

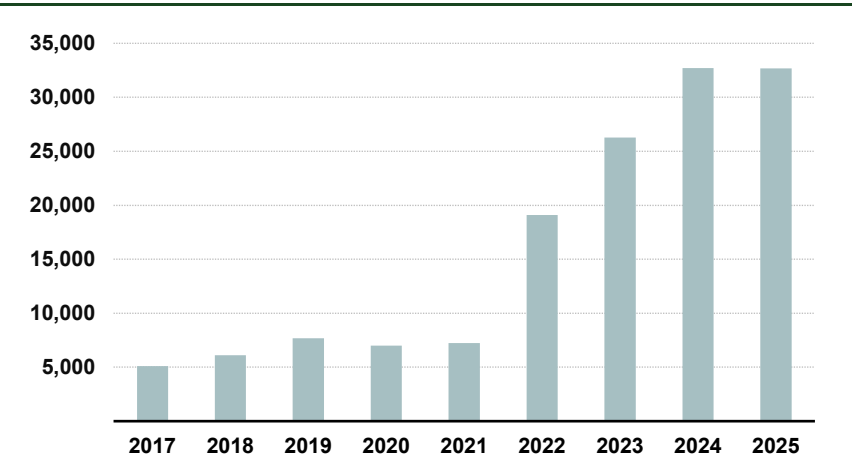
14 Cancellation of pre-contract accommodation agreements

- 14.1** The 2025 appropriation account for Vote 24 Justice, Home Affairs and Migration recognises accrued expenses of €35 million in respect of the provision of accommodation for international protection seekers. A material but undisclosed part of the accrued expense relates to payments made arising from settlements reached with potential providers of accommodation whose pre-contract agreements with the International Protection Accommodation Service (IPAS) were cancelled in 2025.
- 14.2** This report sets out the circumstances that gave rise to these expenses.

Background

- 14.3** On 1 May 2025, the Department of Justice, Home Affairs and Migration (Department of Justice) became responsible for the provision of accommodation and related support services to international protection applicants through the IPAS.¹ Prior to this date, these functions were undertaken by the (then) Department of Children, Equality, Disability, Integration and Youth (Department of Children). The transfer of functions included transfer of the IPAS staff and records, for which the Department of Justice is now accountable.
- 14.4** The number of international protection applicants arriving in Ireland has increased significantly since 2021. This resulted in a rapid increase in the number of applicants seeking State-supported accommodation. In response, the IPAS procured a substantial quantity of additional accommodation from private service providers, for example commercial hotels and guesthouses, on an emergency basis.

Figure 14.1 Total number of residents in IPAS accommodation at year-end 2017 – 2025



Source: Department of Justice, Home Affairs and Migration. Analysis by the Office of the Comptroller and Auditor General.

¹ International protection is granted by a government to someone who has left another country to escape being harmed. Ireland is legally obliged to examine the application of any person who arrives in the country claiming protection on that basis.

14.5 At end December 2025, there were 32,689 international protection applicants availing of State-provided accommodation, resident in 324 accommodation centres (see Figure 14.1). Of these, 77% were resident in 269 emergency accommodation centres provided by commercial operators.

14.6 The cost of providing international protection accommodation amounted to €1.36 billion in 2025 (2024: €1.06 billion).

Accommodation strategy

14.7 In March 2024, the Government approved an accommodation strategy aiming to reduce the State's reliance on commercial providers by 2028 through increasing State-owned bed capacity to 14,000.² The reliance on commercial providers will be for contingency and emergency accommodation only (totalling up to a further 21,000 beds).

14.8 The key actions identified to allow the IPAS to achieve the strategic objectives were

- conversion of existing commercial properties to international protection accommodation, with a focus on conversion of empty office blocks
- acquisition and utilisation of HSE and State lands to bring accommodation on stream quickly using fast prefabricated and other modern methods of construction
- purchase of targeted medium and larger properties in turnkey or near-turnkey condition.³

14.9 The Department of Children launched an 'expression of interest' process on 30 April 2024 to source suitable properties as international protection accommodation. The process sought to identify properties for acquisition/lease under the following criteria

- 150 beds or more
- bedrooms in line with national standards for international protection accommodation
- existing properties/buildings in turnkey condition
- existing properties that require upgrading/refurbishment/renovation.

14.10 The Department of Justice confirmed that 134 submissions were received in response to the expression of interest process. The Department has stated that no contracts for accommodation provision were put in place as a result of this process.

² [Comprehensive Accommodation Strategy for International Protection Applicants.](#)

³ In August 2025, the Department purchased CityWest Hotel and Convention Centre for €148.2 million. The property can accommodate an estimated 2,300 persons.

Pre-contract agreements

14.11 The Department of Justice has stated that pre-contract agreements were entered into with potential accommodation providers in respect of 15 properties, and that the providers did not emerge from the expression of interest process.

- 14.12** The Department of Justice stated that pre-contract agreements were first used by the International Protection Procurement Service (IPPS) in May 2024. The purpose of introducing such agreements was to provide security for potential providers of temporary emergency accommodation for their investments in larger-scale accommodation centres and for the Department in delivering on its goals and meeting its requirements under EU legislation.
- 14.13** The Department of Justice stated that prior to the introduction of the pre-contract agreements, the IPPS had received feedback from potential providers of accommodation that they were finding it increasingly difficult to access the credit necessary to refurbish large properties for the provision of international protection accommodation. Credit institutions/lenders appear to have viewed the investments as high risk due to the absence of a guarantee to lease after conversion/refurbishment works had been completed. The IPPS had previously issued letters of intent to potential accommodation providers, but it was understood that credit institutions were no longer willing to accept these as proof of commitment.
- 14.14** The Department of Justice has stated that each signed pre-contract agreement contained two appendices.
- Appendix I outlined the floorplans of the proposed centre as they would appear when works were completed and agreed with the Department.
 - Appendix II contained a draft of the agreement for the temporary emergency accommodation of international protection applicants to be put in place upon satisfactory completion of the works in a timely manner.
- 14.15** The introduction of pre-contract agreements represented a move by the State away from small-scale, short-term direct-award contracts towards agreements to deliver accommodation on a larger scale. It is understood that the IPPS undertook to use the proposed accommodation for periods of two to three years at a specified daily rate per bed, with optional extensions for up to five further years in some cases. This was subject to certain conditions being met by the accommodation provider, including delivery of the project within a certain timeline and compliance with planning, fire and building regulations.

Control over contingent liabilities

- 14.16** The signing of the pre-contract agreements in 2024 and early 2025 represented commitments to significant future expenditure if the accommodation providers fulfilled the obligations specified in the agreements. They therefore represented significant contingent liabilities for the Exchequer.
- 14.17** The Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation (Department of Public Expenditure) has set out procedures in relation to the creation of contingent liabilities.⁴ It has stated that arrangements giving rise to contingent liabilities should only be entered into where necessary and after the potential expenditure implications have been evaluated and assessed. The creation of any contingent liabilities of substantial value requires the specific sanction of the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation.

⁴ [Public financial procedures \(PfP\), section C8 - International Agreements and Contingent Liabilities.](#)

- 14.18** The Department of Justice has stated that the Department of Public Expenditure was not consulted prior to entering the pre-contract agreements. No contingent liability in respect of the pre-contract agreements was disclosed in the 2024 appropriation account for Vote 40 Children, Disability, Equality, Integration and Youth.

Decision not to proceed

- 14.19** Prior to the formal transfer of integration and reception functions from the Department of Children in May 2025, the Department of Justice had begun preparations for the additional role including policy considerations. A key policy objective was to curtail further growth in the size of the international protection property portfolio and to reduce it over time.
- 14.20** The Department decided to proceed with one of the lease agreements provided for under the pre-contract agreements. Three of the agreements lapsed when the proposals were withdrawn or were deemed to have lapsed. The Department decided in mid-2025 to terminate the remaining agreements, and the potential providers were notified of the decision.
- 14.21** High Court proceedings were initiated against the Minister for Justice, Home Affairs and Migration in 2025 and 2026 by five of the counterparties to the pre-contract agreements. The Department has stated that the potential combined value of the related agreements was more than €100 million.
- 14.22** Following mediation, the Department of Justice made settlement payments in three of the legal cases. Plaintiff costs in those cases remain outstanding for agreement and payment.⁵ The settlement amounts are significantly less than the estimated contract values. Settlement was not reached through mediation in the other two cases. The Department of Justice expects that those cases will proceed to hearing by the Commercial Court in due course.
- 14.23** The Department of Justice has expressed concern that publication of details relating to the settlement payments or to the Department's response to claims could hamper the State in the legal proceedings.
- 14.24** The Department of Justice's view is that costs incurred could only have been avoided if the Department had proceeded with greater expenditure for services that the Department did not want or need.

Sanction for settlement payments

- 14.25** The Department of Justice requested sanction from the Department of Public Expenditure to make the settlement payments. The request for sanction in each case was accompanied by a 'case settlement form', signed by the Accounting Officer of the Department of Justice.
- 14.26** The Department of Public Expenditure sanction letters stated that it was notified of the legal cases only when mediation had been scheduled, which took place several months after the Minister for Justice, Home Affairs and Migration agreed to pursue mediation of the cases.

⁵ Plaintiff's costs include fees for quantity surveyors, forensic accountants, solicitor and counsel fees for the litigation and mediation. These costs will be presented by way of a bill of costs, which will be submitted to the State Claims Agency for consideration.

- 14.27** The sanction conveyed by the Department of Public Expenditure was subject to the settlement amounts being in full and final settlement of all claims, that the settlement complied with all public financial procedures and that the settlement expenditure would not give rise to an excess on Vote 24 in 2026.
- 14.28** The Department of Justice has stated that the approach to accommodation procurement using such pre-contract agreements is now entirely discontinued in favour of long-term plans for State accommodation and an overhaul of commercial contracts under value-for-money initiatives.

Conclusions

- 14.29** The pre-contract agreements entered into by the Department of Children in 2024 and early 2025 gave rise to significant contingent liabilities for the Exchequer. A specific sanction should have been sought from the Department of Public Expenditure prior to entering the pre-contract agreements. The contingent liability they entailed was not disclosed in the 2024 appropriation account for Vote 40 Children, Equality, Disability, Integration and Youth.
- 14.30** The decision not to proceed with most of the agreements was taken in mid-2025. Subsequently, five legal cases were initiated against the Department of Justice by the counterparties to some of the pre-contract agreements. Following mediation, settlement agreements have been reached in three cases. Agreement was not reached following mediation in two cases, and legal proceedings are continuing.
- 14.31** The Department of Justice has made substantial payments in 2026 arising from the settlement agreements. In line with the relevant accounting policies, the Accounting Officer has recognised the settlement payments as accrued expenses in the statement of financial position for Vote 24 as at 31 December 2025. The estimated value of any plaintiff legal or other costs arising from the settlement agreements has not been provided for in the 2025 account.
- 14.32** The Accounting Officer has also disclosed that there are contingent liabilities arising from the ongoing legal proceedings. The Accounting Officer has not provided an estimate of the potential liabilities that may arise from ongoing legal proceedings. The accounting treatment and disclosures in relation to the legal proceedings are in line with the provisions of CGAS 19 *Provisions, Contingent Liabilities and Contingent Assets*.⁶
- 14.33** The expenditure related to the termination of the pre-contract agreements represent payments for which no value has been obtained and represents a substantial loss to taxpayers.

⁶ [CGAS 19 Provisions, Contingent Liabilities and Contingent Assets](#) (paragraph 109) states that an entity need not disclose the information required under the accounting standard in extremely rare cases, where disclosure of all of the information can be expected to prejudice seriously the position of the entity in a dispute with other parties.