



Pyrite Resolution Board

Annual Report 2016

To the Minister of Housing, Planning, Community and Local Government.

In accordance with section 9(4) of the Pyrite Resolution Act 2013, the Pyrite Resolution Board herewith presents its Annual Report for the year ending 31 December 2016.

MANDATE

The Pyrite Resolution Board (PRB) was established by the Minister for the Environment, Community and Local Government, following the commencement of the Pyrite Resolution Act 2013 on 10 January 2014, to make a scheme for the remediation of damage to certain dwellings caused by pyritic heave and to direct and oversee the effective implementation of a programme of remediation works for affected dwellings. The Pyrite Remediation Scheme was made by the Board on 12 February 2014 and amended on 5 February 2015.

The Pyrite Remediation Scheme (the Scheme) constitutes the framework for the application of the provisions contained in the Act and first came into operation on 13 February 2014.

MISSION STATEMENT

To procure the remediation of certain dwellings with damage caused by pyritic heave of hardcore under floor slabs in a fair, efficient, transparent and cost effective manner.

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ACTING CHAIRMAN'S STATEMENT

In accordance with section 9(4) of the *Pyrite Resolution Act 2013*, I am pleased to submit to the Minister of Housing, Planning, Community and Local Government this Report on the performance by the Pyrite Resolution Board (PRB) of its functions under the Act during the year 2016. This is the PRB's third Annual Report since it was first established on a statutory basis in January 2014.

The Pyrite Resolution Act 2013 makes provision for an Exchequer-funded scheme to facilitate the remediation of houses and apartments suffering significant damage, due to pyritic heave of floors, where the owners have no other practicable options for redress. The Act mandated to the PRB to draw up a Scheme for the remediation of significant pyritic damage to dwellings, to accept applications from affected homeowners and to direct and oversee the implementation of a pyrite remediation programme. Responsibility for the testing of dwellings and the execution of remediation works is assigned under the Act to the Housing Agency. The Pyrite Remediation Scheme sets out the conditions that must be satisfied in order to qualify for remediation under the Scheme.

The Scheme was first made by the PRB on 12 February 2014 with the approval of the Minister and was amended to widen its geographic remit in early February 2015. The background to the setting up of the PRB was set out in the previous Chairman's Statement in the 2014 Annual Report. For its first year of operation much of the PRB's work related to the drawing up of the Pyrite Remediation Scheme, receiving and processing applications from homeowners and putting in place arrangements with the Housing Agency for the implementation of a programme of remediation works to dwellings approved under the Scheme. The emphasis in 2015 moved on to the engagement of engineers and contractors to specify and carry out the actual works to each dwelling and since then, the actual remediation work has proceeded at a significant level. By the end of 2016 the number of applications received was just short of 1500; of these 1117 were approved for inclusion in the Scheme. Of this figure, 553 dwellings were remediated and works contracts were in place for a further 242 dwellings. Expenditure under the Scheme in 2016 generally matched

the financial allocation made available by the Department of Housing, Planning, Community and Local Government. The Strategy and Business Plan adopted by the PRB for 2015-2016 has, as an objective, the remediation of 600 dwellings by end of 2016. While there was a slight shortfall in relation to the actual number of 553 remediated dwellings which were returned to the homeowners before the end of the year, another 110 dwellings were in the process of remediation and were returned to the homeowners in the beginning of 2017.

The rate of applications received during 2016 averaged approximately 41 per month. The number of applications remains strong and is attributed to homeowners being more proactive in seeking remediation of their homes. Considering the number of applications received in 2016 and the likelihood that this will continue in 2017, the programme of remediation will continue at a significant level for 2017 and 2018 and it is expected to continue at a reduced scale thereafter.

The Act sets out the respective functions of the PRB and the Housing Agency. I am pleased to say that the two bodies continue to work together efficiently and effectively. This cooperation is underpinned by the *Governance and Procedural Arrangements* which set out the respective roles of each body.

The agreement which the PRB made with the HomeBond company whereby staffing and services to the value of €2 million would be contributed towards the administration of the Pyrite Remediation Scheme continues to operate. Furthermore, a supplemental agreement has been secured whereby HomeBond will reimburse, to the PRB, the costs incurred in any dwelling that are due to structural defects and are additional to the costs that would be attributable to pyritic heave.

The PRB is acutely conscious of the need to ensure that the draw on public funds is kept to a minimum, consistent with achieving the Scheme's objectives. To ensure value for money, framework panels have been set up for building professionals and for building contractors following open tendering procedures and contracts for individual projects are subject to further tendering from these panels. A detailed procedure has been drawn up to deal with unforeseen issues and any cost overruns that arise during construction. The average all in cost of remediation in 2016 was in the region of €70,000 per dwelling. There can be

significant variation in costs, with one-off houses generally having larger ground floor areas being the most expensive.

Individual applications when approved are grouped into projects in order to secure maximum efficiencies consistent with the need to ensure that the works are not unnecessarily prolonged for the homeowners. The Pyrite Remediation Scheme makes provision for the ordering and prioritisation of works. The PRB and the Housing Agency have put in place procedures for the creation of an orderly schedule of projects to be progressed up to and through the construction phase. Procedures are also in place for dealing with cases of particular urgency or hardship on a priority basis. We want the scheme to operate in an open, transparent and objective manner.

In accordance with the Act, the Exchequer funding provided for pyrite remediation purposes (including the expenses of the PRB) is routed through the Housing Agency and the audited Financial Statements relating to such funds are contained in the Housing Agency's Annual Report. The legislation provides that the PRB may recover from any party with a liability, and the capacity, all or part of the costs associated with remediating a dwelling under the Scheme. While the PRB does not consider the initiation of legal proceeding to be a practicable option for all homeowners, it is taking action, where considered appropriate, to pursue builders and / or developers for a contribution towards the costs of the works. In addition to such contributions, where a dwelling has been included in the Scheme but the work has not commenced and the scheme participant receives a payment other than under the Scheme, as a condition for continued inclusion in the Scheme, the Scheme participant is required to pay the amount received to the PRB within a specified time period. Further actions and negotiations are on-going.

The PRB and the Housing Agency are acutely aware at all times of the difficulties and stress which have been endured by homeowners whose homes have been damaged by pyrite. We have set out to provide a service to them that is sympathetic and transparent and that will, ultimately, restore properly habitable homes to them in the shortest time possible. Our aim is to work closely and in full consultation with homeowners at all times.

The remediation programme is managed in an orderly manner. This means that some applicants have to wait longer than others. In this regard, I would like to thank all applicants

under the Scheme for their patience and understanding. With a few exceptions, it has generally been possible to hand back completed houses to homeowners within the targeted 12 week timeframe and in some cases houses have been returned to Homeowners in a shorter timeframe.

There is a right of appeal for those whose applications have been turned down and there are procedures in place for the resolution of disputes and the making of complaints.

The methodologies for assessing damage due to pyritic heave and for the remediation of such damage are set out in the relevant Irish Standards. The PRB has asked the National Standards Authority of Ireland (NSAI) to review these standards. This review is ongoing and is expected to be completed in 2017.

During 2016, the Board consisted of the Chairman, John O'Connor whose term of appointment came to an end in early January 2017 and four other Members, two of whom joined the Board in 2016; Dr Derek Sinnott (appointed in September 2016) and Mr. Alec Flood (appointed in December 2016).

The Board has a small number of staff supplied from existing staff within the Department of Housing, Planning, Community and Local Government and the Housing Agency. The Board does not employ any staff directly. Some administrative, ICT and legal services are provided by, or through, the Housing Agency.

I wish to thank each of my fellow Board Members for their commitment and contribution to the work of the PRB during the year. I would also like to pay tribute to and acknowledge the outstanding contribution from John O'Connor, former Chairman of the PRB, Noel Carroll, General Manager of the PRB who retired in February 2016 and Mr. Matt Gallagher, Board Member, who did not seek a second term when his tenure expired in January 2017. On behalf of the Board, I thank them and wish them well in their future endeavours. I also wish to thank Patrick Graham for his diligent work as Board Secretary. I am also pleased to welcome Aidan O'Connor as the new General Manager and wish to thank him for his contribution thus far.

I am also grateful to the Chairman, Board, Chief Executive and staff of the Housing Agency for their constructive cooperation. Finally, I thank the Minister for Housing, Planning and Local Government, Simon Coveney, T.D., and his predecessors as Minister, Alan Kelly, T.D., and the Minister of State, Damien English, T.D. and his predecessor, Paudie Coffey, T.D., and their officials in the Department for their on-going interest and support for the PRB and its activities.



Sean Balfe
Acting Chairman

GENERAL MANAGER'S STATEMENT

The total number of applications for remediation received under the Pyrite Resolution Scheme [the Scheme], as per the Pyrite Resolution Act 2013 [the Act], up to the end of 2016 was 1494 in total. Of those, 499 applications for remediation were received during 2016. This is generally in line with expectations, although it is noted that the rate of new applications has been maintained at a consistent level. New applications have come predominantly from developments where remediation work has, or is about to commence.

The original geographical scope of the scheme was limited to the areas identified in the Pyrite Panel report of June 2012, i.e. the counties of Meath, Kildare and Offaly and the administrative areas of Fingal County Council and Dublin City Council. However, during 2014, reports were received of pyritic heave in a number of houses in two estates in the administrative areas area of South Dublin and Dun Laoghaire-Rathdown County Councils. On investigation the Pyrite Resolution Board [PRB] was satisfied that damage attributable to pyritic heave was present in dwellings in those developments and recommended to the Minister an amendment of the Scheme to include those areas.

The Minister approved an amendment of the Scheme to include both the administrative areas of South Dublin and the Dún Laoghaire–Rathdown County Councils. This amendment came into effect on 5 February 2015. Applications were received in respect of the two estates reported above, but nothing further was received for the two County Council areas.

Staff of the PRB consider the eligibility of the applications received. Following the Assessment, Verification and Recommendation Process, the Housing Agency makes a recommendation to the Pyrite Resolution Board (PRB) as to whether or not a dwelling should be included in the Pyrite Remediation Scheme. Once a dwelling is included in the Scheme, the Housing Agency implements the remediation process and undertakes the procurement of professional services and the remediation contracts.

The process of programming, surveying damage, specification of works, tendering and

awarding of works contracts, scheduling of works, vacation of dwellings, commencement and completion of works and reoccupation of dwellings progressed satisfactorily over the year. Payments to applicants for vouched costs for building condition assessments, removal and storage costs have also been made in accordance with the terms of the Scheme.

In general, projects have proceeded very satisfactorily with the great majority coming in on time, within projected budgets and with works completed to a high standard. Delays and added costs have arisen principally where defects, other than those arising from pyritic heave, were exposed during construction work. On the basis of experience, procedures were reviewed and modified to anticipate, minimize and manage such situations to avoid delays and added costs as far as possible. In addition, a Supplemental Agreement has been signed with HomeBond towards agreeing payment for the remediation of structural defects not related to pyritic heave identified prior to or during the course of pyrite remediation.

In accordance with the Act and the terms of the Scheme the PRB established a process for dealing with the prioritisation of dwellings for remediation. The system has worked satisfactorily and is kept under regular review. All cases identified and prioritised thus far have either been remediated or progressed as expeditiously as possible. In line with the provisions of the Pyrite Resolution Act 2013, the PRB has continued to seek to recover from any party, with a liability, and the capacity, all or part of the costs associated with remediating dwellings. Negotiations are proceeding with regard to contributions in a number of other cases.

It is a condition of eligibility under the Scheme that the Applicant gives his/her consent to the institution by the PRB of legal proceedings relating to loss arising from the act or default of any person that causes significant pyritic damage to the dwelling.

In June 2014, an agreement was signed regarding HomeBond's contribution towards technical and project management services, under the direction and supervision of the Pyrite Resolution Board and/or the Housing Agency, to the value of €2 million. The Supplemental Agreement with HomeBond dated 4th December 2015 for dealing with structural defects not related to pyritic heave will also defray part of the cost of construction works in some cases. It is acknowledged that HomeBond's contribution towards testing and

remediation programmes has been an integral and effective part of the process. Further discussions will take place with a view to achieving and expediting the original agreed contribution.

During 2016, the PRB and the Housing Agency reviewed the Governance and Procedural arrangements between the PRB and the Housing Agency in relation to the remediation of dwellings under the Pyrite Remediation Scheme, having regard to the assignment of functional responsibilities in the Pyrite Resolution Act. The successful operation of the Scheme requires a high degree of cooperation between the Boards, management and staff of the two bodies. Informal and formal collaboration is required at all levels to ensure the smooth, efficient and effective delivery of the remediation programme. Early consultation leading to agreed solutions is encouraged and expected.

The need for an ongoing review of communications has been recognised by the PRB and the Housing Agency as a fundamental part of the operation of the Scheme. During 2016, and in the light of experience gained in ongoing remediation projects, a number of areas were identified where procedures required updating. The email and telephone contact systems were enhanced, the PRB revised its website, the layout and content of emails has been streamlined and all emails now clearly indicate the stage within the process of the application. The project management team within the Housing Agency has been augmented and their procedures have been reviewed and enhanced.

The ongoing review of all aspects of the Scheme has been influenced by feedback from applicants and the issues raised via the complaints procedure, appeals received, representations from public representatives and through engagement with the Department of Housing, Planning, Community and Local Government, contractors, legal advisers, auditors and others.



Aidan O'Connor MRIAI

General Manager

BOARD MEMBERS' REPORT

The members of the Pyrite Resolution Board present their Annual Report for the year ended 31 December 2016.

1. Principal Activities

The *Pyrite Resolution Act 2013* provides for the making of a Pyrite Remediation Scheme (the Scheme), for certain dwellings affected by pyrite. The Scheme was made by the Board following the approval of the Minister. The Board also directs and oversees the implementation of the Pyrite Remediation Scheme in accordance with the terms of the scheme.

The Minister approved an amendment of the Scheme to include both the South Dublin and the Dún Laoghaire–Rathdown County Council areas. This amendment came into effect on 5 February 2015.

In broad terms:

- the Pyrite Resolution Board (PRB) accepts and validates applications under the Scheme and oversees the implementation of the pyrite remediation programme for approved dwellings. The scale of the programme is determined by the availability of funding and other factors.
- the Housing Agency, subject to the direction of PRB, remediates approved dwellings affected by pyrite and implements the pyrite remediation scheme. The Housing Agency also assess and make recommendations to the PRB on applications from homeowners for inclusion in the scheme.

2. The Board Membership

The original Pyrite Resolution Board consists of the Chairman and 3 Members. This was increased to 4 Members and the Chairman.

John O'Connor, Chairman (Completed his term of appointment on 7th January 2017)

(Chairman of the Board of EirGrid plc. and formerly Chairperson of An Bord Pleanála)

Sean Balfe

(Director of Sustainability and the Built Environment, National Standards Authority of Ireland)

Matt Gallagher (Completed his term of appointment on 7th January 2017)

(Formerly President of CIF and Chairman of Irish Home Builders Association)

Caroline Gill

(Practising Barrister, formerly Insurance Ombudsman and Deputy Financial Services Ombudsman)

Dr Derek Sinnott (Appointed to the Board on 2nd September 2016)

(Head of Department of the Built Environment at Waterford Institute of Technology)

Alec Flood (Appointed to the Board on 29th December 2016)

(Practising Barrister and Chartered Engineer)

Board Secretary - Patrick Graham

The day to day management and administration of the PRB's functions are delegated to the General Manager, supported by staff assigned from the Department of Housing, Planning, Community and Local Government and the Housing Agency.

Noel Carroll BE BCL served as General Manager up to February 2016 when he retired and was replaced by Aidan O'Connor MRAI.

Secretarial, administrative, ICT, legal services and other services are provided to the Board by or through the Housing Agency.

The *Governance and Procedural Arrangements* document formalises the arrangements between the PRB and the Housing Agency and sets out the arrangements agreed between the two bodies in relation to the remediation of houses and apartments under the Scheme having regard to the assignment of functional responsibilities in the *Pyrite Resolution Act 2013*.

3. Functions of the Board

Section 9 of the *Pyrite Resolution Act 2013* sets out the functions of the Pyrite Resolution Board. The principal functions are summarised below:

- (a) The making of a scheme of pyrite remediation under section 13;
- (b) The receipt and determination of applications under the Scheme;
- (c) Direction and oversight of the implementation of the pyrite remediation scheme;
- (d) Approval of budgets for the scheme under Section 23 of the Pyrite Resolution Act 2013;
- (e) Determining appeals under Section 27;
- (f) Providing information in relation to pyrite and significant pyritic damage.

At the end of every 3 month period, the Board provides the Minister with a report outlining progress with regard to the implementation of the Pyrite Remediation Scheme in accordance with Section 9(5) of the Act.

4. Responsibilities of the Board

The Board has adopted a schedule of the functions and business of the Pyrite Resolution Board that are reserved for decisions by the Board itself in accordance with the document entitled *Matters Reserved for Board Decision*. This ensures that the direction and control of the strategic actions and other activities of the PRB are managed by the Board.

The Board oversees the Pyrite Remediation Scheme which operates as follows:

- At **Stage 1: Application & Validation**, the PRB considers the validity of the application from the homeowner. The validation process essentially has two elements to it:
 - i. Assessment of applications for compliance with the eligibility criteria (including assessment of 'practicable alternative options').
 - ii. An audit of the Building Condition Assessment (BCA) to ensure that the dwellings have the requisite level of damage.

At the end of this stage the applicant is notified of the decision to refer the application to the Housing Agency for the Assessment, Verification Recommendation Process or of the decision refuse the application. A refusal may be appealed.

- **Stage 2: Assessment, Verification and Recommendation Process** which is undertaken by the Housing Agency, establishes that the damage recorded in the Building Condition Assessment is attributable to pyritic heave. Damage Verification, i.e. confirmation of damage attributable to pyritic heave, may be based on an individual dwelling or associated dwellings. Associated dwellings may thus be verified on the basis of comparable damage and / or earlier tests with similar results.
- The Housing Agency has established a methodology in relation to a testing programme for cases where earlier test results are not available. HomeBond organise testing on behalf of the Housing Agency as required. The testing of the hardcore material is in accordance with *I.S. 398-1:2013 Reactive pyrite in sub-floor hardcore material Part 1: Testing and categorisation protocol*.
- The Housing Agency furnishes the PRB with a recommendation and the reasons for the inclusion of a dwelling into the Scheme, or its exclusion from the Scheme, and the applicant is notified of the PRB's decision. A decision to exclude a dwelling from the Scheme may be appealed.

- If the dwelling is included in the Scheme, the applicant is referred to as a 'scheme participant' thereafter. A Scheme Participant may then recoup the vouched cost of the Building Condition Assessment Report, subject to a maximum limit of €500 (including VAT). The Scheme Participant is contacted regarding the arrangements for the recoupment at this stage.
- The application then moves into **Stage 3: Remedial Works Plan**. After seeking tenders, the Housing Agency appoints an engineer from the *Framework Agreement for Construction Design Professional Services (Chartered Engineer, Architect, Building Surveyor) for Pyrite Remediation Scheme* (a panel of Design Professionals already qualified to carry out this type of work), to prepare a remedial works plan and specification for the remediation of the dwelling. The Scheme Participant is consulted in relation to the remedial works plan.
- Once the documentation prepared by the engineer in Stage 3 is complete, the application moves to **Stage 4: Tendering and Tender Analysis**. The tender for the Remedial Works Contract is issued to the *Framework Agreement for Works Contractor for Remediation of Dwellings affected by Pyrite Damage under the Pyrite Remediation Scheme* (a panel of Contractors already qualified to carry out this type of work) for return in 4-5 weeks. The Scheme Participants are sent the Homeowner's Agreement at this stage.
- **Stage 5: Decision to Contract** follows. The Housing Agency reports to the PRB on the tenders received for the Remedial Works Contract and recommends a Works Contractor for the award of the contract. The PRB issues approval to proceed with awarding the Contract, or otherwise, following consideration of the overall budget and programme.
- The contractor remediates the dwelling (**Stage 6: Dwelling Remediation**) in accordance with the remediation contract and *I.S. 398-2: 2013: Reactive pyrite in the sub-floor hardcore material – Part 2: Methodology for remediation works* under the supervision of the engineer appointed by the Housing Agency.
- On completion, the works are certified in accordance with *I.S. 398-2: 2013: Reactive pyrite in the sub-floor hardcore material – Part 2: Methodology for remediation works*

and claims for the payment of vouched costs (storage/accommodation) incurred by the Scheme Participant, which satisfy the conditions of the scheme, will be approved for payment when the works are completed and certified.

- **Stage 7: Retention Period** - The engineer will assess defects associated with the Remedial Works which are notified to the Housing Agency in writing by the Scheme Participant within a period of 11 months from the date of the Certificate of Remediation. The Housing Agency agrees to repair any defects which arise, within this period, as a result of the Remedial Works only.
- The application is considered closed (**Stage 8: Application Closure**) after the retention period of 11 months or once the particular defects, if any, are repaired.
- A Project Manager liaises between a Scheme Participant and the Housing Agency, the engineer and the contractor to enable the remediation works to be planned and carried out as economically and efficiently as possible.

Payment of Costs

The Scheme covers the cost of remediation works and associated professional costs. In addition, the following costs incurred by the applicant may be recovered under the Scheme:

- The vouched cost (including VAT) of procuring the initial Building Condition Assessment from a competent person, subject to an overall maximum limit of €500, provided the dwelling is approved for inclusion in the Scheme following the Verification Process;
- The vouched costs for the temporary removal, storage and return of furniture, household appliances and effects in order to facilitate the remediation, subject to an upper limit of €2,500 (including VAT);
- The vouched costs for alternative accommodation of the household in order to facilitate the remediation, subject to an upper limit of €3,000 (including VAT).

Guide for Scheme Participants

The Housing Agency has issued a guide to provide further information to applicants, referred to as Scheme Participants, whose dwellings have been included in the Pyrite Remediation Scheme. This guide is also published on the PRB's website.

Construction Design Professionals and Contractors

The Housing Agency carried out a public procurement process to establish *Framework Agreements for Construction Design Professionals* in 2014. There are 7 engineering firms on the Framework Panel for Construction Design Professionals and this commenced on 7th April 2014 for 2 years, with the option to extend for a further year period. In 2016 these frameworks were extended for a further 2 year period.

The Housing Agency conducted a similar procurement process to establish *Framework Agreements for Works Contractors* to carry out the remediation works. There are 10 contracting companies on the Framework Panel for Works Contractors and this commenced 16th June 2014 for 24 months, with the option to extend for a further two 12 month terms. In 2016 the frameworks were extended for a further 24 month period.

5. Remuneration, Expenses and Attendance at Board Meetings

The Board normally meets at monthly intervals (excluding August) to conduct business. A total of 11 Board Meetings were held throughout 2016.

Attendance at these meetings and the remuneration and expenses associated with each Board Member is presented in the following table:

Board Member	Attendance	Remuneration	Expenses
John O'Connor	11	Nil	€3,195.42
Sean Balfe	09	Nil	Nil
Matt Gallagher	10	Nil	Nil
Caroline Gill	10	€1,800	Nil
Dr Derek Sinnott (Appointed September 2016)	04	Nil	Nil

Caroline Gill also attends the Housing Agency's Audit Meetings on behalf of the Pyrite Resolution Board.

The Board and its staff comply in all respects with the circulars issued by the Department of Public Expenditure and Reform in relation to travel and subsistence allowances.

The General Manager was paid at the Principal Officer rate of the Civil Service modified in accordance with the abatement principle. His remuneration has been approved by the Department of Housing, Planning, Community and Local Government and the Department of Public Expenditure and Reform.

6. Code of Conduct, Disclosure and Ethics

A Code of Business Conduct is in place for the Board Members, General Manager and staff from the Department of Housing, Planning, Community and Local Government and the Housing Agency involved in the implementation of the Scheme. The Code of Conduct provides the framework against which the business of the Pyrite Resolution Board can be run in a legal and ethical manner while upholding the values of the Board. Staff also comply with Departmental Guidelines with respect to business conduct. A review of compliance with the requirements of the legislation and of the Code of Business Conduct was carried out by the Audit and Risk Committee.

Board Members comply with the obligations imposed by the *Ethics in Public Office Act 1995* and the *Standards in Public Office Act 2001* through a Declaration of Interest at the beginning of each Board Meeting.

7. Services provided by HomeBond

Technical and Project Management Services

In June 2014, an agreement was signed regarding HomeBond's contribution towards technical and project management services relating to the implementation of the Pyrite

Remediation Scheme, under the direction and supervision of the Pyrite Resolution Board and/or the Housing Agency, to the value of €2 million. This agreement is being implemented to the satisfaction of the Board.

The contribution for 2016 amounted to € 348,227. The running total from the commencement of the agreement to year end (2016) stands at € 684,077.

The HomeBond Supplemental Agreement

A Supplemental Agreement with HomeBond dated 4th December 2015 deals with structural defects not related to pyritic heave which are identified prior to, or during, the course of pyrite remediation works and that affect the structural stability of the dwelling. The structural defects not related to pyritic heave will be remedied before they are covered over during the works. In such cases, HomeBond will, under the Supplemental Agreement, make an appropriate contribution towards the cost of such structural works.

8. Procurement

The Board is satisfied that all national and EU requirements relating to public procurement have been complied with.

9. Strategy and Business Plan

The PRB and Housing Agency's second *Strategy & Business Plan* in relation to the pyrite remediation programme was approved by the Board and covers the period 2017 – 2018. The Board will review this document in 2018.

10. Review of the Business

Commentaries on performance during the year ended 31 December 2016, including information on recent events and future developments, are contained in the Chairman's Report and the General Manager's Report.

11. Corporate Governance

The Board is committed to maintaining the highest standards of corporate governance.

During the year, the Board complied with the *Code of Practice for the Governance of State Bodies* issued by the Department of Finance on 15 June 2009 and the revised and updated *Code of Practice* which came into effect on 1 September 2016 . The Code of Practice is designed to ensure that both commercial and non-commercial State bodies meet the highest standards of corporate governance. It provides a framework for the application of best practice and is intended to take account of developments in respect of oversight, reporting requirements and the appointment of Board members. The Code is based on the underlying principles of good governance: accountability, transparency, probity and a focus on the sustainable success of the organisation over the longer term.

In this regard, the Board commenced a review of its governance policies and procedures to identify any compliance issues that may arise.

12. Audit & Risk Committee

The Audit & Risk Committee assists the Board in fulfilling its oversight responsibilities and operates to the Board's approved Terms of Reference. The Committee meets quarterly, comprises of a Chairman, 5 Board Members and one external member with experience in financial accounting.

The Internal Audit Officer compiled a report on the PRB's compliance with the Code of Practice for the Governance of State Bodies.

The Audit and Risk Committee agreed that a small number of changes to Governance documents/reports were required to improve compliance in some areas. Statutory provisions require the separation of the PRB from the operational aspects of remediation and financial accountability carried out by the Housing Agency.

The Board has in place a risk management system that identifies the critical risks to which it is exposed and ensures that appropriate risk mitigation measures are taken and then provides assurance that the chosen responses are effective.

The Board has adopted a Risk Management Business Plan and a Risk Management Policy and Framework. The Risk Management Business Plan and the Risk Register are approved by the Board regularly.

The risks are periodically reviewed by the Audit & Risk Committee and where relevant, proposals were made to the Board regarding amendment and enhancement of the Risk Register.

The Audit and Risk Committee reviewed two internal audit reports which were carried out by the Housing Agency, in respect of the Housing Agency's role in the remediation programme and the financial management of the programme. There were no significant issues identified during these audits. The Internal Audit Officer carried out a review of the travel and expenses relating to the PRB, and concluded that the internal Housing Agency processes which governed the travel and expenses paid were in full compliance.

ACTIVITY LEVELS

The table below gives the status of applications at year end 2016. These figures comprise of the combined total from the launch date to year end 2016, the second year of operation of the Pyrite Remediation Scheme.

Status of Applications at Year End	Combined Total
Validation Process	171
Validated and awaiting verification	129
Included in Scheme	1117
• <i>Planning/Scheduling</i>	<i>113</i>
• <i>Preparation of Specification & Tender</i>	<i>88</i>
• <i>Tendering & Tendering Analysis</i>	<i>121</i>
Remediation Works	242
Works Complete & Certified	553
Closed	77
Total Applications	1494

The 77 figures are broken down as follows :

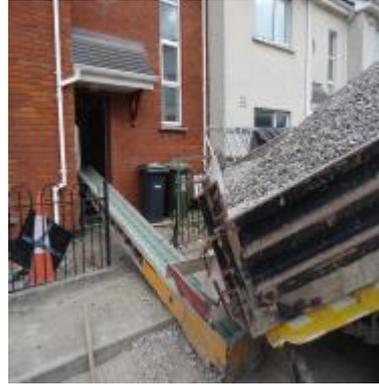
- 41 applications did not meet the eligibility criteria;
- 15 applications were duplicate applications;
- 2 applications were withdrawn by the applicants;
- 3 applications were closed on the basis of a change of ownership;
- 11 applicants did not provide a Building Condition Assessment;
- 3 applications related to dwellings that were remediated by third parties;
- 2 applications were closed because they were from developers and covered multiple apartments.

Pyrite Remediation : Before Remediation, During Remediation, and After Remediation

Before Remediation



During Remediation



After Remediation



APPEALS TO THE BOARD

Appeals to the Board can arise following:

- the refusal of an application after Stage 1: Validation Process;
- the exclusion of a Dwelling from the Scheme after Stage 2: Assessment, Verification and Recommendation Process.

Appeal Procedure

The Board has prescribed procedures under Section 27 of the Pyrite Resolution Act 2013 for the hearing and determination of appeals against decisions made by Decision Makers appointed by the PRB, on applications for the inclusion of dwellings in the Scheme. These can be found in the Application and Appeals section on the Board's website.

A total of 17 valid appeals have been submitted from the inception of the Scheme, 8 of which were received in 2016. These appeals related inter-alia to dwellings recording a damage condition rating of 1; applications not accompanied by a Building Condition Assessment Report and the eligibility criterion with respect to only one dwelling per applicant to be included in the Scheme.

INCOME & EXPENDITURE

Section 25 of the Pyrite Resolution Act 2013 provides that all monies received or expended under the Act shall be accounted for by the Housing Agency. Such accounts must be submitted each year to the Minister by the Agency after audit by the Comptroller & Auditor General and laid before the House of the Oireachtas. Accordingly, this report does not contain financial statements in relation to receipts and expenditure in relation to pyrite remediation. These will be included in the Housing Agency's Annual Report and Accounts.

The funding of pyrite remediation works is from voted Exchequer expenditure allocated by the Department of Housing, Planning, Community and Local Government. The PRB approves expenditure profiles by the Housing Agency in respect of costs, commitments and expenses. Expenditure is kept within the limits set and the sums sanctioned by the Department.

In 2016 expenditure on the pyrite remediation programme amounted to €26,999,642.

Expenditure can be broken down as follows:

Pay Costs*	€480,689
Construction Consultants	€950,771
Contractors	€23,677,415
Homeowner's Payments**	€1,818,504
Legal & Professional	€32,547
IT & Communications	€1,684
Other admin costs	€38,032

The Housing Agency is not eligible to recoup VAT and therefore all amounts are inclusive of VAT.

Pay Costs

* These represent staff salaries and other payroll expenses, together with the expenses of the Members of the Pyrite Resolution Board. The Housing Agency receives specific funding from the Department of Housing, Planning, Community and Local Government to cover expenditure that it specifically incurs for the Pyrite Remediation Scheme.

Homeowners payments

** Homeowners are initially entitled to claim back a maximum of €500 for a Building Condition Assessment. Homeowners who have been accepted into the scheme are also entitled to (1) refunds for vouched alternative accommodation subject to a maximum limit of €3,000 (including VAT) per dwelling; (2) refunds for vouched costs for removal, storage and return of furniture & contents subject to a maximum limit of €2,500 (including VAT) per dwelling.

Contributions

There will be some offset against the public expenditure incurred as a result of the contributions secured in accordance with the Pyrite Resolution Act 2013. These monies were paid over to the Minister of Housing, Planning, Community and Local Government.

Section 12 Contributions

In accordance with Section 12 of the Pyrite Resolution Act 2013, the PRB has continued to seek to recover from any party, with a liability, and capacity, all or part of the costs of remediating dwellings.

Section 20 Contributions

In accordance with Section 20 of the Pyrite Resolution Act 2013, where a dwelling has been included in the Scheme but the work has not commenced and the scheme participant receives a payment other than under the Scheme, as a condition for continued inclusion in the Scheme, the Scheme participant is required to pay the amount received to the PRB within a specified time period.

In this regard, a financial contribution was made arising from settlement of a legal action taken by a Scheme Participant. Negotiations are proceeding with regard to contributions in a number of other cases.

Contractual Commitments at Year End

Contractual commitments on 31 December 2016 are as follows:

Construction Consultants	€619,147
Works Contractors	€10,231,317

The Housing Agency submits budgets for its expenditure under the Act to the Board for approval. The Board may either approve the budget without modification or approve of the budget with such modifications as it thinks fit to make. Any departure from the budget as approved by the Board under this section may take place only with the prior approval of the Board. The Housing Agency reports on a regular basis to the PRB on actual and committed expenditure.

This report was approved by the Board and is signed on its behalf by



Aidan O'Connor
General Manager
30 June 2017



Caroline Gill
Board Member
30 June 2017

APPENDIX A - APPLICATIONS SUBMITTED IN 2016 BY COUNTY / AREA

Local Authority	Applications	County/Area	Applications
Dublin City Council	2	Dublin	307
Dún Laoghaire-Rathdown Co. Co.	5	Balbriggan	111
Fingal County Council	359	Ballyboughal	1
Kildare County Council	1	Donabate	2
Offaly County Council	3	Glenagery	1
South Dublin County Council	1	Kinsealy	3
Meath	128	Lucan	1
Grand Total	499	Lusk	137
		Malahide	1
		Newcastle	0
		Oldtown	0
		Portmarnock	0
		Rush	40
		Skerries	1
		Sutton	0
		Swords	9
		Dublin 11	1
		Cappagh	0
		Finglas	0
		Meakstown	1
		Dublin 15	53
		Ashtown	0
		Blanchardstown	12
		Castleknock	12
		Clonsilla	2
		Hollystown	0
		Mulhuddart	26
		Ongar	1
		Dublin 16	4
		Ballinteer	4
		Dublin 17	1
		Balgriffin	1
		Dublin 5	1
		Raheny	1
		Dublin 8	0
		Heytesbury Street	0
		Dublin 9	0
		Ballymun	0
		Santry	0
		Kildare	1
		Donadea	0
		Enfield	0
		Kilcock	1
		Leixlip	0
		Maynooth	0
		Meath	128
		Ashbourne	85
		Ballivor	0
		Clonalvy	0
		Dunboyne	21
		Dunshaughlin	2
		Enfield	17
		Kilbride	0
		Kilmessan	1
		Kinnegad	0
		Longwood	0
		Navan	0
		Rathmolyon	2
		Robinstown	0
		Summerhill	0
		The Ward	0
		Trim	0
		Offaly	3
		Edenderry	3
		Grand Total	499

APPENDIX B – APPLICATIONS SUBMITTED FROM LAUNCH DATE TO YEAR END

Local Authority	Applications
Dublin City Council	29
Dún Laoghaire-Rathdown Co. Co.	10
Fingal County Council	1,008
Kildare County Council	20
Offaly County Council	26
South Dublin County Council	12
Meath	389
Grand Total	1,494

Stage	Applications
1. Application & Validation	171
2. Damage Assessment/Verification	129
3. Planning/Scheduling & RWP Preparation	201
4. Tendering & Tender Analysis	77
5. Decision to Contract	44
6. Dwelling Remediation	242
7. Retention Period – 12 Months	404
8. Application Closed	226
Grand Total	1,494

County/Area	Applications
Dublin	832
Balbriggan	276
Ballyboughal	3
Donabate	68
Glenagery	1
Kinsealy	13
Lucan	1
Lusk	295
Malahide	2
Newcastle	13
Oldtown	1
Portmarnock	2
Rush	141
Skerries	2
Sutton	1
Swords	13
Dublin 11	5
Cappagh	1
Finglas	1
Meakstown	3
Dublin 15	158
Ashtown	8
Blanchardstown	16
Castleknock	15
Clonsilla	3
Hollystown	2
Mulhuddart	112
Ongar	2
Dublin 16	9
Ballinteer	9
Dublin 17	1
Balgriffin	1
Dublin 5	1
Raheny	1
Dublin 8	7
Heytesbury Street	7
Dublin 9	46
Ballymun	1
Santry	45
Kildare	20
Donadea	1
Enfield	2
Kilcock	5
Leixlip	6
Maynooth	6
Meath	389
Ashbourne	239
Ballivor	1
Clonalvy	1
Dunboyne	46
Dunshaughlin	25
Enfield	58
Kilbride	1
Kilmessan	2
Kinnegad	1
Longwood	1
Navan	2
Rathmolyon	2
Robinstown	1
Summerhill	7
The Ward	1
Trim	1
Offaly	26
Edenderry	26
Grand Total	1,494

