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Mr David Kelly

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Re: Section 25A RSES Monitoring Report

Dear Mr Kelly

The Minister for Public Expenditure, NDP Delivery and Reform, Mr Paschal Donohoe TD, has asked me to reply to your letter of 23 December 2023 about the Section 25A RSES Monitoring Report.

The completed report is attached.

If you have any further queries please contact the National Investment Office via nio@per.gov.ie.

Yours sincerely

Ian Kelly

Private Secretary to the Minister for Public Expenditure, NDP Delivery and Reform

A Member of the Minister for Public Expenditure NDP Delivery and Reform staff. The Minister is a Designated Public Official under the Regulation of Lobbying Act, 2015 (details available on www.lobbying.ie)

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Tá an fhaisnéis atá sa ríomhphost seo (agus in aon cheangaltáin) faoi rún agus is don fhaighteoir/do na faighteoirí beartaithe é agus é/iad sin amháin. Mura tusa an faighteoir beartaithe, níor cheart duit an teachtaireacht seo ná aon chuid di a úsáid, a nochtadh, a chóipeáil, a dháileadh ná a choinneáil. Sa chás gur trí earráid a fuair tú an ríomhphost seo, tabhair fógra dom láithreach faoi sin agus scríos gach cóip den ríomhphost seo ó do ríomhchóra(i)s. Tabhair faoi deara go bhféadfaidh an ríomhphost seo agus aon fhreagra air bheith faoi réir iarraidh ar a eisiúint de bhun an Achta um Shaoráil Faisnéise

PLEASE OUTLINE ANY PROGRESS MADE IN SUPPORTING THE OBJECTIVES OF THE RSES WHICH ARE RELEVANT TO YOUR DEPARTMENT-

In framing your response please provide a short overview of key public investment mechanisms and proposals by reference to:

- 1. Please outline detail on capital spending allocations across Government Departments for the years 2022 and 2023 (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 2022 as audited by the Comptroller and Auditor General and published in the 2022 Appropriation Accounts. It should be noted that the figures represent the actual spend on capital in 2022 (including carryover from 2021) and does not include the carryover into 2023 of approximately €687 million. The 2023 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 2023 later this year.

	2022 Appropriation Account O/Turn**	2023 Gross Capital Allocations
TOTAL VOTE	10,941,569	12,639,638
Agriculture, Food and the Marine	281,766	456,446
Children, Equality, Disability, Integration and Youth	59,904	212,707
Defence Group	143,500	176,000
Education	1,119,945	1,265,400
Enterprise, Trade and Employment	523,204	585,611
Environment, Climate and Communications	586,582	883,821
Finance Group	21,002	76,831
Foreign Affairs Group	15,151	32,200
Further & Higher Education, Research, Innovation & Science	532,997	595,488
Health Group	1,263,943	1,183,102
Housing, Local Government & Heritage Group	2,888,183	3,464,350
Justice Group	300,386	311,037
Public Expenditure, National Development Plan Delivery and Reform Group	249,957	311,908
Rural & Community Development	186,972	233,981
Social Protection	14,511	13,535
Tourism, Culture, Arts, Gaeltacht, Sport and Media Group	188,605	214,967
Transport	2,564,961	2,622,254

The Department of Public Expenditure NDP Delivery and Reform (DPENDR) allocates expenditure on a Departmental basis, not on a geographic basis. The National Development Plan 2021-30 (NDP) includes indicative Exchequer allocations for each Department out 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, NDP Delivery 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 newly published [Infrastructure Guidelines](#), which are effective from the 1 January 2024, as per circular [24/2023](#).

The Government will continue to detail the delivery of the NDP at regular intervals into the future to allow for full transparency on the implementation of Project Ireland 2040. This will be achieved through regular updates of the Project Ireland 2040 capital investment tracker and map as well as the publication of annual reports and regional reports highlighting Project Ireland 2040 achievements and giving a detailed overview of the public investments which have been made throughout the country.

The capital investment tracker provides a composite update on the progress of all major investments with an estimated cost of greater than €20 million. Accompanying the tracker, the myProjectIreland interactive map details projects across the country and provides details on specific projects by county. Search facilities also allow citizens to view projects in their regional area, by city, by county or by eircode.

In addition, Regional reports on the implementation of Project Ireland 2040 in the three Regional Assembly areas, including the Southern Region, have been published for 2018, 2019, 2020, 2021 and 2022. The reports set out the regional projects and programmes, which are being planned and delivered across the State, as part of the public investment detailed in Project Ireland 2040. While the reports do not provide an exhaustive list of all public capital expenditure, they serve to highlight the diverse range of investments being made by the State under Project Ireland 2040. Please access the gov.ie/2040 page to see the tracker, map and Regional reports.

- 2. 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:

- 1. (a) The National Development Plan**
- The National Development Plan 2021-30 (NDP) published in October 2021 provides a detailed and positive vision for Ireland over the next 10 years, and sees total public investment of €165 billion over the period 2021-2030.
- The Minister for Public Expenditure, NDP Delivery and Reform is responsible for setting the overall capital allocations across Departments and for monitoring monthly expenditure at a Departmental level. This Department is also responsible for maintaining the national frameworks within which Departments operate to ensure appropriate accounting for and value for money in public expenditure such as the Infrastructure Guidelines (IG).
- The IG sets the value for money requirements and guidance for evaluating, planning and managing capital projects. Management and delivery of individual investment projects within the allocations agreed under the NDP and within the national frameworks is the

responsibility of the relevant Accounting Officer and Minister in each Department.

5. It should be noted that this Department, in carrying out its role in terms of oversight of the NDP, does not consider the merits of individual projects or sectoral policy strategies as this is primarily a matter for individual Departments and Agencies.
6. 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 Infrastructure Guidelines.

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 6 for further detail.

3. An overarching objective of the RSES is the implementation of Project Ireland 2040 and NPF policies for balanced regional development. Please outline progress made in supporting the delivery of balanced regional development. It is noted in this context that the shortfall in Regional Cities investment was identified as an issue in the alignment of the NDP and NPF (page 13 NDP 2021-2030). The SRA are concerned in terms of monitoring of the RSES implementation that analyses of the *myProjectIreland* delivery tracker and *Prospects 2023/2024* (highlighting the largest projects that make up Project Ireland 2040) appear to indicate that the majority of investment in projects is weighted towards the Eastern Region and Dublin Metropolitan Area, thus undermining national and regional objectives for balanced regional development (the 50:50 split). Please outline your response to these concerns and progress in undertaking the structural changes required to ensure that the Southern Region and its three Regional Cities achieve the targets set for them in the NPF and RSES?

Answer: The achievement of balanced regional development is a key priority of this Government and is at the heart of Project Ireland 2040. This strategic plan includes the National Planning Framework (NPF), which sets out the overarching spatial strategy for the next twenty years, along with the National Development Plan (NDP) 2021-30, which sets out a ten year capital and infrastructure investment strategy of €165 billion. The successful delivery of Project Ireland 2040 is an essential element in securing Ireland's economic, social and environmental sustainability across all regions over the next two decades. The NPF is the responsibility of the Department of Housing, Local Government and Heritage.

The alignment of the NDP and NPF under Project Ireland 2040 creates a unified and coherent plan for the country by ensuring our investment strategy supports spatial planning behind a shared set of strategic objectives for rural, regional and urban development and will strengthen the link with the Climate Action Plan and other sectoral policies. As part of the analysis leading to the development of the current NDP, the data examined shows a clear spread in the number of investment projects across the three Regional Assembly areas, largely in line with the NPF growth targets which recognises the importance of balanced regional development. In addition, the analysis showed that the Northern and Western Region, and the Southern Region, have a larger share of Urban Regeneration and Development Fund (URDF)/ Rural Regeneration and Development Fund (RRDF) funding than their planned share of growth.

The NDP contains expenditure commitments for a range of strategic investment priorities which have been determined by the relevant

Departments as central to the delivery of the NPF vision. The three Regional Assemblies, including the Southern Regional Assembly, are responsible for co-ordinating, promoting and supporting the strategic planning and sustainable development of their regions, by formulating Regional Spatial and Economic Strategies (RSES). Investment decisions made by Departments are informed by the Regional Spatial and Economic Strategies. Departments will continue to develop strategic investment frameworks in line with the NPF to ensure investment is regionally spread.

In 2024, €13 billion is available from the Exchequer for investment in public capital projects, which will provide more schools, homes, hospitals and other pieces of vital infrastructure. This level of expenditure will be pivotal in consolidating the progress already made, supporting balanced regional development and, most importantly, delivering the necessary infrastructure to support our future climate change obligations as well as our social and economic requirements.

- 4. 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.

- 5. 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.

- 6. Please provide a summary of the funding programmes administered by your Department (or agency under the aegis of your Department), over the last two years, which have been awarded within the 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 over €900 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.

The NRRP is overseen by an Implementing Body in the Department who report to the Minister on progress, who reports to the Cabinet Committee on the Economy and Investment, as necessary and to Government every six months on progress on the implementation of milestones and targets relating to both investments and reforms in the NRRP and Ireland's drawdown of RRF funds.

A Delivery Committee chaired at a senior level (Assistant Secretary) in the Department and deputy co-chaired by the Departments of Taoiseach and Finance meets at least quarterly. Its role is to maintain oversight of implementation of the plan, and address issues as they arise.

While the Implementing Body and Delivery Committee monitor the implementation of the Plan and are responsible for exchanges with the EU institutions, responsibility for implementing the individual measures lies with the relevant Departments and bodies.

The delivery of the plan is well underway. Ireland's first payment request was formally submitted on 7 September 2023. There are 41 milestones and targets with a value of €324m in this request. The payment request is subject to a detailed assessment by the Commission and, following this, by other Member States through the Economic Policy (EPC) and the Economic and Financial (EFC) committees of ECOFIN.

b) Brexit Adjustment Reserve (BAR)

The BAR provides support to counter the adverse economic, social, territorial and, environmental consequences of the withdrawal of the UK from the European Union. In order to be eligible for BAR funding, expenditure must fall within the BAR eligibility period for expenditure that runs from the 1st of January 2020 to the 31st of December 2023. The application for BAR funding must set out the negative impacts of the withdrawal of the UK from the European Union and how the measures carried out under the Fund alleviate the adverse consequences.

The Brexit Adjustment Reserve Regulation entered into force on 11 October 2021, enabling funding to start being distributed 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;

An 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 NDP Delivery and 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 27th of July 2022, the Minister for Public Expenditure and Reform, Michael McGrath secured government approval for Ireland's two draft ERDF Programmes for the period 2021 – 2027. The ERDF programmes support Irish regions in promoting economic, social and territorial cohesion in line with key EU priorities. A Ministerial decision on 22 October 2020 appointed the [Regional Assemblies](#) to act as Managing Authorities for the ERDF 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 established two Operational Programmes:

1. The two regions designated as 'More Developed', (as the GDP in each of the regions is over 100% of the EU average), is managed by the Southern Regional Assembly (SRA), with significant collaboration from the Eastern and Midlands Regional Assembly.
2. The area designated as 'Region in Transition', (as its GDP is 75%-100% of the EU27 average), is managed by the Northern Western Regional Assembly (NWRA).

The 2021/27 ERDF Southern, Eastern and Midlands programme will deliver €625 million of co-funded investment, comprised of €250 million of EU funding and €375 million of national funding provided by the Government of Ireland (€663 if technical assistance is included). ERDF programme objectives are aligned with both EU priorities to promote economic, social, and territorial cohesion, and with the Government's aim of promoting balanced regional development, and will support the implementation of the Regional Economic and Spatial Strategies in the two regions in the programme area. The 2021/27 ERDF programme will support the following key strategic outcomes:

- Developing Smarter More Competitive Regions,
- Creating Greener More Energy Efficient Regions and a Just Transition
- Supporting Sustainable Urban Development in our Regions.

In the development of the two 2021-2027 ERDF programmes, there was extensive engagement with the Southern Regional Assembly. The Programme has undergone nearly three years of planning and development, taking into account the Regional Spatial and Economic Strategy, a Needs Analysis, public consultation, and was formally adopted by the Commission on the 18th of November 2022.

The launch of Southern, Eastern and Midland Regional Programme 2021-27 and first meeting of the Monitoring Committee took place in April 2023. Eight schemes have been developed to deliver the three key strategic outcomes above. Governance, management and control procedures for bodies implementing these in ERDF in the 2021-2027 funding round have been established. Implementation plans for all schemes have been approved by the EU Commission. Most of the schemes have been launched and underway. Oversight of implementation of the schemes has now commenced.

Eligibility for spending on remaining projects supported by all European Structural and Investment Funds including ERDF Programmes that commenced in the 2014-2020 has now ended.

Please provide any other comments that you would like to make with respect to your Department (including any agencies under the aegis of your Department) in implementing the RSES and addressing the issue of balanced regional growth, to fully realise the ambition and targets set out for the Southern Region under *Project Ireland 2040- National Planning Framework* and the RSES. This may include any recommendations that you consider would improve the implementation process and provide a greater focus on addressing regional imbalance.

Answer: The National Planning Framework is a matter for the Department of Housing, Local Government and Heritage in the first instance.

PLEASE PROVIDE A CONTACT POINT IN THE EVENT THAT WE NEED TO CONTACT YOU ABOUT THIS FORM.

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