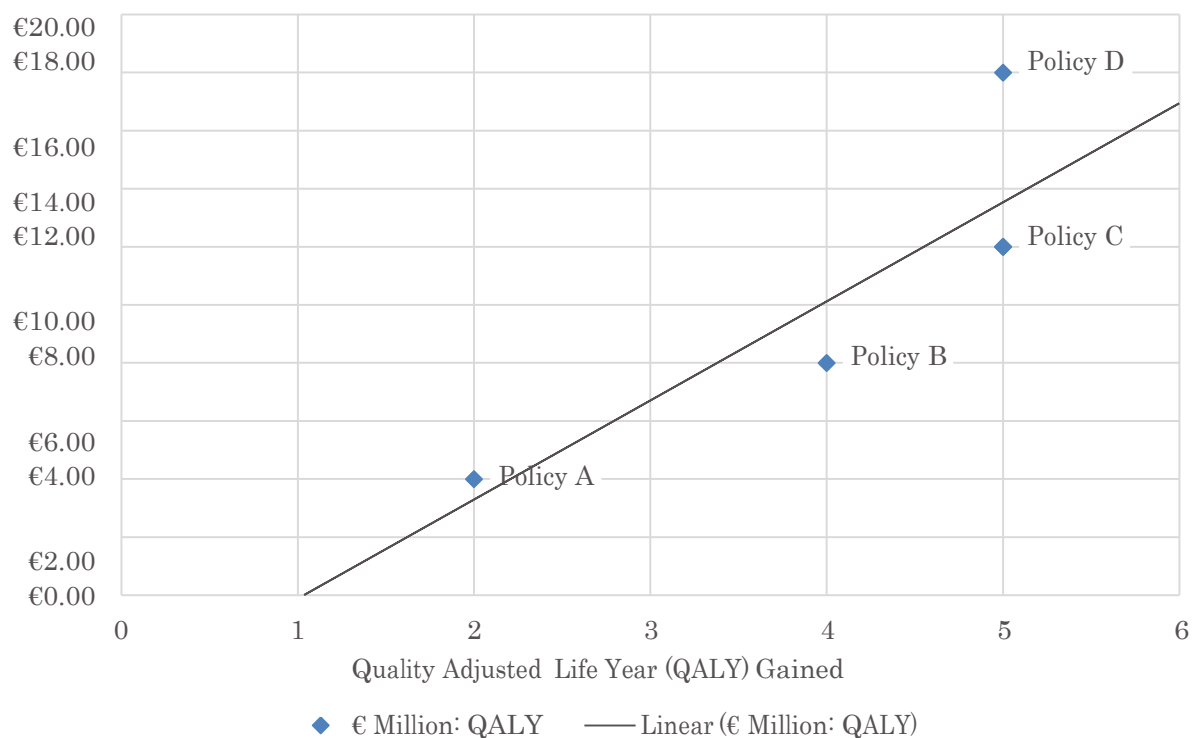
## 5.2 Steps to Conducting a Cost Effectiveness Analysis

In broad terms, the following information is needed to effectively conduct a CEA:

1. The primary objective of the intervention;
2. An indicator that measures the objective; and,
3. Comparable estimates of costs of each intervention under consideration.

1. **Identify your output and unit of measurement.** Costs will be measured in monetary terms, but the benefits/outcomes must also be measurable even if they cannot be expressed in monetary terms. A Quality Adjusted Life Year (QALY) is an example of a non-monetary unit of measurement. QALYs are often used to appraise and evaluate the cost-effectiveness of health interventions. It may be advisable to consult stakeholders in the process of identifying which indicator/metric is most appropriate for appraising and later evaluating the cost-effectiveness of an intervention. CEA may also be used to appraise projects in which the output is a defined unit, e.g., a building, and the only variable is the costs.
2. **Evaluate the costs of the various different policy options.** Consult the Guide to Cost Benefit Analysis in Section D.03 of the PSC for an overview of calculating costs.
3. **Measure the projected outcomes of the policy proposals.** Available data should be used to best estimate the effectiveness of each intervention proposed policy in achieving the desired outcome. A pilot of the programme or other evidence may provide valuable data for this purpose.
4. **Establish the CEA ratios.** Compare the costs of each proposed intervention to the projected benefits as measured by the unit of analysis chosen, e.g., QALYs gained or students educated.
5. **Order policies from most effective to least effective**
6. **Eliminate the dominated (least cost-effective) policy proposals**
7. **Eliminate policies that are more costly and less effective than a combination of other strategies (weakly dominated)**
8. **If plotted on a graph, as demonstrated across, the most cost effective policies form a line termed the 'efficient frontier'.** The policy maker can make an informed choice based on the results of the CEA and their budget constraints.

Figure 5.1: Example Cost and Quality-Adjusted Life Years Gained of Policy Options



### 5.3 Ranking policy proposals in a Cost Effectiveness Analysis (CEA)

When the alternative projects are competitors and mutually exclusive, an incremental analysis is required in order to rank the projects and single out the one that is most cost-effective. Generally cost-effectiveness analysis is pursued to test the null hypothesis that the mean cost-effectiveness of one project (a) is different from the mean cost-effectiveness of some competing intervention (b). Where C is cost and E is effectiveness. It is calculated as the ratio:

$$R = (Ca - Cb) / (Ea - Eb) = \Delta C / \Delta E$$

#### 5.3.1 Defining the incremental cost per unit of additional outcome

When a strategy is both more effective and less costly than the alternative ( $Ca - Cb < 0$  and  $Ea - Eb > 0$ ), it is said to 'dominate' the alternative. In this situation there is no need to calculate cost-effectiveness ratios, because the decision on the strategy to choose is obvious. However, in most circumstances, the project under examination is contemporaneously more (or less) costly and more (or less) effective than the alternative(s) ( $Ca - Cb > 0$  and  $Ea - Eb > 0$  or, alternatively,  $Ca - Cb < 0$  and  $Ea - Eb < 0$ ). In this situation, the incremental cost-

effectiveness ratios allow appraisers to rank the projects under examination and to identify, and then eliminate, cases of 'extended dominance'. This can be defined as the state when a strategy is both less effective and more costly than a linear combination of two other strategies with which it is mutually exclusive. More operationally, extended dominance is where the incremental Cost-Effectiveness Ratio for a given project is higher than that of the next more effective alternative.

### 5.3 Applications of CEA

#### 5.4.1 Measuring Health: The EuroQol Instrument

EQ-5D is a standardised measure of health status developed by the EuroQol Group in order to provide a simple, generic measure of health for clinical and economic appraisal.

Each of the 5 dimensions comprising the EQ-5D descriptive system is divided into 5 levels of perceived problems:

- Level 1: indicating no problem
- Level 2: indicating slight problems
- Level 3: indicating moderate problems
- Level 4: indicating severe problems
- Level 5: indicating extreme problems

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**Health State: The 5 Dimensions of Health measured by the EuroQol EQ-5D Model**



A unique health state is defined by combining 1 level from each of the 5 dimensions. For example, state 11111 indicates no problems on any of the 5 dimensions.

EQ-5D-5L health states, defined by the EQ-5D-5L descriptive system, may be converted into a single index value. The index values, presented in country specific value sets, are a major feature of the EQ-5D instrument, facilitating the calculation of quality-adjusted life years (QALYs) that are used to inform economic evaluations of health care interventions.

#### 5.4.2 The Marginal Abatement Cost (MAC) Curve

Each bar on the curve represents a low carbon option/activity. The width of each bar indicates the abatement potential of that activity relative to business as usual (BAU), and the height of the bar represents the average net cost of abating one tonne of CO<sub>2</sub>e (carbon

dioxide equivalent) per year, via that low carbon activity relative to BAU. The most cost-effective options are those which abate the greatest amount of carbon for the lowest cost. The CEA ratio in this context is € cost: tonne of CO<sub>2</sub>e abated. The output or benefit to be maximised (in this case: tonnes of CO<sub>2</sub>e abated) is predetermined, and the appraisal tool is concerned with identifying the most cost-effective method for achieving this.

Figure 5.3: Low Carbon Options: Marginal Abatement Cost (MAC) Curve

