

Southern Regional Assembly

Section 25A. (1) RSES Monitoring Report

Department of Public Expenditure and Reform

What progress has been made in supporting the structural change required to deliver the key relevant objectives of the RSES. In framing your response please provide a short overview of key public investment mechanisms and proposals by reference to:

- 1) An overview of capital spending allocations across Government Departments for the years 2020 and 2021 (and capital spending per capita if data available) for the Southern Region, indicating how alignment with the NPF and Southern Region RSES have been achieved or where alignment is not achieved.

Answer: The table below sets out the Departmental outturn for 2020 as audited by the Comptroller and Auditor General and published in the 2020 Appropriation Accounts. It should be noted that the figures represent the actual spend on capital in 2020 and does not include the carryover into 2021 of approximately €700 million.

The 2021 figures denote the allocations awarded to Departments in the Revised Estimates Volume, Further Revised Estimates and Supplementary Estimates. The Comptroller and Auditor General, following his detailed audit of each Departments' accounts, will formally endorse the expenditure outturn for 2021 later this year.

	2020 Appropriation Account Outturn	2021 Capital Allocations
Finance Group	28,558	34,000
Public Expenditure and Reform Group	200,322	225,127
Education	900,838	940,433
Foreign Affairs Group	10,737	13,000
Environment, Climate and Communications	306,103	579,179
Agriculture, Food and the Marine	279,845	299,793
Transport	1,786,515	2,527,500
Enterprise, Trade and Employment	1,431,421	796,648
Tourism, Culture, Arts, Gaeltacht, Sport and Media Group	151,693	185,782
Housing, Local Government & Heritage Group	2,195,300	2,766,542
Defence Group	158,631	131,000
Social Protection	9,238	16,000
Health Group	1,035,831	1,048,250
Children, Equality, Disability, Integration and Youth	34,701	32,100
Rural & Community Development	154,466	168,644

Justice Group	239,755	262,079
Further & Higher Education, Research, Innovation & Science	174,159	500,096
TOTAL VOTE	9,098,113	10,526,173

The Department of Public Expenditure and Reform (DPER) allocates expenditure on a departmental basis, not a geographic basis. The National Development Plan (NDP) includes indicative Exchequer allocations for each Department for a five year period (2021 to 2025) and overall capital expenditure ceilings out to 2030. This expenditure is aimed at supporting the delivery of the ten National Strategic Outcomes (NSOs) identified in the National Planning Framework (NPF), which sets the overarching spatial strategy for the next two decades. The ten NSOs are: Compact Growth; Enhanced Regional Accessibility; Strengthened Rural Economies and Communities; Sustainable Mobility; A Strong Economy, supported by Enterprise, Innovation and Skills; High-Quality International Connectivity; Enhanced Amenity and Heritage; Transition to a Climate-Neutral and Climate Resilient Society; Sustainable Management of Water and other Environmental Resource; and Access to Quality Childcare, Education and Health Services.

The Minister for Public Expenditure and Reform is responsible for setting the overall capital allocations across Departments and for monitoring monthly expenditure at Departmental level. The responsibility for the management and delivery of the individual investment programmes and projects, within the allocations agreed under the NDP, rests with the individual sponsoring Department in each case. Individual projects are generally selected by Departments or Agencies based on a detailed process which begins with setting their own sectoral strategy and goals, and then subsequently identifying specific needs or challenges to be addressed, whether that be through regulation, taxation, education or potentially expenditure on an investment project. Appropriate options are then assessed in line with the Public Spending Code.

For an extensive list of projects that are currently planned as part of Project Ireland 2040, one might consider the publications that were published alongside the NDP, particularly the updated Investment tracker, which provides a composite update on the progress of all major investments with an estimated cost of greater than €20 million. The NDP is also accompanied by *MyProjectIreland* mapping tool which provides details on specific projects by Regional Assembly Area, including smaller investments such as schools and social housing projects. Please access the gov.ie/2040 page to see the tracker and map.

2) Information on the key mechanisms and performance indicators which the Department has put in place to ensure that allocations to each Department and subsequent investment decisions are aligned with the NPF and Southern Region RSES.

Answer: Project Ireland 2040 is the government's long-term overarching strategy to make Ireland a better country for all of its people. The plan changes how investment is made in public infrastructure in Ireland, moving away from the approach of the past, which saw public investment spread too thinly and investment decisions that didn't align with a well-thought-out and defined strategy. Alongside the development of physical infrastructure, Project Ireland 2040 supports business and communities across all of Ireland in realising their potential. The National Development Plan 2021-2030 (NDP) and the National Planning Framework (NPF) combine to form Project Ireland 2040. The combination of the NDP and NPF is key in realising the effective development of Cork, Limerick and Waterford using compact growth and effective urban regeneration.

The Department of Housing, Local Government and Heritage (DHLGH) is responsible in the first instance for planning policy. The Department of Public Expenditure and Reform (DPER) is responsible for overseeing capital expenditure and the NDP. Again it should be noted that DPER, in carrying out its role does not consider

the merit of individual projects or sectoral policy strategies and is not responsible for project progress as this is primarily a matter for individual Departments and Agencies.

DPER has published Project Ireland 2040 Annual Reports along with Regional Reports for 2018, 2019 and 2020. The reports highlight Project Ireland 2040 achievements and give a detailed overview of the public investments which have been made throughout the country including in the Southern Regional Assembly Area – the Regional Reports cover the Regional Assembly Areas. The Regional Reports set out the projects and programmes which are being planned and delivered in the region as part of the public investment detailed in Project Ireland 2040. While the Southern Regional Report does not provide an exhaustive list of all public capital expenditure in the region, it serves to highlight the diverse range of investments being made by the State under Project Ireland 2040 in the counties of Cork, Clare, Kerry, Limerick, Tipperary, Waterford, Carlow, Kilkenny and Wexford.

As mentioned above, more granular information on individual projects and programmes can be found on the capital investment tracker published by DPER and most recently updated in October 2021, which includes functionality to search by a number of criteria, including Regional Assembly Area. This update provides a composite update on the progress of all major investments that make up Project Ireland 2040, and includes increased coverage of projects, including information on a sample of projects under €20 million. It contains specific information on the current status of projects and also provides expected project construction commencement and completion dates.

The *MyProjectIreland* interactive map was also updated in October 2021 and includes coverage of over 900 projects across the country, including a sample of schools investments and social housing developments, and was expanded to include all projects supported to date under the Government's Urban and Rural Regeneration and Development Funds and the Disruptive Technologies Innovation Fund which highlights the important local projects being supported and developed throughout the country. By clicking on the map, users can find updated information on what has been achieved and what is planned for their own local area, including in the Southern Region. Search facilities also allow users to view projects in their regional area, by city, by county or by eircode. The Project Ireland 2040 Annual Reports, Regional Reports, capital investment tracker and *MyProjectIreland* interactive map are all available on gov.ie/2040. Further updates to these publications are planned for Q2 2022.

The capital investment tracker, *MyProjectIreland* map and the Project Ireland 2040 Annual and Regional Reports published by DPER highlights the pipeline of opportunities and progress of projects and programmes under Project Ireland 2040. Projects in the Southern region include which are planned under Project Ireland 2040:

- **NSO 1: Compact Growth**

- Provision of social housing, including at Wolsey Court, Cork; Lohercannon, Tralee; and Gerald Griffin Street, Cork City.
- Development of a world class waterfront along the River Shannon in Limerick (URDF supported project).
- Waterford City and Environs - North Quays Project.
- Development of the Trinity Wharf, Wexford, as a new mixed-use urban quarter (URDF supported project).

- **NSO 2: Regional Accessibility**

- Listowel Bypass
- Upgrading of the M8/N25 Dunkettle Interchange
- N21/N69 Limerick to Adare to Foynes
- N22 Ballyvourney to Macroom
- N28 Cork to Ringaskiddy Road
- N72/N73 Mallow Relief Road

- **NSO 3: Strengthened Rural Economies and Communities**
 - Projects include the Coonagh to Knockalisheen Road; Shannon Crossing/Killaloe Bypass/R494 Upgrade; and the Tralee Northern Relief Road.
 - Fáilte Ireland continues to deliver its capital investment programme in the Southern region.
 - Continued investment in Irish language supports.

- **NSO 4: Sustainable Mobility**
 - Investment in public transport is ongoing within the region, including the development of BusConnects Cork.
 - Provision of active travel options, such as segregated cycling and walking facilities including the South East Greenway.

- **NSO 5: A strong economy, supported by Enterprise, Innovation and Skills**
 - MTU Tralee Campus STEM building which will include labs, classroom spaces and agri-engineering workshops and increase capacity of the institution by 440 students (part of the Higher Education PPP Programme).
 - A new Science and Health Building at IT Carlow which will include undergraduate and postgraduate science labs, classrooms and learning resource space and will increase capacity of the institution by 500 students (part of the Higher Education PPP Programme).
 - A new Applied Science and IT Building at LIT which will include undergraduate and postgraduate labs, teaching space and administration space and will increase capacity of the institution by 649 students (part of the Higher Education PPP Programme).
 - A new Engineering, ICT and Teaching building at WIT which will include undergraduate and postgraduate labs, specialist and general teaching spaces and administration space and will increase capacity of the institution by 1037 students (part of the Higher Education PPP Programme).
 - Cork University Business School (CUBS) which will accommodate over 4,500 students and 225 staff (project is being co-funded under the Higher Education Strategic Infrastructure Fund).

- **NSO 6: High-Quality International Connectivity**
 - Continued support for smaller regional airports is planned under the Regional Airports Programme 2021-2025, including Kerry Airport.

- **NSO 7: Enhanced Amenity and Heritage**
 - The Tourism Investment Programme continues to provide funding for capital investment in tourism infrastructure to stimulate innovation and improve international competitiveness in the region.
 - The Large Scale Sport Infrastructure Fund continues to provide funding for projects in the Region.
 - Redevelopment of the Crawford Art Gallery.

- **NSO 8: Transition to a low Carbon and Climate Resilient Society**
 - The Office of Public Works are progressing a range of flood relief schemes in the region including: Ballyvourney and Ballymakeera Flood Relief Scheme; Blackpool Flood Relief Scheme; Enniscorthy Flood Relief Scheme; Lower Lee (Cork City) Flood Relief Scheme; Tralee Flood Relief Scheme; King's Island Flood Relief Scheme; Limerick Flood Relief Scheme; and the Shannon Flood Relief Scheme.

- **NSO 9: Sustainable Management of Water, Waste and other Environmental Resource**

- Irish Water has a range of investments planned for the Northern and Western Region including: Midleton Flood Relief Scheme; Upgrading of Carlow Wastewater Treatment Plant; Clonroadmore Wastewater Treatment Plant; upgrade of the Lahinch Wastewater Treatment Plant; Limerick Wastewater Treatment Plant; upgrade of the Mallow Wastewater Treatment Plant (WWTP); upgrade of Waterford City Wastewater Treatment Plant; development of National Laboratory (Limerick); development of a high-level reservoir into the Cork Harbour and City Water Supply Scheme; Midleton Water Supply Scheme - Interconnection to Inniscarra Regional Water Supply Scheme; and Midleton Wastewater Transfer Project.
- **NSO 10: Access to Quality Childcare, Education and Health Services**
 - Ward Block Replacement (96 beds) located over Emergency Department and Renal Dialysis Units at University Hospital Limerick.

3) Please provide details of any policy initiatives/developments that have been finalised or are in preparatory stages that support the objectives of the RSES.

Answer:

a) The National Development Plan.

- **NDP Review Phase 1:** started in October 2020 and culminated in the Phase 1 report published April 4th 2021 which draws upon a number of pieces of research, policy papers and consultations addressing the various strands of the NDP Review process, to form part of the evidence base for finalising the drafting of the revised NDP.
- **Phase 2:** The NDP 2021 was published on October 4th 2021 and includes the new five year rolling Departmental capital allocations and overall ten year capital ceilings out to 2030.

b) The National Recovery and Resilience Plan.

The EU's Recovery and Resilience Facility (RRF) lies at the heart of the Union's response to the COVID-19 pandemic. Ireland will receive a total of €990 million in grants under the Facility. See Question 8 for further detail.

4) Having regard to the shortfall in Regional Cities investment identified as an issue in the Alignment of the NDP and NPF (page 13 NDP 2021 2030), what actions are being taken to ensure the Regional Cities achieve the targets set for them in the NPF and RSES?

Answer: To embed the link between the NDP and NPF and ensure Regional Cities achieve the targets as set for them in the NPF and RSES, a series of recommendations were set out in the first chapter of the National Development Plan 2021-2030. Of these, please find the following updates on implementation:

- City Delivery Boards will be established for the five cities in 2022, by the Department of Housing, Local Government and Heritage, to drive coordination in public investment and regeneration with the support of national and regional agencies and Government Departments, in order to achieve integrated growth at the pace and scale that is required.

- The National Investment Office (NIO) in DPER will continue to develop better data on project/ programme planning and delivery through the *MyProjectIreland* mapping tool and Investment Tracker and report to the Delivery Board on consistency and alignment within Project Ireland 2040.
- The NIO will continue to monitor strategy and investment alignment by region, city and compact growth on an annual basis in the Project Ireland 2040 Annual Report.

Also proposed on an ongoing basis, and subject to discussion on the delivery of Project Ireland 2040 are:

- Departments are to review new and updated strategies to reflect and reference the specific NPF targets for regions, cities and compact growth in line with the targets set out in the NPF.
- Departments and Agencies are to ensure alignment of strategies with the regional, city and compact growth targets as a criteria in the selection of investments.
- Departments which have larger demand-led investment programmes are to monitor the share of investment for each of the three regional assemblies and five cities e.g. in enterprise supports, retrofitting, sports clubs etc.
- Public Bodies must ensure that Strategic Assessment Reports for public investment proposals are aligned with the NPF, with particular regard to regional, city and compact growth targets as appropriate.
- The demand analysis and forecasts of future demand in business cases should have regard to the forecast population change in the NPF.

It is important to emphasise that the legal responsibility for sectoral prioritisation, funding and delivery rests with individual Ministers and Departments. Work will continue in ensuring that individual strategies, programmes and projects adhere to wider Government policy objectives.

5) Given the emphasis in the NDP on addressing housing delivery, what financial measures have the Department taken to support the accelerated delivery of housing and enabling infrastructure that will contribute to compact growth targets in our Cities, Key Towns and smaller urban and rural settlements?

Answer: This is a matter for the Department of Housing, Local Government and Heritage (DHLGH) in the first instance. The National Development Plan has set out significant funding for the housing sector, which will be a key enabler for the DHLGH plans for housing as set out in the Housing for All publication.

6) Please outline any progress made by agencies that operate under the aegis of your Department, in supporting the objectives of the RSES which are relevant to that agency.

Answer: The OPW provide progress on the implementation of Project Ireland 2040 through updates of the Investment Tracker, *MyProjectIreland* interactive map and the Project Ireland Annual and Regional Reports published by DPER.

7) Please provide details of any policy initiatives/developments that have been finalised or are in preparatory stages that support the objectives of the RSES.

Answer: Please refer to Question 3.

8) Please provide a summary of funding programmes administered by your Department (or agency under the aegis of your Department), over the last two years, which have been awarded Southern Region with the following details requested.

- **Funding Programme**
- **County Project Name and Description**
- **Amount Awarded (€)**
- **Stage of Project**

Answer:

a) National Recovery and Resilience Plan

The EU's Recovery and Resilience Facility (RRF) is the largest component of *NextGenerationEU*, making more than 800 billion available to Member States in the form of grants and loans. The RRF lies at the heart of the Union's response to the COVID-19 pandemic.

Ireland will receive a total of €990 million in grants under the Facility. In order to access this funding, Ireland has developed the National Recovery and Resilience Plan (NRRP). The Plan, which has a total value of €990 million, sets out the reforms and investments to be supported by the Facility. Ireland's Plan is based on sixteen investment projects and nine reform measures covering the following priorities:

- Priority 1: Advancing the Green Transition
- Priority 2: Accelerating and Expanding Digital Reforms and Transformation
- Priority 3: Social and Economic Recovery and Job Creation

The overall objective of Ireland's Plan is to contribute to a sustainable, equitable, green and digital recovery, in a manner that complements and supports the Government's broader recovery effort.

The Recovery and Resilience Facility allows Ireland the opportunity to commence supporting these initiatives with funding provided by the European Union.

The NRRP is aligned with domestic policies such as the Economic Recovery Plan and the National Development Plan which will see Ireland investing € 165 billion in capital spend over the period from 2021 to 2030. Consistent with the NRRP, the priorities for the NDP include reform, sustainability, regional development, innovation and skills, and climate action.

Ireland's Plan was adopted by a Council Implementing Decision on 8 September 2021.

Now that the Council Implementing Decision has been adopted, the Plan will be the subject of a Financing Agreement between the Commission and Ireland.

Once the Financing Agreement has been signed, the next phase is the implementation of projects over the period 2021 to 2026. The achievement of agreed milestones and targets will enable Ireland to drawdown funding from the Recovery and Resilience Facility each year over the course of the programme.

An Implementing Body is being established in the Department of Public Expenditure and Reform to drive progress and delivery of the projects.

b) Brexit Adjustment Reserve

The Brexit Adjustment Reserve (BAR) represents an important response by the European Union to the challenges posed by the United Kingdom's departure from the EU. Its aim is to provide financial support to the most affected Member States, regions and sectors to deal with the adverse consequences of Brexit. The Brexit

Adjustment Reserve Regulation entered into force on 11 October 2021, enabling funding to start flowing to Member States by the end of the year.

The Reserve has a total value of €5 billion in 2018 prices (or €5.47 billion in current prices). 80% of the total Reserve comes in the form of pre-financing. The eligibility period for expenditure runs from 1 January 2020 to 31 December 2023. The Reserve may only support measures specifically taken to counteract the effects of Brexit.

Ireland's allocation is €1.065 billion in 2018 prices (equivalent to €1.165 billion in current prices), representing just over 20% of the total Reserve, or the largest allocation for any Member State.

The bulk of Ireland's allocation will come in the form of pre-financing, i.e. approximately €361.6m in 2021, €276.6m in 2022 and €282.2 for 2023. The remaining funding tranche will be payable in 2025, but only when the Commission has approved the measures financed by the pre-financing;

A minimum amount is ring-fenced for fisheries. In Ireland's case that amounts to €56 million, although that amount may be exceeded at the discretion of the Government.

A Designated Body will be located within the Department of Public Expenditure & Reform and will be responsible for management and oversight of BAR funding and the required reporting and funding application to the Commission.

Budget 2022

The Government has already put in place a broad range of financial and advisory supports to prepare for Brexit and continued to do so in Budget 2022. Brexit-related expenditure since the UK referendum on EU membership is now more than €1 billion, with successive budgets since 2016 providing significant supports for business and the agri-food sectors, as well as the infrastructure required at the port and airport to maintain the flow of east-west trade.

The allocation of BAR resources in 2022 and 2023 will be aligned with the annual Estimates process, which has been the vehicle for allocating Brexit resources since the UK Referendum in 2016. Funding under the BAR will be allocated to affected sectors in tranches when the eligibility requirements have been subject to a full assessment. These allocations will be made across 2022 and 2023 in Revised Estimates, or Supplementary Estimates, as appropriate.

Budget 2022 announced that around €500m of the overall BAR allocation will be made available as a first tranche of funding, with the remainder available in 2023. Indicative areas for BAR funding include

- Enterprise supports;
- Measures to support fisheries and coastal communities;
- Targeted supports for the agri-food sector;
- Reskilling and retraining; and
- Checks and controls at ports and airports.

Budget 2022 announcements represents the latest phase of the Government's comprehensive approach to Brexit and builds on measures contained in previous Budgets.

c) European Regional Development Fund (ERDF)

On the 22nd of October 2020 Minister McGrath announced that there would be two Operational Programmes with the Regional Assemblies acting as Managing Authorities for the ERDF Operational Programmes for the 2021 – 2027 programming period.

Reflecting the two different EU classifications of the development status of different regions in Ireland, the Regional Development Model will create two Operational Programmes:

1. The area designated as 'Region in Transition', (as its GDP is 75%-100% of the EU27 average), is to be managed by the Northern Western Regional Assembly (NWRA).

2. The two regions designated as 'More Developed', (as the GDP in each of the regions is over 100% of the EU average), is to be managed by the Southern Regional Assembly (SRA), with significant collaboration from the Eastern and Midlands Regional Assembly.

Preparation for the European Regional Development Fund (ERDF) Programmes 2021-27 are well underway. It is envisaged that the draft ERDF Programmes will be submitted to Government in Q2 2022, and they will be submitted to the EU Commission thereafter.

Ireland's ERDF allocation for the 2021 – 2027 period amounts to circa €395m, and with national co-financing the total ERDF Programmes will be in excess of €850m over the period. The focus of the Funds is shaped by the Common Provision Regulations, which provides that the Funds as a whole shall support the following broad Policy Objectives:

A smarter Europe – innovative and smart economic transformation.

A greener, low-carbon Europe – by promoting clean and fair energy transition

A more connected Europe – mobility and regional ICT connectivity

A more social Europe – implementing the European Pillar of Social Rights

Europe closer to citizens – sustainable and integrated development of urban, rural and coastal areas through local initiatives

In December 2020 the Regional Assemblies along with the Department of Public Expenditure and Reform oversaw the production of a paper setting out high level priorities for the 2021 - 2027 ERDF Operational Programmes. These priorities have emerged from the Regional strategies (RSES), the Needs Analysis in relation to ERDF and the public consultation.

Three main Themes or priorities were identified:

- Smart cities, smart regions: ERDF should support innovation, digitisation, economic transformation and small and medium-sized businesses in keeping with smart specialisation strategies to support sustainable economic development and offer the population places where they can live and work.
- Low-carbon and climate resilience: ERDF should help Ireland and its regions fight against climate change and protect the environment, which will in turn improve the overall quality of life.
- Urban dimension: ERDF should support the development of Irish towns and cities through an integrated approach combining the three following dimensions: green, smart and people-focused.

Based on the three thematic areas identified, the Regional Assemblies working closely with the Department of Public Expenditure and Reform, have lead engagements with Government Departments seeking suitable schemes for ERDF Programmes. Proposals received from Departments have been assessed to ensure alignment with the EU regulations with a particular focus in terms of policy objectives and thematic concentration and the regional spread of such schemes. The proposals were also considered against the broader policy context including, the independent Needs Analysis conducted by Indecon, the outcome of the public consultation, the themes, the relevant country specific recommendations (CSRs), and national policy. Drafts of the programmes were shared with the Commission in late 2021, they are then expected to be submitted to Government in Q2 2022, and formally to the EU Commission thereafter.