

PAC-R 759

**Correspondence 3D.1
Meeting – 06/12/2012**



**Public Accounts Committee
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Briefing Paper

Chapter 6: Public Private Partnerships: Water Services

Chapter 16: Central Government Funding of Local Authorities

Chapter 6: Public Private Partnerships: Water Services

The Comptroller and Auditor General Annual Report 2011 outlines 20 water services infrastructure projects that have or are being procured under the Public Private Partnership model – Design Build Operate Maintain (DBOM) in each case. The Report covers projects with an estimated capital cost of €20m or more. Anticipated expenditure in 2012 on these projects is €18.4m. A breakdown of expenditure by project to the end of 2011, together with a breakdown of anticipated expenditure in 2012 and later years, are set out in the following table. There were no new water services infrastructure projects with a capital cost of €20m or more that were procured under the DBOM model since the end of 2011.

	Scope of project	Key project dates			Expenditure (€m)			
		Contract signed	Service commencement	Contract end	Pre 2012	Estimated 2012	Future commitment	Projected total expenditure
Dept of Environment, Community & Local Government (Expenditure/commitments data exclude those of local authorities)								
Waste Water Treatment Projects								
	Dublin Bay treatment plant	March '01	2003	2024	227.9	0.0	-	232.6
	Wexford treatment plant	July '99	2004	2026	18.4	0.0	-	18.4
	Cork treatment plant	December '01	2004	2027	68.1	0.0	-	68.1
	Balbriggan/Skerries treatment plant	September '04	2006	2028	20.6	0.0	-	20.6
	South Tipperary treatment plant group	March '03	2007	2029	13.4	0.0	-	13.4
	Dungarvan treatment plant	April '04	2007	2029	12.2	0.0	-	12.2
	Sligo treatment plant	September '06	2008	2030	17.0	0.0	-	17.0
	Donegal treatment plant group	June '06	2008	2030	25.2	0.0	-	25.2
	Waterford treatment plant	September '06	2011	2031	25.5	0.0	0.6	26.1
	Meath Villages treatment plant group	October '07	2010	2032	23.1	0.0	-	23.1
	Portlaoise treatment plant	December '06	2009	2031	20.1	0.0	-	20.1
	Mullingar treatment plant	April '08	2010	2032	16.5	0.0	-	16.5
	Castlebar treatment plant	September '08	2010	2032	11.4	0.0	-	11.4
	Bray/Shanganagh treatment plant	September '08	2011	2031	56.4	0.0	-	56.4
	Wicklow treatment plant	September '07	2009	2031	14.4	0.0	-	14.4
	Tullamore treatment plant	April '10	2012	2032	15.1	0.0	0.6	15.7
	Portrane/Donabate/Rush/Lusk treatment plant group	February '10	2012	2032	27.2	0.0	7.0	34.2
	Letterkenny treatment plant	February '11	2013	2033	13.7	5.2	6.3	25.2
Water Treatment Projects								
	Clareville water treatment project	December '06	2010	2030	16.7	0.0	-	16.7
	Barrow Abstraction – Srowland Treatment plant	April '11	2013	2033	6.7	13.2	0.3	20.2*
*Updated cost								

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Chapter 16: Central Government Funding of Local Authorities

Local Government Finance (Paras. 16.1-16.9)

Total expenditure by local authorities in 2010 was some €7.9 billion, made up of €3.0 billion in capital and €4.9 billion in current expenditure. Total expenditure for 2011 is expected to have been some €7 billion, comprising €2.3 billion capital and €4.7 billion current.

A Household Charge has been introduced by the Local Government (Household Charge) Act 2011 which is payable by owners of residential property. The EU/IMF Programme of Financial Support for Ireland commits the Government to the introduction of a property tax. The Household Charge is an interim measure; the revenue from the Charge is paid into the Local Government Fund and replaces income from the Exchequer contribution to the Fund which ceased in 2012. As of 28 November 2012, the Charge has raised €111.1m and the local government sector continues to work to achieve as high a compliance rate as possible. The Household Charge will be replaced by the Local Property Tax in 2013.

Urban Waste Water Treatment Performance Measures (Paras. 16.10-16.31)

Urban Waste Water Treatment

The EPA published its report on Urban Waste Water Discharges in Ireland 2008/2009 in February 2012. The report also included data on license enforcement up to 2010 and statistics on waste water discharge authorisations up to 2011. Additional data on waste water discharges for 2010 were subsequently published in an update report in June 2012.

The reports highlighted the need for continued investment in waste water treatment infrastructure. The EPA has listed a number of areas where secondary treatment or secondary treatment with nutrient reduction is still required and all of these locations are included in the current Water Services Investment Programme, with contracts underway or schemes in planning with a view to completion by 2015 at the latest.

Paragraph 16.27 of the C and AG report highlights that the EPA is committed to publishing data on effluent quality and plant performance for any given year by the end of the following year. The EPA is currently finalising a report using the 2011 waste water data and it is understood that this report will be available before the end of 2012.

Water Services Investment Programme

The Water Services Investment Programme (WSIP) is the instrument through which all major public water and wastewater infrastructure schemes are delivered. The Department is responsible for prioritising, approving, scheduling and financing individual schemes. The Programme is implemented through the 34 water services authorities (city and county councils) who are responsible for design, procurement, contract supervision and post-completion operation and maintenance.

The high level goal of the WSIP is to ensure that the timing and scale of water services investment facilitates economic and other development, compliance with statutory requirements for drinking water and wastewater treatment and the achievement of environmental sustainability objectives.

The WSIP is supplemented by annual block allocations to water services authorities under the largely devolved Rural Water Programme. The priority under this programme is the need to address water quality problems in privately sourced group water schemes. However, funds are also available within the block grants to enable local authorities to proceed with small public schemes (costing less than €1m) on a devolved basis.

The current investment programme is detailed in the *Water Services Investment Programme 2010 – 2012*. This programme will roll over into 2013 to:

- accommodate completion of works that have not yet commenced due to a slowdown in building activity,
- allow for the development of a transitional programme to cover the period 2014 – 2015 while responsibility for water services transfers from the local authorities to the new water utility.

To date, 169 contracts in the programme have been completed and a further 82 are in progress. The 2012 allocation under the WSIP is €331m. It is expected that by the end of the year over 30 contracts will have been completed during 2012.

Housing Issues (Paras. 16.32-16.44)

This part of the Comptroller's report summarises the present position in addressing issues associated with affordable housing in light of change in housing market conditions. In addition, it records, as regards the Land Aggregation Scheme, that following a review of the scheme in 2012 the manner of loan redemption was altered under new arrangements for the scheme. Instead of using capital monies to pay off the loans of some authorities, all of the eligible matured loans will now be converted into mortgages of up to 25 years with interest and capital payments made by the housing authority to the HFA and the amount recouped by the Department. The revised terms of the scheme were notified to local authorities on 21 June 2012.

Applications totalling some €287m¹ from 28 housing authorities and the National Building Agency have been received by the Department. To end October 2012, 63 sites had been approved for inclusion in the scheme; this represents some 206 hectares and just under €132.5m in HFA loans. The outstanding HFA loans on 47 of these sites have been redeemed by local authorities with money provided by the Department. The remaining 16 sites fall under the new financial arrangements under which the Department makes the annuity repayment amount available to the local authority following acceptance of the site into the scheme and its transfer to the HSC Ltd.

¹ This figure changes when interest accrues or if interest rates change.

€414,949 has been paid to HSC Ltd. in respect of administration costs associated with reviewing and assessing the lands put forward for inclusion in the Land Aggregation Scheme. At end October 2012, 17 parcels of land have been transferred to HSC Ltd. and, in the case of 15 others, the legal contract documents for the transfer have been exchanged and are awaiting execution subject to the finalisation of some outstanding queries. Contracts have been received by HSC Ltd in relation to a further 6 sites which are currently being reviewed. For the remaining 25 sites, the process of transferring the land is underway.

**Department of the Environment, Community and Local Government,
29 November 2012.**