

Cost Management Manual

Michael Gaughan
Transport Infrastructure Ireland

TII Standards Training 2021
16th April 2021



Overview

- Introduction
- Cost Management Manual (2020)

Purpose of Cost Management Manual.

Why updated?

Updates to Note.



Purpose of Cost Management Manual

- Governance document – ***Value for Money***
- Cost, Risk, and Value Management – ***Continuous Process***
- Interaction & Interface with other guidelines:
 - Project Management Guidelines, including Project Risk Register;
 - Project Appraisal Guidelines, including strategic assessment report;
 - Common Appraisal Framework;*
 - Capital Works Management Framework;*
 - Public Spending Code, range of costs.*
- Applicable to Major & Minor ***National Road Projects***

Why updated?

- Passage of time – ***Evolution of Requirements & External Environment.***

 - Public Spending Code;

 - Capital Works Management Framework;

 - To meet roads programme needs, prevalence of early stage projects.

- **Alignment with Project Management Guidelines:**

 - 2017 Project Management Guidelines update - Phase 0/1 revision

 - 2017 Project Management Guidelines update - Phase 3/4 revision

- **User feedback:**

 - Clarify cost, risk, and value management deliverables - aligning with Gate Review Process.

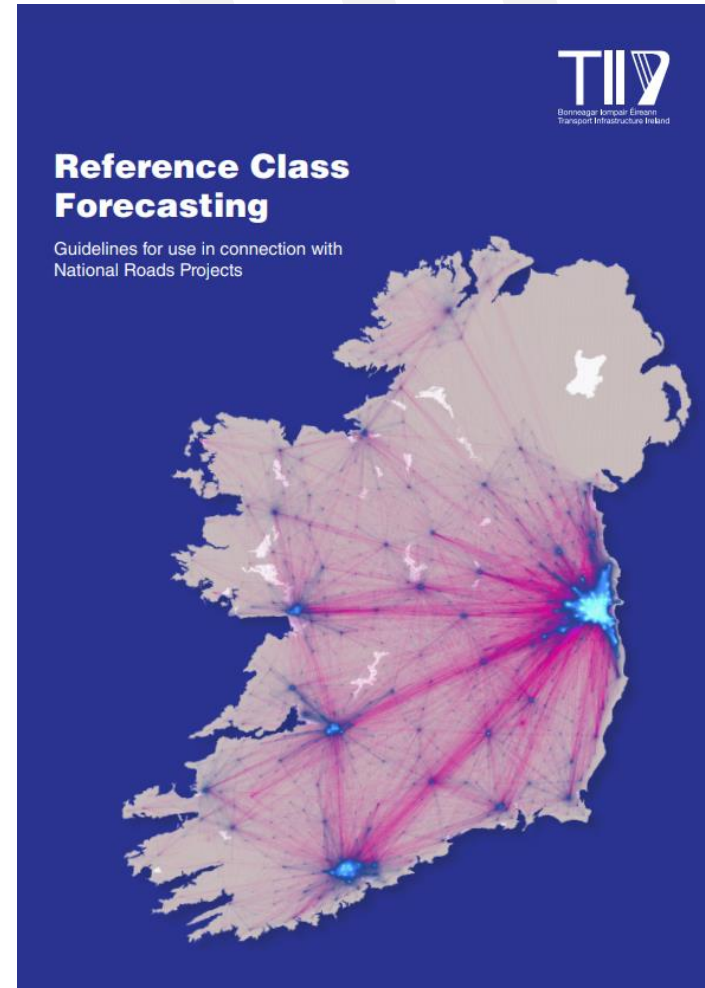
 - Segregate requirements from guidance

Updates to Note

- Removal of Feasibility Working Costs – ***Range of Costs Involved.***
- Minor Projects Cost Estimating Terminology:
 - Phase 2 Option Comparison Estimate (aligning with majors)
 - Phase 3 - 7 Minor Project Estimate (Target Cost)
- Cost Estimating Forms – ***Revision of Cost Estimating Templates.***
- Value Management – ***Continuous Process, central to Project Objectives***
- Reference Class Forecasting

Reference Class Forecasting – what is it?

- Methodology for forecasting future overruns on projects using data from previously completed projects.
- Builds on existing TII procedures for cost estimation.
- Removes ‘Optimism Bias’ - ***Outside View.***
- Incorporates ‘unknown unknowns’ - unfathomable uncertainty
- Does **NOT** replace the need for accurate and comprehensive base cost estimates.



Thank You

