

Circular L1/07

4 January 2007

**Water Services Investment Programme
Revision of Serviced Land Initiative Procedures**

1. Introduction

The Serviced Land Initiative (SLI) was introduced under the Water Services Investment Programme to provide water services specifically for new residential development in order to increase housing supply and to reduce pressures on house prices

Following a review of the SLI, Circulars **L22/97, L5/98, L13/98, L5/99 and L1/00** have been withdrawn and are replaced with immediate effect by the new eligibility and administrative procedures set out below. The main effect of the new procedures is to:

- reduce the volume of administrative work to a minimum commensurate with essential public funding accountability requirements, and
- provide greater support generally to the objectives of the National Spatial Strategy.

2. Eligibility Criteria for New SLI Proposals

Applications for funding for new SLI schemes should be submitted to the Department on the Application Form in **Appendix 1**. New scheme proposals must:

- demonstrate a focused response to housing supply requirements in cities, towns and villages and their transport catchments;
- include only such works as are necessary to improve water services where the lack of available serviced land is the main constraint to housing development;
- be capable of being completed quickly;

- have an estimated cost not exceeding €5m, including all contract and non-contract costs.

SLI funding is not available for servicing non-residential development land or for any elements of SLI proposals not required to facilitate new house building.

In considering new applications, the Department will have regard, in particular, to the policy for housing development outlined in Section 5.3 of the National Spatial Strategy and the other information required to be included in the Application Form.

Schemes likely to cost in excess of €5m are not eligible for SLI funding. Such schemes are subject to the normal assessment and approval procedures for major projects under the Water Services Investment Programme.

3. Financing of Schemes

40% Exchequer funding will continue to be provided towards the approved cost of eligible works. The balance of the cost will be funded by local authorities from own resources, primarily through development levies.

Where a scheme includes increased treatment capacity or upsized or extended pipelines to serve non-residential development, the local authority should submit a statement with the Application Form summarising the methodology and calculations used to isolate the non-residential elements of the scheme from the eligible SLI costs.

Schemes may be bundled for procurement purposes but will continue to be treated as individual projects for the purposes of the €5m cost limit.

SLI approvals will generally have a lifespan of two years from the date of approval and work must be commenced within that period to avoid the funding approval lapsing.

4. Project Procurement

Following approval of funding no further clearance is required from the Department until the Completion Report (**Appendix 2**) and final payment claim are submitted.

It is a matter for the local authority to determine the method of procurement and to ensure that EU and/or national procurement procedures are complied with.

Authorities are reminded of the provisions of Department of Finance Circular 11/87 relating to the selection and appointment of consultants.

5. Recoupment of Local Authority Expenditure

Eligible expenditure by local authorities will be recouped as follows:

- 50% of the approved Exchequer funding will be paid when the Department is notified by way of the Payment Claim Form in **Appendix 3** that construction work has commenced or the contract¹ has been signed;
- A further 30% of the Exchequer funding will be paid when the Department is notified that 50% of the construction work has been completed and an updated Payment Claim Form is submitted;
- the remaining 20% of the approved funding will be paid when the project has been completed and the Completion Report in **Appendix 2** and Final Account have been submitted to and approved by the Department.

The Department will consider increasing the approved cost of a scheme only where such an increase can be justified by a higher tender price than had been anticipated when the application was approved. Where there is an unavoidable post-tender cost increase, the local authority should apply for an increase in the approved budget and provide a detailed explanation of the reason for the increase.

¹ Local authorities are advised to seek a single contract for all the works under a particular project wherever possible.

The final payment claim should be submitted to the Department within six months of completion of the scheme. All claims for recoupment should be sent to: Water Services (Investment) Section, Department of the Environment, Heritage and Local Government, Floor 2, Block 1, Irish Life Centre, Lr Abbey Street, Dublin 1.

6. Interim and Temporary Solutions

Guidelines relating to the circumstances in which interim and temporary solutions may be appropriate, and the issues to be addressed by local authorities in dealing with such proposals, are set out in **Appendix 4**. The Department will provide assistance and advice on the technical options available if requested. The Department recognises that such proposals will generally relate to works urgently required to facilitate housing starts and will endeavour to deal with them as quickly as possible.

7. Developer-Led Projects

Developer led projects must be covered by a formal agreement between the local authority and the developer and the issues to be taken into account in that context are set out in **Appendix 5**.

8. Quarterly Reports

Quarterly Progress Reports will continue to be required in respect of all SLI projects for which final grants have not been claimed/paid and should be submitted in the format set out in **Appendix 6**.

9. Transitional Arrangements

All sub-€5m SLI schemes already approved for funding may proceed to construction without further reference to the Department, provided the local authority:

- has already submitted the application form in Appendix 1 of Circular L5/98,

- has submitted an Outline Drawing of the scheme,
- has an approved budget for the scheme in the format set out on page 3 of the Application Form (**Appendix 1** to this Circular) or Appendix 3 to Circular L5/98.

Departmental approval will continue to be required for Preliminary Reports, Contract Documents and Tender Recommendations in the case of all currently approved SLI schemes costing more than €5m.

Where a local authority has submitted an application for SLI funding to the Department and the application has not yet been approved, the Department will ask the authority for any additional information required to allow the application to be processed in accordance with the new procedures.

10. Enquiries

Any enquiries about this Circular should be addressed to Mr. Tom Walsh (Tel: 01-888 2168 or e-mail: tom_walsh@environ.ie).

Terry Allen
Principal
Water Services (Investment) Section

To:
County & City Managers
Directors of Services (Water Services)

Appendix 1

WATER SERVICES SECTION

Serviced Land Initiative

Application Form for Funding Approval

COUNTY _____

LOCAL AUTHORITY _____

DEPARTMENT

Name of Scheme: _____

NOTE: Attach A4 or A3 layout drawing showing plan of overall project and interface with existing system.
 Drawing should show planning status and area to be served by the project. Map should be sufficient to allow referencing to Ordinance Survey maps.

Reference: _____

Date Received: _____

Checked by: _____

Short Description of Proposal:

Recommendation:

Reason:

Estimated Cost: _____ [Contract and Non-Contract]

Area to be Serviced:

Purpose for which area served is zoned in Development Plan: _____

No. of acres to be opened up: _____

Cost per Acre (Project Cost / No. of Acres): _____

No. of Housing Units: _____

Cost per Housing Unit (Project Cost / No. of Units): _____

Planning Permissions granted on land in question: Yes/No _____

Approved:

Yes No

Signed: _____

Date: _____

GENERAL

Existing undeveloped serviced land within area to be served by project:

(if above land is not available for development, reason should be clarified)

Housing (acres)	Other (acres)

Existing capacity adequate (treatment, storage, pumping, etc.): Yes/No _____

If "No" (a) does project as proposed address these inadequacies: Yes/No _____

(b) Is a separate scheme proposed to address capacity constraint. If so,

name of scheme _____

Assessment of demand for serviced land:

(e.g. planning applications, increase in house prices, population growth and projections, etc.)

Other Impacts of Project

(Environmental, Economic):

Earliest Date Construction Could Start _____

Estimated Contract Duration: _____

Expenditure Profiles :

Total Expenditure:

Exchequer element only:

200__ €m	200__ €m	200__ €m	Total €m

Project Costs

Estimated Project Costs	€
Contract Costs (for each contract)	
Direct Labour Costs (if any)	
Survey, Site Investigation, etc.	
Consultants Fees *	
Land Purchase and Wayleaves	
Legal Costs	
Site Supervision	
Miscellaneous Costs **	
Total:	

* Local authorities may allow 7% of cost where design/planning is carried out in-house and Consultants Fees are not being claimed.

** General administration costs should not be included or any apportionment of salaries of local authority staff.

I enclose the following documentation:

- a) Outline Drawing of the scheme (A3 or A4)
- b) Programme for Delivery
- c) (where the project involves refurbishment of a treatment works or an increase in treatment capacity), details of the size, condition and state of repair of the existing works and details of the proposed upgrading and/or uprating of the works envisaged
- d) Statement from the Council's Planning Department confirming the zoning of the land, and that development enabled through the scheme will conform with the current Development Plan for the area, any Regional Planning Guidelines in force and the National Spatial Strategy.²

Signed: _____ Director of Services	Date: _____
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This form should be sent direct to: The Secretary, Water Services Investment Programme, Department of the Environment, Heritage and Local Government, Floor 2 Block 1, Irish Life Centre, Lr. Abbey Street, Dublin 1

² Planning authorities are advised to consult with the Departments Spatial Policy Section, where necessary, in addressing issue (d) above.

Appendix 2

WATER SERVICES SECTION

Serviced Land Initiative

Completion Report

Local Authority _____ Water

Name of Project: _____ Sewerage

Brief description of completed project :

Financial Information

Approved Cost of Project : € Outturn Cost of Project: €

Contribution by Department : €

Contribution by Local Authority: € Loan Finance raised: €

Project Details

Date of commencement of project:

Date of completion of project:

No. of acres opened up:	Residential	Commercial	Industrial
	<input type="text"/>	<input type="text"/>	<input type="text"/>

No. of Housing Units:	Initial Estimate	Actual*	Projected
	<input type="text"/>	<input type="text"/>	<input type="text"/>

* based on planning permissions

Project outputs

Type of project	Treatment capacity Increase			Pumping Capacity Increase	Storage Capacity increase	Pipelines Constructed
	m ³ /day	PE	Kg BOD/day	m ³ /day	m ³	m
Water	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Sewerage	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Signed: _____ Date: _____
 on behalf of Local Authority

NOTE: Attach Outline Drawing of completed project.

Appendix 3

WATER SERVICES SECTION

Serviced Land Initiative

Payment Claim

Local Authority: _____ **Water**

Name of Project: _____ **Sewerage**

Approved Cost of Project : € _____ Current Est. Cost of Project: € _____

Contribution by Department : € _____

Amount of grant already paid : € _____

Amount of grant now sought (insert amount in appropriate box):	Of which contract	And non-contract
(a) initial payment of 50% € _____ (to be accompanied by declaration that work has started)	€ _____	€ _____
(b) interim payment of 30% € _____ (to be accompanied by declaration that 50% of the work has been completed)	€ _____	€ _____
(c) final payment of 20% € _____ (to be accompanied by completion report and final account).	€ _____	€ _____

Signed: _____ **Date:** _____

on behalf of Local Authority

This form should be submitted to: The Secretary, Water Services Investment Programme, Department of the Environment, Heritage and Local Government, Floor 2 Block 1, Irish Life Centre, 11, Abbey Street, Dublin 1.

Appendix 4**WATER SERVICES SECTION****Serviced Land Initiative****Interim & Temporary Solutions****Interim or Temporary Solutions**

An interim solution may be an advance section of a major Water Services Investment Programme scheme or works which, while providing for the required services in the short run, will become redundant or partly redundant when the main public project is constructed.

Funding

On receipt of a request from a developer to provide water services to land ready for house building, the local authority should examine, in the first instance, the options for an interim solution as set out above. While any direct costs³ associated with the provision of interim works should be borne by the developer[s], it is recognised that, in the case of elements of a major public project being advanced to provide additional serviced land, it would not be reasonable to charge the full cost of such works to the developer[s]. In such cases the local authority may submit a proposal to the Department for funding for the works. The Department need not be consulted in any case where no Exchequer funding is being sought.

Application for Funding Approval

To facilitate local authorities entering into agreement with developers, the Department will treat, as a priority, requests from local authorities for approval of interim proposals where there is an urgent need for new housing and where there is an agreed timetable for the provision of the permanent infrastructure. The request for approval should set out the need for additional serviced land in the immediate locality, how the works will contribute to the provision of additional serviced land, the financial contribution of the developer[s] and the

³ Direct costs in this instance refer to any additional costs over and above what might reasonably have been expected to be covered in the main public water services project for which the interim works are an advanced section.

likely future income from development levies. Depending on individual circumstances interim works could attract more than 40% capital grant from the Department but the actual aid rate will depend on the estimate of future income from levies or direct contributions from developers.

Temporary Solutions by Developers

Developers themselves may propose temporary solutions to meet immediate infrastructural requirements. Such proposals might include package sewage treatment plants, pumping stations and rising mains, booster pumping stations and/or storage tanks for water supply, etc., that would remain in operation until permanent infrastructure is provided by the local authority.

While no Exchequer assistance is available for such works, the local authority should satisfy itself in relation to the following matters:

- in the case of a proposed works such as a package plant, that the performance standards will ensure that there is no degradation in environmental and public health background levels,
- that the works will be operated maintained to provide an adequate level of service for a specified period under an operational contract, arranged and funded by the developer, with an experienced water services provider,
- should the works need to be retained beyond the specified period, that the operational responsibility will pass to the local authority to be exercised through continuation of an existing contract or through other arrangements,
- that the local authority is fully indemnified against any failure on the part of the developer and the operators of the works, and
- that the necessary planning and licensing requirements have been complied with.

Departmental Approvals

The Department recognises that proposals for interim or temporary solutions will generally relate to works urgently required to facilitate housing starts and will endeavour to deal with such applications as quickly as possible.

Appendix 5**WATER SERVICES SECTION****Serviced Land Initiative****Developer-Led Projects****Developers Undertaking Work on Behalf of a Local Authority**

Local authorities may consider it appropriate to enter into arrangements for developers to undertake SLI works on their own lands where it would accelerate the delivery of new infrastructure. The cost to the local authority of providing development capacity in the water services infrastructure provided by the developer is also eligible for funding. There should be a formal agreement between the developer and local authority in such cases. Key issues to be taken into account in negotiating such arrangements with developers are set out below.

Procurement

Developer led proposals for which Exchequer assistance is sought are subject to public procurement rules. Irrespective of cost, the arrangements between the developer and the local authority in such cases should ensure that contracts are awarded by open competition and that an open book procedure is adopted to give the local authority full access to the project accounts.

Where a developer's proposal only involves pipe laying:

- to the curtilage of a site solely owned by him/her to serve approved housing being constructed by him/her within the site, and/or
- to traverse the developer's site with a view to providing service capacity beyond the site,

the requirement for open competition may be relaxed, provided the authority is satisfied that value for money is being secured.

Standards

While the overall level of public investment is capped under the Serviced Land Initiative, the works must be built to the local authority's design and standards. Accordingly, a project engineer/consulting engineer should be employed to report directly to the local authority.

Constraints on Future Development

The involvement of developers in the provision of services should never militate against future development in the area and local authorities should ensure that they have adequate rights of access to the new infrastructure.

Appendix 6

WATER SERVICES SECTION

Serviced Land Initiative

Progress Report

Report for period up to end of

Q__ /200__ :

COUNTY _____

LOCAL AUTHORITY _____

Project Name: _____

1. Approved Cost of Project:

€

2. No. of sites being provided:

3. Original Projected Start Date:

4. Actual Start Date:

5. Current Status of Project:

(e.g. Tender, Construction)

6. % Construction completed:

(where applicable)

7. Construction End Date:⁴

8. Reasons for delays (where applicable):

Include reasons for deferred start dates and delays at planning and construction.

9. Project not commenced (where applicable):

State whether project is now likely to proceed:

Signed: _____

on behalf of Local Authority

Date: _____

This form should be submitted to: The Secretary, Water Services Investment Programme, Department of the Environment, Heritage and Local Government, Floor 2 Block 1, Irish Life Centre, Lr. Abbey Street, Dublin 1.

⁴ Use estimates where construction has not yet started