



Tithe an
Oireachtais
Houses of the
Oireachtas

An Coiste um Chuntais Phoiblí

Scrúdú ar an

gCuntas Leithreasa 2019 i gcomhair Vóta 34 – Tithíocht,
Pleanáil agus Rialtas Áitiúil

agus ar Nithe Airgeadais Gaolmhara

Nollaig 2021

Committee of Public Accounts

Examination of the

2019 Appropriation Account for Vote 34 – Housing,
Planning and Local Government
and Related Financial Matters

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Department of Housing, Local Government and Heritage

Meeting Dates: 25 November 2020 – [Link to transcript](#)

26 November 2020 – [Link to transcript](#)

3 June 2021 – [Link to transcript](#)

Matters for Examination:

- **Appropriation Account 2019**
 - [Vote 34 – Housing, Planning and Local Government](#)
- **Comptroller and Auditor General’s Report on the Accounts of the Public Services 2019**
 - [Chapter 2 – Central government funding of local authorities](#)
 - [Chapter 11 – Measuring performance for Exchequer spending on social housing](#)
 - [Chapter 12 – Progress under the Land Aggregation Scheme](#)
 - [Chapter 13 – The Pyrite Remediation Scheme](#)
- [Local Government Fund 2019](#)

Introduction

The Committee met with the Department of Housing, Local Government and Heritage (the Department) on 25 and 26 November 2020, and 3 June 2021. The matters examined by the Committee during these meetings are set out in more detail below.

Comptroller and Auditor General’s Appropriation Account 2019

Vote 34 - Housing, Planning and Local Government

Vote 34 comprises the following five programmes of expenditure: Housing, Water Services, Local Government, Planning, and Met Éireann. Total gross expenditure in

2019 amounted to €3.96 billion. Appropriations-in-aid¹ for the same period were €63.23 million, resulting in net expenditure of €3.9 billion. The amount surrendered to the Exchequer at the end of the year was €6.51 million.

Expenditure on Programme A – Housing accounted for almost 60% of total Vote expenditure in 2019. Over the five-year period 2015-2019, the Vote's expenditure on housing totalled €7.16 billion (60.43% of total expenditure from 2015-2019).

The Comptroller and Auditor General (C&AG) issued a clear audit opinion for the Department's 2019 Appropriation Account.

Comptroller and Auditor General's Report on the Accounts of the Public Services 2019

Chapter 2 – Central Government funding of local authorities

This chapter provides an overview of the funds flowing from and through central government sources to local authorities. It examines the purposes of funds provided to local authorities and trends in expenditure from and through Central Government sources, the allocation of Local Property Tax (LPT) receipts to local authorities, and trends in expenditure by local authorities.

Chapter 11 – Measuring performance for Exchequer spending on social housing

An assessment of the performance indicators used by the Department in relation to social housing expenditure is provided in this chapter. The main objective of the assessment was to establish if the measures used and published by the Department provide a complete, accurate and timely account of what is being achieved by the spending. While the Department has achieved or substantially achieved most of the performance targets it has set for its housing programme, the report concluded that

¹ Under Section 2 of the Public Accounts and Charges Act, 1891, certain receipts arising in the normal course of a Department's or Office's ordinary Vote business may be retained by that Department or Office to meet expenditure instead of being paid directly into the Exchequer. These receipts are known as appropriations-in-aid.

these targets are not well aligned with the nature of the funded activities in the Department's housing programme.

Chapter 12 – Progress under the Land Aggregation Scheme

The Land Aggregation Scheme (LAGS) was established in 2010 to alleviate the financial burden on Local Authorities relating to maturing Housing Finance Agency (HFA) loans, where development of the associated residential land had not proceeded. Funding was provided to local authorities on the condition that they would transfer land to the Housing Agency. This chapter provides an update on the transfer of land from local authorities to the Housing Agency, and the progress made by the Agency in developing transferred sites. The chapter recommends that the Agency implements plans, as a matter of urgency, to develop four sites identified in 2018 as being ready for development.

Chapter 13 – The Pyrite Remediation Scheme

The progress undertaken to the end of 2019 in remediating the issues caused by the use of pyrite in certain construction materials in homes built in Ireland until 2014 is evaluated within this chapter. Almost €126 million was spent on remediation works to the end of 2019, and the cost of the scheme is estimated to rise to €210 million by the end of 2023, with no closing date envisaged for the scheme. The Pyrite Resolution Board has recouped €1.79 million from third parties and HomeBond, a provider of structural defect warranties, has provided resources to the value of €1.76 million.

In relation to identified structural defects not related to pyrite damage, the initial claim against HomeBond is approximately €880,000. HomeBond had contributed just over €52,000 by the end of 2019. The chapter recommends robust action to quantify the cost of remediating non-pyrite related damage, and to implement procedures to recoup HomeBond's complete liability.

Issues identified and recommendations made by the Committee of Public Accounts

Based on its examination of Appropriation Account 2019 for Vote 34 – Housing, Planning and Local Government, and Chapters 2, 11, 12, and 13 from the C&AG's *Report on the Accounts of the Public Services 2019*, the Committee highlights the following areas and makes the following corresponding recommendations to the Department: -

Issue 1 – Lack of value for money from social housing supports

Combined spending on the Housing Assistance Payment (HAP) scheme, the Rental Accommodation Scheme (RAS) and the Social Housing Current Expenditure Programme (SHCEP) totalled €655 million, or 27.7% of the Department's outturn for 2019.

The Committee is of the opinion that the current level of spending on short-term housing supports such as HAP and RAS, and long-term leasing schemes through which the State does not acquire an asset at the end of the lease, does not represent value for money.

The Committee of Public Accounts of the 32nd Dáil, in its [sixth periodic report](#), raised similar concerns over the extent of expenditure on housing supports such as HAP and RAS, and recommended the Department “ensure that long-term value for the State is created in housing provision”. This Committee believes insufficient progress has been made in implementing this recommendation.

Recommendation 1:

The Committee recommends that the Department works to substantially reduce the expenditure year-on-year on social housing supports such as HAP, RAS and SHCEP starting from 2022, and focuses on increasing capital expenditure on housing stock that will remain an asset of the State.

Issue 2 – Timeline for establishing an independent Building Standards Regulator

The Committee is concerned at the lack of independent regulation of building standards in Ireland, and the consequences for both households and the Exchequer resulting from insufficient regulation of building standards.

The Programme for Government published in June 2020 includes a commitment to:

“Examine the creation of an independent Building Standards Regulator to oversee building control nationwide and to act as custodian of the Building Control Management System, including the re-establishment of the Building Regulatory Advisory Body.”

The Department confirmed to the Committee in December 2020 that “the scope of the examination is currently under consideration at Departmental level.”

As of the end of 2019, the Government had paid out €126 million for remediation works to houses affected by pyrite-related structural damage, with the bill estimated to reach €210 million by the end of 2023.

A working group established by the Minister for Housing, Local Government and Heritage published a report on 30 September, 2021, which estimates the cost of the Defective Concrete Blocks Grant scheme (commonly referred to as the “Mica redress scheme”) at €1.4 billion, potentially rising to €3.2 billion.

Recommendation 2:

The Committee recommends that the examination of the creation of an independent Building Standards Regulator, and the re-establishment of the Building Regulatory Advisory Body is completed by the end of quarter one 2022, and that a progress update is provided to the Committee at that point.

In light of the impact the Pyrite Remediation Scheme and the Defective Concrete Blocks Grant scheme will have on the Exchequer, the Committee recommends that, in order to safeguard public funds, a more robust regulation regime is put in place with regard to building standards nationwide.

Issue 3 – Recouping compensation from HomeBond for non-Pyrite related structural defects

In Chapter 13 of the *Comptroller and Auditor General's Report on the Accounts of the Public Services 2019*, it is stated that approximately €52,000, or 6%, of the €880,000 claimed by the Department for non-pyrite structural defects was paid by HomeBond.

At the meeting of 26 November 2020, the Department could not provide the Committee with information regarding a timeframe for when HomeBond would reimburse the Department with the total amount claimed.

The Committee is concerned at the delay in recouping HomeBond's liability, and underlines the loss to the Exchequer as long as the liability remains outstanding.

Recommendation 3:

The Committee recommends that the Department furnish it with a timeline by the end of quarter one 2022 as to when it expects to receive the full liability due from HomeBond, and requests that the Department provide it with quarterly updates thereafter on the progress in recouping the full amount from HomeBond.

Issue 4 – Transparency of RTB referral process

The Committee raised concerns about the process for making a referral to the Residential Tenancies Board (RTB) in relation to non-registered properties. Subsequent to the meeting, the Committee received correspondence from the Department which outlined the manner in which such referrals are dealt with:

“There are no communication flows between those who make general non-registration referrals from the RTB, due to the fact that the referral may result in a criminal process. The RTB does not inform the person making the referral about anything in relation to the tenancy.

A case number will not necessarily be generated and no further engagement with the person making the referral can be followed through. The public register is up-dated each week, so the person making the

referral can check there at any time. For Student Specific Accommodation, which has come under the remit of the RTB since 2019, the register of tenancies is not currently published but can be checked by contacting the RTB by phone or web-chat.”

The Committee is not satisfied with the lack of transparency regarding the referral process, and believes that the onus should not be on individuals making referrals to check the register for an undetermined period of time. Furthermore, the Committee is concerned that a register of tenancies for Student Specific Accommodation is not published in the public domain.

The Committee believes these issues may result in a large number of properties not registered with the RTB. This has implications for the Exchequer if the correct level of tax is not collected from landlords that have not registered their properties with the RTB, and tenants if rent-setting rules are breached.

Recommendation 4:

In order to achieve more satisfactory outcomes for the Exchequer and tenants, the Committee recommends that the Department engages with the RTB to increase transparency in the process of referring an unregistered property to the RTB. Specifically, the Committee recommends that the following actions are taken by the RTB to address the matter:

- Create a reference number for each property reported to the RTB as unregistered, in order that the individual(s) making a referral have a record of same,
- Establish a target timeframe for resolving each reported case, and
- Publish a register of tenancies for Student Specific Accommodation as a matter of priority.

The Committee requests that it is provided with an update on the implementation of this recommendation by the end of quarter one 2022.

Appendix 1 Committee Membership

The following TDs were members of the Public Accounts Committee when the report was agreed:

Colm Burke	Fine Gael
Jennifer Carroll MacNeill	Fine Gael
Matt Carthy	Sinn Féin
Cormac Devlin	Fianna Fáil
Alan Dillon	Fine Gael
Neasa Hourigan	Green Party
Paul McAuliffe	Fianna Fáil
Imelda Munster	Sinn Féin
Catherine Murphy	Social Democrats
Verona Murphy	Independent
James O'Connor	Fianna Fáil
Seán Sherlock	Labour
Brian Stanley (Cathaoirleach)	Sinn Féin (Cathaoirleach)

Appendix 2 Committee Orders of Reference

Dáil Standing Order 218 – Committee of Public Accounts

- 1) There shall stand established, following the reassembly of the Dáil subsequent to a General Election, a Standing Committee, to be known as the Committee of Public Accounts, to examine and report to the Dáil upon—
 - a) the accounts showing the appropriation of the sums granted by the Dáil each year to meet the public expenditure and such other accounts as they see fit (not being accounts of persons included in the Second Schedule of the Comptroller and Auditor General (Amendment) Act 1993) which are audited by the Comptroller and Auditor General and presented to the Dáil on an annual basis, together with any reports by the Comptroller and Auditor General thereon;
 - b) the Comptroller and Auditor General's reports on his or her examinations of economy, efficiency, effectiveness evaluation systems, procedures and practices; and
 - c) other reports carried out by the Comptroller and Auditor General under the Act.
- 2) In considering particular accounts pursuant to paragraph (1)(a), the Committee shall examine whether, having regard to changes in—
 - a) the volume or quality of services or other outputs delivered, and
 - b) associated expenditure, over time, it can be demonstrated that value for money has or has not been achieved.
- 3) The Committee shall bring conclusions and recommendations reported to the Dáil pursuant to paragraph (1)(a) in relation to particular accounts to the attention of the relevant Committee established pursuant to Standing Order 95.
- 4) The Committee may suggest alterations and improvements in the form of the Estimates submitted to the Dáil and shall bring any such suggestions as reported to the Dáil to the attention of the Committee on Budgetary Oversight.

- 5) The Committee may proceed with its examination of an account or a report of the Comptroller and Auditor General at any time after that account or report is presented to Dáil Éireann.
- 6) The Committee shall have the power to send for persons, papers and records.
- 7) Paragraphs (4) to (9) inclusive of Standing Order 96 shall not apply to the Committee.
- 8) Every report which the Committee proposes to make shall, on adoption by the Committee, be laid before the Dáil forthwith whereupon the Committee shall be empowered to print and publish such report together with such related documents as it thinks fit.
- 9) The Committee shall present an annual progress report to Dáil Éireann on its activities and plans.
- 10) Notwithstanding the provisions of paragraph (1) of this Standing Order, the Committee shall have the power to examine and report upon a specific matter of general public interest relating to the appropriation of public moneys, which is not comprehended by appropriation accounts or reports of the Comptroller and Auditor General within the meaning of paragraph (1), subject to—
 - a) a positive determination having been made by the Committee on Remit Oversight under Standing Order 93A pursuant to a request by the Committee of Public Accounts under Standing Order 93B for an extension to its orders of reference for the purpose of examining the matter; and
 - b) the approval of the Dáil by way of an appropriate motion under Standing Order 93B to instruct the Committee in conducting its examination of the matter.
- 11) The Committee shall refrain from—
 - a) enquiring into in public session, or publishing, confidential information regarding the activities and plans of a Government Department or office, or of a body which is subject to audit, examination or inspection by the Comptroller and Auditor General, if so requested either by a member of the Government, or the body concerned; or

b) enquiring into the merits of a policy or policies of the Government or a member of the Government or the merits of the objectives of such policies.

12) The Committee may, without prejudice to the independence of the Comptroller and Auditor General in determining the work to be carried out by his or her Office or the manner in which it is carried out, in private communication, make such suggestions to the Comptroller and Auditor General regarding that work as it sees fit.

13) The Committee shall consist of thirteen members, none of whom shall be a member of the Government or a Minister of State, and four of whom shall constitute a quorum. The Committee and any sub-Committee which it may appoint shall be constituted so as to be impartially representative of the Dáil.

Appendix 3 Witnesses

The Comptroller and Auditor General Mr. Seamus McCarthy is a permanent witness to the Committee and attends all of its engagements.

The following table contains the names of witnesses who provided information to the Committee during its meetings on 25 and 26 November 2020, and 3 June 2021:

Department of Housing, Local Government and Heritage	
Mr. Graham Doyle	Secretary General
Ms Mary Hurley	Assistant Secretary General, Local Government Division
Ms Maria Graham	Assistant Secretary General, Planning Division
Mr. Feargal Ó Coigligh	Assistant Secretary General, Water Division
Mr. Barry Quinlan	Assistant Secretary General, Housing Delivery Division
Ms Aine Stapleton	Assistant Secretary General
Mr. Paul Lemass	Assistant Secretary General
Mr. John O'Connor	Chief Executive, Housing Agency
Ms Marguerite Ryan	Finance Officer
Ms Lorraine O'Donoghue	Principal Officer, Local Government Finance
Ms Sarah Neary	Principal Advisor, Housing Delivery Division
Mr. David Kelly	Principal Officer, Housing Delivery Division
Ms Deirdre Mason	Principal Officer
Mr. Eamonn Waters	Principal Officer

Department of Public Expenditure and Reform	
Ms Clare Costello	Principal Officer, Housing Vote Section

Appendix 4 References

Information from the following sources informed the Committee's recommendations: -

References
Transcript 25.11.2020
Transcript 26.11.2020
Transcript 03.06.2021
2019 Appropriation Account for Vote 34 – Housing, Planning and Local Government
C&AG's Report on the Accounts of the Public Services 2019 – Chapter 2
C&AG's Report on the Accounts of the Public Services 2019 – Chapter 11
C&AG's Report on the Accounts of the Public Services 2019 – Chapter 12
C&AG's Report on the Accounts of the Public Services 2019 – Chapter 13
Periodic Report No. 6 of the Committee of Public Accounts of the 32 nd Dáil
R0272 PAC33
R0712 PAC33
Report from the Working Group on the Defective Concrete Blocks Grant Scheme

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