Project Finance Framework:

Estimating and Budgeting for Costs and Risk

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1. Purpose

This document establishes the University's financial requirements for the planning, approval, and management of Estates and IT projects. Specifically, it defines:

- The categories of costs that qualify for inclusion within an approved project budget.
- The financial components that must be incorporated when preparing a budget as part of an investment proposal.
- The principles governing the application of Optimism Bias and Contingency, including when and how these adjustments must be applied.
- The consideration of future operating costs arising from project delivery—such as staffing, maintenance, licensing, and support—and how these impacts must be reflected in future revenue budgets.
- The assessment of cost-benefit and the expected value or advantages the University anticipates from the investment.
- The formal submitting, evaluating, and approving change requests governance framework and procedures.

2. Authority

The University's Financial Regulations assign responsibility to the Chief Finance Officer (CFO) for issuing, maintaining, and updating financial policies and procedures. This document forms part of the framework governing the application and enforcement of the University's Financial Regulation Financial Regulations

3. Scope

This document applies to all Estates and Information Technology (IT) projects for which a project budget is formally approved by the University's Council, the Vice-Chancellor, or the Chief Operating Officer, acting under delegated authority from Council, in accordance with the University's Financial Regulations and governance requirements.

It also applies to all individuals undertaking project-related roles and responsibilities throughout the lifecycle of each project. For detailed guidance on role-specific expectations, please consult the Sussex Projects Knowledge Hub – Roles and Responsibilities Roles & Responsibilities.

3.1 Core Financial Principles

The following principles underpin all projects governed by this framework:

3.1.1 **Business Criticality -** Projects must be undertaken only where they are clearly justified as *business-critical* and aligned with the University's strategic and operational priorities.

3.1.2 **Value for Money (VFM) -** Projects must demonstrate Value for Money through efficient use of resources, clear benefits, and avoidance of unnecessary or non-essential scope.

3.1.3 **Prioritisation of Internal Capability -** Wherever possible, projects should make use of internal skills and resources. External resource should be considered only when the required skills are not available internally and must be supported by appropriate approval.

3.1.4 **Minimum Viable Product (MVP) -** Projects must focus on delivering the Minimum Viable Product required to achieve agreed outcomes. Additional or "desirable" features must not be included unless formally approved through change control.

3.1.5 **Treatment of Contingency -** Contingency is not part of the core deliverable budget and must not be assumed to be available for general use. It may be accessed only in exceptional circumstances through the formal governance and Change Request process.

3.2 Exclusions

The following areas are explicitly excluded:

3.2.1 Research projects which are governed by a separate policy covering pricing, costing, and funder-specific requirements.

3.2.2 Financial accounting policies on the capitalisation of project costs which are addressed through the University's accounting standards and procedures.

3.2.3 Income and opportunity costs which may be used in project investment appraisals.

4. Definitions:

4.1 Project - A project is a defined and time-limited piece of work undertaken using specified resources to deliver agreed objectives and business benefits. Each project has its own budget, separate from the operational revenue budgets of schools or departments, and may include capital costs, revenue costs, or a combination of both**.**

4.2 Project Budget - A project budget is a financial plan that identifies all costs required to complete the project within its agreed scope and timeframe. It includes labour, materials, equipment, and appropriate allowances for risk, and is used to control expenditure, allocate resources, and ensure financial viability.

4.3 Budget Holder - Is the individual granted delegated authority—by a Committee of Council, a Project Board, or another approving body—to commit expenditure against an approved project budget in accordance with the University's Financial Regulations.

4.4 Project Manager - Is the person responsible for managing a project or part of a project, including overseeing delivery, resources, timelines, risks, and reporting.

4.5 Budget Costs – These are the costs that, under this framework, qualify for inclusion within a project budget and must be incorporated into the request for budget approval.

4.6 Incremental Cost - This is any additional cost incurred by the University as a direct result of undertaking a particular action or activity.

4.7 Backfill Cost - Backfill cost is the incremental cost arising from releasing an existing member of staff to work on a project, including all employment on-costs (such as National Insurance, Apprenticeship Levy, and pension contributions). This includes the cost of employing temporary staff to cover the operational duties of a seconded employee. Where an existing staff member undertakes project activity without requiring backfill, no associated staffing costs should be attributed to the project budget.

4.8 Optimism Bias – An adjustment applied to early project cost estimates to reflect the recognised tendency to underestimate costs. It ensures that the full potential cost of a project is considered

at the planning stage and must be applied during the Mandate and Outline Business Case phases to mitigate financial under-provision.

4.9 Contingency - is a budget provision established to cover the assessed risk of unforeseen cost increases arising from factors such as inflation, delays, and uncertainties in estimating methods. It is added to the agreed contract price or cost estimate to protect the project against unforeseen financial pressures. Contingency is normally applied at the Single Business Case or Final Business Case stage once the scope and cost estimates have reached an appropriate level of certainty.

5. Principles

5.1 Project Development and Approval

All project proposals must follow the University's approved project governance process, using the guidance available through the Sussex Projects Knowledge Hub Sussex Projects Knowledge Hub - Home and the Sussex Projects team Introduction to Sussex Projects under the Director of Strategic Projects & Change. Each proposal must include a clear funding solution, agreed with the Chief Financial Officer before submission to the University Council, the Vice-Chancellor, or the Chief Operating Officer under delegated authority. Budget estimates must be robust, evidence-based, and reviewed by Finance—using internal or external expertise where required—to ensure appropriate inclusion in the Capital Programme. Finance must confirm all assumptions and approve the proposed budget before Business Case submission.

5.2 Budget Standards and Financial Control

Budgets must be approved in accordance with the University's Financial Regulations Financial Regulations and governance procedures. Budgets must reflect the full incremental cost of delivering the project and include only the additional pay and non-pay costs that arise directly because the project is undertaken. Estimates must account for inflation and include contingency to cover potential cost increases or omissions. Income must not be credited to a project budget. All project budgets are held centrally and do not increase departmental operational budgets. Access to the budget is managed through the Finance system, and the designated Budget Holder is responsible for ensuring that the project remains within the approved budget. As part of the governance process, all project costings will need to be reviewed and approved by the Project Steering Group before proceeding to Business Case submission.

5.3 Minimum Viable Product (MVP) and Value for Money

Projects must aim to deliver the Minimum Viable Product (MVP) required to achieve the agreed outcomes. Projects should avoid incorporating non-essential "desirable" features and must be delivered in line with the University's Value for Money (VFM) principles.

5.4 Changes to Scope, Cost, or Timeline

Any proposed addition or change to the approved scope must be submitted through a formal Change Request, clearly setting out the implications and any associated costs. If the scope of a project is reduced, the corresponding budget savings must be identified so that these funds can be returned to the Capital Programme for potential reallocation. All Change Requests must be reviewed and approved through the appropriate governance route before changes are implemented. Please see Appendix 3.

6. Project Financials

6.1 Eligible Costs

Eligible costs are incremental costs that arise solely because the project is undertaken and can be directly attributed to the project.

6.2 Non-Pay Expenditure

Non-pay expenditure covers all costs not processed through payroll. Eligible non-pay costs include:

6.2.1 **Tangible Items**

- Property, fixtures and fittings, furniture, equipment, and consumables.
- Rent payable under leases, tenancies, and licences, including associated service charges.

6.2.2 **Intangible Goods**

- Licences and product support (project funded for a maximum of two years, including the implementation year).
- Intellectual property: ongoing licence costs beyond two years must be included in operational budgets and confirmed with the Budget Holder.
- Insurances required during project delivery.

6.2.3 **Services**

- Building and construction services; project management; consultancy; legal and other professional services.
- Subscriptions, facilities management, servicing and maintenance costs.
- Recruitment, advertising, and marketing expenditure.

6.2.4 **Retention Costs**

- Costs incurred during the 6 – 12 month defect period following completion.
- Supplier retention amounts, which must be factored into the total expected project cost.

6.2.5 **Travel and Subsistence**

- Travel and subsistence incurred while working away from base, including eligible hospitality in line with the purchasing policy.
- Travel and associated costs should be kept to a minimum and undertaken only when business-critical. Prior approval must be obtained.

6.2.6 **Statutory Fees**

- Permissions, planning fees, regulatory charges, and Community Infrastructure Levy.

6.2.7 **Temporary or Agency Staff**

- Temporary or agency staff engaged under a service contract where internal or seconded staff are not available and normally sourced through the University's preferred supplier.
- Exceptions may be made where specialist skills are not available through the preferred supplier; however, the use of internal resources should be prioritised wherever possible.

6.2.8 **Metered Fuel and Power Charges**

- Metered utilities directly attributable to the project.

6.2.9 **Project-Specific Finance**

- Costs associated with arranging project-specific financing.

6.3 Pay Expenditure

Pay expenditure covers all costs processed through the University's payroll, including:

- Salaries and remuneration for permanent and fixed-term staff.
- Fees and remuneration for casual staff.
- Allowances, bonuses, and other remuneration.
- Employer National Insurance, pension contributions, the Apprenticeship Levy, and other on-costs.

Eligible pay expenditure includes:

- The incremental cost of employing staff specifically for the project.
- Backfill costs arising from secondments (including on-costs).

Non eligible:

- The cost of the seconded staff member's salary is not eligible but any uplifted salary that may be awarded for the secondment/project work is.
- Relocation costs (these must be funded by the relevant operational department).

6.4 Project Management Costs

Project management costs are eligible and must be included within the project budget. The level of project management required will depend on factors such as project size, scope, complexity, specialist requirements, and expected timelines. The following principles apply:

- The number and type of project management resources must reflect the scale and complexity of the project.
- Internal resources and specialist skills should be prioritised wherever possible (e.g., project management, IT architecture, data analysis, integrations, costing analysis, and project planning).
- Where internal capability is unavailable, approval must be obtained before seeking external resources or engaging external specialists.
- Where the work required is minimal, internal staff should undertake the activity as part of their business-as-usual (BAU) responsibilities wherever feasible, avoiding unnecessary recharging to the project or the appointment of external staff to cover BAU duties. In such cases, appropriate backfill or temporary support must be arranged within operational budgets to ensure staff can dedicate sufficient time to project-related tasks. Examples may include technical support, professional advice, system reviews, and testing activities.

6.5 Taxes

Projects must include all applicable taxes and duties within their budgets unless Procurement or Finance confirms otherwise. This includes, but is not limited to:

- Value Added Tax (VAT).
- Insurance Premium Tax.
- Import duty.
- Any other relevant statutory taxes or charges.

The following principles apply:

- The standard rate of VAT must be assumed for all invoiced costs unless explicitly advised otherwise by Finance or Procurement.
- VAT reliefs may apply in certain cases.
- Some costs may be VAT-exempt, and input VAT may be recoverable in full or in part.
- All assumptions about VAT treatment must be confirmed with Procurement or Finance before the budget is finalised.

6.6 Ineligible Costs

The following costs are not eligible for inclusion in a project budget unless explicitly approved by the Chief Financial Officer:

- Depreciation.
- Loan interest or financing charges.
- Unmetered fuel and power costs.
- Internal resource allocation charges.
- Residual VAT recovery (except when permitted under Partial Exemption Special Methods).
- Costs that do not arise incrementally as a result of the project.
- Excessive or non-essential travel and subsistence.
- Staff relocation costs (these must be met from operational budgets).

6.7 Project Risk

Project budgets must be based on the highest level of cost certainty achievable at the point of approval. Project Boards must adopt a prudent and risk-aware approach to estimating costs to ensure the budget requested is both realistic and sufficient.

All projects must include an allowance for **Optimism Bias** (please see section 7) or **Contingency** (please see section 8), depending on the stage of development. These risk provisions must be calculated in line with the University's approved methodology and supported by a documented assessment of project risks. Please see Appendix 1.

6.8 Procurement Exercise

Projects submitting a Business Case for approval should have progressed to a stage where procurement activity—such as a tender process—has been undertaken or is well-advanced. This ensures that cost estimates are based on robust, market-tested pricing, thereby reducing the risk of future cost escalation.

The following principles apply:

- Finance must be involved in all tender exercises to ensure a thorough financial review of supplier submissions and to assess the financial implications for the University.

- Once a preferred bidder is selected and the Business Case is approved, Finance must confirm that the contract price aligns with the tendered costs and that no unapproved additions have been introduced.
- Any cost discrepancies or additions identified at contract stage must be reported promptly and addressed through the appropriate route.

6.9 Inflation

Cost estimates must clearly state the assumptions used in relation to inflation. Inflation must be applied from the point at which cost estimates are calculated through to the expected timing of invoicing or contract award. Where project-specific inflation indices are available, they should be used. Examples include:

- Royal Institution of Chartered Surveyors (RICS) Tender Price Indices for construction-related costs.
- University pay forecast assumptions for salary and on-cost projections.

Where no specialist index exists, the Bank of England Consumer Price Index (CPI) forecast may be applied. The methodology for inflation assumptions must be consistent, transparent, and proportionate to project risk.

6.10 Currency Exposure

Where project costs relate to goods or services sourced internationally — including those priced in GBP but dependent on overseas supply chains — exposure to currency fluctuations must be assessed.

The following principles apply:

- The source of supply and underlying currency must be identified for all imported goods or internationally delivered services.
- Project budgets must be reviewed to ensure they adequately cover potential adverse exchange-rate movements.
- Appropriate financial safeguards should be considered where currency exposure is material, in consultation with Finance.

By incorporating inflation and currency risk into cost planning at an early stage, projects can reduce the likelihood of budget overruns and strengthen financial control.

7. Optimism Bias

7.1 Purpose of Optimism Bias

Optimism Bias is applied to early-stage project cost estimates to address the well-recognised tendency to underestimate costs. Its purpose is to ensure that the potential full cost of delivering a project is reflected in financial planning, thereby reducing the risk of under-provision and future budget pressures.

7.2 Application of Optimism Bias

Optimism Bias must be applied during:

- The development of long-term financial plans and roadmaps.

- Early project stages where detailed cost certainty has not yet been established.
- Budget requests submitted before final pricing information is available (e.g., Estates projects approved at design stage prior to tender).

The value applied must align with the University's approved risk-based methodology. Please see Appendix 1.

7.3 Timing and Adjustment

Optimism Bias is applied before project budget approval and should be progressively reduced as cost certainty increases—for example, as design develops, surveys are completed, or tender prices are received. Please see Appendix 2 for guidance.

By the time a Business Case reaches approval stage:

- Optimism Bias should have been reassessed.
- Reductions should be evidenced.
- Residual cost uncertainty should be reflected in Contingency, rather than Optimism Bias.

Once the Business Case is approved and funding released, Optimism Bias is removed entirely and replaced by Contingency which will be held centrally.

7.4 Roles and Responsibilities

The Project Board Chair is responsible for ensuring that Optimism Bias is:

- Applied at appropriate stages.
- Calculated using the University's prescribed methodology.
- Reassessed at key review points.
- Reduced as cost certainty improves.

For Estates projects, review points will typically align with design stages, and advice may be sought from the Director of Estates, Facilities and Commercial. For IT and Digital projects, equivalent guidance will be provided by the Chief Digital Technology Officer or Sussex Projects.

Project Managers are responsible for completing the required Optimism Bias risk assessment using the template provided in Appendix 1 and this must be included within the Business Case as an Appendix. The proposed amount will also require approval from the Project Steering Group.

7.5 Transition

Optimism Bias is removed and replaced with contingency once the project is approved and the budget is authorised. Once Finance receives confirmation from PMO that the business case and funding release have been approved, the budget is released in the University's finance system and spending can begin in line with the Procurement and Purchasing policy procurement-and-purchasing-policy-revised-2026-v2

7.6 Risk-Based Assessment

The value of optimism bias should be determined through a formal risk assessment completed by the Project Manager and using:

- The hallmarks outlined in Section 7.
- The template in Appendix 1.
- Optimism bias should decrease at each key stage as certainty improves. Appendix 2 can be used as a guide.
- Values may range **up to 100%** of the total project cost (net of optimism bias), depending on risk.
- Appendix 1 provides a risk evaluation template for both optimism bias and contingency and must be completed.

8. Contingency

8.1 Purpose of Contingency

Contingency is a budget provision established to cover the assessed risk of unforeseen cost increases arising from inflation, delays, estimation uncertainty, and omissions in scope. It serves as a financial safeguard to ensure that the approved budget remains sufficient to deliver the project as agreed.

8.2 Requirement to Include Contingency

All projects must include an appropriate level of contingency within their Business Case. The value must be calculated using the University's approved risk-based methodology and supported by a documented assessment of project risk. Contingency must not be omitted or reduced without formal approval. Appendix 1 must be completed and included in the Business Case and have approval from the project Steering Group.

8.3 Control and Governance of Contingency

Once a Business Case is approved, contingency funds are held centrally and do not form part of the project's accessible budget. Any request to draw down contingency must:

- Be submitted through a formal Change Request.
- Clearly set out the justification and financial implications.
- Be approved by the appropriate governance board.

The PMO, in collaboration with Finance, will advise on the correct approval route. Approval is **not guaranteed**, and Project Steering Groups should seek to deliver without accessing contingency as a priority.

8.4 Availability and Appropriate use of Contingency

Following Business Case approval:

- Up to **70%** of the approved contingency may be released, once approved through the correct governance route.
- The primary objective remains to deliver the project within the approved Net Budget, without reliance on contingency.
- Contingency may only be used for unforeseeable, essential costs, price inflation above estimated levels, delays affecting cost, errors or omissions in estimating methods, or essential rectification of unforeseen issues necessary to deliver the approved scope.
- It must not be used to introduce new scope or enhancements. Any change to scope requires a separate Change Request, even where no budgetary impact is expected.

- Contingency is approved as part of the overall project budget following Business Case approval however, it should not be considered as part of the project budget and/or assumed it is readily available for use.
- Contingency is for exceptional use only.

8.5 Risk Assessment and Contingency Value

Contingency represents the quantified allowance for residual risk within a project budget and must be calculated in a consistent and transparent manner. For the purposes of this document, contingency is expressed as:

- A percentage of the contract sum for building and construction-related projects, reflecting the level of design maturity, procurement route, and remaining delivery risks.
- A percentage of total costs before contingency for all other project types, ensuring that non-construction projects apply a proportionate allowance aligned to their specific risk profile.

Appendix 1 sets out the University's risk-based methodology for determining appropriate contingency values. It includes a structured evaluation template that supports the assessment of both contingency and optimism bias, ensuring that risk allowances are applied consistently across all project stages.

8.6 Determining Contingency Levels

Contingency levels must be established through a documented risk assessment. **15%** is considered appropriate for low-risk projects where:

- Scope is well-researched, complete, and documented.
- Deliverables are clearly defined and understood.
- Requirements and design solutions are complete and uncomplicated.
- A clear delivery plan exists.
- High proportion of fixed-price work.
- Accurate estimates and quotes received.
- Effective transfer of delivery risk to suppliers under contract.
- Certainty in supply chain and raw materials.
- Minimal exposure to unknowns at design and survey stage (e.g. asbestos).
- Adequate skilled resources secured.
- Where uncertainty is greater, the contingency percentage may need to be higher.

Contingency may vary where uncertainty exists in any of the above hallmarks or other relevant factors. If a risk assessment indicates a requirement **greater than 30%**, further work is required to improve scope definition, refine estimates, or undertake additional design or surveys before the project can be considered for approval.

8.7 Business Case Requirements

Each Business Case must:

- Specify the contingency amount requested.
- Include a completed risk assessment.
- Provide justification if contingency exceeds standard levels.
- Ensure all calculations follow the University's approved methodology.

9. Revenue Operating Budgets

9.1 Overview

Projects may have implications for future operational budgets. These impacts may involve additional recurring costs, new resource requirements, or savings generated by efficiencies or system replacements. All such implications must be identified, quantified, and reflected within the Business Case to ensure long-term financial sustainability. Any additional costs to operational budgets must have approval and sign off from the relevant Budget Holder at Business Case stage.

9.2 Potential Operating Cost Impacts

Projects may lead to changes in ongoing operational costs, including but not limited to:

Building-related costs

- Planned and reactive maintenance.
- Compliance activities (e.g., health and safety, fire safety, accessibility).
- Utilities, servicing, and lifecycle replacements.

Equipment and specialist assets

- Maintenance, calibration, and compliance costs for laboratory or technical equipment.
- Servicing and replacement cycles.

Systems and technology

- Software licences, subscriptions, and renewals.
- Hardware replacement, hosting, and support arrangements.
- Administration, monitoring, and maintenance costs.
- Intellectual property costs requiring ongoing subscription or licensing fees.

Staffing

- New posts created as a result of the project.
- Increased workload for existing teams.
- Consolidation or reduction in staffing due to efficiencies.

9.3 Treatment of IT Licensing and Support Costs

For IT and digital projects:

The first year of licence and support costs during the implementation stage will be funded by the project budget.

- From year two onwards, these costs are transferred to the relevant operational department, to be incorporated into its recurring budget.
- This transfer must be agreed at Business Case stage with the relevant Director and Finance Business Partner.

9.4 Requirement for Approval of Operating Budget Impacts

No project that creates, increases, or reduces ongoing operational costs may proceed without:

- Explicit approval from the CPDG or UEB Chair.
- Confirmation that the impacted Director and Finance Business Partner have reviewed and accepted the operational implications.

This ensures that projects remain affordable over the long term and that future budgets fully reflect the benefits and consequences of investment decisions, supporting alignment with the University's long-term financial plans.

9.5 Responsibility for Inclusion in Business Case

The Project Manager, in consultation with Finance and the relevant operational leads, is responsible for ensuring that all operating budget impacts:

- Are identified early in the project lifecycle.
- Are quantified using reasonable and supportable assumptions.
- Are clearly stated in the Business Case, including any ongoing financial commitments or projected savings.

10. Change Control

10.1 Purpose of Change Control

A formal change control process is essential to effective project governance. It ensures that any deviation from the approved scope, budget, or timeline is accurately assessed, authorised, and documented. This process:

- Maintains alignment with the approved project objectives.
- Ensures decisions are taken by the appropriate authority.
- Supports transparency and accountability.
- Enables proactive identification and management of risks arising from change.

A Change Request is required for any change that affects the approved scope, timeline, or planned expenditure profile, even where no additional funding is required. Please see Appendix 3.

10.2 Governance and Accountability

All proposed changes must be submitted through the University's formal Change Request process. This ensures that:

- Changes are evaluated against the approved Business Case and project scope.

- Implications for cost, schedule, scope, risk, and benefits are understood.
- Decisions are taken by the appropriate governance route which will be directed by the PMO in consultation with Finance.

10.3 Financial Control

Changes with financial implications—such as requests for additional funding, use of contingency, or adjustments to profile of spend—must be fully justified and supported by updated cost information. If the scope of a project is reduced, the corresponding budget savings must be identified so that these funds can be returned to the Capital Programme. This ensures:

- Prevention of uncontrolled cost escalation.
- Ongoing affordability.
- Compliance with financial regulations.
- Effective management of university resources.

No financial adjustment may be made without formal approval.

10.4 Risk Management

Changes may introduce new risks or alter existing ones. As part of the change control process:

- All risks associated with the proposed change must be identified and assessed.
- Impact on operational teams and business requirements must be considered.
- Mitigations must be defined where appropriate.

The Change Request must clearly set out these risk impacts to support informed decision-making.

Project Boards must seek to accommodate changes within the approved budget wherever possible, by reviewing the project scope, seeking delivery efficiencies, and using internal project levers such as reprioritisation or reprofiling before requesting additional funds. Only when internal mitigation options are exhausted should a request for additional budget or contingency be made.

Appendix 1: Contingency and Optimism Bias Risk Evaluation

	Risk evaluation criteria	Project Contingency Score	Optimism Bias
		0-10	0-20
1	**Is scope effectively researched complete and documented?** *- Scope is approved and informed by defined and documented objectives, wide consultation with stakeholders and assessment of risk and impact. (very Low 0-2)* *- Scope is approved and informed by defined and documented objectives, there has been some consultation and an assessment of risk and impact. (Low 3-4)* *- Scope is not approved but is informed by defined and documented objectives, there has been limited consultation and some assessment of risk and impact (Medium 5-7)* *- Scope is not approved; the objectives are unclear and there has been no consultation or assessment of risk and impact (High 8-10)*		
2	**Are all the deliverables clearly identified and fully understood?** *- Deliverables are defined, approved, and tested against approved project requirements (very Low 0-2)* *- Draft deliverables have been identified from approved project requirements (Low 3-4)* *- Draft deliverables are dependent on draft project requirements (Medium 5-7)* *- Deliverables and requirements have not been drafted (High 8-10)*		
3	**Are the requirements and design solution complete?** - Final requirements and design are approved by the Project Board (Very Low 0-2) - Requirements are approved by the Board, but design solution is not complete (Low 3-4) - Requirements are being consulted upon prior to amendment and Board approval (Medium 5-7) - Requirements have not been developed (High 8-10)		
4	**Are the requirements and design solution complex?** - The requirements and design solution have (very low 0-2) complexity. - The requirements and design solution have (low 3-4) complexity. - The requirements and design solution have (Medium 5-7) complexity. - The requirements and design solution have (High 8-10) complexity. In evaluating complexity of a building project you should have regard to its purpose (specialised or technical use), specification of M&E, building management and control, new build or conversion/refurb, displacement of people and services, topography, design statement, programming, dependency on infrastructure development etc. In evaluating complexity of an IT project, you should have regard to the level of integration of systems and data, configurability, in the cloud, dependency on physical infrastructure upgrade, compatibility, displacement of people and services, multiuser logistics, training and UAT etc. This is not a definitive nor exhaustive list of criteria.		
5	**Is there a clear delivery plan?** *- The plan has been developed, risk evaluated and is approved by the project Board (Very Low 0-2)* *- A plan is developed and in risk evaluation prior to approval (Low 3-4)* *- A plan is developed but has not been risk evaluated (medium 5-7)* *- There is no plan or it is still work in progress (High 8-10)*		
6	**Is there a high proportion of fixed price work in the project?** *- 80% and more of project work will be fixed price. (Very Low 0-2)* *- 60 -79% of project work will be fixed price (Low 3-4)* *- 30 -59% of project work will be fixed price (Medium 5-7)* *- 0 -29% of project work will be fixed price (High 8-10)*		

	Risk evaluation criteria	Project Contingency Score	Optimism Bias
		0-10	0-20
7	**Have accurate estimates and quotes been received for project work?** *- Accurate independent estimates and quotes have been received for >80% of costs (Very Low 0-2)* *- Accurate independent estimates and quotes have been received for 60-79% of costs (Low 3-4)* *- Accurate independent estimates and quotes have been received for 30-59% of costs (Medium 5-7)* *- Accurate independent estimates and quotes have been received for 0 -29% of costs (High 8-10)*		
8	**Are risks effectively transferred under contract to suppliers of services?** *- The risk for non-delivery of 80%, by value, of services to the project is transferred suppliers. (Very Low 0-2* *- The risk for non-delivery of 50-79%, by value, of services to the project is transferred suppliers (Low 3-4)* *- The risk for non-delivery of 21-49%, by value, of services to the project is transferred suppliers (Medium 5-7)* *- The risk for non-delivery of 0-29%, by value, of services to the project is transferred suppliers (High 8-10)*		
9	**Is there certainty in supply chain and raw materials?** *- Supply chain and lead times are secured by tender (Very Low 0-2)* *- Supply chain and lead times identified and subjected to market testing (Low 3-4)* *- Supply chain identified but no Market testing, lead times unconfirmed (Medium 5-7)* *- Supply chain and lead times unknown (High 8-10)*		
10	**How much exposure is there to known unknowns such as the presence of asbestos?** *- There is Less than 20% exposure to known unknowns such as asbestos (Very Low 0-2)* *- There is 21-49% exposure to known unknowns such as asbestos (Low 3-4)* *- There is 50-79% exposure to known unknowns such as asbestos (Medium 5-7)* *- There is 80-100% exposure to known unknowns such as asbestos (High 8-10)* *In assessing exposure to asbestos for example you should consider how widespread the exposure is. e.g. In the refurbishment of a building, you should have regard to the likelihood that asbestos is present throughout the whole area taking into consideration asbestos surveys undertaken and the completeness or otherwise of the asbestos register. If for example all but 10% of the area has been fully surveyed recently and the register is up to date, then there is less than 20% exposure to the unknown.*		
11	**Are enough people with the right skills secured to deliver the project?** *- The skills and numbers of people required are known and appointed (Very Low 0-2)* *- The skills and number of people are known and there is time to appoint (Low 3-4)* *- Staff with required skills may not be appointed in the time and budget available (Medium 5-7)* *- There is a skills shortage and appointment of appropriately skilled staff in time and within budget is unlikely (High 8-9)*		
	total		

notes
1. The range of scores for (very Low 0-2), (Low 3-4), (Medium 5-7) and (High 8-10) should be doubled for optimism Bias e.g. Very Low will equal 1-4.
'2. Section 7 of this document states that Assessment of optimism bias should be conducted at agreed stages during the development of the project and that in the case of a building project, the stages will usually be the stages of design.

Risk rating	Contingency total Score	Project Board Contingency	Project Manager Contingency		Optimism Bias total score	Optimism Bias
Very Low	0-22	5%	5%		0-44	0-20%
Low	23-44	10%	5%		45-88	21-50%
Medium	45-77	1-15%	7%		89-144	51-80%
High	78-110	15-20%	10%		145-220	81-100%

Appendix 2 – Optimism Bias or Contingency Summary Table

Stage	Optimism Bias	Contingency	Purpose
Mandate	Yes	No	Address early-stage cost uncertainty
Outline Business Case	Yes (reduced)	Maybe (if survey/design sufficiently mature)	Improve planning accuracy
Single/Final Business Case	No	Yes	Allow for delivery risk
Post-approval	No	Access via a Change Request and requires the correct Governance approval -	Protect University funds

Appendix 3 Change Request Template

The Request for Change template can be found on the Sussex Projects Knowledge Hub