

1. Document Details

Title:	Capital Development Reserve (CDR) Policy
Author(s):	Finance Manager
Version No:	1.1
Status:	Final

Important Note: If the 'Status' of this document reads 'Draft', it has not been finalised and should not be relied upon.

2. Revision History

Version	Revision Date	Summary of Changes	Changes tracked?
1	June 2026	First MTU Policy	No

3. Relevant Existing/Related Documents

HEA Protocol for Transfers to Capital Development Reserves in the Technological Sector
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4. Consultation History

This document has been prepared in consultation with the following bodies:

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5. Approvals

This document requires following approvals (in order where applicable):

Name	Date	Details of Approval Required
Finance Committee	21/09/2026	Recommendation of Policy
Governing Body	01/10/2026	Approval of Policy

CDR Policy

1. **Basis for Policy**

The University's Capital Development Reserve (CDR) represents funds set aside from Revenue Reserves to finance specific capital development projects.

The reserve is also used to build up funding over time for capital development plans, large scale construction and equipment upgrades. The amount transferred during each financial year is in line with the Protocol for Transfers to CDR's as agreed with the Higher Education Authority (Appendix 1)

2. **Type of Capital Development Projects**

There are *four* types of Capital Development Projects as set out below

2.1 *Specific Capital Development Projects*

These relate to defined projects that have been approved, in advance, by Governing Body based on;

- Executive approval
- Approved Business Case

Once approved by Governing Body these are reflected in the CDR by project. Transfers in and transactions out of the CDR are reflected in Governing Body Finance Committee updates and no further approval is required for such movements (unless approved Budget is affected and requires reapproval). All transfers and transactions are reviewed and processed by the Finance Manager.

2.2 *Strategic Development Capital Projects*

This relates to funds allocated to the CDR to provide for future Development plans. Once a specific Capital Development project is identified the funding is allocated as such and the rules laid out in 2.1 will apply. All funds allocated to the CDR, except for Bank Interest earned, require Governing Body approval.

2.3 *Student Services Projects*

Funds are accumulated through allocations from the Student Services Planning & Finance Committee (SSPFC). Applications for projects up to €500k are presented to and approved by the SSPFC. These are reflected in the Governing Body Finance Committee updates, and no further approval is required.

Applications for projects over €500k are presented and approved by the SSPFC but also require Governing Body Approval. Once approved by Governing Body the rules laid out in 2.1 will apply.

2.4 Project replacements / maintenance

These relate to income generating projects previously funded through the CDR. Any surplus income generated in the academic year is retained through the CDR for future maintenance / replacement.

These are reflected in the Governing Body Finance Committee updates, and no further approval is required

3. Reporting

The CDR is a standing agenda item for the Governing Body Finance Committee meetings.

The balance held in the CDR at year end, including the analysis of the underlying projects and associated costs, is presented to Governing Body for approval.

4. Modification

Any modification to the Capital Development Reserve Policy shall require the approval of the Governing Body.

5. Approval of Policy

The Capital Development Reserve Policy was approved by the Governing Body on 1st October 2026

Appendix I

HEA Protocol for Transfers to Capital Development Reserves in the Technological Sector

Background

Capital Development Reserves (CDRs) represents funds set aside from Income and Expenditure Reserves for specified capital development projects. CDRs are required to enable institutions to plan and manage their capital requirements. Reasons institutions need to accumulate CDRs include the following:

- Growing student numbers putting greater demands on infrastructure requirements.
- Capital funding provided by the State is not sufficient to cater for institutions' entire capital requirements.
- Significant levels of co-funding required for many State capital funding calls.
- Not all capital projects are eligible for State funding.
- Significant capital expenditure is needed to bring estates up to required standards.
- Requirement to meet significant decarbonisation targets.
- Need to increase and replace research capital infrastructure.
- Lack of ability to borrow.
- Difficulties in attracting large scale philanthropic donations.
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The purpose of this protocol is to set out parameters for transfers to Capital Development Reserves (CDRs) that can be applied consistently across the sector.

Transfers to CDRs

All transfers to Capital Development Reserves from Income and Expenditure Reserves should be subject to the following:

- Amounts retained in Income and Expenditure Reserves should be sufficient to meet the Institution's working capital requirements for a minimum of 3 months including meeting commitments and planned activity and adequate to ensure that the institution can continue during a period of unforeseen difficulty or shortfalls in income.
- Transfers to CDRs should be subject to limits outlined below.
- Transfers to CDRs should be approved by the Governing Body.

Capital Development Reserves – Balance at Year End

An analysis of amounts held in Capital Development Reserves for each project as at financial year end should be presented to Governing Body for approval.

Maximum Transfers

Maximum transfers to CDRs in a financial year will be based on the aggregate of the following annual income:

- 35% International (Non-EU) Student Fee Income
- 20% Other Student Fees (excluding HEA Fees Grants)
- 100% Philanthropic Donations (subject to Donor's restrictions)
- 100% Licence/Franchise Fees
- 100% Interest Earned
- 35% Commercial/Other Income

Maximum amounts of transfers may be reviewed and discussed with the HEA if exceptional or new sources of income are earned.

This transfer Protocol is effective for accounting periods ending on or after 31 August 2023.