

Appropriation Account 2017

Vote 34

Housing, Planning and Local Government

Introduction

As Accounting Officer for Vote 34, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2017 for the salaries and expenses of the Office of the Minister for Housing, Planning and Local Government, including grants to Local Authorities, grants and other expenses in connection with housing, water services, miscellaneous schemes, subsidies and grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2017, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €4.33 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 8 form part of the account.

Transfer of Functions

The account has been prepared in accordance with the *Further Revised Estimates for Public Services 2017*, which took account of the alteration of the title of the Department of Housing, Planning, Community and Local Government to the Department of Housing, Planning and Local Government with effect from 1 August 2017 (SI 358/ 2017) and the transfer of community development functions from the Department of Housing, Planning, Community and Local Government to the Department of Rural and Community Development (Vote 42) with effect from 27 July 2017 (SI 357/ 2017).

In line with accounting arrangements set out by the Government Accounting Unit of the Department of Public Expenditure and Reform, the *Further Revised Estimates for Public Services 2017* reflect the transfer of the Department functions on a full year basis. The appropriation account, which must follow the form and format of the relevant estimate, also reflects the above transfer of functions on a full year basis. Therefore, all the transferred community development functions for 2017 are included in the appropriation account of the Department of Rural and Community Development (Vote 42).

The further revised estimate for Vote 34 Housing, Planning and Local Government provided an additional €292.87 million to reflect additional funding requirements for Subhead B.6 – Irish Water arising from the Water Services Act 2017. The estimate provision presented in this account for 2017 takes account of this funding.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts have been applied in the preparation of the account except for the following:

Multi-annual capital commitments

The reporting threshold for legally enforceable capital commitments as set out in the standard accounting policies and principles is €6.35 million. However, the Department reports legally enforceable capital commitments on a threshold of €10 million under sanction from the Department of Public Expenditure and Reform due to the volume of commitments that would be included under the standard threshold of €6.35 million.

Capital Assets

Land is not depreciated. Other assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset was placed in service on the following basis:

- buildings 5% per annum
- motor vehicles 20% per annum
- plant and machinery 10% per annum
- radar equipment 6.66% per annum

All other assets are depreciated in line with the standard rates set out in Circular 25/2017.

Statement on Internal Financial Control***Responsibility for System of Internal Financial Control***

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system
- there are systems in place to safeguard assets.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines.

Internal Audit and Audit Committee

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

Risk and Control Framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Department and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the Management Board on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and assigns responsibility for operation of controls to specific staff.

Ongoing Monitoring and Review

The risk register is reviewed at Divisional meetings and the high-level risks are reviewed on a quarterly basis by the Management Board. I confirm that key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.

Review of Effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and by the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

Procurement Compliance

The Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant procurement guidelines. The Department complied with the guidelines with the exception of five contracts (in excess of €25,000) totaling €425,388 (ex VAT), as set out below.

- One contract in relation to catering with a total value of €47,918 (ex VAT) and two cleaning contracts with a total value of €202,302 (ex VAT). These contracts, which were previously awarded without a competitive process, continued pending the implementation of a formal procurement process.
- One security contract with a total value of €145,168 (ex VAT) was entered into as an emergency measure to provide security relating to the erection of hoarding while maintenance / refurbishment works were being undertaken by the OPW at the Custom House.
- One contract amounting to €30,000 (ex VAT) was for renewal of a software licence for a period of two months as a proposed related software upgrade was awaiting completion.

The Department has provided details of these exceptional contracts as part of information on eleven contracts with a total value of €950,206 (ex VAT) that are included on the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Internal Financial Control Issues

A number of internal financial control issues were raised in internal audit reports during 2017. Issues raised and corrective measures taken include:

Management of accommodation

An internal audit report in April 2017 which examined the management of expenditure on accommodation services identified a number of weaknesses in procurement processes, including the need for retendering for some services in a timely manner and deficiencies in documented procurement procedures. The Department is addressing these issues by developing a procurement register which includes expiry dates for contracts and by completing a revised procedures manual to guide the work of staff engaged in procurement activity. Four of the cases of non-compliance identified by internal audit were in excess of €25,000 (excluding VAT) in value in 2017 and were included on the annual return in respect of Circular 40/2002 to the Office of the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Homelessness funding

An internal audit of the management of homelessness funding in January 2017 noted a number of areas where control relating to the oversight of this expenditure could be strengthened further to ensure it is more closely aligned with the requirements of the Department of Public Expenditure and Reform, while recognising that, by its nature, the provision of homeless services occasionally gives rise to emergency-type situations requiring urgent responses.

On foot of the report's recommendation in this regard, the Department reviewed and amended its protocols and financial reporting arrangements with the local authorities to ensure that a more resolute certification of expenditure is provided to it in relation to homelessness expenditure by the local authorities and that the control requirements are fully adhered to.

Water quality funding

An internal audit of the management of funding by the Water Quality Section in August 2017 noted weaknesses in control over a small number of payments to grantees including, for example, payments being approved without appropriate certification by the relevant official in the grantee body. The audit recommended that the Section's payment processes be brought into line with the Department's general guidelines for processing payments. The Department undertook to review the issues raised and introduce revised procedures in the Section as appropriate.

Shared Services

Payroll and human resource services are provided to the Department on a shared service basis by the National Shared Services Office (Vote 18).

I have fulfilled my responsibilities in relation to the requirements of the Service Management Agreement between this Department and the National Shared Services Office for the provision of payroll and human resource shared services.

I rely on a letter of assurance from the Accounting Officer of the National Shared Services Office (Vote 18) that the appropriate controls are exercised in the provision of shared services to this Department.

John McCarthy

Accounting Officer

Department of Housing, Planning and Local Government

28 March 2018

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 34 Housing, Planning and Local Government

Opinion on the appropriation account

I have audited the appropriation account for Vote 34 Housing, Planning and Local Government for the year ended 31 December 2017 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 34 Housing, Planning and Local Government for the year ended 31 December 2017
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the *Preface to the Appropriation Accounts*. I am independent of the Department of Housing, Planning and Local Government and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

Reporting on matters arising from audit

Chapters 4 and 10 of my report on the accounts of the public services for 2017 refer to certain matters relating to Vote 34 Housing, Planning and Local Government.

Seamus McCarthy
Comptroller and Auditor General

21 September 2018

Vote 34 Housing, Planning and Local Government Appropriation Account 2017

	Estimate provision		2017	2016
			Outturn	Outturn
	€000	€000	€000	€000
Programme expenditure				
A Housing				
	<i>Original</i>	1,221,231		
	<i>Supplementary</i>	100,000	1,321,231	1,323,164
B Water services		341,066	326,037	33,970
C Local government		386,683	387,689	418,030
D Planning		26,466	32,266	20,750
E Met Éireann		19,398	18,002	16,409
— Community		—	—	62,384
Gross expenditure				
	<i>Original</i>	1,994,844		
	<i>Supplementary</i>	100,000	2,094,844	2,087,158
				1,399,026
	<i>Deduct</i>			
F Appropriations-in-aid		67,489	64,129	19,863
Net expenditure				
	<i>Original</i>	1,927,355		
	<i>Supplementary</i>	100,000	2,027,355	2,023,029
				1,379,163

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year.

	2017	2016
	€	€
Surplus to be surrendered	4,325,944	10,277,444

John McCarthy

Accounting Officer

Department of Housing, Planning and Local Government

28 March 2018

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2017

	2017	2016
	€000	€000
Programme cost	2,037,452	1,349,701
Pay	40,338	39,721
Non pay	9,368	9,604
Gross expenditure	2,087,158	1,399,026
<i>Deduct</i>		
Appropriations-in-aid	64,129	19,863
Net expenditure	2,023,029	1,379,163
Changes in capital assets		
Purchases cash	(1,304)	
Depreciation	970	
Loss on disposals	2	
	(332)	716
Changes in net current assets		
Decrease in closing accruals	(43,943)	
Decrease in stocks	17	
	(43,926)	(1,209)
Direct expenditure	1,978,771	1,378,670
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	23,496	20,497
Notional rents	3,015	2,655
Net programme cost	2,005,282	1,401,822

1.1 Net Allied Services Expenditure

The Net allied services expenditure amount is made up of the following amounts in relation to Vote 34 borne elsewhere.

	2017	2016
	€000	€000
Vote 9 Office of the Revenue Commissioners e	423	24
Vote 12 Superannuation and Retired Allowances	21,606	19,256
Vote 13 Office of Public Works	1,260	934
Vote 18 National Shared Services Office	81	72
Central Fund – Ministerial pensions	126	211
	23,496	20,497

^e indicates an estimated value or an apportioned cost.

Note 2 Statement of Financial Position as at 31 December 2017

	Note	2017 €000	2016 €000
Capital assets	2.2	3,732	3,391
Current assets			
Bank and cash	2.3	21,575	33,347
Stocks	2.4	156	173
Housing Agency revolving acquisitions fund	8	71,795	—
Prepayments		1,303	3,429
Accrued income		3,634	6,163
Other debit balances	2.5	648	598
Total current assets		99,111	43,710
Less current liabilities			
Accrued expenses		21,925	7,291
Deferred income		8,926	347
Other credit balances	2.6	20,834	23,748
Net Exchequer funding due	2.7	1,389	10,197
Total current liabilities		53,074	41,583
Net current assets		46,037	2,127
Net assets		49,769	5,518
Represented by:			
State funding account	2.1	49,769	5,518

2.1 State funding account

	Note	2017 €000	2016 €000
Balance at 1 January		5,518	5,044
Disbursements from the Vote			
Estimate provision	Account	2,027,355	
Surplus to be surrendered	Account	(4,326)	
Net vote		2,023,029	1,379,164
Expenditure (cash) borne elsewhere	1.1	23,496	20,497
Non cash expenditure – notional rent	1	3,015	2,655
Capital asset adjustments	2.2	—	28
Asset transfers to other Departments	2.2	(7)	(48)
Net programme cost	1	(2,005,282)	(1,401,822)
Balance at 31 December		49,769	5,518

2.2 Capital assets

	Land and buildings	Plant, machinery and motor vehicles	Office and IT equipment	Furniture and fittings	Capital assets under development	Total
	€000	€000	€000	€000	€000	€000
Gross assets						
Cost or valuation at 1 January 2017	662	361	24,480	3,345	77	28,925
Additions	6	1	386	26	901	1,320
Assets under development capitalised	—	—	191	—	(191)	—
Disposals ¹	—	(23)	(1,504)	(733)	—	(2,260)
Transfers to other departments ²	—	(41)	—	(7)	—	(48)
Cost or valuation at 31 December 2017	668	298	23,553	2,631	787	27,937
Accumulated depreciation						
Opening balance at 1 January 2017	36	230	22,198	3,070	—	25,534
Depreciation for the year	13	35	844	78	—	970
Depreciation on disposals ¹	—	(23)	(1,504)	(731)	—	(2,258)
Depreciation on transfers ²	—	(36)	—	(5)	—	(41)
Cumulative depreciation at 31 December 2017	49	206	21,538	2,412	—	24,205
Net assets at 31 December 2017³	619	92	2,015	219	787	3,732
Net assets at 31 December 2016	626	131	2,282	275	77	3,391

¹ Disposals in the normal course of business, disposals arising from the completion of major asset inventories in the Department's offices in the Custom House, Dublin and in Ballina and disposals on foot of rolling asset inventories carried out as part of the ongoing management of the Department's assets.

² Assets were transferred as a result of a transfer of functions to the Department of Rural and Community Development. A generator asset was also transferred to the Office of Public Works.

³ Some assets on this Department's asset register are used in the provision of ICT services to the Heritage Division of the Department of Culture, Heritage and the Gaeltacht. A schedule of these assets has been submitted to the Department of Culture, Heritage and the Gaeltacht for its approval, as part of the proposed asset transfer process.

2.3 Bank and cash

at 31 December	2017	2016
	€000	€000
PMG balance	20,541	33,167
Commercial bank account balance and cash	1,034	180
	21,575	33,347

2.4 Stocks

at 31 December	2017	2016
	€000	€000
Meteorological consumables	72	75
IT consumables	29	43
Stationery	47	46
Cleaning materials	2	1
Other	6	8
	156	173

2.5 Other debit balances

at 31 December	2017	2016
	€000	€000
Recoupable salary costs	118	270
Recoupable travel pass scheme	149	146
Recoupable travel costs	7	17
Imprests	6	4
Other debit suspense items	368	161
	648	598

2.6 Other credit balances

at 31 December	2017	2016
	€000	€000
Amounts due to the State		
Income Tax	703	969
Pension contributions	114	172
Pay Related Social Insurance	296	379
Voluntary surrender of pay	10	—
Value Added Tax	207	142
Professional Services Withholding Tax	24	99
	1,354	1,761
Payroll deductions held in suspense	217	291
Urban Development Fund ¹	18,525	21,156
Other credit suspense items	738	540
	20,834	23,748

¹See Note 7

2.7 Net Exchequer funding due

at 31 December	2017	2016
	€000	€000
Surplus to be surrendered	4,326	10,277
Exchequer grant undrawn	(2,937)	(80)
Net Exchequer funding due	1,389	10,197
Represented by:		
Debtors		
Bank and cash	21,575	33,347
Debit balances: suspense	648	598
	22,223	33,945
Creditors		
Due to State	(1,354)	(1,761)
Credit balances: suspense	(19,480)	(21,987)
	(20,834)	(23,748)
	1,389	10,197

2.8 Matured liabilities

at 31 December	2017	2016
	€000	€000
Estimate of matured liabilities not discharged at 31 December	53	35

2.9 Commitments

at 31 December	2017	2016
	€000	€000
a) Global Commitments		
Procurement of goods and services	332	—
Grant programmes	540,458	335,069
Capital grant programmes	882,433	292,700
	1,423,223	627,769

b) Major Capital Commitments

(Projects costing €10,000,000 or more)

	Cumulative expenditure to 31 December 2016 ¹	Expenditure in 2017 ¹	Project commitments in subsequent years ¹	Expected total spend lifetime of project 2017	Expected total spend lifetime of project 2016
Housing projects	€000	€000	€000	€000	€000
Construction					
Priory Hall refurbishment, Donaghmede, Dublin 13:					
- Local Authority	9,765	523	—	10,288	9,765
- Department	10,602	2,887	24,424	37,913	10,602
	20,367	3,410	24,424	48,201	20,367
Tullow Road, Carlow					
	—	—	11,995	11,995	—
Church Road, Cork City					
	—	5,807	6,183	11,990	—
Rosemount Court, Dun Laoghaire-Rathdown:					
- Local Authority	217	1,411	—	1,628	217
- Department	—	3,918	6,377	10,295	11,706
	217	5,329	6,377	11,923	11,923
Fitzgerald Park, Dun Laoghaire- Rathdown:					
- Local Authority	—	1,300	—	1,300	—
- Department	791	1,014	6,978	8,783	10,083
	791	2,314	6,978	10,083	10,083
Cherry Orchard, Ballyfermot /Woodbank/Rathvilly					
	—	315	14,940	15,255	—
Racecourse Common, Lusk (Phase 2.1):					
- Local Authority	—	253	—	253	—
- Department	—	4,650	6,705	11,355	—
	—	4,903	6,705	11,608	—
St Aidan's, Brookfield, Tallaght:					
- Local Authority	—	71	—	71	—
- Department	—	3,900	17,324	21,224	—
	—	3,971	17,324	21,295	—
Ballyboden, Rathfarnham:					
- Local Authority	—	69	—	69	—
- Department	—	134	12,628	12,762	—
	—	203	12,628	12,831	—
Total	21,375	26,252	107,554	155,181	42,373

	Cumulative expenditure to 31 December 2016 ¹ €000	Expenditure in 2017 ¹ €000	Project commitments in subsequent years ¹ €000	Expected total spend lifetime of project 2017 €000	Expected total spend lifetime of project 2016 €000
Regeneration					
Dolphin House, Dublin 8:					
- Local Authority	996	494	—	1,490	996
- Department	154	11,763	13,590	25,507	24,442
	1,150	12,257	13,590	26,997	25,438
Cork Regeneration Phase 2, Knocknaheeny / Hollyhill, Cork City					
	—	148	12,240	12,388	—
Lord Edward Street, Limerick	9,881	7,019	2,572	19,472	19,472
Southill Area Centre, Limerick	2,043	8,491	468	11,002	10,772
Total	13,074	27,915	28,870	69,859	55,682
Infrastructure					
South Docks, Cork City	—	241	11,384	11,625	—
Dodder Bridge, Dublin City	—	117	11,696	11,813	—
Cherrywood, Dun Laoghaire-Rathdown	—	9	11,383	11,392	—
Donabate Distributor Road, Fingal	—	512	11,113	11,625	—
Maynooth, Co Kildare	—	—	10,875	10,875	—
Adamstown	—	—	15,000	15,000	—
Total	—	879	71,451	72,330	—

¹ Some of the projects included above are funded jointly by the Department and by local authorities own funds from Local Property Tax retentions (80% of LPT receipts in a local authority area are retained locally). There is potential for the Department's commitments in subsequent years to be reduced if local authorities are in a position to use their own funds from Local Property Tax retention.

Significant variations

Priory Hall refurbishment

The expected total spend in relation to the Priory Hall refurbishment project has increased by €27.8 million. The 2016 commitment figure related to phase 1 refurbishment of Blocks 1 to 8 of a 20 block refurbishment programme. The contract for the remainder of the blocks was entered into in 2017, bringing the overall commitment on the scheme to €48.2 million.

Dolphin House

Dolphin House project had a total cost increase of €1.55 million. Expenditure on Dolphin House Regeneration in 2016 (€1.15 million) was separate to the main contract for the provision of 100 units at the location (€25.44 million) and is now being added to the overall total commitment on the project.

Note 3 Vote Expenditure by Subhead

Analysis of administration expenditure

The following note presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000). Administration expenditure has been apportioned across the programmes, to present complete programme costings.

	Estimate provision €000	2017	2016	
		Outturn	Outturn	
		€000	€000	
i	Salaries, wages and allowances	43,524	40,338	39,721
ii	Travel and subsistence	952	1,180	837
iii	Training and development and incidental expenses	1,373	1,717	783
iv	Postal and telecommunications services	1,153	790	430
v	Office equipment and external IT services	8,645	4,916	7,273
vi	Office premises expenses	1,062	763	281
vii	Consultancy services and value for money and policy reviews	49	2	—
		56,758	49,706	49,325

Significant variations

iii Training and development and incidental expenses

Estimate provision: €1.373 million, outturn: €1.717 million

The additional €0.344 million expenditure on training and development and incidental expenses was due to an increase in international meteorological training and unexpected legal costs.

iv Postal and telecommunications services

Estimate provision: €1.153 million, outturn: €0.790 million

The saving of €0.363 million on expenditure on postal and telecommunications services occurred as these services are demand led and can be difficult to estimate.

v Office equipment and external IT services

Estimate provision: €8.645 million, outturn: €4.916 million

The saving of €3.729 million on expenditure on office equipment and external IT services was due to a number of projects, primarily the Aviation Modernisation and Automation Project (AMAP) which is being implemented by Met Éireann, not progressing as quickly as anticipated.

vi Office premises expenses

Estimate provision: €1.062 million, outturn: €0.763 million

The saving of €0.299 million on expenditure on office premises expenses was due to a delay in some office refurbishment works and efficiency savings on heat and light costs.

Programme A Housing

		Estimate provision		2017	2016
		€000	€000	Outturn	Outturn
				€000	€000
A.1	Administration - pay		12,682	10,919	10,090
A.2	Administration - non pay		2,448	2,004	1,217
A.3	Local authority housing				
	<i>Original</i>	644,985			
	<i>Supplementary</i>	92,000	736,985	776,032	449,037
A.4	Voluntary and co-operative housing		181,250	151,152	100,657
A.5	Housing inclusion supports		112,096	118,305	96,374
A.6	Estate regeneration - social housing improvements				
	<i>Original</i>	77,787			
	<i>Supplementary</i>	8,000	85,787	111,094	112,522
A.7	Private housing grants		34,162	44,537	32,299
A.8	Subsidies and allowances		4,930	3,406	2,424
A.9	Infrastructure Fund		50,000	1,604	—
A.10	Other services		100,891	104,111	42,863
			1,321,231	1,323,164	847,483

Significant variations

Overall, the expenditure in relation to Programme A was €1.93 million higher than provided. There was an underspend of €2.21 million which related to administration expenditure and has already been explained and the balance of the variance, an overspend of €4.14 million, was mainly due to the following:

A.3 Local authority housing

Estimate provision: €736.985 million, outturn: €776.032 million

The estimate provision includes a supplementary estimate of €92 million, which was necessary due to significant momentum building up on the local authority housing capital programme. The increase in expenditure of €131.047 million (€39.047 million plus €92 million) relative to the original estimate provision of €644.985 million was due to the following:

As part of delivery on the Housing strategy 'Rebuilding Ireland' there was additional expenditure of €132.5 million by local authorities, primarily on new acquisitions under the Social Housing Investment Programme. Expenditure from the subhead delivered over 2,400 homes in 2017 compared to a target of 1,509 for the year.

Additional expenditure of €8.5 million was incurred under the Rental Accommodation Scheme (RAS) because there was a high number of transfers from Rent Supplement to RAS at the end of 2016, which meant increased claims in early 2017 in addition to increases in market rents during the year.

Savings of €10 million arose because the pilot Affordable Rental Scheme did not proceed in light of the introduction of the new Rental Strategy (December 2016), under which State-owned lands are to be used to provide housing units at affordable rents, without the requirement for an on-going subsidy.

A.4 Voluntary and co-operative housing

Estimate provision: €181.250 million, outturn: €151.152 million

The savings in expenditure of €30.098 million relative to the estimate provision was largely due to projects on the Capital Assistance Scheme not progressing as quickly as anticipated mainly due to capacity constraints within smaller approved housing bodies and issues related to planning, land acquisition and procurement. There were over 50 projects, involving some 480 housing units, that were delayed by over six months on the Capital Assistance Scheme. Savings arising were allocated to other housing programmes.

A.5 Housing inclusion supports

Estimate provision: €112.096 million, outturn: €118.305 million

The increase in expenditure of €6.209 million relative to the estimate provision was due to the following: Additional expenditure of €11.4 million arose due to the increasing demands for homeless services such as the provision of emergency accommodation. For example, for the month of December 2017 a total of 8,587 individuals occupied the various housing authority funded emergency accommodation arrangements; the equivalent figure recorded in December 2016 was 7,148. A total of 4,729 individuals exited homeless emergency accommodation in 2017.

Savings of €4.2 million arose on traveller accommodation as a number of capital projects did not progress as anticipated.

A.6 Estate regeneration - social housing improvements

Estimate provision: €85.787 million, outturn: €111.094 million

The estimate provision includes a supplementary estimate of €8 million. The increase in expenditure of €33.307 million (€25.307 million plus €8 million) relative to the original estimate provision was due to significant ramping up of programme activity, including on large scale projects such as Dolphin House, Dublin and Lord Edward Street and Southill Area Centre, Limerick.

A.7 Private housing grants

Estimate provision: €34.162 million, outturn: €44.537 million

The increase in expenditure of €10.375 million relative to the estimate provision was due to the private housing grant scheme being demand led and it being difficult to predict the precise level of funding drawdown. Individual grants ranged from €254 to €24,000 and there were over 9,000 grants paid in 2017.

A.8 Subsidies and allowances

Estimate provision: €4.930 million, outturn: €3.406 million

The saving in expenditure of €1.524 million relative to the estimate provision was due to a lower than anticipated number of applications from approved households under the Affordable Housing and Shared Ownership schemes.

A.9 Infrastructure Fund

Estimate provision: €50.000 million, outturn: €1.604 million

The estimate relates to the Local Infrastructure Housing Activation Fund (LIHAF), which is to provide public off-site infrastructure to relieve critical infrastructure blockages and accelerate the delivery of housing in key areas and development sites. The saving in expenditure of €48.396 million relative to the estimate provision was due to expenditure not materialising as quickly as expected. The scheme was launched in August 2016 by issuing calls for proposals to local authorities and in March 2017 34 projects were given preliminary approval. 30 projects with exchequer commitments of €147 million were given final approval in late 2017/early 2018. Savings arising were allocated to other housing programmes.

Programme B Water services

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
B.1	Administration - pay	6,329	4,958	4,736
B.2	Administration - non pay	1,223	1,097	962
B.3	Water quality programme	14,810	11,823	11,563
B.4	Rural water programme	17,800	15,351	15,305
B.5	Foreshore	6,000	715	723
B.6	Irish Water	292,870	291,535	673
B.7	Remediation grant national lead strategy	2,000	132	8
B.8	Other services	34	426	—
		341,066	326,037	33,970

Significant variations

Overall, the expenditure in relation to Programme B was €15.03 million lower than provided. €1.5 million of this related to administration expenditure and has already been explained and the balance of the variance, an underspend of €13.53 million, was mainly due to the following:

B.3 Water quality programme

Estimate provision: €14.810 million, outturn: €11.823 million

The saving in expenditure of €2.987 million relative to the estimate provision was due to the following:

Savings of €1.67 million arose due to the establishment of the new regionalised local authority structures to implement Ireland's River Basin Management Plan 2018-2021. A detailed business case had to be prepared for the new regionalised structures, followed by its submission to and consideration by the Public Sector Reform Oversight Group (PSROG). Once approval for this business case was secured from PSROG, a selection process was held to determine the lead local authority to manage the regionalised structures (ultimately awarded jointly to Kilkenny and Tipperary local authorities).

Additional savings of €1.2 million arose on the EU INTERREG V (Environment Measures) programme because the project selection process did not take place until 2017 and therefore many of the projects were not in a position to draw down funding during the year.

B.4 Rural water programme

Estimate provision: €17.800 million, outturn: €15.351 million

The saving in expenditure of €2.449 million relative to the estimate provision was due to the transition from the annual block grant funding of rural water to the multi-annual programme 2016-2018, which required significant changes to project prioritisation and evaluation systems, not progressing as quickly as expected.

B.5 Foreshore

Estimate provision: €6 million, outturn: €0.715 million

The saving in expenditure of €5.285 million relative to the estimate provision was because initiatives to advance the implementation of the Marine Strategy Framework Directive did not proceed as planned and valuation costs and necessary contingencies were less than anticipated.

B.6 Irish Water

Estimate provision: €292.870 million, outturn: €291.535 million

The Further Revised Estimate approved by the Dáil in November 2017 provided funding of €292.870 million for Irish Water arising from the Water Services Act, 2017 to take account of the revenue shortfall due to the abolition of domestic water charges (€114 million) and the cost of refunding domestic water charges (€178.870 million).

B.7 Remediation grant national lead strategy

Estimate provision: €2 million, outturn: €0.132 million

The shortfall in expenditure of €1.868 million relative to the estimate provision was due to the Domestic Lead Remediation Grant Scheme being a demand led scheme and expenditure is difficult to predict.

B.8 Other services

Estimate provision: €0.034 million, outturn: €0.426 million

The increase in expenditure of €0.392 million relative to the estimate provision was due to additional expenditure for legal costs arising from a court order following a legal challenge to the upgrading of sewerage facilities in Wexford Harbour.

Programme C Local Government

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C.1	Administration - pay	8,842	8,572	7,412
C.2	Administration - non pay	1,754	1,605	1,954
C.3	Local Government Fund	365,300	365,300	396,555
C.4	Fire and emergency services	9,042	11,828	9,502
C.5	Franchise	1,465	81	170
C.6	Other services	280	303	2,437
		386,683	387,689	418,030

Significant variations

Overall, the expenditure in relation to Programme C was €1.01 million higher than provided. There was an underspend of €0.42 million which related to administration expenditure and has already been explained and the balance of the variance, an overspend of €1.43 million, was mainly due to the following:

C.4 Fire and emergency services

Estimate provision: €9.042 million, outturn: €11.828 million

The increase in expenditure of €2.786 million relative to the estimate provision was due to a number of new fire stations and training centres advancing quicker than anticipated.

C.5 Franchise

Estimate provision: €1.465 million, outturn: €0.081 million

The Department's franchise function relates to policy and legislation concerning administrative aspects of the electoral system. Savings of €1.384 million relative to the estimate provision arose primarily because the estimate included a provision for legal costs arising from a court order following a challenge to the 2012 Children Referendum that were not finalised.

Programme D Planning

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
D.1	Administration - pay	3,673	2,207	1,729
D.2	Administration - non pay	709	538	210
D.3	An Bord Pleanála	16,100	16,960	14,333
D.4	Planning Tribunal	3,745	11,443	3,755
D.5	Office of the Planning Regulator	450	—	—
D.6	Planning policy	505	334	376
D.7	Forward planning	602	544	318
D.8	My Plan	200	142	—
D.9	Urban renewal/regeneration	1	—	—
D.10	Development contribution rebate scheme	371	—	—
D.11	Other services	110	98	29
		26,466	32,266	20,750

Significant variations

Overall, the expenditure in relation to Programme D was €5.80 million higher than provided. There was an underspend of €1.64 million which related to administration expenditure and has already been explained and the balance of the variance, an overspend of €7.44 million, was mainly due to the following:

D.3 An Bord Pleanála

Estimate provision: €16.10 million, outturn: €16.96 million

The increase in expenditure of €0.86 million relative to the estimate provision was due to legal costs of €0.58 million arising from a number of judicial review cases in the High Court. Other additional expenditure of €0.28 million arose because a new online planning service project progressed more quickly than anticipated.

D.4 Planning Tribunal

Estimate provision: €3.745 million, outturn: €11.443 million

The increase in expenditure of €7.698 million relative to the estimate provision was because additional funding was required to meet third party legal costs arising from the work of the Planning Tribunal. See Note 6.2 – Committees and Commissions for additional information.

D.5 Office of the Planning Regulator

Estimate provision: €0.450 million, outturn: Nil

The saving in expenditure of €0.450 million relative to the estimate provision was because the Planning and Development (Amendment) Bill 2016 to establish the Office of the Planning Regulator did not proceed to enactment during 2017.

D.6 Planning policy

Estimate provision: €0.505 million, outturn: €0.334 million

The saving in expenditure of €0.171 million relative to the estimate provision was mainly due to the fact that anticipated expenditure to carry out a strategic environmental assessment of the Wind Energy Development Guidelines was not required in 2017. This will take place in 2018.

D.10 Development Contribution Rebate Scheme

Estimate provision: €0.371 million, outturn: Nil

The rebate scheme applies to the Dublin and Cork local authority areas for housing developments which meet certain eligibility criteria. It aims to incentivise the supply of housing units at affordable prices. There can be long lead-in times in the development process and no applications for rebates were received in respect of 2017.

Programme E Met Éireann

		2017		2016
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E.1	Administration - pay	11,998	13,682	11,616
E.2	Administration - non pay	7,100	4,123	4,793
E.3	Subs to International Meteorological Organisations	300	197	—
		19,398	18,002	16,409

Significant variations

Overall, the expenditure in relation to Programme E was €1.4 million lower than provided. €1.3 million of this related to administration expenditure and has already been explained and the balance of the variance, an underspend of €0.1 million, was due to the following:

E.3 Subs to International Meteorological Organisations

Estimate provision: €0.3 million, outturn: €0.197 million

The shortfall in expenditure of €0.103 million relative to the estimate provision was due to the timing of subscriptions to International Meteorological Organisations being different than anticipated.

Note 4 Receipts

4.1 Appropriations-in-aid

	2017		2016
	Estimated	Realised	Realised
	€000	€000	€000
1 Fees payable by local authorities, etc., for audit of their accounts	1,830	2,379	1,421
2 Receipt from the Social Insurance Fund in respect of premises occupied in connection with Social Insurance (Social Welfare (Consolidation) Act 2005)	741	741	741
3 Met Éireann receipts	10,800	11,293	10,828
4 Miscellaneous receipts	200	46	380
5 Foreshore receipts	2,100	2,233	1,834
6 Receipts from pension-related deduction on public service remuneration	51,818	47,437	3,172
— <i>Programme for Peace and Reconciliation</i>	—	—	503
— <i>Dormant accounts - programme expenditure</i>	—	—	803
— <i>SICAP – Social inclusion and community activation programme</i>	—	—	181
	67,489	64,129	19,863

Significant variations

Overall, Appropriations-in-Aid were €3.36 million less than the estimate.

Explanations for variances are set out below:

- 1 *Fees payable by local authorities, etc., for audit of their accounts*
 Estimate provision: €1.830 million, outturn: €2.379 million
 The increase of €0.549 million was because demands for audit fees are issued on an ongoing basis as audits are completed. Income was higher than expected due to outstanding 2016 audit fees being paid in 2017.
- 3 *Met Éireann receipts*
 Estimate provision: €10.800 million, outturn: €11.293 million
 The increase of €0.493 million was due to EU funding being received earlier than anticipated in relation to a project under the Connecting Europe Facility (CEF) for Transport programme – a joint project between the Irish Aviation Authority (IAA) and Met Éireann to upgrade, modernise and automate the existing meteorological data exchange for the provision of Air Traffic Services at Dublin, Shannon and Cork airports.
- 4 *Miscellaneous receipts*
 Estimate provision: €0.200 million, outturn: €0.046 million
 The shortfall of €0.154 million was because miscellaneous receipts are difficult to estimate and were lower than expected.
- 5 *Foreshore receipts*
 Estimate provision: €2.100 million, outturn: €2.233 million
 The increase of €0.133 million was because foreshore receipts are difficult to predict reliably.
- 6 *Receipts from pension-related deduction on remuneration*
 Estimate provision: €51.818 million, outturn: €47.437 million
 The shortfall of €4.381 million was because in 2017 this subhead included for the first time pension-related deduction receipts from over 27,000 local authority employees. There were difficulties in predicting the amount and timing of these receipts.

4.2 Extra receipts payable to the Exchequer

	2017	2016
	€000	€000
Balance at 1 January	—	—
Redemption of projects funded under the Voluntary Housing Capital Assistance scheme	1,390	551
Payment under Pyrite Resolution Act 2013	664	325
Refund of unspent prior year Local and Community Development Programme (LCDP) funding	175	—
PRTB pension contributions	46	37
Refunds under the Local authority housing – second hand purchases scheme from a number of local authorities	—	1,280
Transfer to the Exchequer	(2,275)	(2,193)
Balance at 31 December	—	—

Note 5 Employee Numbers and Pay

5.1 Employee numbers

	2017	2016
Number of staff at year end (full time equivalents)		
Department	656	647
Agencies	373	324
	1,029	971

5.2 Pay

	2017	2016
Department staff	€000	€000
Pay	35,716	35,134
Severance/redundancy payments	41	122
Higher, special or additional duties allowance	257	294
Other allowances	1,611	1,604
Overtime	504	537
Employer's PRSI	2,364	2,195
Total pay	40,493	39,886

5.3 Allowances and overtime payments ¹

	Number of recipients	Recipients of €10,000 or more	Highest individual payment 2017 €	Highest individual payment 2016 €
Higher, special or additional duties	44	8	18,038	15,314
Other allowances	139	68	28,021	26,732
Overtime	117	17	26,012	27,819
Extra remuneration in more than one category	84	72	39,755	41,072

¹The pay, allowance and other remuneration details above relate to the Department's staff paid directly from the Vote under programmes A to E. Detailed information in relation to employee numbers and pay in respect of the Department's agencies is available from the relevant annual reports or directly from the agencies concerned.

5.4 Other remuneration arrangements

Two retired civil servants in receipt of civil service pensions were re-engaged at a total cost of €107,342. Pension abatement rules were applied as appropriate. In addition there were 4 retired civil servants re-engaged on a fee basis at a total cost of €27,049.

5.5 Payroll overpayments

The salary overpayment at 31 December 2017 was €37,979 in respect of 35 individuals (2016: €23,245 in respect of 27 individuals). Of this, €13,577 (in respect of 8 individuals) is covered by recovery plans.

5.6 Severance/redundancy

One employee received redundancy payment of €5,316 in 2017. Two employees received severance payments in 2017 with a cumulative value of €35,997.

Note 6 Miscellaneous

6.1 EU funding

The outturn shown in subheads A.6 and B.3 includes payments in respect of activities co-financed by the European Regional Development Fund. Estimates of EU funding and outturns, based on expenditure and co-financing rates, were as follows:

Sub-head	Description	2017		2016
		Estimate	Outturn	Outturn
		€000	€000	€000
A.6	Estate regeneration – social housing improvements	4,122	4,122	7,425
B.3	Water quality programme	1,208	345	—
—	<i>SICAP and local/regional development supports (Part funded by the National Lottery)</i>	—	—	2,807
		5,330	4,467	10,232

6.2 Committees and commissions

	Year of appointment	Cumulative expenditure to end 2017	2017 Outturn	2016 Outturn
		€000	€000	€000
Tribunal of Inquiry into certain planning matters and payments	1997	131,218	11,443	3,755

There will be further payments associated with the Tribunal of Inquiry into certain planning matters and payments. Final costs cannot be determined at this point pending the determination of third party legal costs in respect of the period since 2002. Expenditure to the end of 2017 was €131.2 million. On the basis of a Tribunal estimate and expenditure to the end of 2017, additional costs of some €18 million may arise, primarily relating to third party legal representation.

6.3 National lottery funding

Sub-head	Description	2017		2016
		Estimate	Outturn	Outturn
		€000	€000	€000
A.4	Voluntary and co-operative housing	500	107	—
A.7	Private housing grants	6,859	6,859	5,391
—	<i>Supports for community and voluntary sector (part funded by National Lottery)</i>	—	—	7,285
—	<i>SICAP and local/regional development supports (part funded by National Lottery)</i>	—	—	3,005
		7,359	6,966	15,681

Details are available on the Department's website:

<http://www.housing.gov.ie/corporate/finance/national-lottery-funding/national-lottery-funding>

6.4 Compensation and legal costs

	Number of cases	2017		2016	
		Compensation awarded	Legal costs awarded	Total	
		€000	€000	€000	
Claims by employees	1	21	—	21	—
Claims by members of the public	6	40	599	639	3,586
		61	599	660	3,586

6.5 Contingent liabilities

The Department is involved in a number of pending legal proceedings which may generate liabilities, depending on the outcome of the litigation. Any actual amount or the timing of potential liabilities is uncertain.

6.6 Late payment interest

	2017	2016
	€000	€000
Total of interest payments	4	12
Number of recipients of €10,000 or more	—	—

Note 7 Account of the Urban Development Fund

	2017	2016
	€000	€000
Opening balance	21,156	9,616
Receipts	—	11,540
Expenditure for the year	2,631	—
	18,525	21,156

The Urban Development Fund is a European Regional Development Fund (ERDF) programme to support integrated regeneration initiatives in designated urban centres. The scheme is operated by regional assemblies who are the managing authorities responsible for verifying eligible expenditure on approved projects. The Department makes funds available (on instruction by the managing authority and subject to the managing authority's verification) to reimburse local authorities on a matching funding basis. Applications for eligibility under the Fund were adjudicated on in December 2015 and projects are expected to be completed within three years i.e. by end 2018. The credit balance in the Fund reflects pre-financing made available from the ERDF pending receipt of verified claims in respect of projects concerned.

Note 8 Housing Agency Revolving Acquisitions Fund

	2017
	€000
Receipts from subhead A.3 - 2016	6,741
Receipts from subhead A.10 - 2017	70,000
Total amount advanced at 31 December	<u>76,741</u>
Non-recoverable costs ¹	(3,055)
Transfers to local authorities ²	(1,899)
Rental Income	8
Closing balance at 31 December	<u>71,795</u>

The Housing Agency Acquisitions Fund, which is a revolving fund, was established with the objective of acquiring some 1,600 units over the period to 2020 for social housing use.

The Housing Agency is using this Fund to acquire vacant properties from banks, investors and other potential owners of multiple property portfolios in areas with high levels of social housing demand. In doing this, the Agency is working in close consultation with local authorities to ensure that suitable properties are only purchased in areas where there is a demand for social housing.

The Agency sells the houses, at cost, to approved housing bodies in order to replenish the Fund. This programme will run until 2020 and, on completion of the programme, the Agency will refund the Department any closing balance of the Fund.

¹ Certain costs incurred by the Agency such as legal and professional fees and other housing acquisition costs are non-recoverable and therefore reduce the overall balance of the Fund.

² By the end of 2017, a small number of units (15) had been passed to local authorities at no cost; however, the focus is on selling the units to approved housing bodies in order to replenish the Fund.

Appendix A Accounts of bodies and funds under the aegis of the Department of Housing, Planning and Local Government

The following table lists the bodies under the aegis of the Department in 2017 and where the Department has an obligation to present financial statements. It indicates, as at end March 2018, the period to which the last audited financial statements relate and when they were presented to the Oireachtas.

Body/ departmental fund	Last accounting period	Date of audit report	Date received by Minister/ Department	Date presented to the Oireachtas
An Bord Pleanála	2016	15 Jun 2017	30 Jun 2017	22 Sep 2017
Ervia and Gas Networks Ireland	2016	13 Apr 2017	27 Apr 2017	11 Sep 2017
Housing Finance Agency	2016	30 Mar 2017	2 May 2017	20 Jun 2017
Housing and Sustainable Communities Agency ¹	2016	26 Oct 2017	6 Nov 2017	8 Dec 2017
Irish Water	2016	13 Apr 2017	12 Jun 2017	11 Sep 2017
Local Government Fund	2016	31 Jul 2017	31 Jul 2017	14 Sep 2017
Local Government Management Agency	2016	4 Apr 2017	30 May 2017	19 Oct 2017
Residential Tenancies Board	2016	22 Dec 2017	24 Jan 2018	26 Jan 2018

¹ Under the provisions of the Pyrite Resolution Act 2013, all moneys received or expended under the Act are accounted for by the Housing and Sustainable Communities Agency. Separate financial statements are not produced for the Pyrite Resolution Board.