

Kevin OConnell

From: Lindsey Brady <lindsey.brady@opw.ie>
Sent: Tuesday 22 December 2020 16:50
To: Patrick Fannin; Public Accounts Committee
Cc: pac; Kathrynna Clifford
Subject: RE: PAC FLOOD RELIEF
Attachments: PAC Flood Relief re Deputy Hourigan 22 12 2020.pdf

Categories: Correspondence for future meetings

R0277 PAC33

Dear Pat,

Attached please find the OPW response to requests made by Deputy Hourigan in relation to OPW Flood Relief Schemes.

Kind regards,

Lindsey

Lindsey Brady
Personal Assistant to the Chairman

Oifig na nOibreacha Poiblí
Office of Public Works

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From: Lindsey Brady <lindsey.brady@opw.ie>
Sent: Wednesday 9 December 2020 16:38
To: Patrick.Fannin@oireachtas.ie; Public Accounts Committee <PAC@oireachtas.ie>
Cc: pac <pac@opw.ie>; Kathrynna Clifford <kathryna.clifford@opw.ie>
Subject: RE: PAC FLOOD RELIEF

Dear Pat,

In relation to your e-mail below and the requests made by Deputy Hourigan, I wish to advise that a response will issue w/e 18th December.

Kind regards,

Lindsey

Lindsey Brady

Personal Assistant to the Chairman

Oifig na nOibreacha Poiblí

Office of Public Works

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From: Patrick Fannin <Patrick.Fannin@oireachtas.ie>

Sent: Wednesday 4 November 2020 15:09

To: Kathrynna Clifford <kathryna.clifford@opw.ie>

Subject: as discussed re Flood Relief Schemes

Kathryna, as discussed, please see further details requested by Deputy Hourigan re Flood Relief Schemes.

Please let me know if this information can be provided in advance of the meeting next week.

1. Since the advent of the EU Floods Directive, the OPW have completed a large number of Flood Relief Schemes (FRSs), can you explain to the committee how you have analysed the completed project costs against the original estimates provided for these projects and can you share this information with the Committee?
2. Can you provide a tabulated comparison of the Construction Cost, the Capital Cost and the Project Cost at project approval stage and at completion of providing the infrastructure on Flood Relief Schemes for each of the Schemes the OPW has delivered in the last 10 years? Can this tabulated comparison of forecasts and the out turn be provided today (possibly after the recess) or in writing to this Committee by a certain date (please specify)?
3. There is specific concern that the costs for a number of Flood Relief Schemes completed or nearing completion that have reportedly run into multiples of the original forecasted cost when these projects were approved. Specifically the Clonakilty and the Bandon Flood Relief Schemes in West Cork. Can you provide the Final Capital Cost of these Schemes or the revised Estimated Cost at Completion or the Budget at Completion for these Schemes? If you cannot reveal these final budget figures, can you please provide the Investment to Date (ITD) figures in their place?
 - a. Can you please tell us how these costs compare to both the published forecasted cost when initial approval was sought for these projects and the Present Value Benefits that were calculated and published for these Schemes?

4. Can you explain to the Committee what the lessons learned have been in the forecasting procedures for Flood Relief Schemes following the OPW analysis of costs on the delivery of projects to date?

Please revert if you require further information.

Pat.

Pat Fannin | Committee of Public Accounts
Houses of the Oireachtas Service
Kildare House, Dublin 2 | D02 XE00
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Mr. Patrick Fannin,
Committee of Public Accounts,
Leinster House,
Kildare Street,
Dublin 2.
D02 XR20

22 December 2020

Issued by e-mail

Re: Committee of Public Accounts Meeting on the Appropriation Accounts 2019, Vote 13 – Office of Public Works.

Dear Pat,

I refer to the Committee of the Public Accounts of 11th November. Prior to this Committee meeting, Deputy Hourigan sought some information in relation to flood relief schemes. The OPW provided most of the information requested in advance of the Committee meeting in the document, *Budgeting and Costs Associated with Flood Relief Schemes in Ireland*, dated 11th November 2020. I can now provide the other information sought, specifically on the financial information on flood relief schemes over the past ten years. Can I apologise for the time it has taken to forward this additional information. While the majority of the information is readily available, for some older schemes the information requested pre dates the OPW's current financial systems and required retrieving hard-copy files.

Deputy Hourigan asked if the OPW *“can provide a tabulated comparison of the Construction Cost, the Capital Cost and the Project Cost at project approval stage and at completion of providing the infrastructure on Flood Relief Schemes for each of the Schemes the OPW has delivered in the last 10 years?”*

Following the meeting of the Committee on 11th November, the OPW set out the five Stages involved with completing a flood relief scheme and the fee structure for Engineering and Environmental Consultants who are engaged on all stages. The five stages are:

- Stage 1 (Flood Risk Assessment and Scheme Development, for example data collection, management of surveys, all hydrological and hydraulic analysis, and multi-criteria assessment of options)
- Stage 2 (Planning Consent, including all environmental requirements)
- Stage 3 (Detailed Design and Works Procurement)

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- Stage 4 (Construction, including role of Employer's Representative)
- Stage 5 (Handover)

The budgeting and costs involved with contractors at Stage 4, were outlined in the document *Budgeting and Costs Associated with Flood Relief Schemes in Ireland*, dated 11th November 2020.

In that context, it is important to clarify how the tabulated figures are presented:

Construction Budget Estimate

This is the OPW's estimate of the cost of constructing the flood relief scheme, and is set during the planning and detail design stages. The estimate includes allowance for the basis construction costs, and contractor claims for contingency, archaeological and environmental mitigation, and half of the overall estimate for landowner agreements for finishing works to the scheme. The figures are exclusive of VAT. This estimate, once set, has not been adjusted for construction inflation.

Construction Outturn Costs

This is the total expenditure to contractors, exclusive of VAT, for constructing the scheme. As well as including the construction costs and claims outlined in the Construction Budget Estimate, it also includes payment of further contractor claims, and final account settlements with the contractors. As highlighted, resolving disputed claims, and reaching confidential final account settlements can often involve protracted conciliation. Included are some examples of the value of total claims submitted by contractors as a separate column, for your information. Contractor claims do not arise for those schemes that are constructed by the OPW's own labour force. These schemes are indicated for reference.

Estimated Total Capital Budget

The estimated budget required to complete the scheme through all five stages above, including employer representative costs at Stage 4 and the 'other half' of the estimated costs of total landowner agreements, as compensation payments to landowners. This estimate includes VAT but excludes any cost of ongoing scheme maintenance. This estimate, once set, has not been adjusted for inflation.

Total Project Budget (Whole Life Cost)

A scheme has a lifecycle of 50 years. This budget estimate includes both the Estimated Total Capital Budget (as above) plus an estimate of the Net Present Value using a 4% discount rate, of the operation and maintenance costs, over the 50 years. This is estimate that was set at the time of project approval. While the figure presented here has not been adjusted for inflation, the Expected Total Spend – Lifetime of Project, set out in the Appropriate Accounts provides are more recent estimate of total spend on individual projects.

Total Costs (Outturn)

This figure is total expenditure on schemes to October 2020. It represents all costs through all five Stages, inclusive of VAT. For some schemes ongoing operational costs arise prior to certified



completion and/or handover, for example for demountable defences. Overall, the OPW has incurred small expenditure on ongoing maintenance.

Project	Year Completed	Construction Budget Estimate	Construction Outturn Costs	Claims Sought by Contractor	Estimated Total Capital Budget	Total Project Budget (Whole Life Cost)	Total Costs (Outturn)
Mallow North	2010	€15.1m	€13.9m	€6.2m	€19.2m	€22.7m	€20.3m #
Ennis Upper	2010	€9m	€9.7m	€6.3m	€11.8m	€13.7m	€11.9m
Carlow Phase A	2011	€7.2m	€3.4m		€10.0m	€10m	€4.5m
Fermoy North	2011	€6.3m	€5.2m	€3.1m	€8.5m	€9.9m	€8.6m #
Clonmel West	2012	€14.2m	€19.7m	€12.6m	€18.2m	€21.2m	€25.8m #
Mornington (OPW D/L)	2012	€4.3m	€3.8m		€6.0m	€6.9m	€4.6m
Johnstown (OPW D/L)	2012	€0.9m	€2.9m		€1.2m	€1.5m	€3.3m
Tullamore (OPW D/L)	2013	€0.9m	€1.8m		€1.1m	€1.3m	€2m
Carlow Phase B&C	2013	€1.7m	€1.5m		€2.6m	€2.9m	€2.4m
River Dodder (Tidal) (OPW D/L)	2013	€14.2m	€9m		€15.0m	€16.1m	€14.7m
Mallow South & west	2013	€8.5m	€10.5m	€25m	€12.2m \$	€14m	€18.3m #
Clonmel North	2013	€11.1m	€9.9m	€2.5m	€16.6m	€18.8m	€16.5m #
River Wad (OPW D/L)	2014	€4.8m	€3.8m		€5.5m	€5.5m	€5.5m
Fermoy South	2015	€19.3m	€20.2m	€20.5m	€25.0m	€29.5m	€27.6m #
Foynes	2017	€2.2m	€2.1m		€2.7m	€2.8m	€2.7m
Northlands (OPW D/L)	2017	€1.6m	€2.5m		€2.1m	€2.3m	€2.7m
Bray	2017	€32.9m	€30.5m	€18m	€40.7m	€46m	€42.3m
South Campshires (OPW D/L)	2017	€3.2m	€2.9m		€3.8m	€4.4m	€4.1m
Skibbereen	2018	€19.4m	€24.3m	€20m	€26.4m	€29.9m	€32.1m
Dunkellin (OPW D/L)	2019	€4.6m	€7.4m		€6.1m	€6.14m	€9.0m
Claregalway	2019	€5.6m	€9.9m		€7.1m	€7.13m	€10.8m



Footnotes:

(#) - Includes some elements of ongoing operational costs, including operation of demountable defences.

(\$) – The original Estimated Total Capital Budget of €21.9m was reduced following awarding of the contractor.

(OPW/DL) - These projects were constructed in whole or in part by the OPW’s own direct labour force.

Deputy Hourigan also sought the following:

“There is specific concern that the costs for a number of Flood Relief Schemes completed or nearing completion that have reportedly run into multiples of the original forecasted cost when these projects were approved. Specifically, the Clonakilty and the Bandon Flood Relief Schemes in West Cork. Can you provide the Final Capital Cost of these Schemes or the revised Estimated Cost at Completion or the Budget at Completion for these Schemes? If you cannot reveal these final budget figures, can you please provide the Investment to Date (ITD) figures in their place? Can you please tell us how these costs compare to both the published forecasted cost when initial approval was sought for these projects and the Present Value Benefits that were calculated and published for these Schemes?”.

Bandon and Clonakilty schemes are substantially complete.

Scheme	Estimated Total Capital Budget	Estimated Capital Cost to Completion	Claims Sought by Contractor	Present Value Benefits
	€m	€m	€m	€m
Bandon	22.1	31.2	37.4	32.6
Clonakilty	23.1	26.8	16	34.3

Footnotes:

1. All estimates and expenditure are inclusive of VAT
2. Estimated Total Capital Budgets were calculated prior to construction and have not been adjusted for inflation.
3. Estimated Capital Cost to Completion of Scheme does not include any allowance for maintenance. It includes payment of further contractor claims, and final account settlements with the contractors and, as above, the total value of claims submitted are provided for information.

The OPW has a strong track record of building flood relief schemes that protect at risk homes, businesses and communities. It has used lessons learned from projects to improve our engineering, procurement and project management through all five stages to scheme completion. These lessons and the proactive adoption by the OPW for continuous improvement have been outlined in earlier information provided to the Committee, including working with Contract Specialists to help inform



our budget estimation for schemes, and with Cork County Council on lessons that can further help control costs including with landowner agreements and contractor claims.

While the OPW strives to improve its project management and financial control, one key lesson to date is flood relief schemes cannot be constructed in a prescriptive manner. As schemes progress ground conditions especially as schemes are in urban areas and landowner agreements can alter the planned design and costs. Addressing these evolving issues are informed by the benefit to the level of protection to at risk families and businesses.

Yours sincerely,

Maurice Buckley

Chairman