



An Roinn Turasóireachta, Cultúir,
Ealaíon, Gaeltachta, Spóirt agus Meán
Department of Tourism, Culture,
Arts, Gaeltacht, Sport and Media

Briefing Document

for the

Public Accounts Committee

22 February 2024

Appropriation Account 2022

Vote 33 – Tourism, Culture, Arts, Gaeltacht, Sport and Media-
Programme D **and to discuss matters related to the oversight and
governance by Sport Ireland and the Department of Tourism,
Culture, Arts, Gaeltacht, Sport and Media of funding to the FAI**

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2022 Expenditure Programme D - Sports and Recreation Services

Background

The Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media was established on 27 June 2020 on foot of a re-configuration of Vote 33 with responsibility for Sport transferring in from the former Department of Transport, Tourism and Sport.

The mission of the Department in terms of Sports and Recreation Services (Programme D of Vote 33) is to promote greater sports participation by all, with particular focus on female participation and diversity, while continuing to invest in new sports facilities, high performance athletes and the hosting of major events.

Programme D

Gross expenditure on Sports and Recreation Services totalled just under €213 million in 2022. This allowed for the continued progression of various policy objectives throughout the year by the Department and their partners in the various sporting bodies, along with the ongoing provision of some supports to help recovery from the significant impact of the COVID-19 pandemic across the sector.

An additional €35 million was provided through Supplementary Estimate in 2022 to help alleviate the impact of increased energy costs for sports clubs and organisations with a view to ensuring that everyone could continue to enjoy the benefits of sport and physical activity over the winter months. The purpose of this additional funding was to support sporting organisations with the rising energy costs associated with the provision of sport, for example, around increased indoor activity and the provision of outdoor floodlighting.

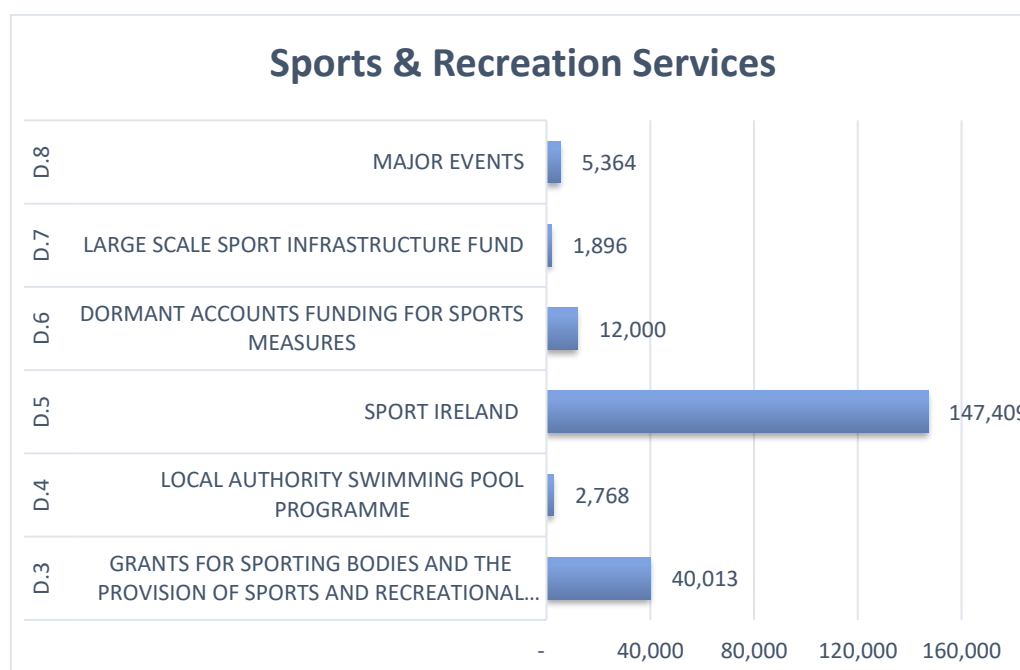
The 2020 round of the Sports Capital and Equipment Programme was finalised in 2022 with over 3,000 applications received and total funding of €166.6 million allocated to sports organisations and community groups across the country. Expenditure under the Sports Capital and Equipment programme subhead (D3) amounted to €40 million in 2022.

The Department undertook a public consultation on the hosting of major international sports events in 2022 and incurred expenditure of some €5.4 million under subhead D7 Major Sports Events in terms of examining and supporting the viability of bringing major sporting events to Ireland.

In 2022, the Dormant Accounts Fund (DAF) Action Plan prepared by the Department of Rural and Community Development approved an allocation of €12 million for sports measures which was expended in full. This funding supports programmes or projects which assist the personal and social development of persons with a disability, those who are economically or socially disadvantaged, as well as the educational development of those who are educationally disadvantaged.

Funding of €147.4 million was provided to Sport Ireland in 2022, including €35 million by way of Supplementary Estimate referenced above.

2022 Expenditure Programme D



Sport Ireland and oversight and governance of grant funding, including COVID-19 funding

Sport Ireland is the statutory body with responsibility for the development of sport in Ireland, including the allocation of funding across its various programmes. It also has responsibility for establishing the terms and conditions for its funding schemes and for ensuring that appropriate processes, procedures, controls and accounting mechanisms are in place in relation to that funding.

Significant Government funding of over €177 million has been provided under Covid-19 funding schemes for the sport sector since 2020. This funding helped sports organisations to recover and grow post-pandemic, supported the grassroots networks of clubs and local sports partnerships, and ensured a safe return to sport and physical activity for people of all ages and abilities. This significant investment benefited all levels of the sport sector, including thousands of grassroots clubs across the country.

The primary purpose of the Covid funding scheme was to prevent any viable sports organisation from becoming insolvent. The secondary purpose of the scheme was to ensure that the sports sector had the capacity to make a significant medium and long-term contribution to the public health of the nation.

COVID-19 support for the FAI

In total, €33.7 million was allocated to the FAI in Covid funding, as shown below. This funding supported the FAI, its affiliates, League of Ireland teams and over 400 grassroots clubs.

2020	€13.2m
2021	€19.0m
2022	€1.5m
Total	€33.7m

A strong post-allocation monitoring and compliance scheme in relation to the Covid-19 funding was put in place by Sport Ireland. This included NGBs reporting to Sport Ireland along with an external

auditor review and a Sport Ireland internal audit review. Each NGB was required to provide financial reports to Sport Ireland along with written reports on the allocation process followed, and the financial management and oversight of the funding they received.

Support for FAI - Memorandum of Understanding January 2020

In January 2020, the then-Minister for Transport, Tourism and Sport, and the then-Chairperson of the Football Association of Ireland (FAI), signed a Memorandum of Understanding (MOU) agreeing a financial support package for the association.

At the time the MOU was agreed, the FAI was in a perilous financial state and there was a real and imminent risk of insolvency. The support package ensured that this did not happen, and was conditional on the FAI implementing urgent and necessary reforms, including constitutional and council reform, and corporate governance and financial reforms. These have been supplemented by the recommendations from the 2019 IPA governance review of the FAI as well as the 2020 KOSI financial audit of the FAI.

The support package was approved by the Government on 30 January 2020.

This allowed the Government to restore funding of €2.9 million per annum to the FAI and to provide additional annual funding of €2.9 million for football development up to 2023. In recognition of the importance of the continued operation of the Aviva Stadium, the MOU also provided for a repayable grant to the FAI of €7.6338 million (paid in three instalments of €2.5446 million, directly to New Stadium DAC, trading as Aviva Stadium) towards the licence fee payable by the association for the Aviva Stadium up to 2022.

- ***Oversight and Governance of MOU***

A Governance Oversight Group was established by Sport Ireland in May 2020, pursuant to the MOU, to oversee FAI progress on implementation of governance reforms over the lifetime of this agreement for the period 2020-2023.

The Governance Oversight Group met 15 times, most recently on 6 December 2023.

The Governance Oversight Group also met annually with the Department to review the progress of reform and the implementation of the MOU. The 2023 meeting took place on 6 December 2023.

Sport Ireland submitted progress reports on implementation of reforms to the Minister via the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media on a quarterly basis.

A report on the overall implementation of the MOU was published on 30 January 2024. The report shows that the FAI has generally made good progress on the governance and financial reforms required under the MOU with implementation of 159 out of 163 items (98%) of the recommended reforms from within the Governance Review Group Report, KOSI audit, and commitments in the MOU. The report is available on the Department's website at the following link:

<https://www.gov.ie/en/publication/0be8d-report-on-mou/>

- ***Aviva Stadium Licence Fee***

As stated above, the MOU provided for a repayable grant, totalling €7.6338 million towards the licence fee payable by the FAI for the Aviva Stadium. This was paid by Sport Ireland in instalments of

€2,544,600 directly to New Stadium DAC (the company which operates the Aviva Stadium) on behalf of the FAI in each of the years 2020 to 2022.

In April 2020, a Memorandum of Agreement was drafted by Sport Ireland and entered into between Sport Ireland, the FAI, and New Stadium DAC (the company which operates the Aviva Stadium) for the disbursement of the FAI's licence fee to New Stadium DAC.

The Memorandum of Agreement sets out the arrangements for the management, administration and corporate governance relating to the grant, including a schedule of reports to be provided to Sport Ireland by New Stadium DAC as part of the monitoring and oversight arrangements.

The Memorandum of Agreement also confirms the FAI's agreement that Sport Ireland will recoup the grant from the FAI by way of a reduction of €1,000,000 in the annual grant provided by Sport Ireland to the FAI, from 2024 (inclusive) onwards until the full sum of €7,633,800 is recouped.

- **MOU 35 (Remuneration of CEO)**

One of those conditions set out in the MOU (MOU 35) relates to the remuneration of the CEO and requires that the FAI *"provide a firm commitment that remuneration of the Chief Executive will be in line with government pay guidelines (i.e. no greater than the remuneration of officers in the grade of Secretary General)"*.

An audit was commissioned by Sport Ireland and conducted by KOSI to consider whether this condition was embedded within the FAI in 2022. The primary finding of the audit is that MOU 35 was not embedded in the FAI in 2022.

On foot of confirmation from Sport Ireland that it was adequately assured that corrective actions have been taken to bring the FAI into compliance with MOU 35 for 2022 and 2023, the Department wrote to Sport Ireland on 30 November advising that funding to the FAI could be released. All outstanding funding has since been paid by Sport Ireland to the FAI.

Schoolboys/girls Football Association of Ireland (SFAI)

The operation of the schoolboys/schoolgirl leagues and governance arrangements are a matter for the Football Association of Ireland. The Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media does not allocate funding to the SFAI and has no role in relation to governance of the Association.

Betting Tax

KHSK Economic Consultants' September 2021 report to the FAI entitled *'Analysis of the Horse and Greyhound Racing Fund in the Context of Sports Funding in Ireland'* recommended that the method used to distribute revenue collected from excise duty on betting should be reformed so as to benefit additional sports, including football. In advance of Budgets 2023 and 2024, Minister Martin advocated to increase the betting tax levy from 2% to 3%, with the additional yield being allocated to the funding of largescale sporting infrastructure. The current position as to how the Horse and Greyhound Racing Fund, which is administered by the Department of Agriculture, Food and the Marine, is calculated and distributed remains unchanged. Any such changes are a matter for the Minister for Finance.

FAI plans for use of leased 30-acre site at Brook Lodge in Glanmire, Co. Cork.

The FAI wrote to the Department in May 2023 stating that the FAI Board and Executive had made the decision not to proceed with the Glanmire project. In this regard the FAI stated that the original proposal no longer represented the greatest return on investment for all parties involved. It should be noted however, that the FAI has also stated that it remains committed to supporting the development of a Munster Centre of Excellence facility in the Cork region. In this regard, the Association advised that it will continue to work with stakeholders to seek a new location for the Munster Centre of Excellence facility and will inform the Department once a site is identified. The Department awaits a new proposal from the FAI and will review it in accordance with the LSSIF guidelines, under which funding of €2,025,699 was provided for this project.

If any proposal emerges from the FAI which again seeks to develop the original site at Glanmire, the Department will of course be keen to see progress. The Department will continue to engage with the FAI in relation to the development of a Munster Centre of Excellence, including any proposal which seeks to develop the original site at Glanmire.

**Opening Remarks by Feargal Ó Coigligh, Secretary
General**

Public Accounts Committee

**Meeting with the Department of Tourism, Culture, Arts, Gaeltacht, Sport
and Media, Sport Ireland and representatives of FAI and SFAI**

22 February 2024

A Chathaoirligh, ar dtús ba mhaith liom mo bhuíochas a ghabháil chuig an gCoiste as ucht an cuireadh a bheith anseo inniu.

Fáiltím roimh an deis labhairt leis an gCoiste maidir le Cuntas Leithreasa 2022 don Roinn Turasóireachta, Cultúir, Ealaíon, Gaeltachta, Spóirt agus Meán mar a bhaineann sé le Clár D, Seirbhísí Spóirt agus Áineasa.

Programme D Expenditure

The Department, in tandem with Sport Ireland, worked to support and underpin the sport sector with effective policy measures and funding throughout 2022.

2022 saw a return to a relatively normal level of activity across the sporting sector from mid-year onwards, which was a welcome relief from the extensive pandemic restrictions of the previous 2 years.

Notwithstanding this, the impact of the restrictions continued to be felt across the sporting sector and required the ongoing provision of some recovery supports.

Total expenditure under Programme D: Sports and Recreational Services amounted to €212.9 million in 2022, representing an increase of 3% on 2021 expenditure.

This figure includes €35 million by way of supplementary estimate to Sport Ireland to help alleviate the impact of increased energy costs for sports clubs and

organisations, with a view to ensuring that everyone could continue to enjoy the benefits of sport and physical activity over the winter months.

The total allocation to Sport Ireland in 2022 was €147.4 million.

€40 million of the overall spend in the Sport budget related to expenditure under subhead D3 Sports Capital & Equipment Programme, which is the primary vehicle for Government support for the development of sports and recreational facilities and the purchase of non-personal sports equipment.

It is notable that the largest ever round of this Programme was finalised in 2022 with total funding of over €166.6 million allocated to sports organisations and community groups across the country.

In addition, the €12 million allocation from the Dormant Accounts Fund was expended in full on sports measures for the disadvantaged.

From a policy perspective, the Sports Leadership Group, which was established to oversee and drive the implementation of the National Sports Policy, continued its work, focusing in particular on the Sports Action Plan 2021-2023.

A new Masterplan for the Sport Ireland National Sports Campus was approved by Government in November 2022, providing the framework for the further development of the Campus for the next 15 to 20 years.

The Government continues to support the hosting of major sports events in Ireland and to explore further hosting opportunities. In 2022 the Department undertook a public consultation on the hosting of major international sports events. The result of that consultation is feeding into the development of a new Major Events Policy which is due for publication later this year.

The Aer Lingus College Classic series resumed in 2022 when Northwestern played Nebraska in Dublin with an estimated value of €69 million to the Irish economy.

Preparations were also progressed for the 2023 game between Notre Dame and Navy, the Europa League Final in 2024 and the hosting of the Ryder Cup in 2027.

FAI

Turning now to the matters relating to the FAI, the Memorandum of Understanding between the Government and the FAI, agreed in January 2020, provided for a package of funding of €5.8 million per annum to the FAI for the period 2020-2023 for football development.

In addition, a recoupable amount of €7.6338 million was also provided to the FAI towards the licence fee payable by the Association in relation to the Aviva Stadium for the years 2020 - 2022.

A further €33.7 million was provided to the FAI in COVID-19 grants between 2020 and 2022 as part of the Government's COVID-19 support for the sports sector. This significant level of funding supported the FAI, its affiliates, League of Ireland teams and over 400 grassroots clubs.

A further €1.2 million was provided under the Sport Energy Support Scheme in 2022.

The MOU provided for a comprehensive range of reform recommendations, 163 in total, which the FAI were to implement and embed over the lifetime of the MOU. Sport Ireland was tasked with monitoring the implementation of those recommendations.

On 30 January 2024, Minister Martin and Minister Byrne published a report on the progress made by the FAI in the implementation of reforms set out in the MOU. The report notes that 159 out of the 163 items (98%) are marked as either Complete or Phase 1 Complete.

With regard to the issue relating to the salary of the FAI CEO, the MOU stipulates that the remuneration of the CEO will be no greater than the remuneration of officers in the grade of Secretary General. This is identified as MOU condition no. 35.

KOSI's Audit Report examining compliance with MOU 35, commissioned by Sport Ireland, was received in the Department on 5 October 2023 and was subsequently reviewed and considered.

On foot of further engagement between the Department and Sport Ireland and the receipt of additional information from the FAI, Sport Ireland confirmed that it was adequately assured that MOU 35 is now fully implemented in the FAI and that the associated KOSI audit findings and recommendations have been satisfactorily implemented by the FAI.

On this basis, on 30 November last, the Department informed Sport Ireland that it could release the 2022 and 2023 funding to the FAI which it had previously delayed.

Conclusion

In concluding, I wish to confirm that the Department continues its work in supporting, maintaining and developing the sports sector, not forgetting the agencies, local authorities, organisations and clubs, and the many participants and volunteers, who all actively and regularly engage with this sector.

I am happy to expand on any of these areas, or to explore other areas within Programme D Sports and Recreation Services, as the Committee wishes.

Go raibh maith agaibh.