

OPW Opening Statement to the Public Accounts Committee

Wednesday, 11th November 2020

Mr Chairman,

Thank you for your invitation to attend this meeting of the Public Accounts Committee. I am joined this afternoon by Kathryna Clifford, Head of Finance, and, in the adjoining room, by the two OPW Commissioners and members of our Management Board.

I hope the advance brief provided to the Committee answered the points specifically requested. I will present further summary information on the 2019 Appropriation Account for Vote 13 and comment on matters raised by the Comptroller and Auditor General (C&AG) in his report “Expenditure under a maintenance contract”.

The Office of Public Works is an essential part of how Government and the State delivers on a wide variety of projects for the public good. We are the State’s lead body on flood risk management; we provide office space for over 40,000 public servants; we maintain and showcase National Monuments and important historic buildings such as Kilkenny Castle, Castletown House, and Leinster House, where we are today; we manage public parks and gardens such as the Phoenix Park and the National Botanic Gardens; the State Art collection, State events, and Government publications.

Our Vision is to maintain - ‘Our built and natural environments in harmony’.

Our Purpose - ‘To provide the Government and the public with versatile,

innovative and specialist services '. Projects and requirements frequently change. What is constant, however, is the need for the State to have the expertise and capacity to deliver on its plans, for our people. That need is highlighted in the ongoing OPW response to Covid-19, the preparations for Brexit and how we have been advancing infrastructure projects since 2018 under the National Development Plan. This is about the readiness of the State now and for the future.

The 2019 Gross expenditure of the OPW was €455 million. In addition to expenditure on Vote 13, the OPW acts as an agent, undertaking work on behalf of other Government Departments and Agencies. Expenditure on this activity, in 2019 was a further €112 million. This appears as a charge on the accounts of the client organisations.

Exchequer funding to the OPW supports two core programmes of work, Flood Risk Management and Estate Management including Heritage Services.

Almost €100m was invested in Flood Risk Management in 2019. The OPW continues to implement a suite of infrastructural and other measures to mitigate the impact of flooding to people, homes, properties and businesses. Over 300 communities around the country, home to approximately 3 million citizens, will benefit from the current, 10-year, investment programme. This investment is providing tangible social and economic benefits to people, communities and the State.

€356m was invested in Estate Management. This is one of the largest and, certainly, the most wide-ranging property portfolios in the State. It includes

some 2,500 properties, managed as a shared service for over eighty government bodies in a very complex working environment. This has become more important for the State in that the OPW will play a key role in the design and delivery of the “workplace of the future”. That future will clearly be different in the aftermath of this pandemic and that future will come to pass much sooner than any of us would have anticipated a year ago.

In order to carry out its functions, the OPW uses a mix of in-house expertise and outsourced services - contracted through a variety of appropriate public procurement channels, including the measured term contract, to which the C&AG’s report refers.

The rationale for procuring works through the measured term contract is that it represents the most efficient mechanism for the delivery of repair, maintenance and small works across a diverse portfolio of some 600 properties in Dublin. The demand was underestimated when establishing the size of the contract, with the result that many more individual projects were undertaken than had been originally anticipated.

The contract was competitively tendered and the main contractor subsequently sub-contracted many of the labour intensive works to 60 or so small to medium size enterprises. The OPW consistently supports Government initiatives to promote SME participation in public procurement. Work was devolved across multiple suppliers, within the framework of a pre-tendered contract that provides certainty around standards and individual job costs. This type of “umbrella” contract enabled the OPW to provide ongoing, essential and

emergency services for public bodies in a cost effective manner whilst safeguarding public assets.

Brexit is a prime example of the OPW being called upon to carry out essential works for Government in an emergency. At the Governments request, the OPW developed facilities in Dublin Airport, Dublin Port, and Rosslare Europort which started as 9 projects in 2019 and eventually grew to 28 projects for four Government Departments so that the country is prepared for the UK leaving the customs union next month. Although never foreseen for projects of this scale, the measured term contract allowed for the delivery of this infrastructure, by the relevant deadlines while controlling cost and ensuring value.

I fully acknowledge the issues identified by the C&AG and have taken on board his recommendations. The report refers to procurement and contract management issues and I assure you, that the OPW is committed to being fully compliant in these areas, while also ensuring value for money and efficiency for the State in delivering essential services.

If I may, I would like to thank my colleagues in the Office for their work in delivering services during the Covid-19 pandemic. I thank you Chairman and the Committee members for your time and the Office of the C&AG for their work and recommendations and would welcome any questions.

Maurice Buckley
OPW Chairman