

Circular L10 /06

Water Services Investment Programme Quarterly Reports

Background:

The Department is committed to a process of procedural change to reduce administration requirements associated with the approval of schemes in the Water Services Investment Programme. Circular L1/06 of 30 January 2006 and Circular L7/06 of 3 November 2006 set out the details of the procedural changes that have been introduced.

With the introduction of these procedures, there is a parallel need for the Department to capture key information in relation to performance on the Programme such as progress being made on schemes, expenditure incurred and anticipated, and additional capacity being generated. The need for this information arises primarily from the Department's responsibility for the administration of some €400 million annually on the provision of water services infrastructure. Robust information is needed to justify to the Department of Finance and Government the case for ongoing expenditure at this level on the provision of water services infrastructure. In addition, a new requirement on the Department with effect from 2007 is the need to append an 'Annual Output Statement' to the Department's Estimates, setting out in clear terms what will be delivered with the funds being put at the Department's disposal. For water services infrastructure, this will mean outlining information regarding the numbers of schemes to be completed, started and to remain in progress, together with the additional water and wastewater capacity being generated by that activity.

Current Position:

The Department already has a good deal of financial information about the schemes in the Programme and the current position in relation to their progression towards construction and completion. The Department's information derives largely from the regularly held Steering Group Meetings and through the operation of the system in place for the drawdown of capital

funds for schemes. There is also excellent ongoing contact between technical/professional staff in the Department and their counterparts in the local authorities. However, there are no formal arrangements in place for pulling this information together centrally and there remains an information deficit in relation to future expenditure and performance on the Programme that needs to be captured.

Quarterly Report

Against this background, the Department is introducing a Quarterly Report that local authorities will in future be required to complete and return to the Department at the end of each Quarter. The first of these reports will relate to the position at the end of December 2006 and is attached, together with notes on completion of the report, at Appendix A. The report is designed to be short, capturing some of the key elements of progress and projections at the high level. There are four main sections – progress on schemes (Columns 4-7); costs (Columns 8-10); expenditure (Columns 11-14) and additional capacity (Columns 15-16). You will note that the Department has already completed some of the columns and you are asked to complete the remaining columns. As completed Quarterly Reports will inform both the Annual Output Statement, as outlined above, and future Water Services Investment Programmes they should be approved at senior level before being sent to the Department.

Future projections form an important part of the Quarterly Progress Report. The idea is that the Department can use information provided by local authorities to set out the likely expenditure and progress on schemes at the end of any Quarter for the remainder of that year and for the following year. Therefore, projections for 2007 are being sought in the end of December 2006 report. The report for the end of March 2007 report will ask local authorities to project for the remainder of 2007 and on into 2008. It is important that any projections made are realistic, based on sound evidence and experience, rather than optimistic with many contingency items having to fall in place for the projection to be realised. Because of the rolling nature of the quarterly reporting in mind, the Department will draw up and issue a new report for completion each quarter by the local authorities. For example, the end of March 2007 report will issue at the end of February 2007 for completion and return to the Department in early April.

Related issues:

The Department is acutely aware of the level of reporting that can arise in relation to the administration of schemes. This quarterly reporting arrangement was drawn up against this background and is designed to find the balance between the Department's basic information needs in relation to management of the capital provision for water services infrastructure, on the one hand, and the imposition of additional reporting burdens on those involved at the local authority level, on the other. It should be noted that a considerable amount of the information being sought in the Quarterly Reports can be derived from the web enabled Project Control System (PCS) which is currently being rolled out to local authorities. As the PCS reporting arrangements are finessed, it should be possible to review the Quarterly Report and reduce the level of information being sought from local authorities through the Quarterly Report.

Completed Quarterly Reports for the end of Decmber 2006 should be sent to Ms Dorothy O'Reilly, Water Services Section, Block 1, Floor 2, Irish Life Buildings, Abbey Street, Dublin 1 by **17 January 2007**. Any queries in relation to the new Quarterly Report may be raised with the undersigned at 01 888 2156.

Mise, le meas,

Enda Falvey
Water Services Section
November, 2006.