

Quality Assurance – In Depth Check

Section A: Introduction

This introductory section details the headline information on the programme or project in question.

Programme or Project Information	
Name	58 Housing Units, Pennefeather Green, Hebron Road, Kilkenny
Detail	Acquisition of 58 Housing Units, (52 Turnkey & 6 Part V), at Pennefeather Green, Hebron Road, Kilkenny
Responsible Body	Kilkenny County Council
Current Status	Project Completed
Start Date	2019
End Date	2022
Overall Cost	€16.2 million

Project Description

The project involves the acquisition of 58 Social Housing Units at Pennefeather Green, Hebron Road, Kilkenny under a Turnkey (52 number) & Part V (6 number) construction agreement. The total approved budget for the project is €16.2m.

In November 2014, the Government launched the 'Social Housing Strategy 2015 – 2020: Support, Supply and Reform'. The stated vision of the Strategy is that every household will have access to secure, good quality housing suitable to their needs, at an affordable price in a sustainable community. This strategy was further supplemented by 'Rebuilding Ireland – Action Plan for Housing and Homelessness'. Kilkenny County Council has confirmed that there is a Social Housing need of 1126 in the Kilkenny City area in November 2019. These applicants require a mix of house types from 1 bed to 4 bed units.

Kilkenny County Council advertised for expressions of interest from Contractors for the provision of Social Housing in County Kilkenny through the sale of completed units in Turnkey Condition in July 2019. Submissions were evaluated and this project fulfilled all the minimum criteria and scored the highest of all submissions received based on the criteria set out in the Expression of Interest Briefing Document. It scored particularly highly in terms of location, planning permission, status and mix of unit types. Kilkenny City is the area of greatest housing need in County Kilkenny.

The 58 unit scheme is to be constructed on a 1 hectare site on the Hebron Road in Kilkenny City and sold in its entirety to Kilkenny County Council. Full planning permission is in place and the developers have indicated that they have finance in place and they are ready to commence in early 2020 with a timeframe of 16 months for construction. A range of unit types are proposed, which align well with the Social Housing Need in Kilkenny City.

Kilkenny County Council's objective would be to allocate the units to a range of families/individuals at various stages of life in order to create a sustainable mixed community. The site is located within walking distance of all relevant amenities and Kilkenny County Council believes that the provision of housing at this location will be successful from a community sustainability viewpoint.

An application for funding for the acquisition of the 58 Housing Units was submitted to the Department of Housing Planning and Local Government in December 2019, based on Housing Circular 31/2019, which sets out the arrangements for the provision by Local Authorities of Social Housing through Turnkey Projects. This application included the required HCA3 form, Capital Appraisal, site maps, floor plans, outline details of the proposal, report of overall project costs and Part V Property Valuation report. Funding approval was received from the Department in March 2020 for a total all in cost of €16,212,476.52 for the project.

Section B - Step 1: Logic Model Mapping

As part of this In-Depth Check, Kilkenny County Council's Internal Audit Unit have completed a Programme Logic Model (PLM) for the acquisition of 58 Housing Units at Pennefeather Green, Hebron Road, Kilkenny City. A PLM is a standard evaluation tool and further information on their nature is available in the [Public Spending Code](#).

Objectives	Inputs	Activities	Outputs	Outcomes
Acquisition of 58 Units to comprise of 52 Turnkey Units and 6 Part V Units in Kilkenny City. The project is located within walking distance of all relevant amenities.	A budget of €16.2 million	<p>Kilkenny County Council is the purchaser of the 58 completed units in this project.</p> <p>Advertised for Expressions of Interest from Contractors for the provision of Social Housing in County Kilkenny through the sale of completed units in Turnkey Condition in September 2019.</p> <p>Evaluated submissions.</p> <p>Liase with Legal Team to ensure contract requirements are correct.</p>	The provision of 58 Social Housing Units of mixed house type.	Providing good quality social houses for people of Kilkenny who are not in a position to provide their own accommodation. These houses are of mixed type located in a sustainable community.
To ensure value for money is achieved	<p>Negotiation of proposed price with assistance of professionally qualified QS to ensure it aligns with current construction cost.</p> <p>Prepare and submit Capital Appraisal with associated documents to the Department for</p>	<p>Fixed Price Contract put in place with no materials variation allowed.</p> <p>Ensure timely recoupment of funds from Department.</p>	No scope for increase in Contract Amount with Turnkey Projects.	The project is to provide 58 Social Housing Units in Turnkey Condition.

	funding approval.			
To provide accommodation for a variety of housing applicants/existing tenants with a range of needs at all stages of life	Assessment of the specific housing need in Kilkenny City.	Include details of housing need in Expression of Interest Document and assess projects on that basis.	The Scheme is compatible with the Social Housing need in Kilkenny City.	Acquisition of 58 housing units in a sustainable inclusive community to meet the needs of the approved housing applicants.

Description of Programme Logic Model

Objectives:

The objective of the acquisition of 58 Social Housing Units (52 Turnkey & 6 Part V) at Pennefeather, Hebron Road, Kilkenny is to provide housing units of good quality, suited to the housing applicant's needs, in a sustainable community.

Inputs:

The primary input to the programme was the capital funding of €16.2 million which was provided for by the Department of Housing, Planning and Local Government.

Activities:

There were a number of key activities carried out throughout the project. These included: request for expressions of interest from Contractors to supply Turnkey Units, evaluation of submissions, negotiation with builder on price, funding requests, capital appraisal, securing of contracts, project management and monitoring of the contract and ensuring compliance with the terms of the contract. Kilkenny County Council's Housing Capital Section liaised with the Department of Housing, Planning and Local Government at the key stages during the project lifecycle.

Outputs:

Having carried out the identified activities using the inputs, the outputs of the project are for the provision of 58 housing units of good quality for the people of Kilkenny who are unable to provide for their own housing need.

Outcomes:

The envisaged outcomes of the project are to provide 58 Turnkey housing units in a sustainable, inclusive community within walking distance of all relevant amenities in Kilkenny City.

Section B - Step 2: Summary Timeline of Project/Programme

The following section tracks the Acquisition of 58 housing units at Pennefeather Green, Hebron Road, Kilkenny City from inception to conclusion in terms of major project milestones:

July 2019	Kilkenny County Council advertised for expressions of interest from Contractors for the provision of Social Housing in County Kilkenny through the sale of completed units in Turnkey Condition in July 2019. Submissions were evaluated based on the criteria set out in the Expression of Interest Briefing Document
Sept 2019	The property was valued for Part V assessment under the Planning Acts 2000/2002
Nov 2019	Capital Appraisal Report, site maps, floor plans, outline details of the proposal report of overall project costs and HCA3 Form requesting funding approval was submitted to the Department of Housing, Planning and Local Government
Mar 2020	Approval received from Department to proceed to acquire 58 Units at Hebron Road, Kilkenny by way of Turnkey & Part V arrangement at an all in cost of €16,212,476.52
Aug 2020	Contracts signed by Kilkenny County Council and Contractor
July 2020	HCA4 Form and associated documents submitted to the Department for recoupment of deposit of €800k
Aug 2020	Payment received from Department as requested
Aug 2020	Project commenced on site
June 2021	Request from contractor for increase in contract amount
Feb 2022	Variation Agreement to the Contract between Kilkenny County Council and the builder to allow for payment to builder for 25 units
Mar 2023	HCA4 Form submitted to the Department for recoupment of €6.4m
Mar 2023	Payment received from Department as requested
Oct 2022	HCA4 Form request submitted to the Department for recoupment of €7.7m
Oct 2022	Payment received from Department as requested
Oct 2022	HCA4 Form submitted to the Department for recoupment of €1.1 for Part V Units
Oct 2022	Payment received from Department as requested
Nov 2022	Houses allocated to approved housing applicants on the Approved Housing List

Section B - Step 3: Analysis of Key Documents

The following section reviews the key documentation relating to appraisal, analysis and evaluation for the acquisition of 58 Social Housing Units at Pennefeather Green, Kilkenny City.

Project/Programme Key Documents	
Title	Details
Rebuilding Ireland – Action Plan for Housing and Homelessness	National target to provide 47,000 new Social Housing Units by 2021
Advertisement for Expressions of Interest	Expressions of Interest sought from Contractors for the provision of Social Houses through the sale of Units in Turnkey Condition
Cost Appraisal	Nolan Construction Consultants report on Construction Costs
HCA3 Form & Capital Appraisal	Report seeking approval for the acquisition of 58 Social Housing Units
Delegated Officer's Order	Ordering the acquisition of the 58 Housing Units in the amount of €16.2m
Department Approval Letter	Approval for acquisition of 58 units with a budget of €16.2 million
Signed Contracts between Contractor and Kilkenny County Council	Contracts for acquisition of 58 Social Housing Units in Pennefeather Green, Kilkenny City.
Request from Contractor for an increase in contract amount	Letter from Contractor for a stage payment for 25 completed units to date
Variation Agreement to Contract	Variation Agreement signed by Contractor and Kilkenny County Council
HCA4 Form	Request for recoupment of €6.4m which was paid to Contractor as per Variation Agreement
Department Payment Notification	Payment by Department to Kilkenny County Council in the amount of €6.4m
2 HCA4 Forms	Request for balance of funds in the amount of €7.7m (Turnkey) & €1.1m Part V Units

Department Payment Notification	Payment by Department to Kilkenny County Council in the amount of €7.7m & €1.1m as requested
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Key Document 1: Rebuilding Ireland – Action Plan for Housing and Homelessness

‘Rebuilding Ireland – Action Plan for Housing and Homelessness’ was published by the Department of Housing, Planning, Community and Local Government in 2016. One of the pillars of the plan is to provide 47,000 new Social Housing units by 2021 to meet the Social Housing supply requirements.

Key Document 2: Advertisement for Expressions of Interest

Kilkenny County Council advertised for expressions of interest from Contractors for the provision of Social Housing in County Kilkenny through the sale of completed units in Turnkey Condition in July 2019. This is a requirement of Circular Housing 31/2019 when Local Authorities are entering into arrangements to acquire houses through Turnkey Projects.

Key Document 3: Cost Appraisal

A report by Quantity Surveyors Nolan Construction Consultants on the project cost.

Key Document 4: Capital Appraisal, Associated documents and Funding Request

An application for funding for the acquisition of the 58 Housing Units was submitted to the Department of Housing Planning and Local Government in December, 2019. This application included the required HCA3 form, Capital Appraisal, site maps, floor plans, outline details of the proposal, report of overall project costs and Part V Property Valuation report. Funding approval was received from the Department in March 2020 for a total all in cost of €16,212,476.52 for the project.

Key Document 5: Delegated Officer’s Order

Order approving the acquisition of 58 Social Housing Units at Pennefeather Green, Hebron Road, Kilkenny at an agreed cost of €16,212,476.52.

Key Document 6: Department Approval Letter

Funding approval was received from the Department of Housing, Planning and Local Government in March 2020 for a total all in cost of €16,212,476.52 for the project.

Key Document 7: Signed Contracts

Contracts were signed between Kilkenny County Council and the Contractors for the acquisition of the 58 Social Housing Units to be delivered in Turnkey Condition.

Key Document 8: Request from contractor for an increase in the contract amount

A request was received from the Contractor for an increase to the original contract sum in the amount of €949,025. This request was based on increased costs due to COVID

restrictions, increased material costs and supply chain issues caused by Brexit. The Contractor stated they were ‘under extreme pressure with the cost of materials and labor increases’ on the project. This claim was reviewed by Kilkenny County Council and the Department and as this contract is for a fixed price sum the claim for the additional costs was refused. Following protracted negotiations, it was agreed with Departmental approval to purchase some of the units early to assist the contractor with cash flow. This ensured that the Contractor stayed on site to finish the project.

Key Document 9: Variation Agreement to Contract

A Variation Agreement to the Contract was signed between Kilkenny County Council and the builder in February 2022 to allow for payment to the builder for 25 completed Units. The Units transferred into the ownership of Kilkenny County Council and all relevant letters of Compliance are on file. This agreement was necessary to ensure that the developer stayed on track to deliver the project.

Key Document 10: HCA4 Form

Request to the Department for recoupment of €6.4m for 25 completed Units.

Key Document 11: Department Notification of Payment

Notification of payment in the amount of €6.4m as requested.

Key Document 12: 2 HCA4 Forms

Request to the Department for recoupment of balance of funds in the amount of €7.7m (Turnkey) & €1.1m Part V Units.

Key Document 13: Department Payment Notification

Notification of payment in the amount of €7.7m & €1.1m as requested

Section B - Step 4: Data Audit

The following section details the data audit that was carried out for the Acquisition of 58 Turnkey Units at Pennefeather, Hebron Road, Kilkenny City. It evaluates whether appropriate data is available for the future evaluation of the project.

Data Required	Use	Availability
HCA3 form, Capital Appraisal, site maps, floor plans, outline details of the proposal, report of overall project costs and Part V Property Valuation report.	Request to the Department of Housing, Planning and Local Government for approval in for the project	Yes
Approval from An Bord Pleanála	Confirmation of Planning Permission for the project	Yes

Contract for the Acquisition of the Units	Legal Agreement between Vendor & Purchaser	Yes
Variation Agreement to Contract	Legal Agreement between Vendor & Purchaser	Yes
Delegated Officer's Order	Ordering the Acquisition of the 58 Housing Units in the amount of €16.2m	Yes
Details of expenditure on project	Financial monitoring and compliance with budget	Yes

Data Availability and Proposed Next Steps

The necessary data is available on file to evaluate this project. The main objective of this project is to purchase 58 Social Housing Units in Turnkey Condition to provide accommodation to people on the housing list and to develop a sustainable inclusive community. The financial information is available for the purchase from Agresso (Kilkenny County Council's Financial Management System).

There was a Capital Appraisal prepared for this project. I would recommend that future project appraisals should also include the identified risks and constraints for the project.

A Project Completion Report should be completed for the project to assess if the project was delivered in line with its intended scope and budget and in compliance with the Review stage of the Public Spending Code.

An Ex-Post Evaluation should also be completed as it is the last stage of the project lifecycle.

Section B - Step 5: Key Evaluation Questions

The following section looks at the key evaluation questions for the Acquisition of 58 Social Housing Units at Pennyfeather Green, Hebron Road, Kilkenny City based on the findings from the previous sections of this report.

Does the delivery of the project/programme comply with the standards set out in the Public Spending Code? (Appraisal Stage, Implementation Stage and Post-Implementation Stage)

The acquisition of the 58 Social Housing Units is complete, work on the appraisal and implementation stages of the project complies with the broad principles of the Public Spending Code.

Kilkenny County Council advertised for expressions of interest from Contractors for the

provision of Social Housing in County Kilkenny through the sale of completed units in Turnkey Condition in July 2019. Submissions were evaluated and the contract for the acquisition was awarded to Hebron Ventures Limited, Carlow in August 2020.

An application for funding for the acquisition of the 58 Housing Units was submitted to the Department of Housing Planning and Local Government in December 2019 based on Housing Circular 31/2019, which sets out the arrangements for the provision by Local Authorities of Social Housing through Turnkey Projects. This application included the required HCA3 form, Capital Appraisal, site maps, floor plans, outline details of the proposal, report of overall project costs and Part V Property Valuation report. Funding approval was received from the Department in March 2020 for a total all in cost of €16,212,476.52 for the project.

It is noted that a Variation Agreement to the Contract was signed between Kilkenny County Council and the builder in February 2022 to allow for payment to the builder for 25 completed Units. The Units transferred into the ownership of Kilkenny County Council and all relevant letters of Compliance are on file. This agreement was necessary to ensure that the developer and the project stayed on track to deliver the scheme and agreement from the Department was forthcoming for this Variation.

The Acquisition of the 58 Social Housing units at Pennefeather Green, Hebron Road, Kilkenny City is in line with National Housing Policy. It is one of the key pillars of 'Rebuilding Ireland – Action Plan for Housing and Homelessness. As is the case nationally, the demand for Social Housing in Kilkenny City is high with over 1126 approved applicants on the housing waiting list in November 2019 in the City Area.

The units were allocated to a range of families/individuals at various stages of life in Q4 2022. The site is located within walking distance of all relevant amenities and Kilkenny County Council believes that the provision of housing at this location will be successful from a community sustainability viewpoint.

A Project Completion Report should be completed for the project to assess if the project was delivered in line with its intended scope and budget and in compliance with the Review stage of the Public Spending Code.

An Ex-Post Evaluation should be completed it is the last stage of the project lifecycle.

Is the necessary data and information available such that the project/programme can be subjected to a full evaluation at a later date?

The necessary data is on file including but not limited to the following to allow for a full evaluation;

- Capital Appraisal Report
- Funding Application and Department Approval Letters
- Delegated Officers Order for the Contract
- An Bord Pleanála Approval
- Financial Expenditure on Agresso - financial management system
- Claim file and relevant reports

What improvements are recommended such that future processes and management are enhanced?

There was a formal Capital Appraisal prepared for this acquisition. It outlined the need for the project, details of the proposal, sustainable community proofing assessment, costs and value for money evaluation. I would recommend that future Capital Appraisals should also include the identified risks and constraints for the project. Risk identification should begin early in the project when uncertainty and risk exposure is greatest. Identifying risks early allow Kilkenny County Council to act when the risks are easier to address.

A Variation Agreement was entered into to allow for a stage payment to the builder for this project in order to ensure that the developer and the project stayed on track to deliver the scheme. Circular 31/2019 states that drawdown/payment shall be on delivery of fully compliant and completed units. In this instance, the Department agreed to the Variation and payment to the builder. Kilkenny County Council must ensure that the successful contractor has the experience and ability to provide all services in-house, to deliver high-quality engineering and construction services and that essentially, they can deliver the project and ensure their cash flow throughout the project.

It is noted for this project a Delegated Officer's Order is on file, whereas a Chief Executive Order (CE) is required due to the monetary value of the project. The Housing Section must ensure that the correct CE order is on file for future projects of this scale.

A Project Completion Report should be completed for the project to assess if the project was delivered in line with its intended scope and budget and in compliance with the Post-Implementation Stage of the Public Spending Code.

An Ex-Post Evaluation should be completed. It is the last stage of the project lifecycle, is critical for identifying lessons learned and driving the process of continuous improvement in how public bodies manage public investment. This review should be fed into sectoral and national guidance as appropriate.

Section: In-Depth Check Summary

The following section presents a summary of the findings of this In-Depth Check on the Acquisition of 58 Social Housing Units in Pennefeather Green, Hebron Road, Co Kilkenny.

Summary of In-Depth Check

Overall, I find this project complies with the broad principles of the Public Spending Code. The project is complete with the delivery of 58 Social Housing Units in compliance with the appraisal and implementation stage of the Public Spending Code. The required data is available in the files in an orderly manner which will allow for evaluation at a later date if required

I would recommend that future project appraisals should also include the identified risks and constraints for the project. The required CE orders should be available on file.

A Project Completion Report should be completed for the project to assess if the project was delivered in line with its intended scope and budget. This review stage is critical for identifying lessons learned and driving the process of continuous improvement.

The Ex-Post Evaluation Stage should be conducted once sufficient time has elapsed for the benefits and outcomes to materialise.