

## Public Accounts Committee – 26th October 2023

### Appropriation Account 2022, Vote 34 – Housing, Local Government and Heritage

Chairman, Members

I am pleased to be here this morning as Accounting Officer to assist the Committee in the examination of the Appropriation Account 2022, Vote 34. I understand that members want to particularly examine the delivery of social housing by local authorities, the funding of local authorities in general and the funding and governance of Uisce Éireann.

I am joined by colleagues from the Department and from Uisce Éireann:

- Aine Stapleton - Assistant Secretary- Social Housing Delivery Division
- Caroline Timmons- Assistant Secretary- Affordable Housing Division
- Paul Hogan - Assistant Secretary (Acting) – Planning Division
- Fiona Quinn - Assistant Secretary - Local Government Division
- Fintan Towey – Assistant Secretary – Water Division
- Niall Gleeson – Chief Executive Officer, Uisce Éireann,
- Sean Laffey – Director of Asset Management & Sustainability, Uisce Éireann

We are also supported by Departmental colleagues:

- Sinead Kehoe – Finance Officer
- Brian Munnely – Principal Officer, Water Services Finance & Investment Unit
- Theresa Donohue – Assistant Principal – Housing Finance & Co-ordination Unit

We look forward to addressing your questions following on from previous attendances and I have provided some advance briefing for the meeting along with a copy of my Opening Statement, which briefly mentions some areas notified as being of interest to the Committee.

Broadly at the outset I would like to mention the scale and breadth of the activities of the Department, which now has ten Divisions and deals with a number of priorities under the Programme for Government. The focus and commitment of staff working in the department, and indeed across more than 20 bodies under the aegis, together with local authority partners and stakeholders is very significant.

## **Social and Affordable Housing Delivery**

My Department continues to work proactively with key stakeholders to create the conditions that facilitate increased housing supply across the country and within that, the delivery of new social and affordable homes.

2022 saw the overall delivery of over 29,000 new homes in Ireland. In this context, over 10,000 homes were added to the social housing stock. Almost 7,500 of these were new build social homes, a further 1,800 were delivered mainly through new build leasing and other programmes such as Mortgage to Rent. The remaining approx. 1,000 were acquired by AHBs and local authorities.

Despite the impact of Covid directly followed by the Russian invasion of Ukraine - and its effect on supply chains, construction costs increases, energy price fluctuations and higher finance costs – the ability of stakeholders to adapt and respond helped to underpin the 2022 output.

In listening to the challenges faced by the sector in delivering new build projects in particular, initiatives to support delivery have been put in place. These include for example multiannual NDP funding envelopes, a new Land Acquisition Fund, staffing resources for local authorities and actions to address legacy debt linked to accelerated delivery using Modern Methods of Construction. In addition, changes to the approvals processes and amendments to the Planning Act for a temporary period to assist with acceleration of social and affordable housing schemes, have all had a positive impact.

2022 represented the first year of an ambitious programme of delivery of affordable homes, with over 1,700 affordable purchase and cost rental homes made available. This momentum will continue, as we build a pipeline of affordable housing with local authorities, Approved Housing Bodies and the Land Development Agency.

As one example, with respect to local authority delivery of affordable homes, more than 2,750 homes have been approved for over €200m in funding under the Affordable Housing Fund (AHF) across 20 local authority areas. An additional 1,400 cost rental homes have also been approved for over €155m in funding under the AHF.

Affordable housing delivery is also being supported through the First Home Scheme, which was launched in July 2022 and has been very successful, with 750 approvals in 2022 and a further 1,800 approvals in its most recent report.

The Department will continue to work with local authorities, AHBs and the LDA on the range of affordable schemes (particularly AHB and LDA cost rental) to bring forward new projects. The Department has had to innovate to bring forward affordable solutions over the past few years and is starting to see delivery across many of these schemes, with implementation now being our focus and ensuring that the public awareness of the supports available is increased.

## **Funding of Local Authorities and Oversight**

Today we are also discussing two important chapters in relation to Local Government, Chapter 3, Central government funding of local authorities and Chapter 4, Accountability for central funding of local authorities.

Central government funding of local authorities totalling over €6 billion is provided through a wide range of government departments and agencies. This represents a 5% increase on the 2021 level despite the removal of special Covid-19 related funding of €440m.

The Local Government Fund (LGF) is a special central fund which was established under the Local Government Act 1998. The profile of income and expenditure of the Local Government Fund has undergone significant changes in recent years. Income to the Fund is now comprised of funding from the Exchequer and, since 2014, Local Property Tax (LPT). The Government decides the expenditure from the LGF each year as part of the budgetary process. In addition to the Local Property Tax income, almost €388m was provided to support local authority services in 2022. This funding recognises the integral role that local authorities play in the delivery of services to our citizens.

Last month, local authorities were advised of a €75m increase in Local Property Tax (LPT) baseline funding for the coming year, with a minimum increase of €1.5m for each authority as a result of the recent baseline review. This is a positive addition to the nearly 20% increase in LPT funding for local authority own discretionary use brought about since 2021.

Statutorily based governance arrangements are in place at local government level. These range from the elected Council in the primary oversight role and supported in the fulfilment of its reserved functions by the chief executive, internal audit functions and Audit Committees in each local authority. The Local Government Audit Service (LGAS) in turn performs the independent, external audit of local government, providing independent scrutiny of local authority finances and reporting to the elected council. NOAC, established in 2014, provides independent oversight of the local government sector, scrutinising and monitoring local authority performance, and promoting good practice.

## **Water Services & Uisce Éireann**

Moving on to the topic of Water, Water Services continues to undergo a significant period of reform in the delivery of services. The Committee has specifically asked for representatives of Uisce Éireann to join us here today.

A Framework for Future Delivery of Water Services was agreed in June 2022 and provides the basis for Uisce Éireann to work with local authorities to complete the integration of public water services. Local authorities will cease involvement in the direct provision of water services from December 2026.

The Government's voted exchequer investment in Uisce Éireann is substantial under the NDP. Over €1.4 billion was spent by Uisce Éireann in 2022 to service existing schemes and deliver new water infrastructure and investment.

This investment in public water services is vital to maintain and enhance infrastructure, to safeguard public health, to ensure environmental compliance by adequately treating wastewater, to support the delivery of housing and other economic activity.

Similar to other areas, 2022 saw additional operational expenditure demands in water services driven by exceptionally high levels of inflation, which was particularly acute across Design, Build and Operate contracts.

Capital projects also progressed at a slower pace due to the inflationary environment, along with increased delivery timelines and resource constraints. The sector experienced real challenges in procuring key resources and materials.

To conclude on Water, I wish to mention the almost €63million which was provided in 2022 to the Rural Water Programme. Certainty for priority investment has been put in place through a multi-annual capital programme, aimed at improving the reliability and efficiency of rural water services infrastructure.

## **Conclusion**

In conclusion Chairman, I'd like to again note the ongoing co-operation by all stakeholders involved in the delivery of a work programme of the scale undertaken by this Department. The Department, its agencies and our partners for delivery, including the local Authorities, NGO and AHB sectors, continue to be acutely focused on achieving the best for citizens.

Together with our colleagues from Uisce Éireann, I look forward to engaging with the committee this morning.

Thank you