

Opening Statement to the Joint Committee on Rural and Community Development – 17th October 2018.

Introduction

I want to thank the Committee for its invitation to attend today to discuss the mid-year expenditure review for our Department.

The Department has circulated a short briefing note to members of the Committee which includes a summary of the programme areas and sets out expenditure to the end of September on these programmes.

This has been a year of considerable activity and achievement in our Department. Although Deputies will be aware that the Department is only a little over a year old, I believe we have made significant progress in bringing the Department to full operation in that time while delivering on the ground for communities and rural Ireland.

I also believe that the mission of the Department is ever more important as we look at the challenges facing our Country, and the actions we need to take to ensure a sustainable and high quality of life for all our citizens wherever they choose to live and work.

High level budget specifics:

With regard to the allocations for the Department, gross expenditure of €231.532 million is budgeted for 2018. This consists of €144.024 million in current expenditure provision and €87.508 in capital expenditure provision. In addition, provision has also been made for a capital carryover of €7.7 million, which supplements the provision in the Estimate.

As requested, the Committee has been provided with information on expenditure by my Department to the end of September 2018. At that point, the total gross spend was €144.34m. This is made up of €116.2m in current expenditure and €28m in capital expenditure.

With regard to actual expenditure compared to profile, at the end of September, current expenditure was at 92% of profile and capital expenditure at 62% of profile.

Given the fact that capital expenditure has been falling behind profile I have prioritised this issue within the Department. I am pleased to note that there has been a significant increase in capital expenditure since the end of September. This is to be expected. The focus in the earlier part of the year was on getting the schemes out, assessing applications and making approvals. Now the bills are coming in.

I will outline the most recent figures available to me at the close of this statement.

It is just as important to focus today on what our Department has delivered for communities since its establishment, as well as reflecting on some of the challenges that we have faced and how we have addressed these. I will try and keep these remarks short, to allow time for discussion with the members.

Key Rural Development Issues

Throughout 2018 I have focussed on the twin policy goals of improved rural development and community development.

With regard to rural development, an important focus of work in 2018 has been to develop and launch the new Rural Regeneration and Development Fund. This €1 billion Fund was established under the Project Ireland 2040 and it will support ambitious projects that can drive the economic and social development of rural towns, villages and their surrounding areas.

The Fund provides an exceptional opportunity to support the revitalisation of rural Ireland, to make a significant and sustainable impact on rural communities and to help make smaller towns, villages and rural areas good places to live and work.

Initial funding of €315 million will be allocated to the Fund over the period 2019 to 2022 on a phased basis. The provisions for our Department in Budget 2019 have allowed me to allocate €55 million for the Fund in 2019.

The closing date for applications under the first call for the Fund was the 27th September and there has been strong interest from across the country.

There has been around 290 applications. Of these around 125 are for category 1 “shovel ready” projects. And around 165 applications are for category 2 projects. These are projects which need initial development funding to become potential category 1 applications in future calls for the Fund.

Clear assessment criteria have been published and a Project Advisory Board has been established, which will oversee the assessment of applications for the Fund. The Board is made up of representatives from key Government Departments, along with a number of external experts. Upon receipt of recommendations for funding from the Board, I expect to be in a position to announce an initial number of successful applications in November, with further announcements to follow.

Whilst the Rural Regeneration and Development Fund is hugely important for the future development of rural Ireland, I remain just

as focused on ensuring the continued success of our existing schemes and programmes.

Town and Village

For example, this year I have approved 224 projects under the Town and Village Renewal Scheme to the value €21 million. I have also approved 389 projects up to the value of €12 million across a series of measures under the CLÁR programme.

The Town and Village Renewal Scheme is an important part of the Government's work to rejuvenate rural Ireland and is having a significant impact on towns and villages across the country.

The benefit of previous funding under the Town and Village Renewal Scheme is now being felt countrywide. Since it was introduced in the second half of 2016 almost €53 million has been approved for more than 670 projects across the country.

LEADER

The LEADER programme is also a very important part of the work of my Department. Activity under LEADER has increased significantly since the second half of 2017. Over 1,300 projects have now been approved by the Local Action Groups, to a value of €43.4 million. There are also another 300 or so projects with a value of over €20 million going through the approval process. The large volume of

projects now being approved shows that the changes I have made to the programme are working. These changes have simplified the approval process to be followed by both Local Action Groups and LEADER applicants and greatly reducing the burden of administrative checks for applicants. The programme is now delivering for rural communities.

However, despite this ramping up of the LEADER programme, expenditure on the programme in 2018 has been less than originally planned. Therefore, I have recently reallocated funds from LEADER to other programmes, namely, an additional €8.6 million for Community Enhancement Programme and an additional €4 million in funding for Library Investment. LEADER is a demand led scheme, which I remain committed to supporting, and I am confident that the full €250 million available over the lifetime of the LEADER programme will be fully utilised.

Other Rural Schemes

Our other rural development programmes including the Local Improvements Scheme, the Walks Scheme, and the Outdoor Recreational Infrastructure Scheme are also having a real impact in towns, villages and rural areas across Ireland.

Key Community Development Issues:

With regard to the community development aspect of my work, as the Committee is aware, the Department administers a range of programmes which support both individuals and the community and voluntary sector as a whole. The Community Services Programme and the Social Inclusion and Community Activation Programme are the two most significant in terms of expenditure.

Community Services Programme

The Community Services Programme provides financial supports to community organisations to deliver local services through a social enterprise model. The funding supports the costs of employing a manager or a specific number of full time equivalents.

The CSP has a 2018 allocation of €46 million. It is benefiting over 400 organisation nationwide, with 1,600 people supported by the programme.

SICAP

The Social Inclusion and Community Activation Programme provides funding to help individuals and communities in our society who are experiencing disadvantage. The programme works with people from groups such as disadvantaged women, disadvantaged children and families, lone parents, people with disabilities, those who have

difficulties finding employment, Roma and Travellers. It has an allocation of €43 million in 2018 and it supports over 2,200 organisations and over 27,000 people.

I would also note that a key development for SICAP in 2018 was the publication of a major review by the ESRI. This review looked at the role of SICAP in the context of other related Government schemes, the continuing suitability of the goals identified by SICAP and finally the governance structures used in SICAP. The review highlighted a number of areas for improvement, such as the need for a greater focus on more intensive individual supports, and flexibility to respond to the needs of target groups at local level. These were built into the new SICAP programme that I launched this year.

Senior Alerts

I would also like to mention the very successful Senior Alerts Scheme. I originally allocated €2.3 million to this scheme at the start of 2018. However, the scheme has been far more successful than originally envisaged, and I will be allocating further funds to this programme. This will be made up of €2 million from Community Services Programme, and €1.75 million from our Dormant Accounts allocation. This funding allocated towards the Seniors Alert Scheme has allowed over 13,000 people so far this year to benefit from the scheme.

Community Enhancement Programme

I would also like to talk briefly about the new Community Enhancement Programme (CEP) which I launched this year. The CEP programme replaces and builds on two existing schemes (the Communities Facilities Scheme and RAPID). Combining the schemes has allowed a more flexible and targeted approach to providing funding to those communities most in need. The CEP provides capital funding to communities across Ireland to enhance facilities in disadvantaged areas. The CEP is administered by the 33 Local Community Development Committees.

Initially, in May 2018, the CEP provided €4.5 million of grant funding in 2018 towards enhancing the facilities available to communities. However, this programme was greatly oversubscribed, and therefore, as I mentioned earlier, I reallocated €8.6 million of funding to this scheme for other projects around the country.

Finance position to date

We are here today to focus on the mid-year review of expenditure, and as I said the full details to the end of September have been provided in the briefing document sent to the Committee.

As Deputies can see, capital expenditure at the end of September has been some way behind profile. Close monitoring of the spend position is a matter of significant priority for me and for my officials. There has been significant direct engagement with the Chief Executives of Local Authorities, and close and frequent contacts with both Local Authorities and the LEADER Local Action Groups to ensure that we have an accurate picture of the level of activity on the ground. In this regard, the level of spend at end September does not fully reflect the value of expenditure incurred to date across projects that are now at or close to completion.

As you will be aware, many of the funding schemes operated by the Department involve a large number of individual projects – and the key issue is ensuring that when they are completed the claims for payment are issued in a prompt manner. This will remain a priority for the rest of the year. I am satisfied on the basis of projections for spend to year end, that there will be a full spend on the Vote in 2018.

The position on Friday 28th September was that capital spend stood at €28 million, compared to a profiled spend of €45 million.

The latest position is that at close of business yesterday the Departments capital spend for the year to date reached €48.6 million. This represents a €20.5 million spend for October to date. This highlights the ramp up in terms of spend, which was expected

for this time of year. I expect this progress to continue over the coming weeks.

Concluding comments

I have kept my remarks brief so as to allow a full discussion on the programmes and funding of the Department this year. But before concluding I would just like to emphasize again that we are making good progress in terms of capital expenditure. I will ensure our allocations are fully spent this year, delivering for all communities and for rural Ireland.