



An Bord Réitigh um Pírlt  
Pyrite Resolution Board

# Pyrite Resolution Board

## Annual Report 2020

To the Minister of Housing, Local Government and Heritage

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 2020

## **Mandate**

The Pyrite Resolution Board (PRB) was established by the Minister for Housing, Local Government and Heritage, 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 (the Scheme) constitutes the framework for the application of the provisions contained in the Act. The Scheme was made by the Board on 12 February 2014 with amendments made to the Scheme in February 2015, July 2019 and September 2020.

## **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.*

## Contents

Statement of the Chairman	4
Statement of General Manager	7
Board Members' Report	11
1. Principal Activities	11
2. The Board Membership	12
3. Functions of the Board	13
4. Responsibilities of the Board	13
5. Attendance, Remuneration and Expenses at Board Meetings	17
6. Code of Conduct, Disclosure and Ethics	19
7. Services provided by HomeBond	20
8. Procurement	20
9. Strategy and Business Plan	20
10. Review of the Business	21
11. Corporate Governance	21
12. Audit & Risk Committee	23
Activity Levels	24
Before, during and after remediation	25
Appeals to the Board	27
Statement on Internal Control	28
Income & Expenditure	31
Contributions	32
Contractual Commitments at Year End	33
Appendix A - Applications Submitted in 2019 by County/Area	35
Appendix B - Applications Submitted from Launch Date to Year End	36

## Statement of the Chairman

In accordance with section 9(4) of the *Pyrite Resolution Act 2013*, I am pleased to submit to the Minister of Housing, Local Government and Heritage this Report on the performance by the Pyrite Resolution Board (PRB) of its functions under the Act during the year 2020. This is the PRB's seventh 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.

The Act sets out the respective functions of the PRB and the Housing Agency. Under the Act, the responsibility for the testing of dwellings and the execution of remediation works is assigned to the Housing Agency. Also, in accordance with the Act, the Exchequer funding provided for pyrite remediation purposes (including the expenses of the PRB) are routed through the Housing Agency and the audited Financial Statements relating to such funds are contained in the Housing Agency's Annual Report. I am pleased to say that the two bodies continue to work together efficiently and effectively.

During 2020, the Board consisted of the Chairman, Mr. Jack Keyes (reappointed in August 2020), Dr. Derek Sinnott (reappointed in September 2019), Mr. Alec Flood who was both a Board Member and Chairperson of the Audit and Risk committee (reappointed in December 2019), Ms. Lydia Bunni (appointed to the Board in September 2020) and Mr. Kevin McCrave (appointed to the Board in September 2020).

In September 2020, the Minister approved the extension of the Pyrite Remediation Scheme to include the administrative area of Limerick City and County Council, which will see homeowners of dwellings with significant damage attributable to pyritic heave eligible to apply for remediation to their dwelling. The proposal to amend the Scheme

was originally set out in October 2019. The amended Scheme was published on the PRB's website.

In September 2020, the Pyrite Resolution Board reached a significant milestone of having 2,000 homes remediated and returned to their owners under the scheme. The Minister attended the hand back of the 2000<sup>th</sup> property.

Each year, the PRB carries out a customer satisfaction survey under applicants whose homes have been remediated recently. The homeowners survey that was carried out in July 2020 showed high satisfaction rates with regard to the overall process of pyrite remediation, the assistance provided by administrative staff, project managers, consultant engineers and contractors, and the guidance provided by the PRB website.

By the end of 2020 the number of applications received was 2784; of these 2342 were approved for inclusion in the Scheme. Of this figure, 2091 dwellings were remediated and works contracts were in place for a further 134 dwellings. Expenditure under the Scheme in 2020 was lower than the financial allocation made available by the Department of Housing, Local Government and Heritage. This was due to the impact of Covid-19 on the implementation of the Scheme. The PRB adhered to all government guidelines issued in relation to Covid-19. During 2020, 201 remediated dwellings were returned to the homeowners before the end of the year.

The PRB continues to receive a steady stream of applications. In 2020 the PRB received 193 applications, equalling an average of 16 applications per month, which is lower than the number of applications in 2019, being 336.

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.

The Board has a small number of staff supplied from existing staff within the Department of Housing, Local Government and Heritage 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 wish to thank Caroline Gill and Sean Balfe for their valued contribution during their term as Board Members. I also wish to thank Ms. Annet Busweiler for her diligent work as Board Secretary, and Ciara McCoy who acted temporarily as Board Secretary. I wish to thank Ms. Ciara Galvin for her contribution to the PRB Audit and Risk Committee. In particular, I would like to pay tribute to Aidan O'Connor as the General Manager and wish to thank him for his contribution during 2020. I am also grateful to the Chairman, the Board, the Chief Executive, and staff of the Housing Agency for their constructive cooperation.

Finally, I thank the Minister for Housing, Local Government and Heritage, Mr. Darragh O'Brien, T.D. and the Ministers of State, Peter Burke English, T.D., Malcolm Noonan T.D., and their officials in the Department for their on-going interest and support for the PRB and its activities.



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Jack Keyes

Chairman

## Statement of General Manager

The year 2020 was a challenging year for the Pyrite Remediation Scheme. The continued rollout of the scheme has adjusted to the series of lockdowns and government health measures which have impacted the effective operations of the remediation process. However, the Pyrite Remediation Scheme has managed to maintain a level of momentum and the operations of the Scheme has progressed in accordance with government and industry health guidelines.

The total number of applications for remediation received under the Pyrite Remediation Scheme (the Scheme), as per the Pyrite Resolution Act 2013 (the Act), up to the end of 2020 was 2784 in total. Of those, 193 applications for remediation were received during 2020. This low number would mostly likely be as a result of the impact of Covid-19 as applications in excess of 300 were expected based on recent application trends. New applications received 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. In 2015 the administrative areas of South Dublin County Council and Dun Laoghaire-Rathdown County Councils were added to the Scheme by ministerial amendment.

During 2018, reports were received of pyritic heave in a number of houses in estates in the administrative area of Limerick City and Limerick County Council. 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 Limerick City and Limerick County Council. This amendment came into effect on 24<sup>th</sup> of September 2020.

On a high level, the Pyrite Remediation Scheme is implemented as follows – I refer to

section 4 in the Board Members' Report for a detailed explanation of the various steps in the process. Staff of the Pyrite Resolution Board (PRB) consider the eligibility of the applications received. In accordance with the Assessment & Verification Process, the Housing Agency makes a recommendation to the 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.

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. The scheme operates in an open, transparent and objective manner.

To ensure value for money, framework panels have been set up for building professionals and for building contractors. Contracts for individual projects are subject to tendering from these panels. 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. The average all in cost of remediation is €65,000 per dwelling. There can be significant variation in costs, with one-off houses in general are more expensive due to their larger ground floor area.

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. Delays and added costs have arisen due to Covid-19 restrictions or 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, minimise and manage such situations to avoid delays and added



costs as far as possible.

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.

The PRB and the Housing Agency have in place Governance and Procedural Arrangements for the Pyrite Resolution Board and 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.

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 4<sup>th</sup> December 2015 for dealing with structural defects not related to pyritic heave will also contribute to part of the cost of construction works in some cases. It is acknowledged that HomeBond's contribution towards the testing and remediation programme 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.

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. 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.

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 need for constant review of communications is recognised by both the PRB and the Housing Agency. A dedicated contact email address is in place for members of the Oireachtas. Members of the public can contact the Board by telephone or email, details of which along with all aspects of the scheme, are displayed on the PRB website.

The Scheme is reviewed on an ongoing basis with feedback from applicants, issues raised via the complaint's procedure, appeals received, representations from public representatives and through engagement with the Department of Housing, Local Government and Heritage, contractors, legal advisers, auditors and others.



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Martin Lynch

General Manager

## Board Members' Report

The members of the Pyrite Resolution Board present their Annual Report for the year ended 31 December 2020.

### 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.

In February 2015, the Minister approved an amendment to include both the South Dublin and the Dún Laoghaire–Rathdown County Council areas within the Scheme. A further amendment approved by the Minister to include both Limerick County and City Councils within the Scheme came into effect in September 2020.

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 assesses and makes recommendations to the PRB on applications from homeowners for inclusion in the Scheme.

## **2. The Board Membership**

The Board comprises of 4 Members and the Chairman.

### **Jack Keyes, Chairman**

(Chartered Engineer and former County Manager, Cavan County Council was reappointed to the Board on 3<sup>rd</sup> August, 2020)

### **Dr Derek Sinnott**

(Head of Department of the Built Environment at Waterford Institute of Technology was re-appointed to the Board on the 2<sup>nd</sup> September 2019)

### **Alec Flood**

(Practising Barrister and Chartered Engineer was re-appointed to the Board on the 29<sup>th</sup> December 2019)

### **Lydia Bunni**

(Practising Barrister, was appointed to the Board 2<sup>nd</sup> September 2020)

### **Kevin McCrave**

(Practising Barrister, was appointed to the Board 2<sup>nd</sup> September 2020)

### **Board Secretary**

As of 1<sup>st</sup> July 2019, Annet Busweiler was appointed as PRB Board Secretary.

As of the 12<sup>th</sup> of August 2020, Ciara McCoy acted as Board Secretary.

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, Local Government and Heritage and the Housing Agency.

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

The *Governance and Procedural Arrangements for the Pyrite Resolution Board and Housing Agency* 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 dwellings 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 Act;
- (e) Determining appeals under Section 27 of the Act;
- (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 Board manages the direction and control of the strategic actions and other activities of the PRB.

**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 to 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. 398-1:2017 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.
- **Stage 3: Remedial Works Plan:** After Stage 2 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.
- **Stage 4: Tendering and Tender Analysis:** 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:** 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.
- **Stage 6: Dwelling Remediation:** The contractor remediates the dwelling 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.

- **Certification:** 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.
- **Stage 8: Application Closure:** The application is considered closed 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 €4,500 (including VAT).
- The Pyrite Resolution Board permits that the temporary removal and storage allowance can be combined with the alternative accommodation allowance to cover accommodation cost only up to a maximum limit of €7,000 (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 in 2018, to establish Framework Agreements for Construction Design Professionals. The framework for the 3 engineering firms on the Framework Panel for Construction Design Professionals commenced on 26<sup>th</sup> March 2018 for 2 years, was extended for a further two year period from 26<sup>th</sup> March 2020.

The Housing Agency conducted a public procurement process in 2018, to establish Framework Agreements for Works Contractors to carry out the remediation works. The framework for the 5 contracting companies on the Framework Panel for Works in Lot 1 (7 Dwellings and more) which commenced on 18<sup>th</sup> May 2018 for 24 months, was extended for a further 12 month term from 18<sup>th</sup> May 2020. The framework for the 5 contracting companies on the Framework Panel for Works in Lot 2 (1-6 Dwellings and

more) which commenced on 25<sup>th</sup> July 2018 for 24 months, was extended for a further 12 month term from 25<sup>th</sup> July 2020.

## 5. Attendance, Remuneration and Expenses and at Board Meetings

The Board normally meets at monthly intervals (excluding August) to conduct business. A total of 12 Board Meetings were held in 2020. As part of the 12 Board meetings all Board Members also attend 5 Audit and Risk Committee Meetings which were held throughout 2020. The table below shows the schedule of Board and Audit & Risk Committee meetings which took place throughout 2020.

Date	Time
30 <sup>th</sup> January	09.30 am
28 <sup>th</sup> February (Includes Audit and Risk Committee)	09.30 am
19 <sup>th</sup> March	11.00 am
2 <sup>nd</sup> April	11.00 am
23 <sup>rd</sup> April (Includes Audit & Risk Committee)	09.30 am
29 <sup>th</sup> May (Includes Audit and Risk Committee)	10.00 am
25 <sup>th</sup> June	09.00 am
23 <sup>rd</sup> July	11.00 am
17 <sup>th</sup> September	11.00 am
14 <sup>th</sup> October	14.30 pm
22 <sup>nd</sup> October (Audit and Risk Committee Only)	10.30 am
26 <sup>th</sup> November	14.00 pm
17 <sup>th</sup> December (Includes Audit and Risk Committee)	14.00pm

The attendance, remuneration and expenses associated with each Board Member is presented in the following table:

Board Member	Attendance	Remuneration	Expenses
Jack Keyes	12	€8,978.00	€2,898.67
Alec Flood	12	€2,000.00	Nil
Dr Derek Sinnott *	12	Nil	Nil
Lydia Bunni	2	€400.00	Nil
Kevin McCrave	3	€600.00	Nil

\*One member did not receive a Board fee under the One Person One Salary (OPOS) Principle.

Alec Flood also attends the Housing Agency's Audit Committee 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 Senior Engineer rate of the Local Authority Pay Scale. His remuneration has been approved by the Department of Housing, Local Government and Heritage 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, Local Government and Heritage 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. 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. All Board members and Pyrite Resolution Board Staff were asked to complete

an Annual Statement of Interest and return it to their respective officers in 2020.

The Pyrite Resolution Board has a Protected Disclosures Policy and Procedure in place which applies to all workers of the Pyrite Resolution Board including contractors, consultants, Board staff, former employees and interns/trainees. During 2020, the Pyrite Resolution Board received no protected disclosure reports.

## **7. Services provided by HomeBond**

### ***Technical and Project Management Services***

In June 2014, an agreement was signed between the Chairman of the Pyrite Resolution Board and the Chairman of HomeBond 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, to the value of €2 million. This agreement is being implemented to the satisfaction of the Board.

### ***The HomeBond Supplemental Agreement***

A Supplemental Agreement with HomeBond dated 4<sup>th</sup> 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 Pyrite Resolution Board's Strategy in relation to the pyrite remediation programme

was approved by the Board in September 2018 and covers the period 2019 – 2021. The Pyrite Resolution Board’s Business Plan was approved by the Board in November 2019 and also covers the period 2019 – 2021.

## 10. Review of the Business

Commentaries on performance during the year ended 31 December 2020, 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 2020, the Board complied with the *Code of Practice for the Governance of State Bodies 2016* issued by the Department of Public Expenditure and Reform. 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 addition, the Board adhered to various other legislative requirements, such as the *Ethics in Public Office Act 1995*, *Standards in Public Office Act 2001*, the *Protected Disclosures Act 2014*, the *Freedom of Information Acts 1997, 2003 and 2014*, and the *Data Protection Act/GDPR*.

In 2020, the Board discussed the outcomes of the Board Self-assessment evaluation that was carried out in December 2019 and agreed on follow-up actions.

In November 2019, the Board adopted a Governance Programme. This Governance programme was also implemented in 2020. The Governance Programme is a structured approach to review the documents that together form the PRB’s Governance

Framework over the period of a year.

In 2020, the Board reviewed:

- Governance and Procedural Arrangements for the Pyrite Resolution Board and Housing Agency
- Customer Charter
- Code of Business Conduct
- Internal Audit Charter
- Risk Management Policy and Framework
- Appeals Procedure
- Complaints Procedure
- PRB Terms of Reference
- List of Legal Obligations
- Gifts and Hospitality Policy
- Disclosure of Interests
- Data Protection Policy
- Record of Processing Activities (ROPA)

The following documents are also in place and up to date:

- Governance and Procedural Arrangements for the Pyrite Resolution Board and Housing Agency
- Matters Reserved for Board Decision
- Delegated Powers
- Confidentiality Policy
- Conflict of Interest Policy

In this regard, the Board continues to work on 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, which were reviewed and updated in 2020. The Committee meets quarterly.

The members of the Audit & Risk Committee are:

- Alec Flood (Chair)
- Derek Sinnott
- Jack Keyes
- Lydia Bunni
- Kevin McCrave
- Tony O'Brien (external member with experience in financial accounting)

The Chair of the PRB Audit & Risk Committee (Alec Flood) is a member of the Housing Agency Audit & Risk Committee, and the Chair of the Housing Agency (Tony O'Brien) is a member of the PRB Audit & Risk Committee.

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 have been made to the Board regarding amendment and enhancement of the Risk Register.

## Activity Levels

The table below gives the status of applications at year end 2020. These figures comprise of the combined total from the launch date to year end 2020.

Status of Applications at Year End	Combined Total
<b>In Validation Process</b>	<b>113</b>
<b>Validated and awaiting verification</b>	<b>86</b>
<b>Included in the Scheme</b>	<b>117</b>
➤ Planning/scheduling	107
➤ Tendering & Tendering Analysis	8
➤ Decision to Contract	2
<b>Remediation Works</b>	<b>134</b>
<b>Works Completed &amp; Certified</b>	<b>2091</b>
<b>Closed</b>	<b>243</b>
<b>Total Applications</b>	<b>2784</b>

The 243 figure is broken down as follows:

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



## Before, during 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.

### ***Appeals 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 both the Submit an Application section and the Customer Care section on the Board's website.

A total of 38 valid appeals have been submitted since the inception of the Scheme, 2 of which were received in 2020. One appeal related to a dwelling excluded from the Scheme where results of laboratory testing of hardcore samples taken from the dwelling show negligible susceptibility to expansion. The Board upheld the decision of the Decision Maker to exclude the dwelling from the Scheme. The second appeal relates to an application where the Building Condition Assessment report submitted with the application recorded a damage condition rating of 1. This appeal is still under consideration by the Board.

## Statement on Internal Control

### ***Scope of Responsibility***

On behalf of the Pyrite Resolution Board, I acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

### ***Purpose of the System of Internal Control***

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that material errors or irregularities are either prevented or detected in a timely way. The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the Pyrite Resolution Board for the year ended 31 December 2020.

### ***Capacity to Handle Risk***

The Pyrite Resolution Board has an Audit and Risk Committee (ARC) comprising five Board members and one external member with experience in financial accounting, one of whom is the Chair. The ARC met five times in 2020.

The Pyrite Resolution Board has also established an internal audit function which is provided by the Housing Agency. The internal audit function is adequately resourced and conducts a programme of work agreed with the ARC.

The ARC has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. All staff are expected to work within the Pyrite Resolution Board's risk management policies, to alert the General Manager on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

### ***Risk and Control Framework***

The Pyrite Resolution Board has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks. A risk register is in place which identifies the key risks facing the Pyrite Resolution Board and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the ARC on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- Matters Reserved for Board Decision have been defined,
- there are systems aimed at ensuring the security of the information and communication technology systems.

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.

I confirm that:

- a Service Level Agreement (Governance and Procedural Arrangements Agreement) with the Housing Agency is in place;
- the PRB receives monthly reports on relevant matters from the management of the Housing Agency; and
- the Chair of the PRB Audit Committee is a member of the Housing Agency's Audit and Risk Committee, through which the PRB has access to relevant Housing Agency internal audit reviews and controls and also to the Housing Agency's external audit, which is carried out by the Comptroller and Auditor General.

### ***Ongoing Monitoring and Review***

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. I confirm that the following ongoing monitoring system is in place:

- the Board regularly reviews periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

### ***Procurement***


The PRB procurement function is provided by the Housing Agency.

### ***Review of Effectiveness***

I confirm that the Pyrite Resolution Board has procedures to monitor the effectiveness of its risk management and control procedures. The Pyrite Resolution Board's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the General Manager within the Pyrite Resolution Board responsible for the development and maintenance of the internal control framework. I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2020.

### ***Internal Control Issues***

No weaknesses in internal control were identified in relation to 2020.



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Jack Keyes  
Chairman  
27<sup>th</sup> May 2021

## 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, Local Government and Heritage. 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. The PRB and the Housing Agency adhere to the relevant aspects of the Public Spending Code.

The financial reporting requirements of the Pyrite Resolution Board under the Code of Practice for the Governance of State Bodies 2016 are covered in the Housing Agency Annual Report.

A sum of €20 million was announced under Budget 2020 to fund the operation of the Pyrite Remediation Scheme this year. Of this sum, €13,000,000 was drawn down. The total expenditure on the pyrite remediation programme in 2020 amounted to €13,808,104. This included a figure of €649,594 for Pay & Admin Costs which are funded under the Housing Agency allocation and the remaining €158,510 from accruals in 2019.

Expenditure can be broken down as follows:

Pay & Admin Costs*	€ 649,594
Construction Design Managers	€ 1,043,172
Works Contractors	€ 10,535,466
Homeowner's Payments	€ 1,390,366
Legal & Professional	€ 166,371
Other Administration Costs	€ 23,135
<b>Total Expenditure</b>	<b>€ 13,808,104</b>

\* Funded under the Housing Agency allocation.

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

### ***Pay & Admin Costs***

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

### ***Homeowner's payments***

Homeowners who have been accepted into the scheme are entitled to

- (1) claim back a maximum of €500 for a Building Condition Assessment.
- (2) refunds for vouched alternative accommodation subject to a maximum limit of €4,500 (including VAT) per dwelling.
- (3) 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 was 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, Local Government and Heritage.

### **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. In 2020, the PRB has received one payment (€2,527,500) under Section 12 of the Act. It should be noted that there were legal fees incurred in pursuing this claim.

### **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 2020, the PRB has received one payment (€32,958.50) under Section 20 of the Act.

## **Contractual Commitments at Year End**

Contractual commitments on 31 December 2020 are as follows:

Construction Project Managers	€7,818,697
Works Contractors	€123,592,314

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



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Martin Lynch  
General Manager  
27<sup>th</sup> May 2021



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Jack Keyes  
Chairman  
27<sup>th</sup> May 2021

## Appendix A - Applications Submitted in 2020 by County/Area

Local Authority	Applications	County/Area	Applications
Dublin City Council	1	<b>Dublin</b>	<b>95</b>
Dún Laoghaire-Rathdown Co. Co.	3	Balbriggan	44
Fingal County Council	109	Donabate	1
Kildare County Council	24	Garristown	1
Meath County Council	44	Kinsealy	1
Offaly County Council	1	Lucan	1
South Dublin County Council	1	Lusk	18
Limerick	10	Malahide	1
<b>Grand Total</b>	<b>193</b>	Rush	17
		Swords	11
		<b>Dublin 13</b>	<b>1</b>
		Balgriffin	1
		<b>Dublin 15</b>	<b>15</b>
		Blanchardstown	2
		Castleknock	1
		Hollystown	2
		Mulhuddart	9
		Ongar	1
		<b>Dublin 16</b>	<b>3</b>
		Ballinteer	3
		<b>Kildare</b>	<b>24</b>
		Kilcock	3
		Leixlip	20
		Maynooth	1
		<b>Limerick</b>	<b>10</b>
		Corbally	9
		Rhebogue	1
		<b>Meath</b>	<b>44</b>
		Ashbourne	15
		Dunboyne	20
		Dunshaughlin	3
		Enfield	3
		Kilcock	1
		Summerhill	2
		<b>Offaly</b>	<b>1</b>
		Edenderry	1
		<b>Grand Total</b>	<b>193</b>

## Appendix B - Applications Submitted from Launch Date to Year End

Local Authority	Applications
Dublin City Council	36
Dún Laoghaire-Rathdown Co. Co.	35
Fingal County Council	1842
Kildare County Council	86
Meath County Council	711
Offaly County Council	30
South Dublin County Council	34
Limerick	10
<b>Grand Total</b>	<b>2784</b>

Stage	Applications
1. Application & Validation	113
2. Damage Assessment/Verification	86
3. Planning/Scheduling & RWP Preparation	107
4. Tendering & Tender Analysis	8
5. Decision to Contract	2
6. Dwelling Remediation	134
7. Retention Period – 12 Months	268
8. Application Closed	2066
<b>Grand Total</b>	<b>2784</b>

County/Area	Applications
<b>Dublin</b>	<b>1576</b>
Balbriggan	489
Ballyboughal	5
Blackrock	1
Donabate	78
Garristown	2
Glenagery	2
Kinsealy	18
Lucan	22
Lusk	598
Malahide	6
Naul	1
Newcastle	13
Oldtown	1
Portmarnock	2
Rush	288
Skerries	3
Sutton	1
Swords	46
<b>Dublin 1</b>	<b>1</b>
Glasnevin	1
<b>Dublin 11</b>	<b>14</b>
Cappagh	1
Finglas	2
Meakstown	11
<b>Dublin 13</b>	<b>7</b>
Balgriffin	6
Kilbarrack	1
<b>Dublin 14</b>	<b>1</b>
Churchtown	1

## Appendix B Contd. - Applications Submitted from Launch Date to Year End

<b>Dublin 15</b>	<b>254</b>
Ashtown	9
Blanchardstown	26
Castleknock	34
Clonsilla	9
Hollystown	6
Mulhuddart	167
Ongar	3
<b>Dublin 16</b>	<b>31</b>
Ballinteer	31
<b>Dublin 5</b>	<b>3</b>
Harmonstown	1
Raheny	2
<b>Dublin 6</b>	<b>1</b>
Harolds Cross	1
<b>Dublin 8</b>	<b>9</b>
Heytesbury Street	7
Merchants Quay	2
<b>Dublin 9</b>	<b>48</b>
Ballymun	1
Drumcondra	1
Glasnevin	1
Santry	45
<b>Kildare</b>	<b>86</b>
Donadea	1
Enfield	2
Kilcock	12
Leixlip	54
<b>Limerick</b>	<b>10</b>
Corbally	9
Rhebogue	1
<b>Meath</b>	<b>713</b>
Ashbourne	403
Ballivor	1
Clonalvy	1
Drumree	1
Dunboyne	151
Dunshaughlin	32
Enfield	87

## Appendix B Contd. - Applications Submitted from Launch Date to Year End

Kilbride	1
Kilcock	1
Kilmessan	3
Kinnegad	1
Navan	8
Rathmolyon	5
Ratoath	4
Robinstown	1
Summerhill	11
The Ward	1
Trim	1
<b>Offaly</b>	<b>30</b>
Edenderry	30
<b>Grand Total</b>	<b>2784</b>