



# **OPW Opening Statement to the Public Accounts Committee**

**15<sup>th</sup> December 2022**

Mr. Chairman,

I want to thank you and the members of the Committee for your invitation to attend this meeting of the Public Accounts Committee. I am joined this morning by members of the OPW Management Board,

- Rosemary Collier, Head of Heritage
- Mick Long, Head of Corporate Services
- Jim Casey, Head of Flood Risk Management
- Martin Bourke, Head of Estate Management and
- Ciaran O'Connor, State Architect.

I hope the advance brief and updates, provided to the Committee, included sufficient information on the matters raised in recent correspondence. However, I am happy to answer any queries on the updates provided or any other matters you may wish to raise with me or my Management Board colleagues today.

I will present some summary output information on the 2021 Appropriation Account for Vote 13 and comment further on matters raised by the Comptroller and Auditor General (C&AG) in his report "Contract Payments in respect of the Convention Centre Dublin".

However, can I firstly outline to the committee the essential role the Office of Public Works plays in how Government and the State delivers on a wide variety of projects for the Irish people. Our OPW Vision is to maintain - 'Our built and natural environments in harmony' and our Purpose is 'To provide the Government and the public with versatile, innovative and specialist services '.

I will refer to just some of those specialist services provided to Government;

- 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 Leinster House - where we are today
- We manage public parks and gardens
- We oversee the State Art collection
- And when called upon we co-ordinate State events.

The OPW's greatest strength is its people. They bring a focus and commitment to their roles and have a wide range of expertise and experience across the Property and Heritage Estates, and Flood Risk Management.

Projects and requirements of Governments 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 OPW's recent role in the State's response to the Ukraine humanitarian crisis, our ongoing work on the response to Brexit and the continuing delivery of infrastructure projects under the National Development Plan.

The 2021 Gross expenditure of the OPW was €493 million. In addition to the expenditure presented to you today on Vote 13, the OPW acts as an important delivery agent, undertaking work on behalf of other Government Departments and Agencies. Expenditure on this activity, in 2021 was an additional €183 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 under the Flood Risk Management programme in 2021 reflecting the significant growth in the number of schemes in the design and planning stage, through to construction in recent years. As part of the OPW's multi-faceted approach to flood relief, we continue to implement a suite of infrastructural and other measures to mitigate the impact of flooding on people, homes, properties and businesses. Over 300 communities around the country, home to approximately 3 million citizens, will benefit from the current investment programme.

€393m was invested in Estate Management in the past accounting year. 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 within a very complex working environment. This responsibility has become all the more essential for the State as the OPW supports the design and delivery of the "workplace of the future" for the Irish Civil Service. In the aftermath of the pandemic, both our future and our work places will be different as we address the most urgent issues of climate change and sustainability. The OPW is at the coalface of these issues across its remit. In delivering the workplace of the future we are working with clients to develop more sustainable and innovative accommodation solutions, including a number of notable retrofit projects happening within the OPW portfolio.

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 Comptroller's report refers. The procurement of these services, in a cost-effective, compliant and

transparent manner while continuing to meet the needs of Government is an ongoing challenge and one I am very conscious of.

Procuring works through framework contracts often represents the most efficient mechanism for the delivery of maintenance and small works services. While the demand on the Dublin based Measured Term Maintenance Contract was underestimated when it was established, it nevertheless proved to be essential in delivering on the urgent critical infrastructure needed to prepare Government Departments for the impact of Brexit.

Brexit is an example of the OPW being called upon to carry out essential works for Government at short notice. The initial request was for facilities at Dublin Airport, Dublin Port and Rosslare Europort. However, what started as 9 projects eventually grew to 28 projects for four Government Departments. This meant as a country we were prepared for the changes that ensued when the UK left the Customs Union. While it was not anticipated that the contract would be needed for projects of this scale, it nevertheless ensured essential infrastructure was delivered by over 60 small to medium sized sub-contractors in labour intensive works within the required deadlines, while controlling costs and ensuring value for money.

Separately, the Appropriation Account refers to a significant increase in the value of non-compliance with procurement rules. As referenced, the sum of €18m relates to regional spend on regional building maintenance works. This procurement process was based on a list system of engaging multiple SME contractors across the nationwide portfolio. Contracts in excess of the advertising threshold of €50,000 were awarded by way of competitive requests for tender. However, this system has since been proven to be non-compliant. In collaboration with the Office of Government Procurement and the LGOPC, the process of moving to a compliant system of procurement for these contracts is underway. This will see the level of contracts awarded in this manner

reduced by 50% in 2022 and they will continue to fall as contracts are closed out and new procurement frameworks are established.

From a wider perspective, an ongoing programme of procurement compliance improvements are being progressed across all sections of the OPW. A Corporate Procurement Plan for the Office is now in place and will be implemented under the auspices of a newly formed procurement advisory unit and an internal procurement network. The Office, while initially seeing an increase in the non-compliant returns on procurement through greater transparency, is now much better placed to deliver procurement compliance into the future. The Office of Government Procurement have engaged in detail with us on this matter and have been of tremendous assistance in our drive towards speedily reducing the level of non-compliance procurements while ensuring our continued ability to deliver for Government.

I would like to update the Committee on the latest position in relation to the performance shortfall at the Convention Centre in Dublin. I am aware that I had committed to a decision on the matter by October. However, the matter is a relative complex one and I am still considering legal advice and the position of the parent Department - the Department of Tourism, Culture, Arts, Gaeltacht, Sports and Media on the matter. I am also seeking further advice on the options available, from Eurostat and the Department of Public and Expenditure and Reform before reverting to the Convention Centre Dublin. I will revert to the Committee once a decision has been made by the OPW Management Board.

If I may, I would like to thank my colleagues in the Office for their work in delivering services as we emerge from the COVID 19 pandemic. I am honoured to work with such a

dedicated team in the OPW and we are very proud of the long legacy that the OPW has in delivering services to the Irish people across the country.

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.