

Appropriation Account 2016

Vote 34

Housing, Planning, Community 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 2016 for the salaries and expenses of the Office of the Minister for Housing, Planning, Community 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:

(a) granted by Dáil Éireann under the Appropriation Act 2016, including the amount that could be used as appropriations-in-aid of expenditure for the year, and

(b) provided for capital supply services in 2016 out of unspent 2015 appropriations, under the deferred surrender arrangements established by section 91 of the Finance Act 2004.

A surplus of €10.28 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 7 form part of the account.

Transfer of Functions

The account has been prepared in accordance with the Revised Estimates for Public Services 2016, which took account of the alteration of the title of the Department of the Environment, Community and Local Government to the Department of Housing, Planning, Community and Local Government with effect from 23 July 2016 (SI 394 of 2016) and the following transfer of functions:

- the transfer of rural affairs and social enterprise functions from the Department of the Environment, Community and Local Government to the Department of Arts, Heritage and the Gaeltacht (Vote 33) with effect from 9 June 2016 (SI 308 of 2016), and
- the transfer of climate action and environment functions from the Department of the Environment, Community and Local Government to the Department of Communications, Energy and Natural Resources (Vote 29) with effect from 22 July 2016 (SI 393 of 2016).

In line with accounting arrangements set out by the Government Accounting section of the Department of Public Expenditure and Reform, the Revised Estimates for 2016 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 rural affairs and social enterprise functions and climate action and environment functions for 2016 are included in the appropriation accounts of the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs (Vote 33) and the Department of Communications, Climate Action and Environment (Vote 29) respectively.

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:

Major Capital Commitments

Legally enforceable capital commitments are reported on at the threshold of €12.697 million.

Payments to Pobal

Funds are advanced to Pobal in relation to the delivery of certain programmes on an agency basis. The total amount paid to Pobal in the year was charged against the relevant subheads in the year. (See Note 6.7).

Capital assets

Capital assets are depreciated on a straight line basis over their estimated useful life starting in the month the asset was placed in service. Buildings are depreciated at 5% per annum. Land is not depreciated. Motor vehicles are depreciated at 20% per year over 5 years, plant and machinery are depreciated over 10 years at 10% per year and radar equipment depreciation is over 15 years.

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.

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.

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.

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.
- 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 guidelines. The Department complied with the guidelines with the exception of two contracts (in excess of €25,000 ex VAT) in relation to cleaning and catering with a total value of €223,000 (ex VAT), which were awarded without a competitive process pending the completion of commercial frameworks by the Office of Government Procurement.

Significant financial risks

The Department continues to have regard to significant financial and other business related risks via the Departmental Risk Register. There are no significant financial risks on the Departmental Risk Register. The Register is a living document and is updated to take account of new risks identified or of changes to existing risks.

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.

John McCarthy
Accounting Officer
Department of Housing, Planning, Community and Local Government

31 March 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 34 Housing, Planning, Community and Local Government

I have audited the appropriation account for Vote 34 Housing, Planning, Community and Local Government for the year ended 31 December 2016 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993. The account has been prepared in the form prescribed by the Minister for Public Expenditure and Reform, and in accordance with standard accounting policies and principles for appropriation accounts.

Responsibility of the Accounting Officer

In accordance with Section 22 of the Exchequer and Audit Departments Act 1866, the Accounting Officer is required to prepare the appropriation account. By law, the account must be submitted to me by 31 March following the end of the year of account.

The Accounting Officer is also responsible for the safeguarding of public funds and property under his control, for the efficiency and economy of administration by his Department and for the regularity and propriety of all transactions in the appropriation account.

Responsibility of the Comptroller and Auditor General

I am required under Section 3 of the Comptroller and Auditor General (Amendment) Act 1993 to audit the appropriation accounts of all Votes and to perform such tests as I consider appropriate for the purpose of the audit.

Upon completion of the audit of an appropriation account, I am obliged to provide a certificate stating whether, in my opinion, the account properly presents the receipts and expenditure related to the Vote. I am also required to refer to any material case in which

- a department or office has failed to apply expenditure recorded in the account for the purposes for which the appropriations made by the Oireachtas were intended, or
- transactions recorded in the account do not conform with the authority under which they purport to have been carried out.

Under Section 3 (10) of the Comptroller and Auditor General (Amendment) Act 1993, I am required to prepare each year, a report on any matters that arise from the audits of the appropriation accounts or examinations of accounting controls.

Scope of audit

An audit includes examination, on a test basis, of evidence relevant to the amounts and regularity of financial transactions included in the account and an assessment of whether the accounting provisions of the Department of Public Expenditure and Reform's *Public Financial Procedures* have been complied with.

The audit involves obtaining sufficient evidence to give reasonable assurance that the appropriation account is free from material misstatement, whether caused by fraud or other irregularity or error. I also seek to obtain evidence about the regularity of financial transactions in the course of the audit. In forming the audit opinion, the overall adequacy of the presentation of the information in the appropriation account is evaluated.

Opinion on the appropriation account

In my opinion, the appropriation account properly presents the receipts and expenditure of Vote 34 Housing, Planning, Community and Local Government for the year ended 31 December 2016.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, adequate accounting records have been kept by the Department of Housing, Planning, Community and Local Government. The appropriation account is in agreement with the accounting records.

Reporting on matters arising from audit

Chapter 8 of my report on the accounts of the public services for 2016 refers to certain matters relating to Vote 34 Housing, Planning, Community and Local Government.

Seamus McCarthy
Comptroller and Auditor General

27 September 2017

Vote 34 Housing, Planning, Community and Local Government

Appropriation Account 2016

	2016		2015 ¹
	Estimate provision	Outturn	Outturn
	€000	€000	€000
Programme expenditure			
A Housing			
<i>Current year provision</i>	814,345		
<i>Deferred surrender</i>	29,000	843,345	847,483
B Water services			
<i>Current year provision</i>	42,044		
<i>Deferred surrender</i>	3,000	45,044	33,970
C Local Government		415,798	418,030
D Community		71,106	62,384
E Planning		18,903	20,750
F Met Éireann		21,709	16,409
— <i>Environment and waste management</i>		—	—
			30,315
Gross expenditure			
<i>Current year provision</i>	1,383,905		
<i>Deferred surrender</i>	32,000		
		1,415,905	1,399,026
<i>Deduct</i>			
G Appropriations-in-aid		26,464	19,863
			45,920
Net expenditure			
<i>Current year provision</i>	1,357,441		
<i>Deferred surrender</i>	32,000		
		1,389,441	1,379,163
			1,197,378

Surplus for surrender

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.

	2016	2015
	€	€
Surplus	10,277,444	84,020,997
Deferred surrender ²	—	(41,078,000)
Surplus to be surrendered	<u>10,277,444</u>	<u>42,942,997</u>

Analysis of administration expenditure

		2016		2015¹
		Estimate provision	Outturn	Outturn
		€000	€000	€000
i	Salaries, wages and allowances	42,610	39,721	46,350
ii	Travel and subsistence	969	837	1,327
iii	Training and development and incidental expenses	1,226	783	798
iv	Postal and telecommunications services	961	430	777
v	Office equipment and external IT services	8,232	7,273	6,577
vi	Office premises expenses	1,176	281	418
vii	Consultancy services and value for money and policy reviews	82	—	27
		55,256	49,325	56,274

¹ The outturn for 2015 includes costs associated with the programmes which transferred to Vote 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs (€40.50 million – programme D) and Vote 29 Communications, Climate Action and Environment (€30.32 million – formerly programme C in Vote 34)

² The deferred surrender of €41.08 million at 31 December 2015 was not all carried over for spending in Vote 34 due to the transfer of functions in 2016. €32 million was carried over in relation to functions retained in Vote 34. The remaining balance of €9.08 million was carried over in relation to functions now provided for in Vote 29 Communications, Climate Action and Environment.

Notes to the Appropriation Account

1 Operating Cost Statement 2016

	2016	2015
	€000	€000
Programme cost	1,349,701	1,187,024
Pay	39,721	46,350
Non pay	9,604	9,924
Gross expenditure	1,399,026	1,243,298
<i>Deduct</i>		
Appropriations-in-aid	19,863	45,920
Net expenditure	1,379,163	1,197,378
Changes in capital assets		
Purchases cash	(327)	
Depreciation	1,120	
Loss on disposals	2	
	795	83
Changes in assets under development		
Cash payments	(79)	(117)
Changes in net current assets		
Decrease in closing accruals	(1,237)	
Decrease in stocks	28	
	(1,209)	(7)
Direct expenditure	1,378,670	1,197,337
Expenditure borne elsewhere		
Net allied services expenditure (note 1.1)	20,497	19,978
Notional rents	2,655	3,125
Net programme cost	1,401,822	1,220,440

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.

	2016	2015
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 24	19
Vote 12 Superannuation and Retired Allowances	19,256	18,567
Vote 13 Office of Public Works	934	1,129
Vote 18 National Shared Services Office	72	8
Central Fund – Ministerial pensions	211	255
	<u>20,497</u>	<u>19,978</u>

“e” indicates an estimated value or an apportioned cost.

2 Balance Sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Capital assets	2.2	3,314	3,561
Capital assets under development	2.3	77	549
		3,391	4,110
Current assets			
Bank and cash	2.4	33,347	52,098
Stocks	2.5	173	201
Prepayments		3,429	3,455
Accrued income		6,163	5,299
Other debit balances	2.6	598	1,627
Total current assets		43,710	62,680
Less current liabilities			
Accrued expenses		7,291	7,252
Deferred income		347	769
Other credit balances	2.7	23,748	12,649
Net liability to the Exchequer	2.8	10,197	41,076
Total current liabilities		41,583	61,746
Net current assets		2,127	934
Net assets		5,518	5,044
Represented by:			
State funding account	2.1	5,518	5,044

2.1 State Funding Account	Note	2016 €000	2015 €000
Balance at 1 January		5,044	4,988
Disbursements from the Vote			
Estimate provision	Account	1,389,441	
Surplus to be surrendered	Account	(10,277)	
Net vote		1,379,164	1,197,378
Expenditure (cash) borne elsewhere	1.1	20,497	19,978
Non cash expenditure – notional rent	1	2,655	3,125
Capital asset adjustments	2.2	28	15
Asset transfers to other Departments	2.2	(48)	—
Net programme cost	1	(1,401,822)	(1,220,440)
Balance at 31 December		5,518	5,044

2.2 Capital Assets

	Land and buildings	Plant, machinery and motor vehicles	Office and IT equipment	Furniture and fittings	Total
	€000	€000	€000	€000	€000
Gross assets					
Cost or valuation at 1 January 2016	427	256	24,934	3,489	29,106
Additions ¹	235	105	551	32	923
Disposals	—	—	(341)	(64)	(405)
Transfers to other Departments ²	—	—	(664)	(112)	(776)
Cost or valuation at 31 December 2016	<u>662</u>	<u>361</u>	<u>24,480</u>	<u>3,345</u>	<u>28,848</u>
Accumulated depreciation					
Opening balance at 1 January 2016	24	209	22,233	3,079	25,545
Depreciation for the year	12	21	970	117	1,120
Depreciation on disposals	—	—	(341)	(62)	(403)
Depreciation on transfers ²	—	—	(664)	(64)	(728)
Cumulative depreciation at 31 December 2016	<u>36</u>	<u>230</u>	<u>22,198</u>	<u>3,070</u>	<u>25,534</u>
Net assets at 31 December 2016³	<u>626</u>	<u>131</u>	<u>2,282</u>	<u>275</u>	<u>3,314</u>
Net assets at 31 December 2015	<u>403</u>	<u>47</u>	<u>2,701</u>	<u>410</u>	<u>3,561</u>

¹ Arising from on-going asset reviews furniture provided by the Office of Public Works, in a prior year, with a value of €28,000 has been included in the current year additions figure.

² Assets were transferred as a result of a transfer of functions to the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs and to the Department of Communications, Climate Action and Environment. Assets were also transferred to the Department of Justice and Equality relating to application licences for the Oracle financial management system.

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 Arts, Heritage, Regional, Rural and Gaeltacht Affairs. There is an on-going validation and review process, scheduled for completion in 2017, that will result in the transfer of these assets to the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs.

2.3 Capital Assets under Development

	2016	2015
at 31 December	€000	€000
Amounts brought forward at 1 January	549	432
Cash payments in year	79	117
Transferred to asset register	(551)	—
Balance at 31 December	<u>77</u>	<u>549</u>

2.4 Bank and Cash

	2016	2015
at 31 December	€000	€000
PMG balance	33,167	51,970
Commercial bank account balance and cash	180	128
	<u>33,347</u>	<u>52,098</u>

2.5 Stocks	2016	2015
at 31 December	€000	€000
Meteorological consumables	75	98
IT consumables	43	43
Stationery	46	48
Cleaning materials	1	2
Other	8	10
	<u>173</u>	<u>201</u>

2.6 Other Debit Balances	2016	2015
at 31 December	€000	€000
Recoupable salary costs	270	310
Recoupable travel pass scheme	146	158
Recoupable travel costs	17	24
Imprests	4	5
Other debit suspense items	161	1,130
	<u>598</u>	<u>1,627</u>

2.7 Other Credit Balances	2016	2015
at 31 December	€000	€000
Amounts due to the State		
Income Tax	969	1,148
Pension contributions	172	167
Pay Related Social Insurance	379	411
Value Added Tax	142	139
Professional Services Withholding Tax	99	36
	<u>1,761</u>	<u>1,901</u>
Payroll deductions held in suspense	291	389
Urban Development Fund ¹	21,156	9,616
Other credit suspense items	540	743
	<u>23,748</u>	<u>12,649</u>

¹See Note 7

2.8 Net Liability to the Exchequer	2016	2015
at 31 December	€000	€000
Surplus to be surrendered	10,277	42,943
Deferred surrender	—	41,078
Exchequer grant undrawn	(80)	(42,945)
Net liability to the Exchequer	<u>10,197</u>	<u>41,076</u>

Represented by:**Debtors**

Bank and cash	33,347	52,098
Debit balances: suspense	598	1,627
	<u>33,945</u>	<u>53,725</u>

Creditors

Due to State	(1,761)	(1,901)
Credit balances: suspense	(21,987)	(10,748)
	<u>(23,748)</u>	<u>(12,649)</u>
	<u>10,197</u>	<u>41,076</u>

2.9 Matured Liabilities	2016	2015
at 31 December	€000	€000
Estimate of matured liabilities not discharged at 31 December	35	31

2.10 Commitments	2016	2015
at 31 December	€000	€000
(a) Global commitments¹		
Grant subheads	292,700	658,462
Capital grant programmes	335,069	502,613
	<u>627,769</u>	<u>1,161,075</u>

¹ Grant commitments are “recognised when the grant is approved but the grantee has yet to fulfil the requirements of the scheme”. The 2015 capital grant programme commitments figure included a number of projects that were then still at early stages of the approval process in line with the Capital Works Management Framework. At the end of 2016, there were circa €1 billion of capital housing projects not classified as commitments at early stages of the approval process.

The Department is not in a position to meet the requirement of Circular 29/2016 to produce a note setting out the movement on the capital grant programme commitments as this was only issued at the end of 2016 and the Department could not retrospectively amend its financial management system as commitments are currently tracked manually.

b) Major Capital Commitments

(Projects costing €12,697,380 or more)

1 Rural Water Programme	Cumulative expenditure to 31 December 2015	Expenditure in 2016	Project commitments in subsequent years	Expected total spend lifetime of project 2016	Expected total spend lifetime of project 2015
Project	€000	€000	€000	€000	€000
Galway DBO Bundle No 2	18,798	143	29	18,970	18,970

2 Housing Construction Projects

Fortunestown, phase B1, Tallaght, Dublin 24	30,819	—	1,069	31,888	31,888
Pearse Street, Sallynoggin, Co. Dublin	16,424	—	53	16,477	16,477
Priory Hall refurbishment, Donaghmede, Dublin 13 ^{1,3}	12,036	8,330	1	20,367	36,900
Total	59,279	8,330	1,123	68,732	85,265

Regeneration Projects

Dolphin House, Dublin 8 ^{2,3}	—	1,150	24,288	25,438	—
Total	—	1,150	24,288	25,438	—

¹ Expenditure in 2016 includes €3,913,489 of the Local Authority's own funds from Local Property Tax retention.

² New project entered into in 2016. Expenditure in 2016 includes €995,555 of the Local Authority's own funds from Local Property Tax retention.

³ There is potential for the Department's commitments in subsequent years to be reduced if the Local Authority is in a position to use its own funds from Local Property Tax retention.

Significant variations

An explanation is provided below where multi-annual commitments vary by more than €500,000 from 2015 to 2016.

Project	Total cost decrease in 2016	Explanation
	€000	
Priory Hall refurbishment, Donaghmede, Dublin 13	16,533	The 2015 commitments figure was overstated. It included the projected costs of a number of phases that were not then legal commitments but were at early stages of the approval process and had not reached tender approval stage four of the Capital Works Management Framework. The refurbishment of Priory Hall is ongoing and there are a number of phases that are at early stages of the approval process and these will become commitments when they reach tender approval stage four.

3 Programme Expenditure by Subhead

	Estimate provision		2016	2015
			Outturn	Outturn
	€000	€000	€000	€000
A Housing				
A.1 Administration - pay		11,168	10,090	8,218
A.2 Administration - non pay		1,222	1,217	1,533
A.3 Local authority housing		386,680	449,037	303,261
A.4 Voluntary and co-operative housing				
<i>Current year</i>	143,986			
<i>Deferred surrender</i>	10,000	153,986	100,657	106,718
A.5 Housing inclusion supports		80,730	96,374	73,783
A.6 Estate regeneration - social housing improvements		134,750	112,522	106,580
A.7 Private housing grants		31,500	32,299	25,028
A.8 Subsidies and allowances		4,930	2,424	3,822
A.9 Other services				
<i>Current year</i>	19,379			
<i>Deferred surrender</i>	19,000	38,379	42,863	17,386
		843,345	847,483	646,329

Significant variations

Overall, the expenditure in relation to the Programme A was €4.14 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Local authority housing	(62,357)	<p>As part of delivery on the housing strategy 'Rebuilding Ireland' there was additional expenditure of €69 million by local authorities, primarily on new acquisitions on the Social Housing Investment Programme which delivered 1,646 units compared to a target of 1,059 units for the year.</p> <p>Additional expenditure of €10 million was incurred under the Housing Assistance Payment (HAP) scheme following an increase in the rents limits applicable to the scheme.</p> <p>Savings of €10 million arose due to a change in approach to the Affordable Rental Scheme, which is now to be taken forward on a project-by-project basis on publicly owned lands.</p> <p>Savings of €6.9 million arose due to the utilisation of the Rental Accommodation Scheme reserves by local authorities and lower than anticipated demand for the long-term leasing initiative.</p>
Voluntary and co-operative housing	53,329	Expenditure was lower than expected on the Capital Assistance Scheme as projects did not progress as quickly as anticipated due to planning, land acquisition and procurement issues. Savings arising were allocated to other housing programmes.

Description	Less/ (more) than provided	Explanation
	€000	
Housing inclusion supports	(15,644)	Additional expenditure arose due to the rising demands for homeless services.
Estate regeneration - social housing improvements	22,228	Expenditure was lower than expected on regeneration and energy efficiency measures due to projects not progressing as quickly as anticipated. Savings arising were allocated to other housing programmes.
Subsidies and allowances	2,506	Expenditure was lower than anticipated due to the decrease in the number of applications from approved households under the Affordable Housing and Shared Ownership schemes.
Other services	(4,484)	<p>Additional expenditure of €7.6m arose due to remedial works associated with a number of additional projects under the pyrite remediation scheme.</p> <p>Savings of €2.2m arose due to the slower than anticipated uptake in the new National Taking in Charge Initiative.</p> <p>A further €1m in savings arose relating to the establishment of a Deposit Protection Scheme due to the need to review the relevant legislative provisions to take account of changes in the rental market and identify any necessary improvements to the current model for such a scheme.</p>

	Estimate provision		2016	2015
	Outturn		Outturn	Outturn
	€000	€000	€000	€000
B Water Services				
B.1 Administration - pay		3,999	4,736	4,824
B.2 Administration - non pay		976	962	973
B.3 Water quality programme		13,200	11,563	13,589
B.4 Rural water programme		17,535	15,305	16,881
B.5 Foreshore		4,000	723	110
B.6 Water conservation grant		300	673	94,323
B.7 Remediation grant national lead strategy				
	<i>Current year</i>	2,000		
	<i>Deferred surrender</i>	3,000	5,000	8
B.8 Other services		34	—	—
		45,044	33,970	130,700

Significant variations

Overall, the expenditure in relation to the Programme B was €11.07 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Water quality programme	1,637	Savings arose due to the implementation of programmes of measures under the Marine Strategy Framework Directive not progressing as anticipated.
Rural water programme	2,230	Savings arose because the roll-out of the Rural Water Multi-Annual Programme 2016-2018 did not progress as quickly as expected.
Foreshore	3,277	Spending in respect of legal costs, valuations and contingencies was less than anticipated.
Water conservation grant	(373)	Additional expenditure arose as a result of a higher than anticipated volume of grant applications in the lead in to the 2015 deadline. All payments made in 2016 related to grant applications received in respect of 2015. The Water Conservation Grant Scheme was suspended in 2016 due to the suspension of domestic water charges.
Remediation grant national lead strategy	4,992	The Domestic Lead Remediation Grant Scheme is a demand led scheme and savings arose due to a considerably lower than anticipated level of applications.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
C	Local Government			
C.1	Administration - pay	6,446	7,412	7,925
C.2	Administration - non pay	2,045	1,954	1,703
C.3	Local Government Fund	396,555	396,555	241,100
C.4	Fire and emergency services	9,042	9,502	6,574
C.5	Franchise	1,465	170	1,138
C.6	Other services	245	2,437	14,059
		415,798	418,030	272,499

Significant variations

Overall, the expenditure in relation to the Programme C was €2.23 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Fire and emergency services	(460)	Additional expenditure arose because the joint procurement programme for 20 fire appliances progressed more quickly than anticipated.
Franchise	1,295	The Department's franchise function relates to policy and legislation concerning, administrative aspects of the electoral system. Savings on the related subhead arose primarily because legal costs arising from a Court order following a challenge to the 2012 Children Referendum were not finalised.
Other services	(2,192)	Additional expenditure arose mainly because of the final payment on the multi-annual development works to Doolin Pier.

		2016		2015
		Estimate	Outturn	Outturn
		provision		
		€000	€000	€000
D	Community			
D.1	Administration – pay	5,413	4,138	6,249
D.2	Administration - non pay	463	467	680
D.3	Supports for community and voluntary sector (part funded by National Lottery)	12,387	11,267	10,794
D.4	SICAP and local/regional development supports (part funded by the National Lottery)	42,455	42,224	45,134
D.5	RAPID	500	32	317
D.6	Dormant accounts measures	4,500	803	3,346
D.7	Programme for Peace and Reconciliation	500	—	16,129
D.8	INTERREG programme	511	—	227
D.9	Irish Water Safety	657	657	657
D.10	Library development and archive service	3,650	2,735	2,597
D.11	Other services	70	61	35
—	<i>Western Development Commission¹</i>	—	—	1,283
—	<i>National rural development schemes¹</i>	—	—	3,945
—	<i>LEADER – rural economy sub-programme¹</i>	—	—	35,268
—	<i>Tidy Towns competition¹</i>	—	—	1
		71,106	62,384	126,662

¹ The 2015 comparative figure includes payments of €40.50 million relating to functions which have now transferred to Vote 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs.

Significant variations

Overall, the expenditure in relation to the Programme D was €8.72 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Supports for community and voluntary sector	1,120	The Seniors Alert Scheme is a demand led scheme and savings arose due to a lower than anticipated level of applications. Additional savings arose because the Community Redundancy Support Scheme did not proceed.
RAPID	468	The saving arose as expenditure by other public bodies to be co-funded under the scheme was lower than expected.
Dormant accounts measures	3,697	Expenditure was less than expected due to slower than projected implementation of the Gateway Initiative by local authorities and slower than projected drawdown by Social Innovation Fund Ireland.

Description	Less/ (more) than provided	Explanation
	€000	
Programme for Peace and Reconciliation	500	No expenditure was incurred because the PEACE III Programme finished at the end of 2015 and the projects under the PEACE IV Programme did not progress as anticipated.
INTERREG programme	511	No expenditure was incurred because the INTERREG IV Programme finished at the end of 2015 and the INTERREG V Programme was primarily at project selection stage in 2016.
Library development and archive service	915	Savings arose due to delays in the commencement and progression of capital library projects by local authorities.

		2016		2015
		Estimate provision	Outturn	Outturn
		€000	€000	€000
E	Planning			
E.1	Administration - pay	1,632	1,729	1,506
E.2	Administration - non pay	183	210	101
E.3	An Bord Pleanála	14,533	14,333	15,036
E.4	Planning Tribunal ¹	1,645	3,755	4,740
E.5	Office of the Planning Regulator	300	—	—
E.6	Planning policy	155	376	—
E.7	Forward planning	345	318	—
E.8	Other services	110	29	—
		18,903	20,750	21,383

¹ See note 6.2

Significant variations

Overall, the expenditure in relation to the Programme E was €1.85 million higher than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Planning Tribunal	(2,110)	Additional funding was required to meet third party legal costs arising from the work of the Planning Tribunal.
Office of the Planning Regulator	300	No expenditure was incurred because the Planning and Development (Amendment) Bill 2016 to establish the Office of the Planning Regulator was not enacted.
Planning policy	(221)	Additional expenditure arose in relation to the e-planning system being developed between the Department and the local government sector.

		<u>2016</u>		<u>2015</u>
		<u>Estimate</u>	<u>Outturn</u>	<u>Outturn</u>
		<u>provision</u>		
		<u>€000</u>	<u>€000</u>	<u>€000</u>
F	Met Éireann			
F.1	Administration - pay	13,952	11,616	12,147
F.2	Administration - non pay	7,757	4,793	3,263
		<u>21,709</u>	<u>16,409</u>	<u>15,410</u>

Significant variations

Overall, the expenditure in relation to the Programme F was €5.30 million lower than provided. This was mainly due to the following:

Description	Less/ (more) than provided	Explanation
	€000	
Administration – non pay	2,964	Savings arose due to the Aviation Modernisation and Automation Project (AMAP) and some other projects not progressing as quickly as anticipated.

4 Receipts

4.1 Appropriations-in-aid		2016		2015
		Estimated	Realised	Realised
		€000	€000	€000
1.	Fees payable by local authorities, etc., for audit of their accounts	1,830	1,421	2,506
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	10,200	10,828	9,242
4.	Miscellaneous receipts	200	380	836
5.	Foreshore receipts	2,100	1,834	2,163
6.	Programme for Peace and Reconciliation	4,000	503	9,973
7.	Dormant accounts - programme expenditure	4,500	803	2,595
8.	SICAP – Social inclusion and community activation programme	181	181	—
9.	Receipts from pension-related deduction on remuneration	2,712	3,172	5,664
—	<i>Dormant accounts – administration¹</i>	—	—	750
—	<i>LEADER rural economy programme expenditure¹</i>	—	—	11,450
	Total	26,464	19,863	45,920

¹ The 2015 comparative figure includes receipts of €12.2 million relating to functions which have now transferred to Vote 33 Arts, Heritage, Regional, Rural and Gaeltacht Affairs.

Significant variations

An explanation is provided below in the case of each heading where the outturn varied from the amount estimated by more than €100,000, and by more than 5%.

Description	Less/ (more) than provided	Explanation
€000		
Fees payable by local authorities, etc., for audit of their accounts	409	Demands for audit fees are issued on an ongoing basis as audits are completed. Income was lower than expected due to a number of outstanding audit fees at 31 December 2016.
Met Éireann receipts	(628)	Receipts were higher than expected due to increased meteorological services and charges to the Irish Aviation Authority.
Miscellaneous receipts	(180)	Miscellaneous receipts are difficult to estimate and were greater than expected.
Foreshore receipts	266	Foreshore receipts are difficult to predict reliably and were lower than expected.

Description	Less/ (more) than provided	Explanation
	€000	
Programme for Peace and Reconciliation	3,497	The closure of the PEACE III programme by the European Commission and receipt of the final payment did not progress as anticipated.
Dormant accounts - programme expenditure	3,697	This receipt relates to recoupment from the Dormant Accounts Fund of programme expenditure arising under D.6 (Dormant accounts measures). Expenditure from D.6 was less than expected in 2016 due to slower than projected implementation of the Gateway Initiative by local authorities and slower than projected drawdown by Social Innovation Fund Ireland.
Receipts from pension-related deduction on remuneration	(460)	The increase arose due to greater than estimated intake of pension related deductions from staff in the Department and in the state agencies under its remit.

4.2 Extra receipts payable to the Exchequer

	2016	2015
	€000	€000
Balance at 1 January	—	—
Refund under the Local Authority Housing – 2nd Hand Purchases Scheme from a number of local authorities	1,280	—
Redemption of projects funded under the Voluntary Housing Capital Assistance scheme	551	196
Payment under Pyrite Resolution Act 2013	325	484
PRTB pension contributions	37	33
<i>Emissions trading scheme¹</i>	—	52,183
Proceeds of the Hatherton Fund from National Building Agency	—	1,000
Refund from The World Bank/European Investment Bank	—	710
Refund from Dublin City Council	—	117
Transfer to the Exchequer	(2,193)	(54,723)
Balance at 31 December	—	—

¹ The 2016 extra receipts payable to the Exchequer for the emissions trading scheme are included in Vote 29 Communications, Climate Action and Environment, due to the transfer of climate action and environment functions (SI 393 of 2016).

5 Employee Numbers and Pay

	2016	2015
Number of staff at year end (full time equivalents)		
Department	647	721
Agencies	324	681
	<u>971</u>	<u>1,402</u>

The number of staff at year end in the Department's agencies includes staff of a number of non-commercial state agencies that are not in direct receipt of Exchequer funding. The figures for 2016 reflect the structure of the Department and its reporting agencies following the 2016 transfer of functions.

	2016	2015
Department staff	€000	€000
Pay	35,134	41,532
Severance/redundancy payments	122	—
Higher, special or additional duties allowance	294	315
Other allowances	1,604	1,745
Overtime	537	442
Employer's PRSI	2,195	2,497
Total pay	<u>39,886</u>	<u>46,531</u>

5.1 Allowances and Overtime Payments ¹

	Number of recipients	Recipients of €10,000 or more	Maximum individual payment 2016	Maximum individual payment 2015
			€	€
Higher, special or additional duties	58	8	15,314	18,313
Other allowances	145	70	26,732	25,759
Overtime	111	16	27,819	20,347
Extra remuneration in more than one category	76	68	41,072	41,326

¹ The pay, allowance and other remuneration details above relate to the Department's staff paid directly from the Vote under programmes A to F. 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.

5.2 Other Remuneration Arrangements

One retired civil servant in receipt of a civil service pension was re-engaged on a fixed term contract following an open competition at a total cost of €91,902 on which abatement applied.

5.3 Payroll Overpayments

The salary overpayment at 31 December 2016 was €23,245 in respect of 27 cases (2015 €16,476, 12 cases). 11 of these cases have recovery plans being implemented.

5.4 Severance/Redundancy

During 2016, seven former ministerial staff whose employment was terminated with the change in Government, were paid redundancy payments totalling €27,252 and severance payments totalling €94,869.

6 Miscellaneous

6.1 EU Funding

The outturn shown in subheads A.6, D.7 and D.8 includes payments in respect of activities co-financed by the European Regional Development Fund. The outturn shown in subhead D.4 includes payments in respect of activities co-financed by the European Social Fund. Estimates of EU funding and outturns, based on expenditure and co-financing rates, were as follows:

Sub-head	Description	Estimate	2016	2015
		€000	Outturn €000	Outturn €000
A.6	Estate regeneration – social housing improvements	7,425	7,425	5,741
D.4	SICAP and local/regional development supports (Part funded by the National Lottery)	3,000	2,807	3,834
D.7	Programme for Peace and Reconciliation	273	—	8,790
D.8	INTERREG Programme	383	—	170
—	LEADER – rural economy sub-programme	—	—	28,487
		11,081	10,232	47,022

6.2 Committees and Commissions

	Year of appointment	Cumulative expenditure to end 2016 €000	2016 Outturn €000	2015 Outturn €000
Tribunal of Inquiry into certain planning matters and payments	1997	119,775	3,755	4,740

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 2016 was €119.8 million. On the basis of a Tribunal estimate and expenditure to the end of 2016, additional costs of some €39 million may arise, primarily relating to third party legal representation.

6.3 National Lottery Funding

Sub-head	Description	2016		2015
		Estimate €000	Outturn €000	Outturn €000
A.4	Voluntary and co-operative housing	750	—	200
A.7	Private housing grants	5,391	5,391	4,150
D.3	Supports for community and voluntary sector (part funded by National Lottery)	8,487	7,285	6,881
D.4	SICAP and local/ regional development supports (part funded by the National Lottery)	2,100	3,005	4,569
		16,728	15,681	15,800

Details are available on the Department's website:

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

6.4 Legal Costs

	Number of cases	Compensation awarded €000	Legal costs awarded €000	2016	2015
				Total €000	Total €000
Claims by external organisations/ individuals	8	2,721	865	3,586	3,290
		2,721	865	3,586	3,290

A compensation payment of €2,519,148 was made following a High Court judgement in respect of a land-swap arrangement with a house building company under the affordable housing initiative in line with Department of Public Expenditure and Reform sanction.

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

	2016 €000	2015 €000
Total of interest payments	12	2
Number of recipients of €10,000 or more	—	—

6.7 Payments to Pobal

In accordance with the Department's accounting policy, the total paid to Pobal in the year (€10.346 million) was charged to the relevant subheads as set out below.

		2016	2015
		€000	€000
Sub-head	Description		
D.3	Supports for community and voluntary sector (part funded by National Lottery)	6,605	4,764
D.4	SICAP and local/ regional development supports (part funded by the National Lottery)	3,595	13,130
D. 6	Dormant accounts measures	146	2,379
—	<i>LEADER – rural economy sub-programme</i>	—	1,720
		10,346	21,993

At 31 December 2016, Pobal had accrued balances totalling €2.54 million in relation to programmes it delivers for the Department (2015: €4.16 million).

6.8 Write-Offs

Sanction was obtained from the Department of Public Expenditure and Reform to write off €30,661 in respect of two redundancy rebates paid in 2010 under the Local and Community Development Programme.

7 Account of the Urban Development Fund

	2016	2015
	€000	€000
Opening balance	9,616	—
Receipts	11,540	9,616
Expenditure for the year	—	—
	21,156	9,616

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 is subject to its 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 – 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.