

**Statement to the Joint Oireachtas Committee on Housing, Planning and Local
Government by
Mr. Eoghan Murphy T.D., Minister for Housing, Planning and Local Government
Wednesday 15 November 2017**

Mid-Year Review of Expenditure 2017 and Budget 2018

Introduction

Chair, Members,

I very much welcome this opportunity to discuss with you the progress to date in 2017 in relation to expenditure and outputs in respect of my Department's programmes and also the prospects for next year in light of Budget 2018. I am accompanied by:

- Ministers of State Damien English and John Paul Phelan, and
- Department officials: John McCarthy (Secretary General), Mary Hurley, Maria Graham, Lorraine O'Donohue, David Walsh, Maurice Coughlan, Theresa Donohue and Janet Jacobs.

Housing, Planning and Local Government Vote 2017

Following the transfer earlier this year of Community functions from my Department to the new Department of Rural and Community Development and the making of necessary financial provision for Irish Water, the Budget for my Department in 2017 now stands at €1.995 billion. This represents an increase of €215 million on the Estimate published last December.

In terms of our engagement this morning, I think it will be most useful for the Committee if I summarise briefly the 2017 expenditure position as it stood at mid-year before going on to share with you the latest data on spending as we approach year-end.

In this, I do not propose to deal with Community-related issues as, of course, these are now the responsibility of my colleague, Michael Ring, Minister for Rural and Community Development.

Mid-Year Review 2017

To the end of June 2017, the Department had spent €662 million from its allocation of €1.779 billion as set out in the original 2017 Estimates - some €20 million ahead of the published profile of expenditure for the Department of €642 million.

When Community spending programmes are excluded, the total at end June was €625 million from the revised allocation of €1.995 billion (capital and current). This was some €30 million ahead of the revised profile of expenditure.

Expenditure at November 2017

I have circulated with my statement today tables that summarise the capital and current expenditure position at end June and as it now stands in November 2017.

The tables show that capital expenditure now amounts to some €514 million, or 74% of the allocation; current expenditure is now €575 million or some 44% of the full year allocation.

The position in relation to spending on the Vote is being kept under close review in my Department as we move towards year-end. On the basis of the information now available, I expect that we will be at full expenditure at year-end. In this process, we will reallocate funds as necessary so as to help ensure that maximum benefits are achieved from the resources made available to us; we will also continue to engage with the Department of Public Expenditure and Reform as required in finalising the position on the Vote for 2017.

Housing

Turning briefly to some of the larger programmes, in 2017 the combined capital and current housing allocation is €1.2 billion. In addition, certain local authorities are

funding a range of housing services from surplus Local Property Tax receipts to the value of over €98 million, bringing the total housing provision to some €1.3 billion.

To date in 2017, €498 million of exchequer funding has been spent on housing capital programmes with a further €77 million being spent by local authorities from surplus LPT receipts, the bulk of which has been used to support the construction and acquisition of social housing homes. Reflecting the increased activity by local authorities and AHBs, 76% of the housing capital budget has already been spent.

Some €402 million has been spent under the housing current expenditure programmes and this has been supplemented by spending totaling €22 million by local authorities from surplus LPT receipts.

The high level of expenditure to date reflects the accelerated delivery of social housing across all programmes and we are well positioned to achieve our 2017 target of 21,000 housing solutions for individuals and families.

In respect of HAP, I am pleased to say that we have already exceeded our target under Rebuilding Ireland, with more than 15,130 tenancies established to date - an average of 344 HAP tenancies established every week in 2017. In addition, almost 1,400 new homes have been delivered through the social housing current expenditure programme and we expect to reach the target of 2,250 homes before year end.

In the six months to end June, we delivered 800 new homes under the local authority build and acquisitions programme and a further 245 homes for older people, homeless or people with a disability through the Capital Assistance Scheme.

The level of social housing construction activity continues to grow as can be seen in the status reports published by my Department. The most recent report to the end of quarter 2 of 2017 shows that there are projects which will deliver 11,000 new social homes, of which more than 1,000 homes have already been delivered in 2016 and the first half of 2017; over 2,700 new homes are on site being constructed; and the remainder are progressing through planning, design and tendering.

And we have not stopped. Approvals for new social housing construction schemes are being issued to local authorities on an almost daily basis and I have no doubt that this will be reflected when the Q3 status report is published in the coming weeks.

A key priority for my Department is addressing the issue of vacant homes. Under the national voids programme, over 700 local authority homes have now been returned to productive use in 2017. I expect that we will be in a position to deliver almost 1,400 such homes this year, a near doubling of our target of 766.

In conjunction with the delivery of new social homes, my Department is focussed on ensuring that people are supported to stay within their own homes in line with their changing needs. To date, we have provided almost 6,200 housing adaptation grants for older people and people with a disability and expect to meet or indeed exceed the 2017 target of 9,000 grants.

Turning to LIHAF, while there will be an underspend this year due to projects being at design stage with the larger construction costs expected to fall due from 2018 onwards, savings are being used to support increased activity under the local authority capital programme, including through the direct delivery of new social homes via construction and acquisition. The funding for LIHAF projects is ring-fenced within the overall housing budget and will be available for local authorities to drawdown over the lifetime of the projects out to 2019/2020.

Water

Turning to my Department's Water programme, as I mentioned in Select Committee this morning, following the Government Decision on the future funding model for Irish Water and the planned refunds to domestic customers, an additional provision of some €293 million for payment to Irish Water has been made in the revised Estimate. This includes €173 million needed to pay refunds to the 990,000 domestic customers; there are also administrative costs associated with the refund process, estimated to amount to almost €5.9 million. In addition, €114 million is being provided to cover the funding

required by Irish Water arising from the extension of the suspension of domestic water charges to the end of 2017.

Funding will be made available to Irish Water, in order for it to commence refund payments to customers, following on from the passage of the Water Services Bill 2017.

Local Government

The Local Government Fund allocation in 2017 is €365 million. Total expenditure to date is €100 million. Significant payments from the Fund take place in December and it is intended that by year-end there will be full expenditure of the allocation.

Budget 2018

Turning now to the year ahead, the Committee will be aware that, in total, my Department's Vote for 2018 will be €2.457 billion. Within that, housing is by far the biggest programme. All told, €1.9 billion will be available for housing next year, an increase of €600m, or 46%, on 2017.

This investment is directly aimed at addressing our housing shortage and homelessness crisis. It represents an increase of 62% on the capital side – to build new homes - and 35% on the current side to over €760 million – to allow further action on homelessness, as well as supporting people into new social housing tenancies through HAP.

In Budget 2018, the total funding provision of €1.9 billion for housing will allow us to deliver housing solutions for 25,500 households. A large element of this – €1.14 billion – is for the targeted delivery of new social homes through a range of construction, refurbishment and acquisition programmes.

Next year, 3,800 new social homes will be built directly by local authorities and approved housing bodies - 1,800 more homes than we will build in 2017. A further 1,200 will be Part V builds or refurbished vacant homes; 900 homes will be delivered through acquisitions; and a further 2,000 homes will be secured through long-term leasing arrangements – a total of 7,900 new social homes.

Looking beyond 2018, the Budget provides an extra €500 million for capital investment in social housing in the years 2019 to 2021, which has allowed us to increase the Rebuilding Ireland social housing target from 47,000 to 50,000 homes.

As regards the funding of Irish Water in 2018, the Water Services Bill 2017 provides for a new funding model for domestic water services under which funding for domestic water services will be made through the Vote for the Department; this will involve technical adjustments to the Vote and the consequential reform of the Local Government Fund. These changes will be made in the context of the Revised Estimates for 2018.

The channelling of all funding for domestic water services to Irish Water through the Vote will improve the transparency and accountability arrangements for this expenditure. In overall terms, some €1.1 billion will be required to meet the cost of domestic water services in 2018, of which €500 million relates to capital investment. This is the major financing component of the overall planned investment of over €600 million in cash terms by Irish Water in 2018.

Conclusion

Chair, I hope that members have found this contribution helpful and I'll be happy to deal with matters that members wish to raise, either on 2017 or as regards the year ahead.

Thank you.

Tables

DHPLG Capital and Current Expenditure 2017

CAPITAL EXPENDITURE €000s			
Subhead Description	FREV Budget Amt	Cash Spent (Jun-17)	Cash Spent (Nov-17)
HOUSING	654,999	290,180	497,678
*A.3. LOCAL AUTHORITY HOUSING	264,000	124,412	243,686
*A.4. VOLUNTARY & CO-OPERATIVE	126,500	36,842	75,357
*A.5. HOUSING INCLUSION SUPPORT	9,000	742	3,010
*A.6. ESTATE REGENERATION	77,787	29,842	55,507
*A.7. PRIVATE HOUSING GRANTS	34,162	12,230	28,086
*A.8. SUBSIDIES & ALLOWANCES	600	213	377
*A.9. INFRASTRUCTURE FUND	50,000	0	0
*A.10. OTHER SERVICES	92,950	85,900	91,655
WATER	24,410	4,808	9,731
*B.3. WATER QUALITY PROGRAMME	4,610	834	2,251
*B.4. RURAL WATER PROGRAMME	17,800	3,963	7,391
*B.7. REMEDIATION GRANT - NATIONAL LEAD STRATEGY	2,000	10	89
LOCAL GOVERNMENT	8,251	1,952	4,859
*C.4. FIRE & EMERGENCY SERVICES	8,250	1,952	4,859
*C.6. OTHER SERVICES	1	0	0
PLANNING	901	450	825
*E.3. AN BORD PLEANALA	900	450	825
*E.9. URBAN RENEWAL - REGENERATION	1	0	0
MET ÉIREANN	4,300	618	793
*5.6. MET EIREANN ADMINISTRATIVE	4,300	618	793
ADMINISTRATION	1,123	175	387
*5. OFFICE EQUIPMENT & EXTERNAL IT	1,123	175	387
Total	693,984	298,182	514,273

DHPLG CURRENT EXPENDITURE €000s			
Subhead Description	FREV Budget Amt	Cash Spent (Jun-17)	Cash Spent (Nov-17)
HOUSING	551,102	189,467	401,884
*A.3. LOCAL AUTHORITY HOUSING	380,985	138,331	267,624
*A.4. VOLUNTARY & CO-OPERATIVE	54,750	16,018	40,950
*A.5. HOUSING INCLUSION SUPPORT	103,096	30,758	83,361
*A.8. SUBSIDIES & ALLOWANCES	4,330	972	2,332
*A.10. OTHER SERVICES	7,941	3,387	7,617
WATER	309,104	3,576	6,651
*B.3. WATER QUALITY PROGRAMME	10,200	3,344	5,707
*B.5. FORESHORE COASTAL MANAGEMENT	6,000	232	518
*B.6. IRISH WATER	292,870	0	0
*B.8. OTHER SERVICES	34	0	426
LOCAL GOVERNMENT	367,836	100,343	100,613
*C.3. LOCAL GOVERNMENT FUND	365,300	100,000	100,000
*C.4. FIRE & EMERGENCY SERVICES	792	268	441
*C.5. FRANCHISE	1,465	7	58
*C.6. OTHER SERVICES	279	69	114
PLANNING	21,183	9,230	24,068
*E.3. AN BORD PLEANALA	15,200	7,722	13,948
*E.4. PLANNING TRIBUNAL	3,745	1,188	9,576
*E.5. OFFICE OF THE PLANNING REGULATOR	450	0	0
*E.6. PLANNING POLICY	505	82	87
*E.7. FORWARD PLANNING	602	173	334
*E.8. MY PLAN	200	65	123
*E.10. DEVELOPMENT CONTRIBUTION REBATE	371	0	0
*E.11. OTHER SERVICES	110	0	0
MET EIREANN	3,100	938	2,025
*5.6. MET EIREANN ADMINISTRATIVE	2,800	938	1,828
*F.3. SUBSCRIPTIONS TO INTERNATIONAL ORGANISATIONS	300	0	197
ADMINISTRATION Excluding Met Eireann	48,535	23,300	39,664
*1. SALARIES, WAGES & ALLOWANCES	43,524	20,868	35,716
*2. TRAVEL & SUBSISTENCE	756	522	843
*3. TRAINING & DEVELOPMENT & INCIDENTAL EXPENSES	850	515	941
*4. POSTAL & TELECOMMUNICATIONS	756	188	273
*5. OFFICE EQUIPMENT & EXTERNAL	2,235	1,025	1,622
*6. OFFICE PREMISES EXPENSES	397	180	269
*7. CONSULTANCY SERVICES & VALUE FOR MONEY	17	0	0
Total	1,300,860	326,854	574,905