



Eligible Capital Expenditure Guidelines
for projects funded by the
National Transport Authority

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1. Introduction

The National Transport Authority (NTA) was established on 1st December 2009. Its principal statutory functions are to:

- a) undertake strategic planning of transport,
- b) promote the development of an integrated, accessible public transport network,
- c) regulate public transport fares,
- d) license public bus passenger services that are not subject to a public transport services contract under section 48 of the Public Transport Regulation Act 2009,
- e) develop and maintain a regulatory framework for the control and operation of small public service vehicles and their drivers in accordance with the provisions of the Taxi Regulation Act 2003,
- f) promote increased recourse to cycling and walking as a means of transport, and
- g) secure the—
 - (i) provision of public passenger transport services,
 - (ii) provision of public transport infrastructure,
 - (iii) provision of integrated ticketing and information systems for public transport,
 - (iv) effective management of traffic,
 - (v) effective management of transport demand,
 - (vi) development and implementation of a single public transport brand,
 - (vii) collection of statistical data and information on transport, and
 - (viii) conduct of research into transport.

While many of the above statutory functions operate on a national basis, others such as the provision of public transport infrastructure are focussed on the Greater Dublin Area.

The NTA operates a capital grants programme for works falling within its remit within the Greater Dublin Area. In addition, the NTA administers, on behalf of the Department of Transport, Tourism and Sport, a number of grant programmes operated by the Department.

The agencies funded by these grant programmes include local authorities, Irish Rail, the Railway Procurement Agency, Bus Eireann and Dublin Bus (“implementing agencies”).

2. Purpose

The purpose of these Guidelines is to provide guidance to implementing agencies on the eligibility of expenditure items for grant funding by the NTA. It defines the typical cost headings that occur during delivery of NTA funded schemes and provides details of the expenditure eligibility under those cost headings.

In the case of projects which are co-financed by European Union funds, there may be additional requirements arising from the co-financing arrangements. In the case of such schemes, the relevant implementing agency should consult with the NTA to establish whether any additional eligibility provisions apply.

3. Applicability of Guidelines

These Guidelines apply to all projects undertaken by the implementing agencies which are funded in whole or in part by the NTA. Unless advised otherwise, it also applies to all projects undertaken by the implementing agencies where the funding is being administered by the NTA on behalf of the Department of Transport, Tourism and Sport.

The NTA reserves the right to update or amend these Guidelines at any time.

4. Core Cost Eligibility Principles

The core principles for a cost to be eligible for reimbursement under the NTA's capital grant programmes are set out below.

Core Cost Eligibility Principles:

- That the particular cost is necessary for the successful implementation of the project;
- That the arrangements for the incurring of the particular cost accords with general legislative and national policy guidance, including in relation to public procurement;
- That the particular project is managed in accordance with the project management guidelines issued by the NTA;
- That the cost has been included in the project cost information notified to the NTA and has been included in the approved grant funding amount; and
- That liability for the particular cost has been incurred.

The various costs arising under a typical grant funded project can be categorised under the following headings:

- (a) External Consultancy/Advisory costs;
- (b) Contractor costs;
- (c) Staff and labour costs;
- (d) Land and property costs; and
- (e) Other costs.

Each of these is addressed in turn in subsequent sections.

5. External Consultancy/Advisory Costs:

It is important that the various legislative and national policy guidance is adhered to in the engagement of consultants/advisory services on capital projects.

Most significant capital projects utilise consultancy/advisory services to develop designs, provide specialist advice or to manage the scheme's construction or implementation and these services are

generally procured externally but can be provided in-house (for services that are provided in-house, see 7 below).

In the case of externally procured services, subject to the incurring of the costs being in accordance with the Core Cost Eligibility Principles, the full amounts expended on such consultancy/advisory work may be treated as eligible expenditure.

6. Contractor Costs:

The majority of capital projects use contractors to construct or implement the particular project. This extends from the use of survey and site investigation contractors during the planning and design stage, to the various contractors that are engaged during the construction/implementation period.

Subject to the incurring of the costs being in accordance with the Core Cost Eligibility Principles, the full amounts expended under these contracts may be treated as eligible expenditure.

7. Staff and Labour Costs:

Where the implementing agency is a local authority, reimbursement of in-house staff (excluding direct labour construction staff) directly engaged in delivering an NTA funded project will only be treated as eligible expenditure for reimbursement if the following conditions are satisfied:

- (a) Subject to (f) below, that the relevant staff are engaged fulltime on NTA funded projects and prior written approval has been obtained from the NTA for the charging of their costs to the NTA funded project or projects (in certain cases the NTA will consider a proportional arrangement for staff who are not engaged fulltime but are predominately engaged on NTA funded projects);
- (b) Only the relevant staff referred to in the NTA approval can be charged to the project or projects;
- (c) Where the approval provides for a portion of staff costs to be charged, only the relevant portion may be claimed for reimbursement;
- (d) Indirect staff costs (such as accounts staff, HR costs, corporate costs and similar) are not eligible for reimbursement except in exceptional circumstances and only with the prior written agreement of the NTA;
- (e) No general administration or overhead charges may be included, although employer pension contributions (including spouse and children schemes where relevant) will be treated as eligible expenditure where such costs arise relating to staff costs charged in the case of approved staff; and
- (f) In-house personnel providing occasional specialised services to the NTA project will not require prior approval from the NTA to be considered as eligible expenditure, where the agency operates a general internal charging system for such services.

Where an implementing agency is a commercial semi-state agency which operates a charging system providing that project related staff/labour costs are capitalised on the balance sheet of the agency in

accordance with generally accepted accounting principles, such costs will be eligible expenditure and prior NTA approval will not be required for the relevant personnel involved.

Subject to compliance with the above conditions, eligible staff/labour costs for reimbursement (in the case of both local authorities and commercial state agencies) can include:

- Basic pay and allowances;
- Travel and subsistence payments which are in accordance with the relevant public sector guidelines or, where the latter are not applicable, the rates usually allowed by the implementing agency;
- Employer pension contributions (including spouse and children schemes where relevant); and
- Other related costs where written NTA approval has been obtained.

Where the construction or implementation of a project is being carried out in whole or in part by an implementing agency's direct labour construction force, and such arrangement has been agreed with the NTA, the incurred direct labour costs can be treated as eligible costs. This will generally include supervision costs.

8. Land and Property Costs:

Where a project requires the acquisition of land or property (including land rights and wayleaves) for its successful implementation, the costs arising from such acquisition may be treated as eligible expenditure, subject to such costs being in accordance with the Core Cost Eligibility Principles.

The NTA's prior approval must be obtained for all land or property acquisition proposals on NTA funded projects. In the case of large schemes involving multiple acquisitions, such approval may be given as a general authorisation to proceed with all acquisitions below a certain value with only settlements above that value requiring specific individual authorisation.

All land and property acquisition purchases being advanced without a CPO should be on the basis of market value and should be valued by a professional land valuer. In such cases, where the purchase price is above the maximum valuation established by the valuer, the amount of the purchase price in excess of the valuation will not be eligible expenditure. Where land or property is being acquired through a CPO process, it is recognised that the CPO valuation may not equate to market value and in such cases, subject to prior NTA approval as above, the CPO valuation, or any associated arbitration determination, will be regarded as eligible expenditure. Professional fees, such as solicitor and valuer fees, may be treated as eligible expenditure.

The cost or valuation of land already owned by the relevant agency will not be eligible expenditure.

Surplus land or property acquired as part of an acquisition programme for a project shall be disposed of in agreement with the NTA and the net proceeds of such disposal shall be credited against the cost of the project and against the next reimbursement claim to the NTA in respect of that project, if the project is an on-going scheme. Where such disposal occurs after the project has

been completed or after the NTA funding of the project has concluded, the NTA shall be promptly notified of the net proceeds arising and the implementing agency shall arrange a refund of such proceeds to the NTA in respect of the project.

9. Other Costs

Other costs may arise on NTA funded schemes that are eligible for reimbursement, subject to the incurring of the costs being in accordance with the Core Cost Eligibility Principles. Examples of such costs may include:

- Plant and material costs on projects being implemented by an agency's direct labour force;
- Payments to utility companies for necessary works on utilities as part of an NTA funded project;
- Purchase of capital equipment where approved in advance by the NTA;
- Where relevant, site office provision and associated operating costs;
- Signage, communications and promotional costs; and
- Required licences and applications fees / costs.

10. VAT and Taxes

As a general principle, Valued Added Tax (VAT) and other taxes and charges are considered as eligible expenditure if they are genuinely incurred by the implementing agency and are not subject to separate reimbursement, offset or refund. If they are subject to such reimbursement, offset or refund, only the residual amount actually incurred by the implementing agency can be considered as eligible expenditure. Where a funding issue arises for an implementing agency due to the delay between a VAT payment on an invoice and its offset or refund, an arrangement may be agreed with the NTA to allow the VAT payment to be temporarily claimed from the NTA.

Charges imposed by an implementing agency and collected by the agency or on its behalf are not considered as eligible expenditure in the case of a project being implemented by that agency (such as commercial rates imposed and collected by a local authority in respect of a project it is implementing).

11. Financial Charges

Bank charges, including bank fees, transaction charges, overdraft charges and similar fees and charges are not eligible expenditure.

Where borrowing for the delivery of a project has been approved in advance by the NTA, the interest charges arising on such loans can be considered as eligible expenditure.

Where foreign currency transactions arise, the converted amount at date of payment together with any currency conversion charges can be considered as eligible expenditure.

12. Specified Exclusions

Without prejudice to the various other exclusions stated elsewhere in these Guidelines, the following items will not be considered as eligible expenditure:

- (a) Expenditure on entertainment;
- (b) Contributions to the fixed costs of the implementing agency;
- (c) General and administration overheads such as HR costs, payment/accounts costs, corporate management costs;
- (d) Operating expenditure, other than prior-approved expenditure on NTA funded projects relating to training, testing and commissioning;
- (e) Any imposed fines or penalties;
- (f) Any costs not directly related to the grant aided project and any other unreasonable costs; and
- (g) Any costs incurred contrary to public procurement requirements.

The NTA reserves the right to exclude items of expenditure not specifically referred to above where the NTA considers that it would be inappropriate or improper for such expenditure to be charged to a project. In any dispute over whether expenditure was properly incurred in relation to a project or regarding the interpretation of any words in this document, the NTA's decision will be final.

13. General Arrangements

Eligible expenditure must be claimed on a matured liability basis, except in exceptional circumstances where the prior written approval of the NTA has been obtained.

The arrangements in respect of the submission of grant claims will be established by the NTA and notified to the implementing agencies.

Implementing agencies must ensure that they have robust arrangements in place for the recording and monitoring of costs associated with NTA funded projects and that sufficient documentation is available and retained to allow full auditing of all of the cost elements of the project. The backup documentation shall be retained by the relevant agency for subsequent inspection by the NTA and/or its auditors for a period of at least three years or such longer period as may be required by legislative or accountancy requirements.

14. Credit Items

Where a particular NTA funded project generates a credit item, this shall be credited against the cost of the project and against the next reimbursement claim to the NTA in respect of that project, if the project is an on-going scheme. Where such credit item arises after the project has been completed or after the NTA funding of the project has concluded, the NTA shall be promptly notified of the credit item arising and the implementing agency shall arrange a refund to the NTA of the relevant credit amount in respect of the project.

15. Development Levies and Private Developer Contributions

Where an NTA funded project is subject to receipt of development levies or where, in respect of such a project, an implementing agency is in receipt of financial contributions from private developers pursuant to an agreement with any such developers, arrangements governing the application of such levies and/or development contributions will be notified by the NTA to the implementing agency on a case by case basis.