



**NOTIFICATION TO ATTEND MEETING OF THE FINANCE SPC**  
**TO BE HELD IN THE COUNCIL CHAMBER, CITY HALL, DAME STREET, DUBLIN 2.**  
**ON THURSDAY 20 SEPTEMBER 2018 AT 3.00 PM**

**AGENDA**

**THURSDAY 20 SEPTEMBER 2018**

**PAGE**

1	Draft minutes of meeting held on 17th May 2018	3 - 6
2	Matters arising	
3	EURO 2020 - Delegation	
4	Housing Rents report	7 - 20
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6	North City Operations Depot	33 - 48
7	Service Delivery & Resources Working Group - Draft Minutes of Meeting May 24th 2018	49 - 50
8	Audit Committee Meeting - March 8th 2018 - Agreed Minutes	51 - 56
9	Motion from Fianna Fail Group - Cllr. Tom Brabazon	
	<b>“To establish an affordable housing capital fund through borrowing from the Housing Finance Agency”</b>	
10	Motion in the name of Cllrs. Rebecca Moynihan and Emma Murphy	
	<b>“Dublin City Council recognises that period poverty is a very real issue for women in low income households. As a City Council we have a responsibility to break down the stigma around periods and tackling period poverty. Dublin City Council agree to have free sanitary products available in the toilets of all Dublin City Council buildings, including community centres, swimming pools and libraries”.</b>	



**Finance Strategic Policy Committee**  
**Minutes of Meeting Held On 17<sup>th</sup> May 2018**

**1. Minutes – March 15<sup>th</sup> 2018**

Noted

**2. Correspondence:**

**Item a)** LPT review was noted. Cllr. McGinley provided a summary of the meeting attended by the representative group to the Joint Oireachtas Committee on Housing, Planning and Local Government to discuss the SPC's submission. Discussions on the make-up of the representative group for any future meetings was noted.

**Agreed:** An additional copy of the published report from the Select Committee on Budgetary Oversight re: Local Property Tax would be circulated to members.

**Items b) – e)** were noted.

**3. Review of Vacant Commercial Properties – presentation from Richard Shakespeare, ACE, Planning and Property Development Department**

K. Quinn gave a brief background to the presentation of this report which followed the presentation last year of the report prepared by Tony Foley on behalf of the committee relating to an analysis vacancy refunds rates of commercial rates. R. Shakespeare made this presentation to the Committee highlighting the following:

- Update on Active Land Management;
- Updates on the Derelict Sites Register, Vacant Sites Register, Living City Initiatives and Regeneration Projects;
- Use of Compulsory Purchase Orders;
- Establishment of a new administration unit and multidisciplinary & interdepartmental teams;
- Budget in place to acquire properties.

At the conclusion of this presentation, the following issues were noted or agreed:

- Outline of the appeals process available to property owners.
- Identification of smaller sites for building on.
- Queries around the provision of funding for building and government commitments made on this matter.
- Clarification that not all vacant lands are suitable for housing.
- Request for confirm of the status of various vacant properties identified by members or any other premises referred by councillors.
- Reference was made that the focus of vacant lands should be for use for building social and affordable housing.
- Future role of DCC with new National Regeneration Development Agency.
- Update on depot sites and possibility of the Council building on these sites; Chief Executive to provide update to future council meeting.

**Agreed:** It was requested that a copy of this presentation would be circulated to all councillors.

**Agreed:** It was further agreed that R. Shakespeare will clarify if a listing of vacant sites can be circulated.

#### **4. Development Contributions Report 2016-2020**

Fintan Moran, Head of Management Accounting, provided the committee with an analysis of development contributions at year end 2017 outlining projects to which development contribution funding have been applied in 2017.

This report highlighted the basis for these contributions, rates of development contributions and the allocation of contributions across the five classes of public infrastructure and facilities. It was noted that development contributions constitute €141.5m of the total internal funding of €183.9m required for the total Capital Programme 2018-2020 of €1.65bn

**Agreed:** A report on the proposals for the Upgrade of the Liffey Boardwalk will be provided to the next meeting.

#### **5. Annual Financial Statement 2017**

Victor Leonov, Finance Department, made a presentation to the committee based on the accounts produced at the end of 2017. The accounts are prepared in accordance with the Local Authority Code of Practice issued by the Department of Housing, Planning and Local Government. The presentation provided details of the following:

- Analysis of Revenue Income and Expenditure
- Analysis of Expenditure & Income on the Capital Account
- Listing of projects with debit balances with an identified funding mechanism
- Capital Income by source and Capital Expenditure by service
- Statements of financial position and fund flows at 31/12/17
- Analysis of loans
- Analysis of Trade Debtors
- Details of the Major Revenue Collections for 2017
- Summary of Local Property Tax

A detailed discussion took place around the issue of the final €3.9m discretionary funding available to the council from the Local Property Tax.

#### **6. Debtors Balance Quarter 4 2017**

This report was taken in tandem with the AFS presentation.

**Agreed:** At the conclusion of the discussions, it was agreed that further reports would be presented to the September SPC meeting on:

- Government debtors
- Housing rent arrears
- Housing debit balances
- Debtors aged analysis

**7. LPT Review – update**

An update of this matter was circulated to members. It was highlighted that the main focus of the delegation who attended the Joint Oireachtas Committee meeting was the need for the issue of equalisation to be addressed.

**Agreed:** It was agreed that this item would be listed for update on the November SPC meeting.

**8. Development of Social Clause Measures in the Procurement Process**

A report on this issue was circulated to members noting the Council's long term strategy of fully integrating social and employment related considerations into its procurement procedures. Consideration of incorporating social clauses into the contract award criteria of certain tenders and the relative weighting given to this criterion has been a first step in this implementation. The incorporation of a social requirement into the criteria of the Council's security services contract is underway and the contract will shortly be advertised.

A. Nangle, SEO, Central Procurement Unit clarified issues for the members around market engagement, compliance and monitoring, incorporation of social clauses into construction contracts and working within the OGP frameworks.

**Agreed:** A progress report in six months times will be presented to the November SPC meeting.

**9. A.O.B.**

**Motion in the name of the Fianna Fail Group:**

"To establish an affordable housing capital fund through borrowing from the Housing Finance Agency"

This item was deferred at the requested of Cllr. Tom Brabazon to the next scheduled meeting.

**EURO 2020**

It was noted that representatives of FAI, UEFA and Dublin City Council involved in preparations for the EURO 2020 tournament have been invited to the September SPC meeting.

**Signed:** **Councillor Ruairi McGinley**  
**Chairperson**

**Date: 17<sup>th</sup> May 2018**

## **Attendance:**

### **Members**

Councillor Ruairi McGinley (Chairperson)  
Councillor Paddy Bourke  
Councillor Tom Brabazon  
Cllr Brendan Carr  
Councillor Dermot Lacey  
Councillor Paddy McCartan  
Councillor Larry O'Toole  
Councillor Noeleen Reilly  
Councillor Nial Ring  
Councillor Séamas McGrattan  
Dr. Caroline McMullan, DCU  
Aidan Sweeney, IBEC

### **Officials**

Kathy Quinn, Head of Finance  
Fintan Moran, Head of Management Accounting, Finance Department  
Richard Shakespeare, ACE, Planning and Property Development Department  
Victor Leonov, Professional Accounting, Financial Accounting Unit,  
Alan Nangle, Senior Executive Officer, Central Procurement and Stores Management Unit  
Maire Igoe, Senior Executive Officer, Planning and Property Development Department  
Avril Feeney, Administrative Officer, Planning and Property Development Department  
Fiona Murphy, Senior Staff Officer, Finance Secretariat  
Lisa Nolan, Staff Officer (Secretarial)

### **Apologies**

An tArdmhéara Micheál MacDonncha  
Councillor Ray McAdam  
Eric Fleming, ICTU  
Aebhric McGibney, Dublin Chamber of Commerce  
Morgan O'Regan, Docklands Business Forum  
Joanna Piechota, Irish Polish Society

### **Media**

Olivia Kelly, Irish Times

The background image shows the interior of a large, ornate domed hall, likely a government or institutional building. The ceiling is a large dome with a series of circular skylights and decorative gold-colored patterns. The walls are lined with tall, fluted classical columns. Between the columns are large statues of figures in classical attire. The overall atmosphere is grand and formal.

# **Presentation to Finance SPC Housing Rents and Arrears September 2018**

# Background

- ▶ Dublin City Council has 24,236 tenancies
- ▶ Differential Rent Charge is related to household income
- ▶ The current weekly average rent charge is €64.76
- ▶ The minimum weekly rent charge based on the Social Welfare payment of €198 is €24.90



# Key Points

- ▶ There are 1,023 tenants on the minimum rent charge
- ▶ The current highest weekly rent charge is €237

## Annual Rent Charges

2014– €71.1M

2015– €73.3M

2016– €75.8m

2017– €79.5m

- ▶ The annual rent charge for over 24000 tenancies has consistently increased with a significant increase of nearly 5% of €3.7m in 2017 relative to 2016.

# Annual Collection Rate

The collection rate has been 100% over the last number of years with an increase of €2.5m in 2017 relative to 2016

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Year	Debit – Rent Charge	Payments	%
2017	€79,449	€78,329	99%
2016	€75,836	€75,784	100%
2015	€73,311	€73,743	101%
2014	€71,175	€72,420	102%

# DCC Adopted Budget Objectives 2018

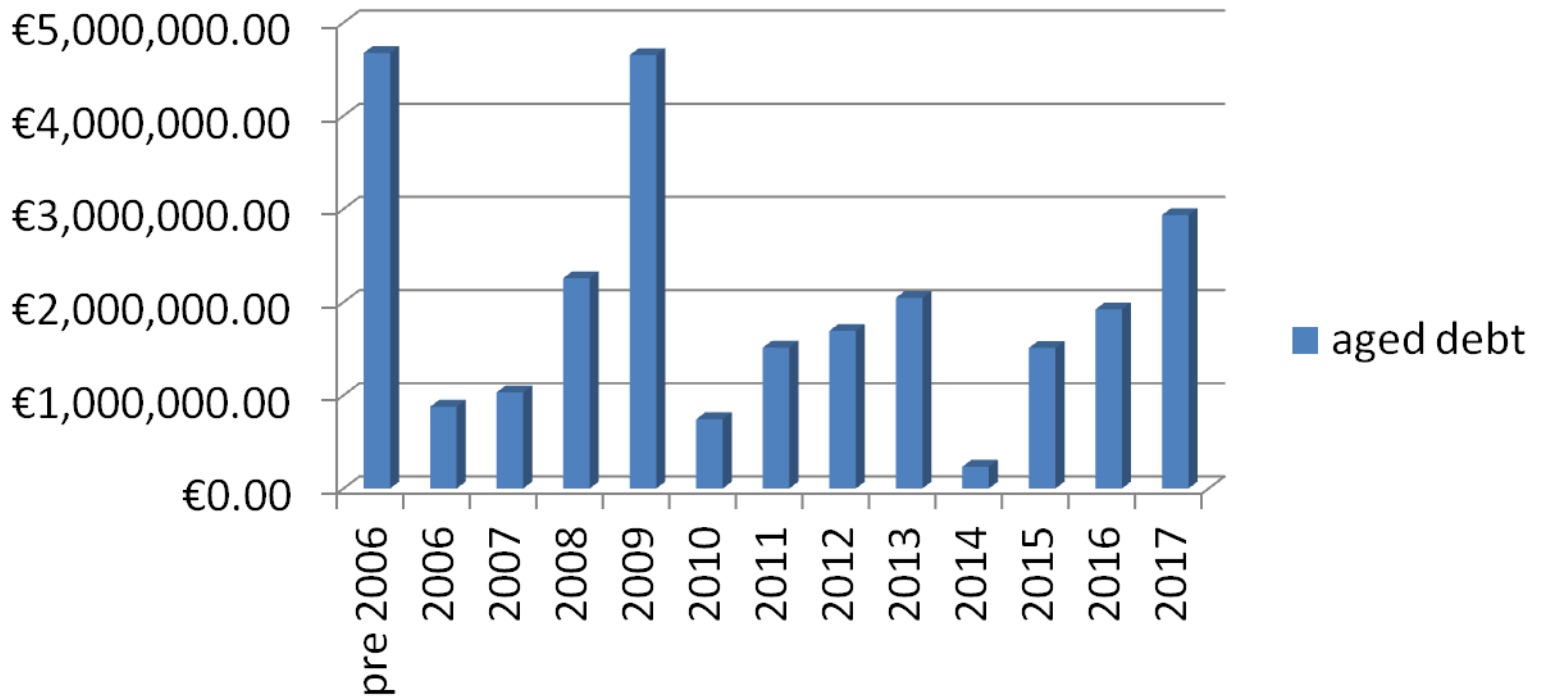
- ▶ Maintain current high payment levels.
- ▶ Continue to work with tenants in addressing rent arrears.
- ▶ Continue with early intervention strategies to prevent tenants falling into arrears situations
- ▶ Promote the Customer “on-line” service which allows tenants to view their rent balances on-line.

# Arrears / Debtors

- ▶ Arrears are caused by under-declaration of income and non-payment or insufficient payment of weekly rent charge.
- ▶ The Council's arrears have been predominantly caused by the failure of tenants to notify the Council of up to date income details
- ▶ It is DCC's policy to apply retrospective debits where undeclared income becomes evident
- ▶ 12,000 rent accounts reviewed annually to avoid the need for large debits being applied.

# Aged Debt

aged debt



# Key Points Arrears

- ▶ 10,792 tenants have a clear rent account or are in credit

## Arrears Statistics 2018

- 13,172 tenants in arrears(54% of total tenancies)
  - 43% owe less than €500
  - Based on the industry standard of 3 months in arrears 27% of tenants are in arrears of more than 12 weeks rent charge
- 
- ▶ Current Net Rent Arrears – €25.5m

# Change in Legislation

- Part 2 Housing ( Miscellaneous Provisions) Act 2014 replaced Section 62 of Housing Act 1966
  - Commenced in April 2015
  - Tenancies no longer terminated by Notice To Quit replaced by serving Tenancy Warnings
  - Where arrears are still increasing and no agreement has been entered into or where agreements made are not adhered to, an application for re-possession of the property through the Courts is prepared.
  - Tenant is afforded every opportunity to engage with Dublin City Council to avoid losing their tenancy.

# Procedure for dealing with non payment

- ▶ The Arrears Management Section engage at an early stage to assist tenants who are experiencing difficulty with payment of weekly rent.
- ▶ Every effort is made to agree a realistic repayment plan.
- ▶ Tenants are contacted by letter and are also contacted by telephone or by EHO visit.



# Procedure for dealing with non payment

- ▶ Where there is no response or where there is still no payment made a Tenancy Warning is issued.
- ▶ The Tenant has 10 working days to appeal the warning.
- ▶ 518 Tenancy Warnings issued to date.
  - 14 cases proceeded to Court.
  - 3 orders for re-possession have been granted.
  - No re-possession have taken place.

# Arrears Management

- ▶ Early intervention– accounts falling into arrears are identified and tenants are contacted to enter into an agreement so as to prevent arrears accruing
- ▶ Promoting Direct Debit/Household Budget Payments
- ▶ Advising on Debt Solutions
- ▶ On line portal now available to allow tenants view their account statement and balances

# Arrears Management

- ▶ Tenants will not have routine repairs carried out if their account is in arrears and they have not entered or adhered to a repayment plan
- ▶ Tenants in arrears will not be considered for a transfer until there is a repayment plan in place demonstrating a satisfactory payment record

# Dublin City Council Rent Assessment & Collection



**Feidhmeannacht um Dhaoine ar Easpa**  
**Dídine Réigiún Bhaile Átha Cliath**  
Dublin Region Homeless Executive

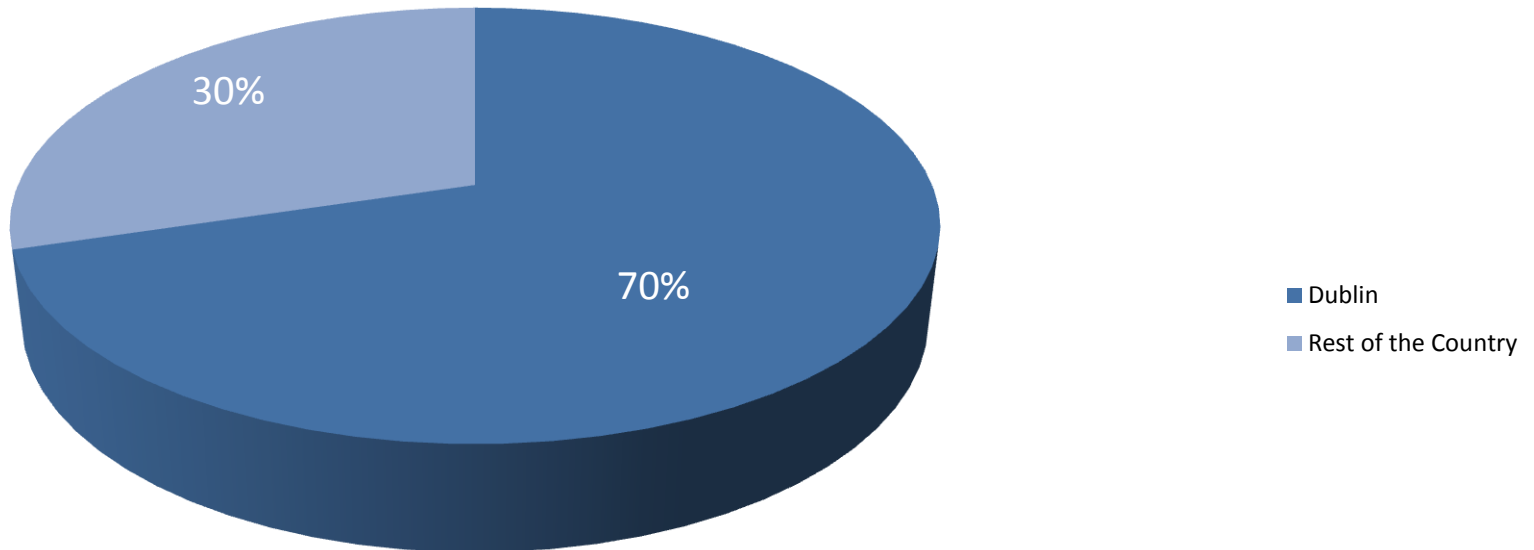
# Homeless Finance

**Report to Finance SPC**  
**20<sup>th</sup> September 2018**



# Homelessness in Ireland – June 2018

National Homeless: 9,872

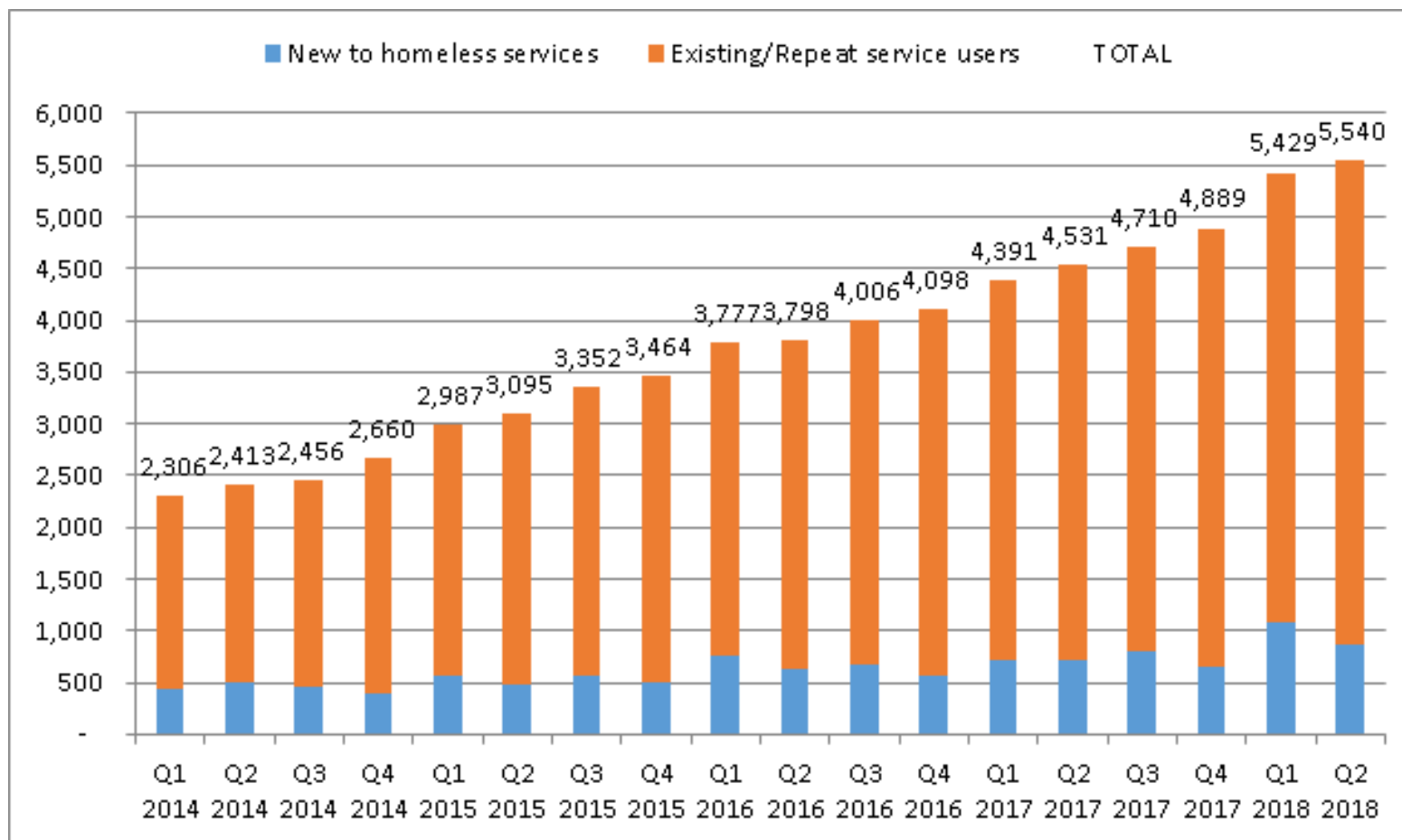


Dublin = 68% adults (4,083); 75% children (2,858) = 6,941

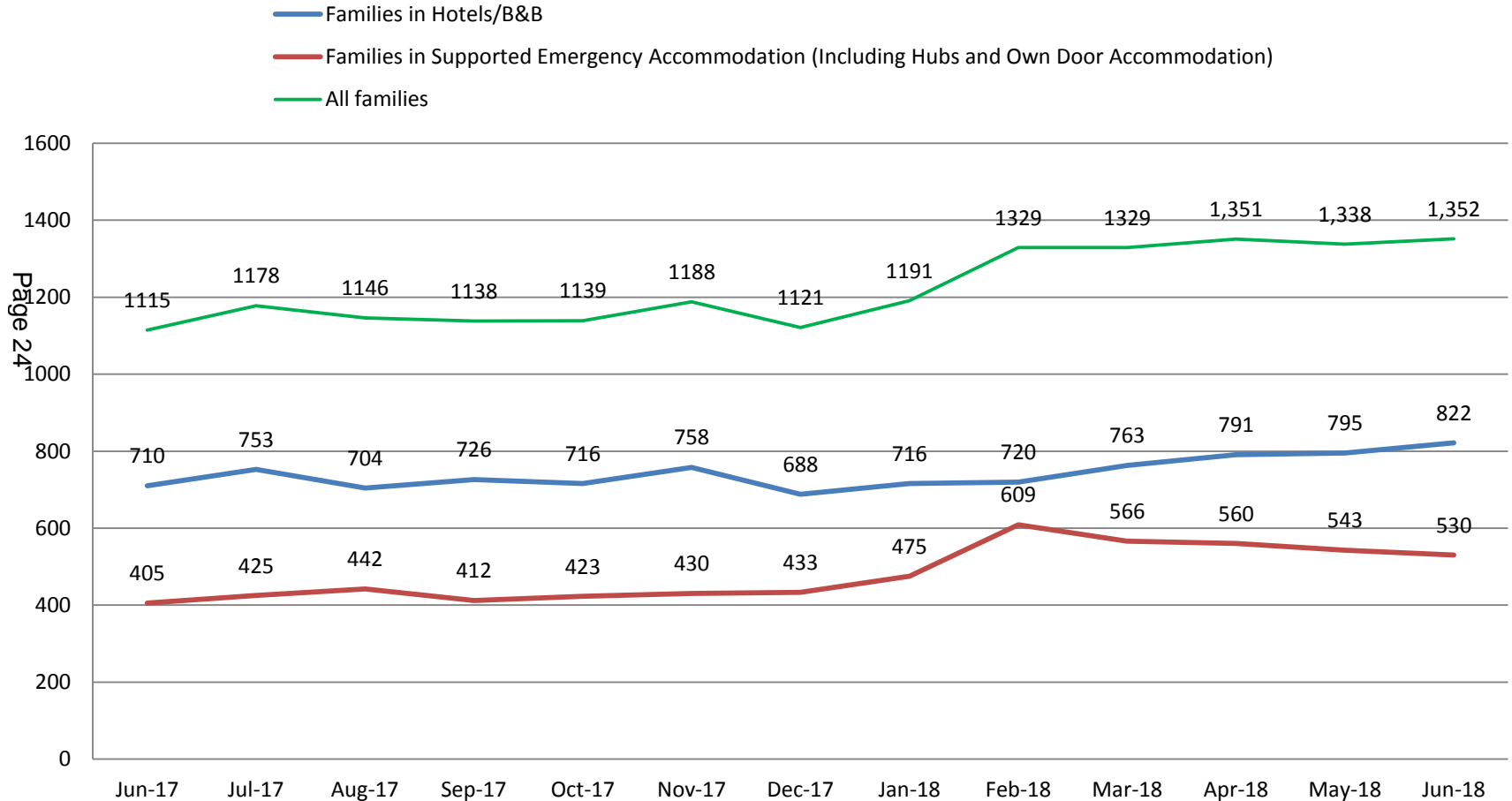


# Adult Emergency Accommodation Use in Dublin Region – Q2 2018

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# Family Accommodation Type





# Monthly Family Presentations

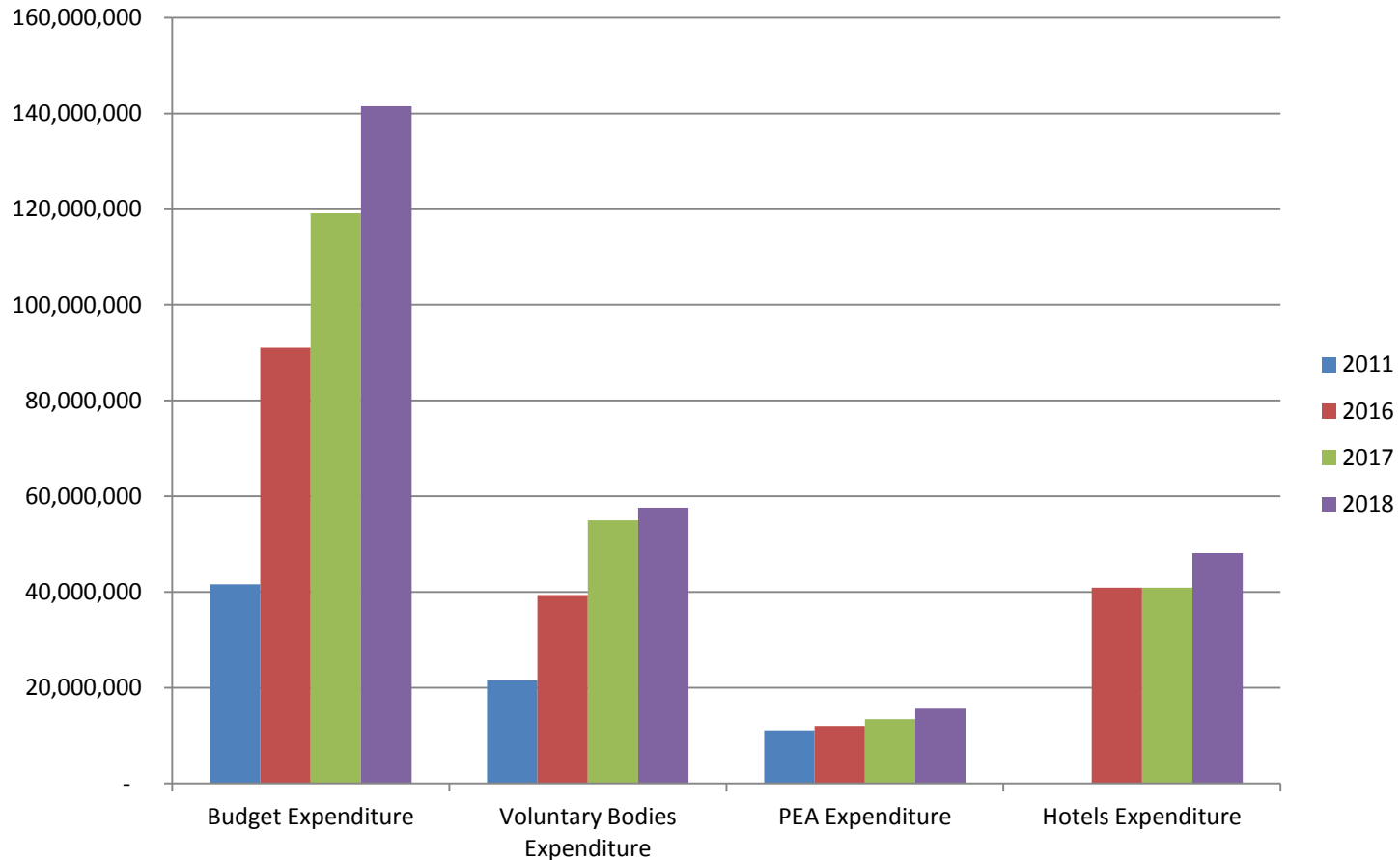
Month	Presentations	Preventions	Entered EA*	Exits
Jan-18	179	70	109	77
Feb-18	185	83	102	61
Mar-18	144	62	82	39
Apr-18	181	91	90	45
May-18	169	90	79	38
Jun-18	233	141	92	63

\*EA = Emergency Accommodation

# Homeless Finance – What we do

- Prepare Annual Budget – Second Biggest Section Budget in DCC
- Budget Monitoring & Reporting
- Year End Accounting & Local Government Auditor
- DHPLG Section 10 Protocol
- Voluntary Bodies - Service Level Agreements & Financial Returns
- Landlords, Hotels and General Payments
- Recoupment
- Procurement
- Finance & Governance Audit

# The Homeless Budget has grown from €41.6m in 2011 to €142.3m in 2018



# 2018 Budget

2018 - Adopted Budget			
Expenditure		Income	
Homeless Hotels	48,135,243	DHP&LG	118,149,253
Homeless Family Hubs	11,452,445	Dublin LA's	6,000,000
Homeless Voluntary Bodies	57,638,689	Other (HSE/Health & Misc)	1,174,064
Homeless Admin/Services	9,528,755		
Homeless PEA	15,635,102	<b>Total Income</b>	<b>125,323,317</b>
		DCC Contribution	17,066,917
<b>Total Expenditure</b>	<b>142,390,234</b>	<b>Total Income</b>	<b>142,390,234</b>

# Claims to DHPLG/Paid to Date

- Homeless HAP 2017/ 2018

	2017	2018
<i>Claimed</i>	€10,575,688	€4,679,471
<i>Paid</i>	€6,999,113	€1,533,131
<i>Outstanding</i>	€3,576,575	€3,146,340

- Protocol Financial Report

## Q1 2018

Claimed	€32,977,353
Paid DoHPLG	€30,000,000
Paid Other Local Authorities	€1,500,000
Outstanding	€1,477,353






## Q2 2018

Claimed	€35,525,466
Paid DoHPLG	€15,000,000
Paid Other Local Authorities	€1,500,000
Outstanding	€19,025,466

- Movement in Government Debtor

Year Ending 31/12/2016	Year Ending 31/12/2017
DebtorBalance €4,983,219	DebtorBalance €24,266,066
Paid €4,983,219 June 2017	Paid €24,266,066 April 2018
Outstanding €0	Outstanding €0

# Analysis of Homeless Expenditure

Description	2018 - Adopted		2018 - Revised		2019 - Estimated	
	Budget	% Share	Budget	% Share	Budget	% Share
<b>Expenditure</b>	142,390,234		144,409,788		151,078,404	
<b>Income</b>						
DoHP&LG	118,149,243	83.0%	120,168,797 	83.2%	126,837,413	84.0%
Dublin LA's	6,020,000	4.2%	6,020,000	4.2%	6,020,000	4.0%
Other (HSE/Health & Misc)	1,154,074	0.8%	1,154,074	0.8%	1,154,074	0.8%
<b>Total Income</b>	<b>125,323,317</b> 	88.0%	<b>127,342,871</b> 	88.2%	134,011,487	88.7%
DCC Contribution	17,066,917	12.0%	17,066,917	11.8%	17,066,917	11.3%
<b>Total Expenditure</b>	<b>142,390,234</b> 	100.0%	<b>144,409,788</b> 	100.0%	151,078,404	100.0%



**Feidhmeannacht um Dhaoine ar Easpa**  
**Dídine Réigiún Bhaile Átha Cliath**  
Dublin Region Homeless Executive

# Thank You







# Proposed Consolidation of the City Council's Operational Depot Network

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**Finance SPC**  
**20<sup>th</sup> September 2018**



Comhairle Cathrach  
Bhaile Átha Cliath  
Dublin City Council

# Project Context

This project is a major re-organisation of the Council's depot network

The key drivers include:

- Page 34
- Critical role played by Direct Labour in delivering Council services
  - Improvement of facilities for Direct Labour staff
  - Reduction in operating costs and realisation of efficiencies e.g. duplication of workshops, administration etc.
  - Release of lands housing current depots, many of which conflict with current land use zonings, for more appropriate uses in line with City Development Plan



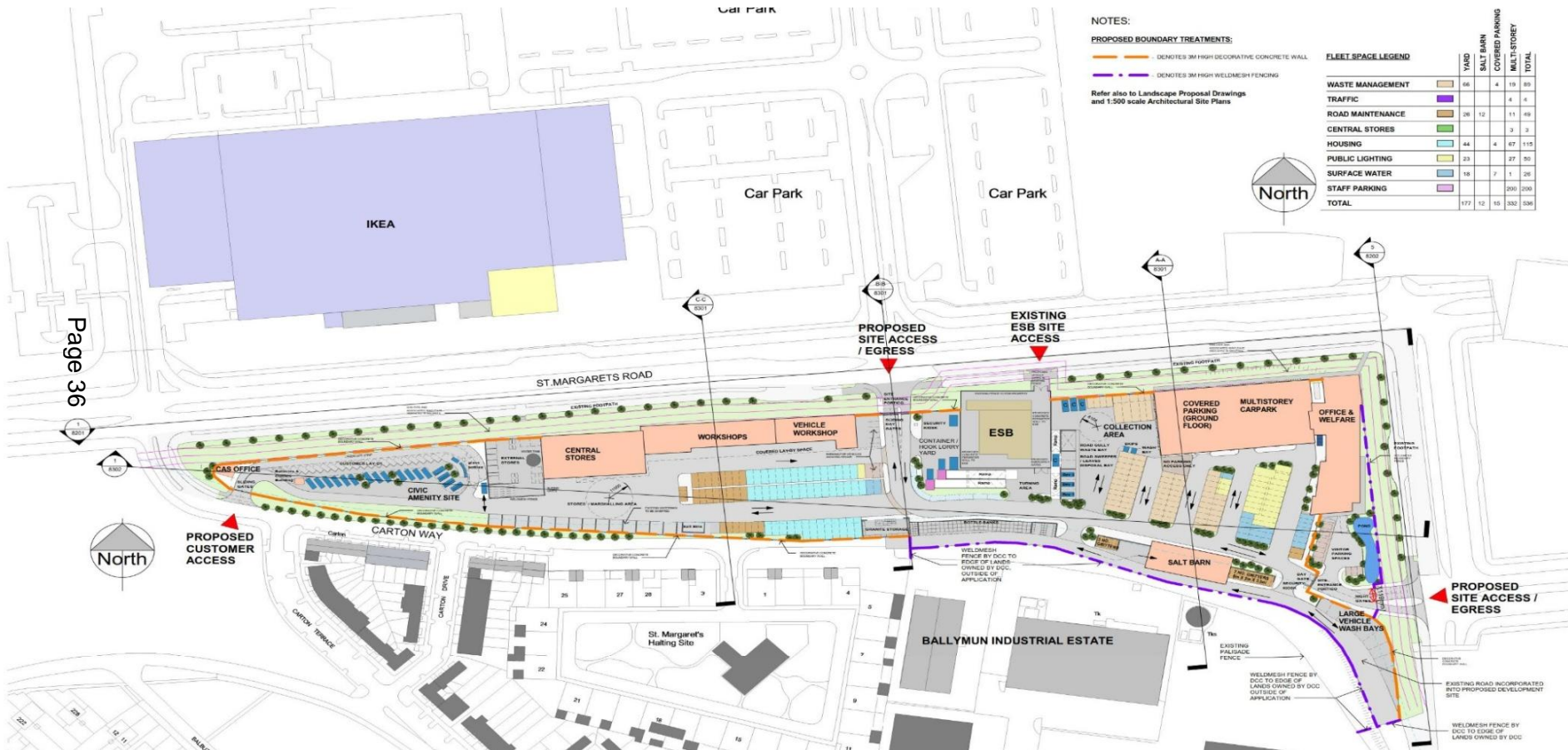
# Overview of Strategy

- 2 large scale centres of operations :
  - Ballymun
  - South City
- Maintain 2 small waste management depots in the City Centre
- Joinery workshop to stay in Ballyfermot
- Parks Depots carried out a separate consolidation project



# Site Layout

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# Benefits

## Organisational & Staff Benefits

- Purpose built facility - improved welfare & working facilities for staff
- Efficiencies from sharing stores, administration and resources / fleet
- Reduction in operational costs
- Improved health & safety management

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## Service Improvement & Societal Benefits

- Better interdepartmental co-operation & co-ordination between services (e.g. emergency situations)
- Facilitates implementation of technology - modernisation of services
- Freeing up sites for more appropriate uses
- Community benefits by locating facilities in more appropriate sites
- Developing a vacant site in Ballymun - an integral part of the Ballymun Masterplan
- New Civic Amenity Site



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Dublin City Council

# Funding Model

- Income from release of depot lands for redevelopment (including 11 sites proposed to be used for social & affordable housing) to be ring-fenced to fund the project – report to Council in July 2018 and follow up meeting held with Housing SPC this month

Any shortfall to be met from revenue sources



# Cost Benefit Analysis

- Independent CBA carried out by EY DKM
- Analysis considering 5 options:
  1. Do minimum
  2. Do NCOD Project
  3. Refurbish the existing network of depots
  4. Consolidate within the existing network of depots
  5. Relocate to a leased premises elsewhere
- Report indicates the project is strongly financially viable







# Cost Benefit Analysis of the North City Operations Depot (NCOD) Project

**Executive Summary**

Report to Transformation Unit of Dublin  
City Council 22<sup>nd</sup> June 2018

## Executive Summary

The existing Dublin City Council (DCC) depot network consists of 37 depots providing operations facilities for 1,400 staff and over 600 vehicles. The network has evolved over time, and today is spread across the city on disparate sites, some of which are inappropriately located. The facilities for staff are of varying quality and the existing depot network does not support the highest levels of operational efficiency.

Recognising the critical role played by operation depots and direct labour in the delivery of the City Council services, as well as the fragmented nature of the existing depot network, DCC established the Depot Consolidation Project. Following extensive analysis and consultation by DCC, a consensus emerged that all north city operations could be consolidated into a single North City Operations Depot (NCOD), situated on an existing Council-owned site in Ballymun (the NCOD Project). The consolidation of DCC's south city operations is also under review.

Consequent to the foregoing, the Council commissioned EY-DKM to prepare the Cost Benefit Analysis (CBA) for the project.

Based on DCC-supplied information, the following is a summary of the costs and benefits of the NCOD project, in 2018 money terms (summary spreadsheets are presented in the appendix):

- the estimated capital cost of the project is [REDACTED]
- The opportunity cost of the Ballymun site is €4.5 million
- Vacated depots owned by the Council have a market value of approximately €50 million, while vacating leased premises will over time enable the avoidance of rental costs of €298,000 per annum
- Payroll savings will grow over time, from approximately €500,000 per annum to €2.25 million per annum. Additional payroll costs will arise for a new depot manager and three other staff, amounting to approximately €360,000 per annum. These values include 1% per annum growth in "real" wages, and payroll-related overheads
- Other savings (including energy and general depot costs) are estimated to amount to €867,000 per annum

Our analysis considered five options:

- ▶ Do Minimum (i.e. continue as is)
- ▶ Do NCOD Project
- ▶ Refurbish the existing network of depots
- ▶ Consolidate within the existing network of depots
- ▶ Relocate to a leased premises elsewhere

A high level Multi-Criteria Analysis (MCA) reduced this down to Do NCOD Project and Refurbish as being the most viable options, by reference to a range of criteria.

An Exchequer Cashflow Analysis and a Socio-economic Cost Benefit Analysis (CBA) were undertaken, in line with the Public Spending Code. These assess the project from the point of view of the public sector and of society as a whole, respectively. In addition, a DCC cashflow analysis is undertaken, to assess the project from the perspective of DCC itself. This differs from the Exchequer cashflow analysis in terms of the cost of borrowing facing the project, the actual cash values realised and compensation for the vacated sites, and the fact that DCC cannot recover VAT.

Key evaluation outputs are:

- ▶ Net Present Value (NPV) - the value in today's money of the net monetary flows
- ▶ Internal Rate of Return (IRR) - the rate of return generated on the project
- ▶ Benefit Cost Ratio (BCR) - the ratio of the benefits to the costs (in today's money)

The most important indicator is NPV, as this gives the net value in monetary terms of the project. It can be considered the Profit & Loss account for the project. IRR and BCR effectively give the ratio between benefits and costs. For options where costs are low, this can result in a higher IRR and BCR, but what this does not capture is that the option with the highest NPV - the highest net benefits to society - is then foregone.

The results of the Exchequer Cashflow Analysis can be summarised as follows:

#### Results of Exchequer Cashflow Analysis

Option	NPV (€'000)	NPV Compared to Refurbish (€'000)	IRR	BCR
Do Project	45,868	59,296	21.6%	1.94
Refurbish	-13,428		-16.0%	0.00

*\*n/d: not defined.*

The analysis indicates that the NCOD project is highly financially viable, returning a Net Present Value (NPV) of almost €46 million over a 20-year timeframe. The Internal Rate of Return (IRR) meanwhile is almost 22%, compared to a cost of capital facing the project of 1.2%.

The results of the DCC cashflow analysis are as follows:

#### Results of DCC Cashflow Analysis

Option	NPV (€'000)	NPV Compared to Refurbish (€'000)	IRR	BCR
Do Project	46,597	61,842	12.2%	1.86
Refurbish	-15,245		-16.2%	0.00

*\*n/d: not defined.*

The NPV generated by the DCC cashflow analysis is slightly higher than that generated by the Exchequer cashflow analysis, because although the former includes VAT and in some cases lower



property valuations, it also utilises a lower interest rate (in fact, the DCC cost of borrowing is negative in real terms, as it is lower than the expected long term inflation rate (1.5% compared to 2%).

The results were then subjected to socio-economic CBA, using a societal discount rate of 5%, the results of which were as follows:

#### Results of Socio-economic Cost Benefit Analysis

Option	NPV €'000	NPV Compared to Refurbish (€'000)	IRR	BCR
Do Project	35,426	50,746	21.6%	1.91
Refurbish	-15,320		n/d	0.00

\*n/d: not defined.

These results indicate that, in socio-economic terms, Do Project is highly worthwhile, and returns an NPV of over €35 million or over €50 million higher than the alternative option of Refurbish.

These results were subjected to scenario analysis, as follows:

#### Scenario Analysis Tests

Factor	Base Value (used in CBA)	Scenario Analysis Value
Discount rate (net of inflation)	1.2% (Exchequer cashflow) -0.5% (DCC cashflow) 5% (socio-economic CBA)	Base x 1.5 applied to rate before inflation adjustment
Upfront capital expenditure	As per Chapter 4	Base x 1.5
Valuation of benefits	As per Chapter 4 & 5	Base x 0.5

In addition, the cash realised from the sale of depots includes sales of some depots which are not dependent on the relocation to NCOD, namely Cromcastle Court, Stanley Street and Gulistan Terrace. Almost €29 million is expected to be realised from their sale or reuse. It is important to assess how sensitive our results are to the inclusion of these proceeds. The results of these tests are presented below.

#### NCOD Project Scenario Analysis - Exchequer cashflow

Scenario	NPV €'000	NPV Compared to refurbish €'000	IRR	BCR
Do Project, Base Case	<b>45,868</b>	<b>59,296</b>	<b>21.6%</b>	<b>1.94</b>
Discount rate plus 50%	36,755	49,446	21.6%	1.76
Capex plus 50%	26,740	43,695	8.1%	1.39
Benefits minus 50%	-7,663	5,765	-1.6%	0.84
Exclude Depots not Relocating to NCOD	18,056	31,484	5.8%	1.37

#### NCOD Project Scenario Analysis – DCC Cashflow

Scenario	NPV €'000	NPV Compared to refurbish €'000	IRR	BCR
Do Project, Base Case	<b>46,597</b>	<b>61,842</b>	<b>12.2%</b>	<b>1.86</b>
Discount rate plus 50%	40,789	55,645	12.2%	1.75
Capex plus 50%	24,433	43,750	3.7%	1.32
Benefits minus 50%	-12,090	3,155	-3.6%	0.78
Exclude Depots not Relocating to NCOD	17,443	32,688	2.6%	1.32

#### NCOD Project Scenario Analysis – Socio-economic CBA

Scenario	NPV €'000	NPV Compared to refurbish€'000	IRR	BCR
Do Project, Base Case	<b>35,426</b>	<b>50,746</b>	<b>21.6%</b>	<b>1.91</b>
Discount rate plus 50%	25,224	39,390	21.6%	1.63
Capex plus 50%	11,459	31,199	8.1%	1.18
Benefits minus 50%	-17,411	-2,091	-1.6%	0.66
Exclude Depots not Relocating to NCOD	3,056	18,376	5.8%	1.07

The tables indicate that:

- A higher discount rate reduces the NPV significantly, but Do Project remains highly positive, whether from the Exchequer cashflow, DCC cashflow or socio-economic CBA perspective
- Increasing the capital cost of the project by 50% likewise has a significant negative impact, from the Exchequer, DCC and socio-economic perspectives, but again Do project remains highly viable
- A scenario was undertaken whereby the benefits (including the proceeds of sites sales) turn out to be half the expected value. This greatly reduces the project viability, to the point of turning the NPV negative, reflected in the fact that the IRR goes below the cost of borrowing/discount rate, from all three perspectives. This is a very severe test, and the fact that it turns the NPV negative is therefore perhaps not surprising. However, so long as the actual benefits turn out to be at least 69% of the level expected in the socio-economic CBA (59% in the Exchequer cashflow analysis, 64% in the DCC cashflow analysis), the Project will break even
- Finally, excluding depots not to be relocated to NCOD has a substantial negative impact on the project's financial viability, cutting the NPV by over €30 million in the socio-economic CBA. However, the project remains viable, with the NPV positive under all three perspectives

It is also worth bearing in mind that the analysis undertaken here has erred on the side of caution in that a number of benefits have not been valued, including:

- ▶ By virtue of the constrained conditions in many of the existing depots, there is a risk of health and safety management issues arising, for both staff and the public. Likewise, the Council operates under the ongoing risk of injunctions against the continuing operation of many of

the depots, given that they are not compliant with zoning, and are in inappropriate, built-up locations. Relocation would generate amenity benefits in these locations

- Significant social benefits can be expected from repurposing the existing network of sites to higher value, more appropriate, planning-compliant uses. This will generate the opportunity to address a number social priorities via the release of these sites from the current usages, most notably addressing the serious shortage of housing (particularly social housing) in the city.
- Avoided costs in rented depots to be vacated include rent and management fees, but exclude other charges such as service charges, stamp duty, and indemnity. The risk that rents might increase from current levels, going forward, was also not taken into account
- One-off saving in stock-holding on consolidation has not been evaluated

In summary, based on the above analysis, this project exhibits strong financial viability, and is robust to significant downside risks.

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## **Minutes of Meeting of the Service Delivery Plan and Resources Working Group on 24th May, 2018 at 15:00 hrs**

### **Attendance:**

#### **Councillors:**

Cllr Ruairi McGinley (Chair)  
Cllr Vincent Jackson  
Cllr Cathleen Boud  
Cllr Mary Freehill  
Cllr Ray McAdam

#### **Officials:**

Owen Keegan, Chief Executive  
Mary Pyne, Head of HR & Corporate Services  
Eileen Quinlivan, Executive Manager, Transformation Unit  
Pauline Tracey, Asst. ICT Manager, Transformation Unit

#### **Apologies:**

Cllr Ciarán Cuffe

### **1. Minutes & Matters Arising**

The minutes of the meeting of 6th December were agreed.

### **2. Matters Arising**

Report on issues raised at previous meeting in relation to Road Maintenance to be circulated.

### **3. Report on Review of Council Staff resources**

The Report was presented to the Corporate Policy Group in March, as had been agreed by Council.

With regard to provision of staffing figures, it was agreed that in the future, reports relating to the level of staffing resources would use December 2016 as the baseline. The Group considered that figures previous to that date are no longer relevant and will be less so into the future.

The issue of staff retention, particularly for certain professional disciplines, was discussed. The Head of HR & Corporate Services outlined that while the City Council aims to be an employer of choice, pay and affordability issues are key considerations for potential employees.

A report on the following items will be circulated:

- An update to reflect the 6 month position in relation to staff numbers, recruitment and issues around retention
- The age profile of the staff in the City Council

- An indication of the service areas to which the 38 staff officers and the 50 additional cleansing staff were allocated
- The Chief Executive's proposal to strengthen the Area structure for which there are a number of posts awaiting sanction in the Department

A report to be prepared and discussed at the next meeting in relation to the use of direct labour and contractors. The report is to focus on one case study - Housing Maintenance - and highlight the criteria used and value for money issues.

In relation to difficulties in arranging site meetings between staff and Members, this will be raised at Senior Management level to ensure a consistent service across all service areas.

#### **4. Annual Service Delivery Plan 2018 – Quarter 1 Report**

The Quarter 1 Report was noted, subject to an amendment regarding response timeframes for Housing Maintenance. It was noted that the report will be included in the Chief Executive's Monthly Management Report to the June City Council meeting.

A number of issues were raised by members in relation to the level of service being offered:

- Providing feedback to customers (including online) on the status of queries
- Adequacy of resources for specific initiatives
- Updating Councillors of contact details when staff are moved or services change
- Use of and response to Councillors and public through generic email addresses
- Conflicting responses to questions – it would be helpful if the Members could provide examples so this issue can be followed up appropriately

With regard to the performance of Waste Management the following are to be arranged:

- A visit to the Ballyfermot/Drimnagh area for Eithne Gibbons, SEO Waste Management and Cllr Jackson
- A report on the effectiveness of the pilot squad/area based cleansing system

In the context of increased use of technology, a note on the services using mobile technology is to be circulated.

#### **5. AOB**

It was agreed that the group would meet quarterly.

## **Dublin City Council**

### **Audit Committee**

#### **Minutes of Meeting held on 8<sup>th</sup> March, 2018 at 8.00 a.m. in the Richard O'Carroll Room, City Hall**

#### **Attendance:**

#### **Members**

Mr. Brendan Foster, Dublin Chamber of Commerce, Chairperson (BF) (Chair)  
Ms. Louise Ryan, Trinity College Dublin (LR)  
Mr. Johnny McElhinney, Docklands Business Forum (JMcE)  
Mr. Nathy Walsh, Institute of Public Administration (NW)  
Councillor Nial Ring (Cllr. Ring)  
Councillor Naoise O Muiri (Cllr. O Muiri)

#### **Officials:**

Ms. Kathy Quinn, Head of Finance (KQ)  
Mr. Hugh Fitzpatrick, Head of Internal Audit (HF)  
Ms. Ita Howe, Principal Local Government Auditor (IH)  
Ms. Martina Mc Loughlin, Staff Officer, Internal Audit

#### **1. Minutes of Audit Committee meeting held on 7<sup>th</sup> December, 2017.**

A query was raised in relation to Action 6 - "Submit AC's concerns to the Chief Executive re lack of clarity around Direct Labour element of this report, not possible to compare cost of works or time involved for Direct Labour work against work carried out by contractors. To report back to AC by mid-2018".

KQ confirmed that the Chief Executive is preparing a draft response. When this response is received, it will be issued to Members.

HF informed the Members that the AC Work Programme and Charter was approved at the January, 2018 City Council meeting.

The minutes were agreed.

#### **2. Standing Item on the agenda – Any Conflict of Interest of A.C. Members**

No conflict of interest declared

#### **3. Introduction of Ms. Ita Howe, Principal Local Government Auditor**

BF welcomed IH to the meeting and wished her well in her new role. He stated that the AC is fully engaged with this process (Audit of AFS). IH responded that she was looking forward to her new role, including working with the AC, and will take any concerns raised by it, into account. She will initially be assisted by four staff and that number will increase over the coming months. She stated that she hopes to have received the AFS by the end of March and that her report will be completed by the end of July.



**4. Two (2) NOAC reports: Report 13 – PSC, L.A. Quality Assurance Report 2016 & Report 14 – Performance Indicators in LA's 2016**

HF gave a brief introduction to both reports, and then he specifically referred to page 4 of Report No. 13, which states that Dublin City Council was one of a number of Local Authorities that were non-compliant with the percentage requirement of the Total Revenue & Capital Inventory Value for the years 2014-2016, subjected to "In-Depth" Checks. He said that he had written to NOAC challenging this in the case of DCC, as NOAC had changed the guidelines in relation to the percentage requirements in February 2017, which was year 3 of the three year period.

He also said that he had sought clarification in relation to how NOAC will assess compliance with the percentage requirement for the 2017 Quality Assurance Return.

In relation to Report No. 14, HF informed the Committee that NOAC would like Local Authorities to assess their Performance Indicators against L.A.s of a similar size, and in particular to focus on areas where Performance Indicators may have been weak. This he said was difficult for DCC, as we are by far the largest L.A. in the country.

BF, on behalf of the Committee, asked for a short note from "Management" as to how they review and evaluate the Performance Indicators report.

**Action 1: Brief note to the Audit Committee on the use of Performance Indicators, by DCC Management**

**5. Internal Audit Report R01/2018: Review of Recommendation Implementation for Internal Audit reports 2015, and follow-up of recommendations made in 2011-2014**

HF presented the report and said that the significant decline in compliance in relation to the recommendation implementation rate was mainly attributable to (A) Audit Report No. R03A/15, as none of the twenty (20) recommendations contained in that report have been implemented and to a lesser extent, (B) the non-implementation of twenty-six (26) recommendations from fifty-four (54) recommendations (relevant for statistical purposes) contained within Audit Report R06/14 – Review of DCC Properties Leased/Licensed to Community Groups in the Central Area also contributed to the decline in the compliance rate. The primary DCC Department with responsibility for their implementation being Housing & Community Services, as Mr. Brendan Kenny is also responsible for the five Areas. The Audit Committee unanimously expressed their extreme concerns in relation to this and, while noting the Assistant Chief Executive's response, dated the 22<sup>nd</sup> December 2017, considered it to be unacceptable.

They asked that a strongly worded letter be sent on the Committees behalf to the Chief Executive requesting a response, together with a detailed implementation plan of what is proposed in relation to these recommendations. They further stated that they required this response by the end of this month. In the event of a satisfactory response not being received by the 31<sup>st</sup> March, the Committee will consider what further action to take.

**Action 2: HF to submit a strongly worded letter to CE, on the AC's behalf, requesting a response, including a detailed implementation plan in relation to the recommendations, with response to be forwarded by the CE by the end of March.**



**6. Internal Audit Report R02/2018: In-Depth Check of the Post-Implementation (Post-Project Review) stage, per the PSC requirements**

HF introduced the report by way of explaining that an "In-Depth" Review is required under the Public Spending Code (PSC) on each life cycle stage of a Project over a five year cycle, so this being year four of that cycle, it was decided to carry out a "Post-Project Review" (PPR). PPRs are required for all projects in excess of €20M and also on at least 5% of all other projects. Internal Audit, as set out in the report, was unable to identify any "Post-Project Review" which had been done on projects ended in 2016 or 2015. He did point out that only one (1) project with a value in excess of €20M had been completed and a further 49 projects with lesser values. The Committee's view was that regardless of the requirements of the PSC, that it should be best practice to carry out "Post-Project Reviews" and they were concerned that it doesn't appear to be part of the DCC culture at present. They were also appalled at the "No Response" from a number of Departments to I.A. queries in relation to this matter. This, they considered, to be totally unacceptable and should be brought to the Chief Executive's attention, together with the need for a change of culture within DCC with regard to PPRs.

KQ explained that the Capital Project Support Office (CPSO) is now operational. The CPSO does not have executive powers, it reports to a Board, which in effect is the DCC Management Team. Also, Housing & Community Services Department is not currently under the CPSO remit.

**Action 3: The Committee's concerns at the findings of this Audit Report to be also conveyed to the Chief Executive.**

**7. Internal Audit Unit - Draft Annual Audit Plan for 2018, Report No.1/2018**

HF presented the draft Plan and provided an update on each of the proposed audits. He also explained the rationale for selecting the items relating to the "In-Depth" Check Reports required as part of the Quality Assurance return to NOAC, under the Public Spending Code. The Committee asked, following a discussion on the proposed audit regarding Garda Vetting of DCC staff, that this be given priority, once the audits for the PSC had been completed. They also suggested that the scope be expanded to include a Review of Policy/Process with regard to Garda Vetting.

The Committee then confirmed its approval of the 2018 Audit Plan.

**Action 4: Priority to be given to the "Garda Vetting of DCC Staff" audit, once work on the PSC has been completed. Scope of this audit to be expanded to take account of Audit Committee's request.**

**8. Preparation of the report of the Audit Committee in accordance with Regulation 15. (1) Detailing:- its consideration and findings for the year 2017 in relation to all matters within its authority, duties and functions and (ii) a review of its performance in accordance with Regulation 13 and any issues impairing that performance**

The AC approved the report, but asked that an amendment be made to include their concerns in relation to the lack of implementation of Internal Audit recommendations.

HF to draft amendment, forward to BF and NOM for agreement and then circulate amended report to other Members. Amended report to be forwarded to City Council for approval

**Action 5: HF to draft amendment and, following approval of amended wording (by BF & Cllr. O Muiri), circulate the amended draft annual report to the A.C. (for comment, if none received within a few days, will be taken as agreed), and then submit it to City Council for approval.**

**9. Schedule of meetings of the Audit Committee for 2018**

Suggested dates: 14<sup>th</sup> June, 20<sup>th</sup> September, 13<sup>th</sup> December.

Members agreed these dates.

**10. A.O.B.**

HF informed the Members that a Freedom of Information request was received in relation to DCC insurance.

The AC noted this.

Next meeting: 14<sup>th</sup> June, 2018.

The meeting concluded at 9.15 a.m.

  
Brendan Foster, Chairperson

Date: 12.7.2018

## **Appendix A**

### **Actions agreed at this Audit Committee Meeting**

- Action 1:** Brief note to the Audit Committee on the use of Performance Indicators, by DCC Management
- Action 2:** HF to submit a strongly worded letter to CE, on the AC's behalf, requesting a response, including a detailed implementation plan in relation to the recommendations, with response to be forwarded by the CE by the end of March.
- Action 3:** The Committee's concerns at the findings of this Audit Report, i.e. In-Depth Check of the Post-Implementation (Post-Project Review) stage, per the PSC requirements, to be also conveyed to the Chief Executive.
- Action 4:** Priority to be given to the "Garda Vetting of DCC Staff" audit, once work on the PSC has been completed. Scope of this audit to be expanded to take account of Audit Committee's request.
- Action 5:** HF to draft amendment and, following approval of amended wording (by BF & Cllr. O Muiri), circulate the amended draft annual report to the A.C. (for comment, if none received within a few days, will be taken as agreed), and then submit it to City Council for approval.

## **Appendix B**

Actions agreed at the Audit Committee meeting held on 7<sup>th</sup> December 2017, and to be carried forward to the June 2018 meeting.

- Action 1:** Arrange to submit a copy of Environment & Transportation Department's Risk Register to the AC, on completion of that Department's review with Ernst & Young (as a sample of a Risk Register for the AC)
- Action 2:** Presentation to be given by Terence O'Keeffe and/or Audrey O'Hara on the General Data Protection Regulations (possibly at the June 2018 meeting)
- Action 6:** Submit AC's concerns to the Chief Executive re lack of clarity around Direct Labour element of this report, not possible to compare cost of works or time involved for Direct Labour work against work carried out by Contractors. To report back to AC by mid-2018