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Infrastructure and construction report

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PENDPDR Minister Paschal Donohoe TD: ‘Capital funding at all-time high’

Minister for Public Expenditure, National Development Plan Delivery and Reform, Paschal Donohoe TD outlines progress on National Development Plan (NDP) delivery to date, ongoing reforms in planning, developments in MMC, and further innovation in 2024.

The National Development Plan 2021-2030 sets out a positive vision for Ireland, which delivers total public investment of €165 billion over its lifetime. This expenditure will be pivotal in delivering the vital infrastructure we need to support our future economic requirements, climate change commitments and address our social investment needs.

The overall level of capital funding is now at an all-time high. In 2024, €13 billion will be made available for investment to provide more schools, homes, hospitals, and other vital infrastructure, that will make a real difference to people’s lives. An additional €2.25 billion of windfall corporate tax receipts is being allocated from 2024 to 2026, to be provided to critical infrastructure projects that are at an advanced stage as well as to the existing Climate Action Fund.

Our economy continues to perform strongly with record numbers in employment despite inflationary pressures. I would note the moderation in inflation evidenced in wholesale prices for construction products which increased by 0.3 per cent in the 12 months to December 2023. I would also like to highlight the significant progress being made under *Housing for All*, with over 32,000 new dwelling completions in 2023, which is a 10 per cent increase over 2022. The government recognises our thriving economy requires continued momentum in terms of increasing housing supply to meet our housing needs.

NDP delivery

The Economic and Social Research Institute (ESRI) published its report, The *National Development Plan in 2023: Priorities and Capacity* in January 2024. The report provides insights and recommendations on the NDP which I am considering in the context of updating NDP ceilings across different sectors for 2025 and 2026.

This update will give certainty to government departments on the level of capital funding available to them over the medium term. My officials and I are currently engaging with departments on this process. I am cognisant of the ESRI’s suggested approach in terms of prioritisation and the potential for the Government to direct construction activity towards those sectors where demand is highest.

In September 2023, I published the *Prospects 2023/2024* report which sets out a clear pipeline of 50 of the largest individual projects that make up Project Ireland 2040. This pipeline spans projects which are currently at planning and appraisal to projects which are completing construction in 2024.

Another platform to communicate the range of projects and programmes under the NDP is the Project Ireland 2040 tracker and interactive map, which is updated every year. The tracker highlights the diverse range of infrastructure projects across Ireland and serves as a valuable resource for citizens, allowing them to track advancements and developments in their local area. The tracker and map are currently being updated by departments and agencies and will be released in Q1 2024.

Since Project Ireland 2040 was first launched in 2018, the Government has

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Minister for Public Expenditure, National Development Plan Delivery and Reform, Paschal Donohoe TD

overseen the delivery of many impactful NDP projects across the country, including major third-level building projects such as the new university campus in Grangegorman, as well as better transport links, including upgrades on the N4 from Collooney to Castlebaldwin, from Gort to Tuam on the N17/N18 and the new N25 New Ross Bypass. In addition, hundreds of projects have been funded under the Rural and Urban Regeneration and Development Funds all across the country.

Ongoing reforms

In July 2023, I announced further measures to tackle uncertainty and risk in the delivery of Public Works Contracts. This follows a series of measures introduced by my department over the last two years to address the challenges that the construction industry has recently faced. Notable modifications include the introduction of caps on liability and reform of the price variation mechanisms.

In January 2024, I chaired a Project Ireland 2040 Delivery Board meeting where a range of issues, such as the backlog in planning applications and the restructuring of An Bord Pleanála to An Coimisiún Pleanála, were discussed. The Government is prioritising the Planning and Development Bill through the Oireachtas in 2024. The legislation introduces significant reforms in the judicial review processes, including the establishment of Urban Development Zones, which will empower local authorities to strategically advance development projects.

Building Information Modelling (BIM) has the potential to transform the design and management of construction projects. BIM can speed up the construction process, reduce waste, cut costs, and deliver projects to a higher quality.

Acknowledging the transformative role it can play, in January 2024, I introduced BIM requirements into the Capital Works Management Framework (CWMF). This requirement now applies to public work projects with a capital value of over €100 million. Over the next four years, these requirements will be extended to cover all public works projects.

As part of my reforms to the CWMF we are also adopting the International Cost Management Standard, which will bring benefits such as enabling consistent reporting of costs across the NDP.

MMC

The Construction Sector Group (CSG), which is overseen by my department, ensures regular and open dialogue between government and industry. The CSG and its associated innovation and digital adoption sub-group are driving seven actions, which are making substantial progress.

For example, ConstructInnovate (CI), which is the construction technology centre, is playing a pivotal role in meeting the infrastructure demands outlined in Project Ireland 2040. The research centre aims to make Ireland a global leader for sustainable construction and built environment technology.

Furthermore, there has been significant progress embracing modern methods of construction (MMC) in the construction sector with the *Roadmap for MMC Adoption in Public Housing* being published in July 2023.

A significant step in this roadmap is the roll out of the Accelerated Social Housing Delivery Programme, which targets delivery of 1,500 social homes, leveraging MMC approaches by the end of 2024.

In addition, the MMC Demonstration Park in Mount Lucas, County Offaly will be a crucial resource for developers and construction professionals facilitating the delivery of high-quality, affordable homes. A planning application has been submitted and phase one of the project is on target for completion by Q3 2024. Ernst and Young (EY) has been commissioned to assess the MMC skills need in the years ahead. An action plan for MMC skills will follow the publication of the EY report this year.

Further innovation

Another innovation currently underway is the digitisation of the planning application process across our 31 local authorities. The Local Government Management Agency (LGMA), under the governance of the CSG Sub-Group has rolled out an e-planning system in twenty-four LAs. The rollout to the remaining LAs will occur by Q2 2024.

Finally, we are aware of our emission reduction targets and with this in mind the CSG sub-group in conjunction with the RIAI and the Department of the Environment, Climate and Communications has developed Construction Sector Circular Economy Guidance. This report will be published in Q1 2024.

The introduction of BIM requirements to the CWMF in 2024 provides a clear line of sight to the construction industry and built environment in the transition to a more digital construction sector. This development will further increase productivity, support sustainability, and facilitate the delivery of the NDP.

Emerging trends in infrastructure in 2024: Enabling transitions

Can we enable transitions in a meaningful way to deliver our key infrastructure needs? Paul O'Neill, Managing Director, Corporate Finance, KPMG, writes.

When I wrote this article for last year's publication, our key global themes centred round digital transformation, supply chain disruption and energy transition. All very much remain at the core of what we see looking ahead to 2024, but can it finally translate to accelerated project delivery?

Digital transformation – moving from talk to action

Every year, it feels like we predict that the infrastructure sector will finally embrace digital, innovation, and technology. While there have certainly been some pockets of digital transformation seeping into the infrastructure sector, progress has been comparatively slow versus other sectors. So, why do we think things will change this year? Some of our optimism is based on the technology landscape. The uptake of digital twins in asset management and design demonstrates that industry has the capacity and desire to transform. Modern construction methods should also increasingly become embedded in the sector, but there is some cause for scepticism that this trend will not materialise in the near term.

At a recent client roundtable, a valid challenge posed was the ability of contractors to bring supply chains along with them given that margins remain tight, and businesses require a degree of certainty in relation to National Development Plan (NDP) rollout if they are to adopt new technologies, approaches, and training programmes. Few would disagree that these new innovations are needed and will ultimately benefit projects, the economy and society in the long term. We need to start mandating these requirements in procurement processes but also be prepared to back it up and pay for them.

Too often tender competitions are eventually decided on price. Competing solely on price does not necessarily indicate a focus on priorities beyond cost that will ultimately help move the industry forward. As a private sector client put it to me: "There is a major opportunity for the Government to play a role in mandating more sustainable and innovative approaches that would force the supply chain to evolve."

Capacity and supply chain – accelerating delivery

Ireland did exceptionally well in the 2000s in attracting overseas expertise and building up our onshore supply chain. We were lauded in so many other jurisdictions for how well we developed our infrastructure and learned from others to develop best practice expertise and delivery. Our star has definitely waned in the interim. While it is often taken for granted in Ireland that market interest to tender for new projects is there, that is not necessarily the case. We have seen the depth of our own contracting market decrease post the recession and indeed seen many of our own parts of the supply chain choose to focus efforts on the overseas or private sector markets. We are competing, especially for the mega projects, against other overseas markets that are often much more attractive.

To attract back market interest, it is important that we actively market at home and overseas the significant programme of infrastructure spend that is planned over the next 10 years. That would allow the supply chain to invest in developing capability and focus here. To do that we need clear certainty on the programme for delivery of the NDP that the market has confidence in. We also cannot lose sight of the skills deficits we have in many areas across the market. Competition from overseas is a factor here but so too are challenges around the capacity to invest by the public and private sector in building up the skills base.

While there are welcome signs, with responsibility for NDP delivery now sitting with the Department of Public Expenditure and Reform and the publication of the new infrastructure guidelines, it remains to be seen whether this will serve as the much-needed enabler to accelerate project delivery. We also need to address the siloed thinking in approaches and methodologies across departments to provide for increased collaboration and learning opportunities. As one public sector client put it to me simply: "We do not talk to each other enough and we do not learn from each other enough. We need to create more opportunities to do that."

Transitioning to nature based solutions

At COP28, nearly 200 nations agreed to triple renewable energy capacity and double energy efficiency by 2030 in order to meet international net zero goals as outlined in the Paris Agreement. We all know that massive investment needs to be placed into scaling up renewables delivery, but what we are not very good at is describing the wider societal risks that we all face if we do not do a project. This has to change.

The widespread adoption of valuing nature-based assets and solutions would enable companies to better account for these assets on their balance sheets. It would also enable governments to make more informed decisions that balance infrastructure delivery with sustainable development, increasingly important in an Irish context with a growing, ageing population which has very different infrastructure needs to one which is seeing growth come at the younger end of the spectrum.

In conclusion, the platform exists to enable transitions in a meaningful way but the successful implementation of any development plan, including our own, hinges on fostering increased collaboration across government and the construction industry, coupled with a transformative shift in mindset toward sustainable infrastructure delivery and construction industry modernisation.

"To attract back market interest, it is important that we actively market at home and overseas the significant programme of infrastructure spend that is planned over the next 10 years."

The 12th edition of KPMG's Emerging Trends in Infrastructure is now live – the 2024 report explores 10 challenges and opportunities facing infrastructure leaders. Read in full at:

https://kpmg.com/ie/en/home/insights/2024/01/emerging-trends-in-infrastructure-cge-infra.html

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Capital expenditure in Budget 2024

Total capital expenditure in Budget 2024 amounts to €12.8 billion, a 7.6 per cent increase on *Mid-Year Expenditure Report 2023* levels and a 3.2 per cent increase on Budget 2023 levels as Ireland continues infrastructure spending increases to deliver the National Development Plan.

Ireland's total capital expenditure of €12.8 billion in Budget 2024 is made up of €12.6 billion in gross voted core capital expenditure as is set out by the National Development Plan (NDP) and €250 million from windfall exchequer receipts "to be allocated to critical infrastructure projects that are at an advanced stage as well as to the existing Climate Action Fund".

A further €2 billion is being made available across 2025 and 2026 in this regard, significantly boosting effective delivery of capital projects in these areas and other government priorities. Including the €250 million in 2024, this raises the overall increase in capital investment in 2024 to just over 10 per cent above 2023 funding.

With the ESRI predicting that Ireland's level of inflation for 2023 will be recorded as 6.4 per cent, the level of core infrastructure expenditure provided in Budget 2024 represents an increase of 7.4 per cent from *Mid-Year Expenditure Report 2023* (MYER23) levels, but total capital expenditure represents a 3.2 per cent increase from Budget 2023 total capital expenditure levels, when €12.4 billion was made available for infrastructure spending.

In its expenditure report for Budget 2024, the Government states that the increase of "approximately 8 per cent" from MYER23 levels and the subsequent core total of €12.6 billion as being "in line with the NDP" and providing funding for "key investment across sectors including health, housing, education, and transport while also investing in our climate goals".

Expenditure by department

Of the current 18 government departments, 17 receive capital funding, with only the Department of the Taoiseach receiving none. The Department of Housing, Local Government and Heritage retains its status as the most highly-funded department in terms of capital funding, amid high projections of construction needed to answer the housing crisis that has raged in Ireland for a decade.

The €3.884 billion allocated to the Department is a 10 per cent increase on MYER23 levels and a 10.5 per cent increase on Budget 2023 levels. The capital funding given to the Department accounts for 30.9 per cent of all voted capital funding, an increase on its proportion of 26.7 per cent in Budget 2023.

The departments of transport and health are the second- and third-best funded departments in terms of capital expenditure respectively, with the two and the Department of Housing, Local

	MYER 2023 core	Budget 2024 core	Change to core	Non-core	Total
	€million	€million	%	€million	€
Agriculture, Food and the Marine	295	287	-2.7%	28	315
Children, Equality, Disability, Integration and Youth	61	74	20.9%	61	135
Defence	176	176	0.0%	0	176
Education	860	940	9.3%	0	940
Enterprise, Trade and Employment	540	534	-1.2%	50	584
Environment, Climate and Communications	848	926	9.2%	24	950
Finance	30	27	-10.0%	0	27
Foreign Affairs	25	25	0.0%	0	25
Further and Higher Education, Research, Innovation	575	601	4.5%	19	620
Health	1,075	1,218	13.3%	13	1,231
Housing, Local Government and Heritage	3,522	3,875	10.0%	9	3,884
Justice	272	274	0.7%	0	274
Public Expenditure, NDP Delivery and Reform	260	300	15.3%	8	308
Rural and Community Development	201	201	0.0%	9	210
Social Protection	16	16	0.0%	0	16
Taoiseach	0	0		0	0
Tourism, Culutre, Arts, Gaeltacht, Sport and Media	215	221	-2.7%	0	221
Transport	2,595	2,592	-0.1%	72	2,664
Gross voted capital expenditure	**11,566**	**12,286**		**293**	**12,581**

Government and Heritage being the only three departments to receive over €1 billion in capital funding. Despite this, the Department of Transport's €2.664 billion in capital funding is a 0.1 per cent decrease on MYER23 levels, but a 1.6 per cent increase from Budget 2023.

The Department of Transport's capital expenditure budget accounts for 21.2 per cent of all capital expenditure, the same proportion it accounted for in Budget 2023. The Department of Health received an increase of 13.3 per cent compared to MYER23 and a 4.6 per cent increase from Budget 2023, with its total of €1.231 billion accounting for 9.8 per cent of total capital expenditure, a slight increase from the 9.5 per cent it accounted for in Budget 2023.

Of the 17 government departments which receive capital expenditure funding, four received funding cuts compared to MYER23 levels; in comparison, no departments received a cut in funding in Budget 2023. The biggest of these cuts by proportion is the 10 per cent cut to the Department of Finance's capital expenditure funding, falling from €30 million to €27 million, and the biggest in overall cash terms is the Department of Agriculture, Food and the Marine, whose allocation of €287 million represents an €8 million decrease.

In terms of increases, the largest by proportion was the 20.9 per cent increase allocated to the Department of Children, Equality, Disability, Integration and Youth. The increase of over €300 million allocated to the Department of Housing, Local Government and Heritage is the largest increase in cash terms.

With the ESRI predicting Ireland's inflation for 2023 to average 6.4 per cent and the IMF predicting 5.3 per cent, eight ministerial vote groups received increases in their funding compared to MYER23 levels, with two departments (Further and Higher Education, Research, Innovation and Science and Tourism, Culture, Arts, Gaeltacht, Sport and Media) receiving increases that fall under both predicted rates of inflation, equating to real terms cuts.

GNI*

The Government has previously pledged to ensure that voted capital expenditure will be at 5 per cent of GNI* by 2025. The GNI* figures of the Central Statistics Office are typically one year behind, meaning that we can compare 2022's GNI* to Budget 2024, published in 2023, but cannot be certain of how the budget totals compare with current GNI*.

Voted capital expenditure in Budget 2023 stood at 5.3 per cent of 2021's GNI*. Budget 2024's voted capital expenditure stands at 4.7 per cent of 2022's GNI* (€273 billion).

There is a danger of the 2025 target being missed due to pronounced increases in GNI*, with it having increased by 17.1 per cent from 2021 to 2022, or just under €40 billion, having previously had a yearly average increase of €7.3 billion from 2017 to 2021. From Budget 2023 to Budget 2024, capital expenditure will increase by 3.2 per cent in comparison; significant increases to capital expenditure will be needed if the pace of GNI* increases are to be matched.

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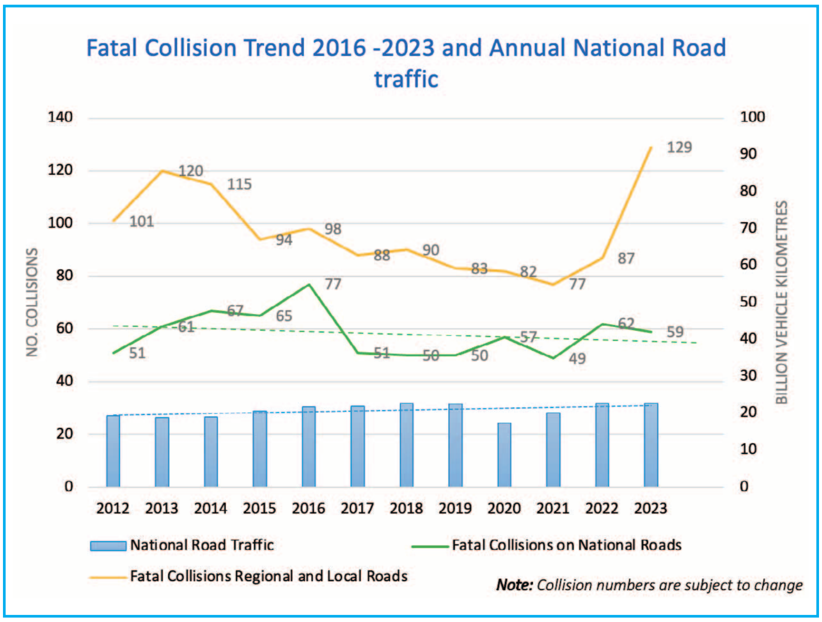
National road safety: A Safe Systems approach

Ireland has seen a year-on-year increase in road fatalities over the last number of years, which has become a hot topic. The recent hike in numbers is not limited to Ireland, many other European countries have witnessed the same regression following Covid-19, writes Suzanne Meade, Senior Engineer, TII Road Safety.

It is beneficial to briefly benchmark our road safety performance against the rest of Europe. The European average, in 2021, was 44 collisions per million population; Ireland has a lower rate of 27 collisions per million population, placing it in the top five best performing countries in Europe. A recent European evaluation of the trans-European road network (our motorways) is also encouraging because the average fatal collision rate was 2.1 per billion vehicle kilometres travelled on these roads, which is almost two times higher than the rates on Irish motorways.

Taking a closer look at what is happening in Ireland, comparing national roads alongside the safety performance of regional and local roads, between 2016 and 2023 a diverging pattern emerged. During Covid-19, performance was mixed and it was difficult to draw any conclusions but what is clear is that national roads appear to be experiencing a more favourable return to full operation than regional and local roads. While 2023 collision numbers on national roads are not as low as previous years, notably 2017 to 2019, collisions did not increase to the same extent as regional and local roads when traffic levels returned to pre-Covid-19 levels.

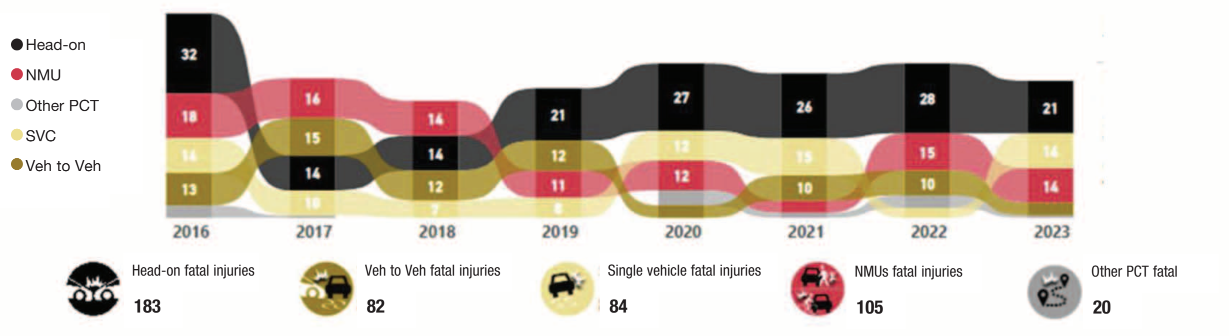


Interestingly, fatalities did not fall during Covid-19 travel restrictions despite significantly reduced traffic on national roads. What we do know about the impact of Covid-19, in terms of road safety driver behaviours, is informed by Road Safety Authority research. After 2019, a sudden deterioration in driver behaviour (speeding, mobile phone use, impaired driving, and seat belt wearing) materialised that has not reverted to pre-Covid levels. This is significant because driver behaviour is known to be a contributory factor in over 80 per cent of fatal collisions. Notably, despite this, national road fatal collisions fell in 2023 compared to 2022 and the long-term rate of collisions continues to decrease. This is also illustrated by the fact that national roads account for only 37 per cent of all fatal collisions and 21 per cent of all serious injury collisions that occur in Ireland.

The slope of the trend is not as rapid as we would like, but it is still moving towards Vision Zero. This benefits half (48 per cent) of all traffic in the country and 90 per cent of freight traffic that national roads carry. That is a staggering 22.8 billion vehicle kilometres (over 62 million a day) travelling on just 5,300 kilometres of roads. The safety of

Fatal injuries by broad collision type

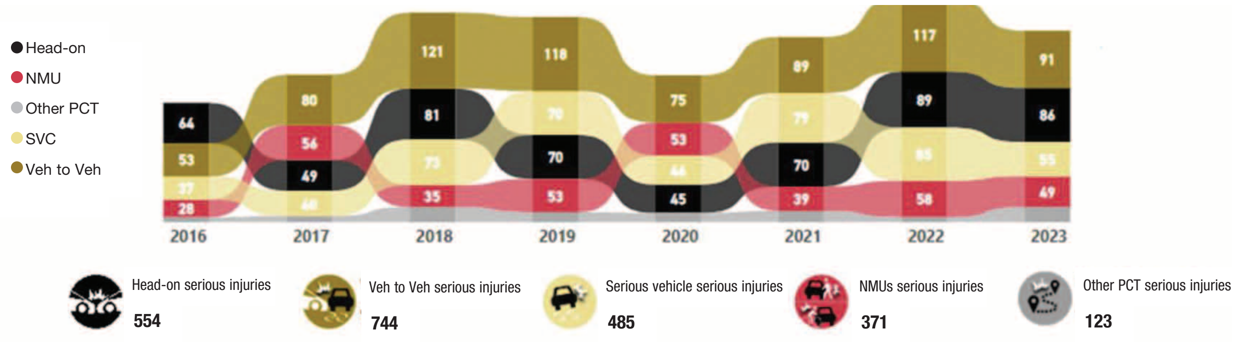
Injuries reported along the motorway and primary and secondary network



PCT Primary Collision Type **SVC** Single Vehicle Collision **NMU** Non-Motorised Users

Serious injuries by broad collision type

Injuries reported along the motorway and primary and secondary network

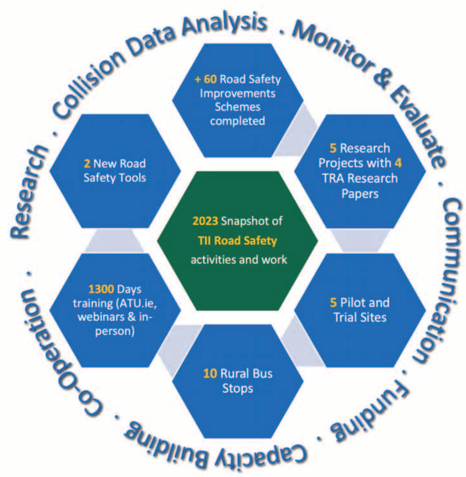


"Our analysis helps us to understand which part of the network carries the biggest risk. For example, we know that 92 per cent of fatalities on national roads occur on high-speed single carriageway roads. This is significant because they are not the busiest parts of the network in terms of traffic; carrying only 38 per cent of all veh.km travelled."

Alastair de Beer, Head of Road Safety at TII.

There is also a statutory road safety remit for national roads under government legislation, namely the EU Directive on Road Infrastructure Safety Management (EU RISM), that was transposed by S.I No. 612 of 2021. Under this legislation, TII has responsibility for carrying out certain functions and programmes to implement the Directive.

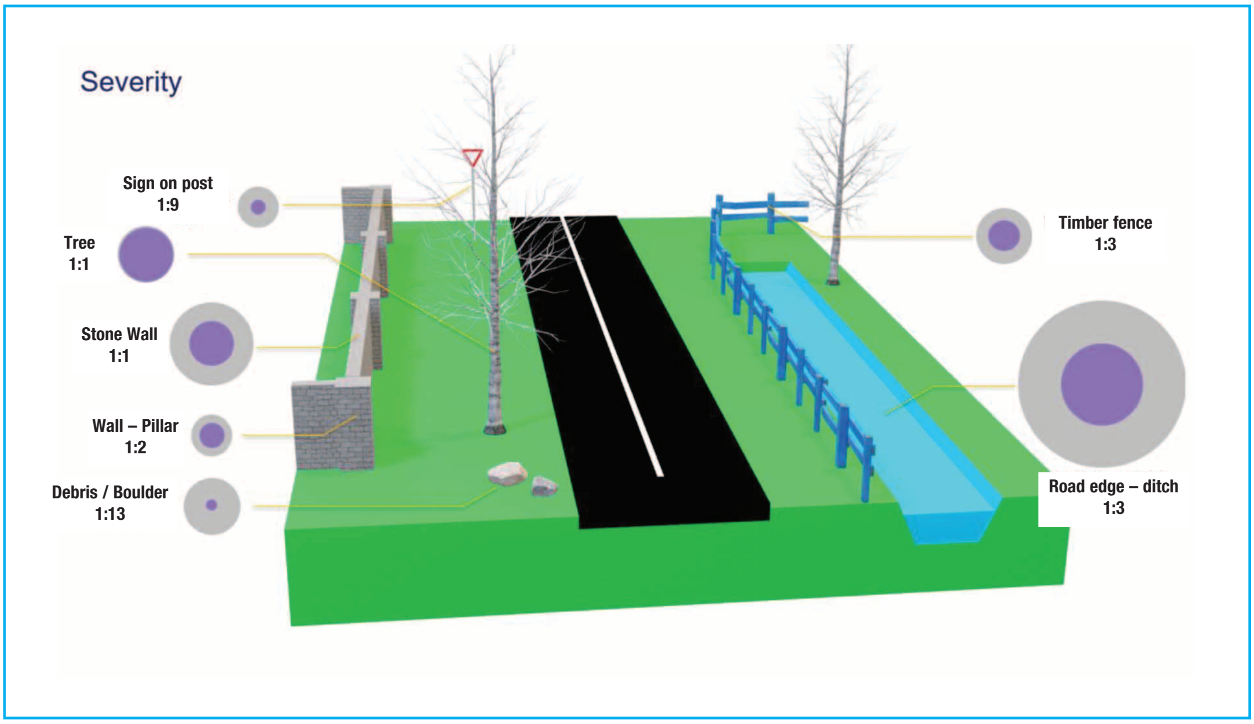
Management of the Directive remit is implemented through the TII Road Safety Programme, which is run by the TII Road Safety section within TII. Safety is a cornerstone of the TII Statement of Strategy. It does this in several ways: through the allocation of funding to local authorities for road safety improvement measures; by providing data analytics to local authorities and



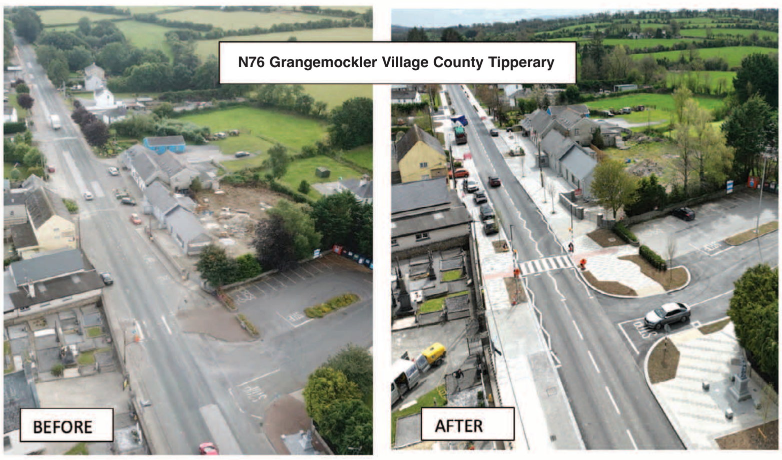
this network is critical because it facilitates mobility and accessibility to education, employment, retail, recreation and tourism and key services such as health.

TII road safety roles

The main Irish strategy setting out what we need to do to prevent collisions is Ireland's Government Road Safety Strategy 2021-2030. Ireland's Vision Zero targets aim to halve the number of serious injury collisions by 2030, in six-years' time, and eliminate fatalities by 2050. Both the Climate Action Plan 2023 and the National Sustainable Mobility policy contain safety actions because road safety impacts the shift to active travel.



other stakeholders; by developing and funding third-level training in collaboration with the Atlantic Technological University; by providing regular professional education in road safety; by targeted national road safety intervention; by developing new road safety tools and standards; by facilitating capacity building; overseeing the management of the national Road Safety Audit portal; by informing policy development with the Department of Transport; and through innovation and research with various partners and stakeholders in Ireland and across Europe.



To help unpick data and trends a variety of techniques have been developed to understand prevalent safety issues, see below example illustrating collision type and changes over time. The most common type of fatal collision, 40 per cent, is a vehicle to vehicle (head-on) collision. This type of collision is particularly prevalent on high-speed single carriageway sections, with high proportions of heavy good vehicles, has a straight alignment and is located close to or in the vicinity of a change of road type, i.e. motorway or dual carriageway. In terms of serious collisions, single carriageway sections of the national road network account for most serious injury collisions (86 per cent).

This type of high-level analysis of collision data allows TII to target safety improvement funding at particular collision types and to identify where they are likely to happen most.

Data analytics

Another approach that TII uses is safe systems and it is integral to the Government of Ireland's Road Safety Strategy. The approach is underpinned by three principles: the human body has limited ability to withstand force; humans will always make mistakes; and finally recognising that road safety is a shared responsibility. Simply counting collisions is not enough. At the local level, data is required to understand how infrastructure or discrete parts of a network contribute to serious injury and fatalities.

To do this, TII Safety section provides data analysis and collision analysis at the local and site level to help inform local authorities about what sections or elements of the road carry most risk for users. TII produces two main forms of road safety analysis: the first is called network safety analysis and the second is called road safety inspections.

"Our analysis helps us to understand which part of the network carries the biggest risk," says Alastair de Beer, Head of Road Safety at TII. "For example, we know that 92 per cent of fatalities on national roads occur on high-speed single carriageway roads. This is significant because they are not the busiest parts of the network in terms of traffic; carrying only 38 per cent of all veh.km travelled."

Network safety analysis is calculated over a three-year rolling period. The network is divided into one-kilometre segments and the collision data, road attributes and traffic data are analysed to identify higher than expected collision frequencies. Sections with a collision rate twice above the average for their reference population, i.e. motorways, dual carriageways etc., and have three or more collisions are classified as a high collision location. TII investigates these further using collision investigation techniques before issuing the sites to local authorities. Typically, TII Safety produces this data every 18 to 24 months. Local authorities use this information to seek grant funding for safety improvement schemes and to inform the selection of minor schemes. Since this process began, over 10 years ago, the number of high collision locations has dropped by half due to local authorities implementing targeted safety measures.

The second type of road safety analysis is called Road Safety Inspection and is a pro-active way to identify collision risks before they appear in collision statistics. This analysis differs from network safety analysis because it evaluates collision risk rather than collision frequency. This analysis uses historic collision data to evaluate the safety risk or severity of a future collision for various elements on the network to provide data about risk to road users. For example, a collision with the pillar or pier of a wall on a high-speed road has a 50 per cent chance of an injury collision.

"The introduction of TII's proactive programme has brought about a significant shift, with primary data collected specifically for the purpose of targeting safety interventions that aim to prevent fatal and serious injury across all road users," says Desmond O'Conor, Chief Road Safety Data Analyst at TII.

To gather data about the elements of the road that could increase the risk of a serious or fatal collision the entire national road network is driven and inspected by teams of experienced road safety auditors appointed by TII. This visual inspection takes place over a four-year cycle. Each route is driven in both directions, in daylight and in darkness. The teams tag roadside hazards using a GPS enabled camera. During post inspection processing the hazards that were tagged during the visual inspection are ranked and prioritised based on the severity of the hazard and the likelihood of leaving the road. This process results in tens of thousands of tags each with individual severity and risk likelihoods that are provided to local authorities.

The road safety inspections programme has provided a means to improve roadsides by understanding in a scientific way what improvements will result in a more "forgiving" road and by identifying in detail which elements are likely to cause injury if struck.

Some examples of road safety improvement schemes that originated from TII safety analysis and successfully delivered by local authorities are illustrated on the previous page and represent a small fraction of the sixty plus improvements delivered each year.

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Desmond O'Conor, Chief Road Safety Data Analyst at TII.

What next

Transport is a constantly changing system and road safety systems will always need to be data driven and agile to respond to new or emerging trends. While it is not possible to fully comprehend the impacts future changes may bring the adoption of a data-led approach allows TII Road Safety to understand what needs to change to mitigate serious injuries and fatalities.

"It is becoming more challenging to identify areas where engineering countermeasures can reduce future collisions, the future looks promising with the increasing prevalence and accessibility of new tools, such as machine learning (ML) and new data sources," O'Connor says.

The fact that the rate of collisions is falling on national road, despite a background deterioration in driver behaviour, illustrates that the use of network safety analysis and road safety inspections and investing in engineering improvements has facilitated a treat to target framework within which serious and fatal collisions have been prevented. For example, one of the next priorities for TII Road Safety will be treating high-speed single carriageway, by dividing the carriageway, to target 40 per cent of fatal collisions that are head-on.

"By using a data driven approach to investment the number of high collision locations on national roads has halved in less than a decade," says de Beer. "The focus for investment over the next decade will be informed by our pro-active road safety inspections."

Network Safety Analysis and road safety inspections informs decisions and provides TII with a robust system that given time, resources, co-operation with stakeholders and continued funding will work towards achieving Vision Zero.

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The impact of planning and regulatory delays

Economic and Social Research Institute (ESRI) Senior Research Officer Muireann Lynch discusses the cost of planning and regulatory delays for the energy system.

Contextualising her research, Lynch explains that the idea for the ESRI's paper investigating the cost of planning and regulatory delays for the energy system was stakeholders querying losses incurred in the time it takes to get energy projects connected to the grid and generating power. Lynch and her colleagues analysed electric renewable energy (RES-E) projects due to such projects being a "major pillar of energy policy, both in terms of decarbonisation and of increasing security and affordability".

"These delays are not costless, they are having power system impacts. Increasing the number of opportunities and reducing An Bord Pleanála's timelines would both be helpful."

Muireann Lynch, Senior Research Officer, Economic and Social Research Institute

"RES-E projects face various planning and regulatory hurdles; you have to get over various jumps before you finally get your project onstream," Lynch says. "Once you have got your planning permission, you are looking for grid connection, once you have that, you are often looking for subsidy support. The literature would suggest that delays impact on delivery and these issues are not unique to Ireland. Furthermore, there is anecdotal evidence of delays in the Irish system in terms of getting projects delivered.

"On that basis, we had a couple of research questions: what impact do the delays and regulatory setup have on delivery timelines? What are the knock-on impacts on the power system?"

The roles of various organisations had to be factored into this research, as Lynch explains. Firstly, planning permission must be obtained through the relevant local authority and/or An Bord Pleanála. The planning authorisation cycle is continuous, with a targeted decision time frame of 18 weeks, although the average time frame is 37 weeks. Grid connection is governed by EirGrid and ESB Networks, with a yearly authorisation cycle requiring applicants to enter in September of every year and a decision time frame of 12 to 15 months. Generation licenses and authorisations to construct are granted in a continuous cycle by CRU. The RESS scheme operated by the Department of the Environment, Climate and Communications makes yearly awards with a decision time frame of three months, and the Department of Housing, Local Government and Heritage's authorisation cycle for foreshore licensing and leasing is continuous, with a decision time frame of 18 weeks.

"We want to consider the impact of these decisions being made faster if the time to get planning permission was reduced and also if there were an increased number of opportunities to apply for grid connection and RESS," Lynch says, explaining the terms of the research. "We are going to track 2,000MW of approved capacity that will eventually overcome these hurdles and get built. The only question here is when this capacity will get on the grid, not if it will."

Accordingly, the ESRI constructed a number of scenarios (as seen in Figure 1), where various possibilities were considered, such as the reduction of planning decision time to 25 weeks and the targeted 18 weeks, and increases in both RESS and grid offer opportunities per year from one to two.

"This is a linear least cost optimisation model which determines the socially optimal generation and transmission expansion assuming a benevolent social planner with

Figure 1: Scenarios

	Status quo	ABP#1	ABP#2	Grid offer	Hybrid	RESS	Combined
Weeks to ABP decision	37	25	18	37	37	37	18
Grid offers per year	1	1	1	2	n/a	1	2
RESS offers per year	1	1	1	1	1	2	2
Hybrid	No	No	No	No	Yes	No	No

Figure 2: Percentage of 2,000MW installed per scenario

	Status quo	ABP#1	ABP#2	Grid offer	Hybrid	RESS	Combined
Year four	0	0	0	0	<1%	0	0
Year five	<1%	<1%	17%	<1%	75%	<1%	58%
Year six	50%	56%	75%	59%	100%	75%	100%
Year seven	92%	95%	100%	100%	100%	100%	100%
Year eight	100%	100%	100%	100%	100%	100%	100%

Figure 3: Results per year of installation of 2,000MW

	Y4	Y5	Y6	Y7	Y8
System cost	0.0%	0.3%	-3.2%	-3.3%	-0.6%
CO_2 emissions	0.0%	-4.2%	-3.4%	-1.0%	0.0%
Marginal price	0.0%	-9.9%	-7.3%	-0.6%	0.0%

perfect foresight," Lynch says, surveying the results of the scenarios examined (see Figure 2 and Figure 3). "Years one, two, and three see nothing built in any model, and in year four there was no difference between them. From years five, six, seven, and eight, we were seeing up to a 3.3 per cent decrease in system costs just from those 2,000MW getting on those few years earlier.

The research shows a possible reduction of up to 4.2 per cent in CO_2 emissions with the capacity being installed in year five, a possibility made all the more important, Lynch says, "now that we are in the era of carbon budgets" due to the fact that "if you get that the 2,000MW on by year eight, you still have the extra cumulative emissions from the power system in the meantime".

It is on price where the biggest impacts of these imagined reforms would be felt, with a decrease in marginal price of 9.9 per cent with the capacity delivered in year five and 7.3 per cent if it were to be delivered in year six. "There is a big impact on the difference in price getting those megawatts on those few years earlier. That can make an impact on marginal prices," Lynch says, before offering another key footnote: "All of this was run pre-the Ukraine crisis, so if we were to re-run this under the higher fuel prices we see now, we would expect the price decreases to be bigger again."

Planning delays undoubtedly have an impact on RES-E rollout, Lynch says, and by providing further resourcing for An Bord Pleanála and/or allowing more opportunities per year to apply for grid connections and RESS, the process can be sped up "considerably".

Concluding, Lynch states that taking on either approach would tackle the costs and increased emissions incurred by such delays: "What I was surprised at was the impact of those delays on the costs, emissions, and particularly prices. These delays are not costless, they are having power system impacts. Increasing the number of opportunities and reducing An Bord Pleanála's timelines would both be helpful."

Modern methods of construction: Defining an effective Irish operating model

Ireland has the necessary tools to take full advantage of the benefits of modern methods of construction (MMC). Jenna Davis, Associate Director with KPMG's infrastructure team, discusses the barriers and opportunities of MMC.

The construction industry in Ireland has two challenges right now; increasing productivity and building sustainable infrastructure. Quicker adoption of MMC in Ireland can produce three clear outputs to address these challenges:

- speed up construction time and volume;
- reduce the environmental impact with sustainable construction practices; and
- a mitigation against inflationary pressures to improve margins.

Studies that compared modular and traditional construction methods showed that MMC could, with a clear strategy, enable a 35 per cent reduction in material use and reduce waste generation by at least 50 per cent.

Barriers to adoption: finding a way forward

MMC use in the Irish construction industry is currently fragmented. For greater standardisation and repeatability, the manufacturing processes and procedures need to be considered in respect to skills and capacity. As an island nation we rely on importing most construction materials. A centralised policy on building materials and components for common infrastructure such as housing would help incentivise the private sector to invest in MMC methods. The most obvious barrier is the upfront, capital cost. The other key barrier is approaching MMC in housing as different to MMC in schools or energy infrastructure. Cross sector harmonisation of the collective pipeline will alleviate this.

Larger state-funded capital programmes such as the new maternity hospital or MetroLink are great opportunities to develop an Irish MMC operating model. These programmes could look to collaboratively centralise the production and logistical processes with an Amazon delivery centre style approach to managing materials, off-site assembly, and delivery to site. This approach would allow housing developers to de-risk their investment in MMC practices and avail of the centralised facility and processes. The industry has already invested in digital workflows, BIM models, and information management and are ready to contribute to an MMC operating model for Ireland particularly in the design phases.

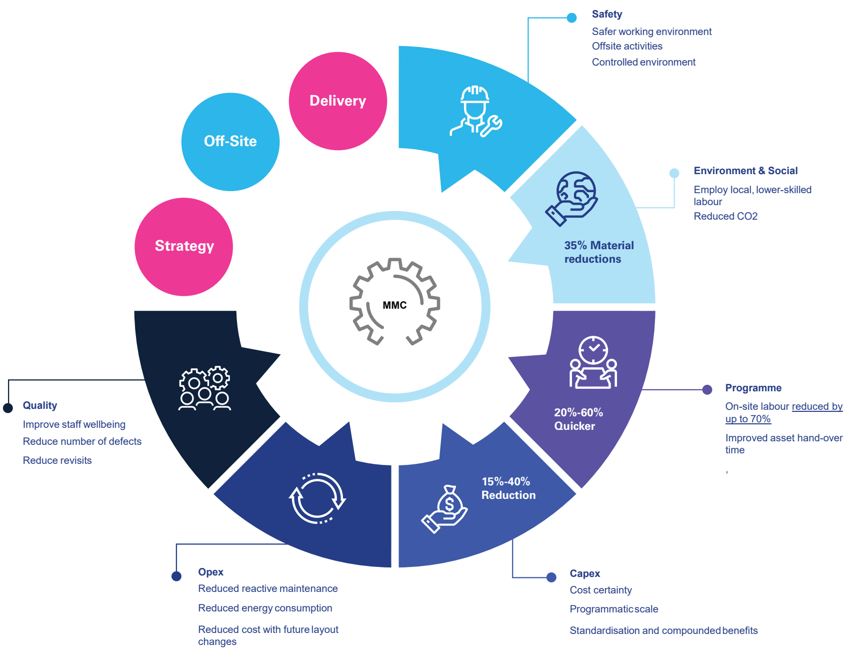
How to make MMC a viable option

Three aspects will drive the adoption of MMC in Ireland;

- a national MMC strategy as an output of the governments MMC roadmap;
- better formed public/private collaborations to identify capacity and capabilities; and
- incentives to offset the capex burden.

MMC in Ireland can offer transformative gains in productivity terms, safety, and environmental impact.

W: www.kpmg.ie



BEAUCHAMPS

Recovering the cost of latent defects – contractual claims vs latent defects insurance

Maitiú Ó Dónaill, Partner, Commercial Real Estate, Beauchamps

Richard Stowe, Partner, Construction, Beauchamps.

How best to protect against latent defects in construction projects has long been a thorny problem.

While developers may have direct contractual claims against contractors and design professionals and may extend those claims by collateral warranties to purchasers, funders, and tenants, as the market has become increasingly sophisticated a greater awareness exists as to the potential shortcomings in relying solely on contractual claims. This has resulted in increased market demand for additional protections against latent defects.

Latent defects: What are they?

The term "latent", sometimes called "inherent" defects, refers to defects arising due to a defect in the design, materials, workmanship, or supervision of contractors or site works which existed on completion of the works but were not apparent at that time.

To fund rectification of such defects and consequent losses, recourse to parties responsible for them will often be sought through actions for breach of the contracts put in place for the design and construction of the property concerned. In addition to such claims, those with an interest in property can take out latent defects insurance (LDI). LDI policies are becoming increasingly popular for all types of developments despite the additional costs involved.

Contractual claims and collateral warranties: How do they provide protection in the event of latent defects arising?

Contractual claims (under building contracts, design appointments, collateral warranties, and related agreements) are the obvious first avenue of recourse in the event of latent defects arising post completion of building work. These claims rely on the underlying contractual terms agreed with the relevant contractor or design team members concerned. Such claims will only be available to immediate counterparties to the contracts or their permitted assignees (and not to subsequent purchasers, funders, etc.). The ability to effectively impose liability and recover against responsible parties for latent defects will depend on:

- the availability of contractual rights against those parties;
- the ability to prove a breach of the relevant contract (rights of recovery under a contract would usually be "fault based");
- the precise contractual terms of the relevant contract and any exclusions or limitations of liability under those contracts;
- whether time to prosecute a claim is still running (under the Statute of Limitations, 1957 a cause of action for breach in this context would usually commence from the date of completion of the works for a builder or the date of issue of defective design by a designer and run for 6 years under an ordinary contract or 12 years for contracts under seal); and
- the availability of funds to meet the claim (either from the responsible party's balance sheet or via then current professional indemnity insurance cover).

In relation to the latter point, the availability of professional indemnity insurance is often relevant in the context of latent defects. Such cover will not always be available at contractually required levels when prosecuting claims for latent defects which may come many years after works are completed. Professional indemnity insurance is written on a "claims-made" basis whereby cover extends only as far as the indemnity limit established under the policy at the time a claim is made (and not the cover in place when any relevant negligence or breach actually occurred). In Ireland, the market for such insurance has recently seen some turmoil with many insured parties not being able to secure cover renewals at traditionally sought levels.

"Developers who require LDI cover must engage with LDI insurers at an early stage of development to allow the insurer and its nominated assessor to begin assessing the scheme and monitoring the construction works from an early stage ensuring increased oversight during the course of the works and clarity for the insurer regarding the underlying risk and ultimate premium."

LDI: How does it work?

LDI is insurance cover against loss or damage arising due to identified categories of defects becoming apparent in the design, workmanship, or materials used in a construction project. Recovery is typically limited to damage to the structure or waterproofing membrane of the insured development which becomes apparent after the contractor's defects liability period. Unlike contractual claims they are not "fault based" so it is not necessary to prove the cause of the defect or to pursue the contractor or design team to recover under the policy.

Developers who require LDI cover must engage with LDI insurers at an early stage of development to allow the insurer and its nominated assessor to begin assessing the scheme and monitoring the construction works from an early stage ensuring increased oversight during the course of the works and clarity for the insurer regarding the underlying risk and ultimate premium. A delay in engaging with the insurer may lead to an increased or loaded premium or indeed, the insurer may be unwilling to provide the insurance at all if it is not involved at a sufficiently early stage.

- An LDI policy has the following advantages over purely contractual claims:
  - LDI policies are not "fault based" so a claimant is not required to prove a breach of contract or other legal duty prior to recovering under the policy;
  - LDI policies are issued by a suitably rated insurer and, therefore, the financial strength of the contractor or design team is not relevant to a claimant;
  - LDI policies typically run with the development for the duration of the cover and are therefore, not limited to a certain number of permitted assignments; and
  - LDI policies are a common feature in most other jurisdictions and will give comfort to foreign institutional purchasers, tenants and funders.
- Claims under LDI policies (at least the LDI policies commonly available in Ireland) do, however, have certain disadvantages when compared with contractual claims, including:
  - LDI policies are expensive and the cost/benefit analysis for a developer incurring those costs is not always immediately clear. As purchasers, funders and tenants are, however, increasingly more sophisticated and global, an LDI policy is often viewed as a "must have" rather than a "nice to have" when offering a development for sale/letting, particularly for mixed use or commercial developments;
  - LDI policies cover latent defects that arise in the structure or waterproofing membrane only and not latent defects that arise in other parts of the development such as fit-outs, plant, machinery and equipment (although policy extensions can sometimes be purchased for an additional premium);
  - LDI policies generally are written with extensive lists of indemnity exclusions which must be carefully considered; and
  - LDI policies generally do not cover certain categories of loss such as loss of rent, loss of profit or other consequential loss or otherwise will have indemnity limits on such loss and other types of claim.

Conclusion

Latent defects are an unfortunate reality in property development. The turbulence of the property market over the last two decades has shown how contractual claims against contractors and designers can be fraught with difficulties either due to insolvencies in the sector, complexity of claims or changes in the professional indemnity insurance market. LDI policies while adding to the cost of delivering a project can be important in terms of maximising the success of the scheme, whether in terms of delivering the best funding option or the most advantageous purchaser/tenant. When considering the appropriate form of insurance on any project specialist insurance advice should be taken and the detailed terms of any policy interrogated to ensure that whatever route is taken delivers the best results in terms of value for money and risk cover.

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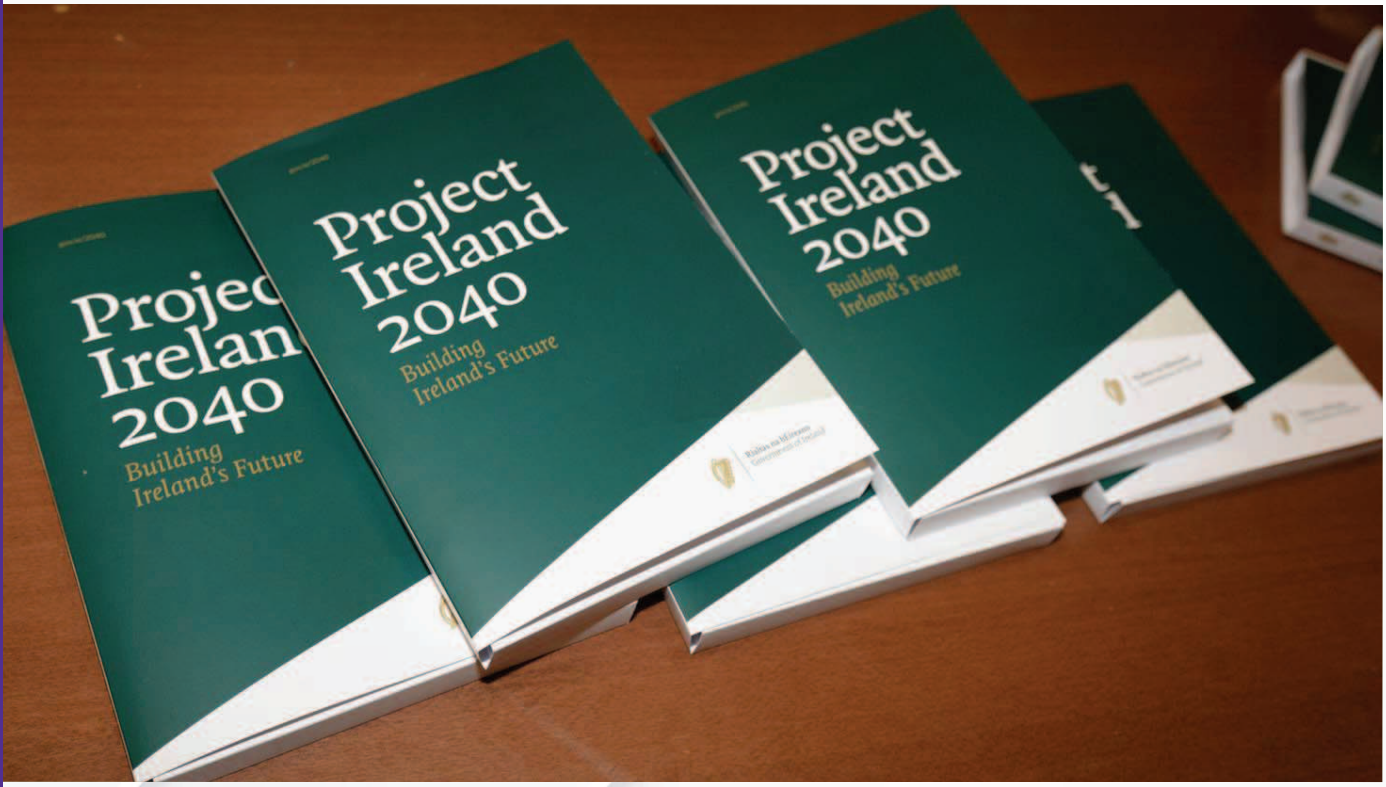
Project Ireland 2040:

Inflation curbs 2022 construction efforts



The 2022 update on the implementation of the Project 2040 infrastructure programme paints a largely positive picture for the strategy's progression, but with economic challenges having manifested in 2022, significant work remains to be done.

The *Project Ireland 2040 Annual Reports for 2022* outlines that the volume of output in building and construction in 2022 was 9.7 per cent lower that the production level found in 2019, pre-pandemic.

In terms of construction (excluding civil engineering), the volume of output in 2022 was 9.9 per cent lower relative to 2019. With regards to the residential sector, the volume of residential output decreased by 27.5 per cent between 2019 and 2022.

The report further outlines how this relative decrease in construction output was caused by the spike in inflation which took place after the Russian invasion of Ukraine in February 2022.

However, leading economists, including *The New York Times'* European economic correspondent Peter S Goodman, have argued that global rates of inflation are primarily down to supply chain challenges which took place during and in the immediate aftermath of the Covid-19 pandemic, with many global haulage firms having become defunct in that time and global logistics entities having become dominant in the sector, resulting in less reliable supply chains with less options for transport for importers for good across sectors.

Inflation was then accelerated by the Russian offensive in Ukraine which resulted in disruption to fuel supplies, further increasing the cost of importing building materials.

The report outlines the impact of these spikes in inflation, stating that, in the 12 months to December 2022, there was a 16.2 per cent increase in the wholesale price index (WPI) of building and construction materials.

"2022 saw significant increases in the cost of energy and electricity, with electricity and energy products as measured by the WPI increasing by 10.4 and 10.7 per cent respectively in the 12 months to December 2022," the report explains.

Inflation and supply chains

With inflation cited in the progress report as the top challenge to overcome if infrastructure projects are to be delivered as planned, the delivery of new procurement practices is said to be a top priority if supply chains are to be opened up.

In January 2022, the Office of Government Procurement published amendments to the public works contracts to reflect inflation pressures that arose on construction materials throughout 2021.

The report states: "These changes reduced the fixed price period in the contracts, introduced a provision to permit contractors recover material price inflation in excess of 15 per cent within the fixed price period and allowed for the tender price to be adjusted to reflect for an increase above the defined background inflation level in the Central Statistics Office 'all materials' category of the Wholesale Price Index between the tender submission date and the award of contract." These amendments applied to those contracts whose tenders were received after 18 January 2022.

In May 2022, the Department of Public Expenditure, NDP Delivery and Reform introduced the Inflation/Supply Chain Delay Cooperation Framework for parties engaged under a public works contract with the objective of safeguarding public projects that were already under construction and to mitigate the risks of significant losses being sustained by contractors.

The report outlines that government departments have reported that in the majority of cases parties are engaging and that agreements have been entered into. In spite of the downtick in residential output observed in 2022, the report claims that this level of engagement has facilitated "the progression of works" and has "avoided substantial delays" to completion by bringing a "greater level of certainty to contractors as to the extent of their exposure to inflation in material and energy costs".

Analysis

Although the Project 2040 report for 2022 paints a pessimistic picture for the state of construction in Ireland, the Government will take solace in that figures released in January 2024 show that building commencement in 2023 rose to almost 33,000 homes.

However, with the Parliamentary Budget Office having said that inflation is not likely to be back to government target levels until 2025, it is unclear whether there will be enough of a mitigating factor in the subsequent increase in construction which took place in 2023 to curb the continuing rising prices and resultant housing crisis which continues to blight Irish society.

An Ghníomhaireacht Tithíochta
The Housing Agency

Housing Agency Projects and Procurement: Providing more services than ever before

Norman Jackson, Senior Procurement and Projects Advisor in The Housing Agency.

The Housing Agency procurement unit aims to provide technical and professional services and support to local authorities and approved housing bodies (AHBs) in the delivery of homes within sustainable communities, writes Norman Jackson, Senior Procurement and Projects Advisor in The Housing Agency.

The procurement unit was enhanced and expanded in response to the Government's *Housing for All Action Plan* as published in 2021. Having worked as Senior Procurement and Projects Advisor with responsibility for the unit since its formation, I have seen the significant impact the team has made through their extensive knowledge and expertise. The residential construction sector is currently going through a transition period, with a greater emphasis on innovation and sustainability and it is therefore an exciting sector to be involved in. Outlined below is a cross-section of the breadth of the work undertaken by the team.

Our team is made up of architects, engineers, quantity surveyors, and project managers who provide professional and technical support and advice. We have assisted in excess of 50 AHBs and 10 local authorities since *Housing for All* commenced. This was achieved through the team expanding by over 100 per cent in that timeframe. We continue to attract construction and design professionals for key roles.

We work closely with other services within The Housing Agency and stakeholders including the Department of Housing, Local Government and Heritage and many others involved in public procurement and housing delivery, aiming to ensure that the information and technical assistance we provide is up to date and beneficial.

Our projects team has expertise, and experience in the planning, design, and construction of social and affordable housing. We can assist and support through all stages and sizes of housing projects, which is particularly important to smaller AHBs or those with specialist care requirements, and who may not have in-house technical expertise. We also provide sketch designs and feasibility studies for a wide range of projects. These include large inner-city urban developments, refurbishment, and conversion of existing buildings.

The procurement services that our team offers covers the various requirements of the Capital Assistance Scheme (CAS) process. This includes budget estimates and cost plans, advice on procurement strategy, assisting with procurements and assessments to ensure processes comply with the Capital Works Management Framework (CWMF), compilation of contract documents and general procurement advice. We can also assist local authorities and AHBs in the establishment of frameworks for contractors, consultants, or other technical services.

Our projects section is mainly architect-led, with support from other technical professionals. We primarily focus on the development of early-stage feasibility studies for projects, with a limited number being carried through to completion and handover. We have worked with many different specialist service providers including those providing accommodation for those experiencing homelessness and domestic violence, as well as homes for older people and those with additional needs.

We have a particular interest in the Town Centre First initiative to support and enable local authorities and AHBs to bring life back into towns and villages across Ireland. Town Centre First is a government policy launched in 2022 and aims to give our towns the tools and resources they need to become more viable and attractive places in which to live, work, visit, and run a business. Our part in this is done through assessment and design to refurbish vacant buildings and redevelop derelict sites.

The Government's *Housing for All Action Plan* calls for increased innovation in construction. The use of modern methods of construction (MMC) and building information modelling (BIM) has been adopted in the industry as the need for more efficient and sustainable development increases. These innovations will be critical in ensuring the delivery targets set out in *Housing for All* are met. The Housing Agency has been tasked with promoting and assisting in the delivery of social and affordable housing using MMC. To this end we have developed a guidance document for the use of the design and build public works contract for local authorities and AHBs, as it allows for more innovation and the use of MMC through a public procurement process.

MMC is used to describe a range of offsite manufacturing and innovative onsite techniques that provide alternatives to traditional construction methods. The benefits to adopting MMC include safer and more efficient delivery of construction projects, high quality homes, increased sustainability, and affordability. We are working with the Department of Housing and the Housing Delivery Coordination Office in supporting local authorities across the country to deliver social and affordable housing by setting up frameworks for design and build contractors, which will allow innovation in house construction through MMC.

Completed development in Knocknaheany, Cork, as part of the City North West Regeneration in Cork City.

> *"We have a particular interest in the Town Centre First initiative to support and enable local authorities and AHBs to bring life back into towns and villages across Ireland."*

We are also focused on developing our expertise in BIM, which is a process for creating and managing digital information on a construction project over its whole lifecycle. Using BIM will be compulsory for most construction projects across all state bodies by the end of 2028. The use of BIM on construction projects allows for better collaboration between design teams and contractors, resulting in improved accuracy, efficiency, reduced risk, and greater sustainability. Our aim is to position The Housing Agency as a leader in this area so we can assist AHBs and smaller local authorities in their implementation of the BIM mandate.

At The Housing Agency, our work affects communities across Ireland, and the team can see the work it carries out making a real and tangible impact. Projects such as building social and affordable housing, domestic violence refuges and homeless accommodation all play a role in the delivery of the Government's *Housing for All Action Plan*. The housing sector is fast paced, but it needs to be, to keep up with how Ireland is changing. Our team strives to constantly be at the forefront of policy and innovation in the sector. I am optimistic that the delivery targets can be met by industry across many different delivery streams over the coming years.

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Need for improved infrastructure review process

The Major Projects Advisory Group (MPAG) has made a suite of recommendations with the objective of improving the review process and maximising efficiency in the construction of major infrastructure projects.

In its annual review for 2022, the Major Project Advisory Group (MPAG) states that one of the top challenges for the completion of major infrastructure projects is that of project appraisal. The report calls on the National Investment Office (NIO) to issue an interim advice note strengthening capital appraisal guidance advice on cost forecasting.

In order to ensure maximum efficacy, the report claims that the emergence of best practice for forecasting and de-risking large capital projects will inform the development of this advice note. Where possible, the report says that independent reviews of the projects' base costs by two separate reviewers should take place, and where possible cost ranges should be included.

Recommendations for improvement

To improve the review process, the report calls for a streamlining of the response document which each department must complete in response to questions from the MPAG on components of their submissions.

This process includes reducing the volume of material submitted and reviewed to improve the process, including a traffic light system of red, amber, and green to determine whether questions from the group on areas of concern were satisfactorily addressed, or whether matters raised to the MPAG have not been satisfactorily addressed following submissions of responses.

Another recommendation by the MPAG is for greater engagement and scrutiny of external assurance reviews. This includes adding a bilateral discussion between MPAG and external reviewers as an agenda item to the full review meetings for proposals and greater consideration of the external reviews submitted as part of the project proposal. The focus of MPAG, the report asserts, should remain on external assurance processes and engagement with relevant departments where challenges arise.

The report also recommends adding external experts from an alternate panel on a rotating basis, which is states will allow the MPAG to "draw from their experience and knowledge for specific projects".

"When MPAG was established, a small panel of alternate members was formed who may be called upon from time to time to fill vacancies which may arise, or to augment the group in certain circumstance. It is proposed that one member of the alternate panel would be added to the group for each future review," the report says.

Learnings from reviews

The report states that project building and construction estimates in terms of costs, inflation, and risks, were often outdated by the time the project was submitted to the external assurance process (EAP) and MPAG process. Given the time lag between when a draft preliminary business case is prepared, and when it is submitted to the reviewer as part of the external assurance process (EAP), the report asserts that PBC estimates and forecasts can become grossly outdated in terms of the costs, inflation, and risks include, among other areas, delays to the process seeing increases in cost estimates.

To alleviate this, the report recommends that a summary page outlining the updated cost forecasts should be attached to the PBC submitted to the EAP and the MPAG, as well as setting out details such as base cost, risk analysis, sensitivity, benefit to cost ratios, etc.

The report further states that cost estimates do not always adequately account for risks to the scope and delivery programme and inflation. Early cost forecasts, especially at preliminary business case stage, are inherently challenging, due to the nature, scale, long delivery horizons, and complexity of major capital projects.

The report recommends that sponsoring agencies and approving authorities ensure that investment costs brought to government are as accurate as possible and estimates should be, as far as possible, based on outturn costs of comparable projects.

Wider conclusions

The report says that progress has been made via the introduction of a process which has been put in place to ensure this quick turnaround and this allows the Group time to adequately appraise the project proposals and carry out a comprehensive review.

However, the MPAG also says that this process could be improved further by measures such as streamlining the response document which departments complete, having greater scrutiny of the external assurance review, and adding in alternate experts to the group on a rotating basis.

Building a more secure future in the face of climate change


The Athlone Flood Alleviation Scheme is nearly complete and will offer protection to over 500 properties in the Midlands town.

In its recently-published *Climate Action Plan 2024*, the Government outlined in stark terms the implications of the situation Ireland and the world finds itself in.

Among the predicted impacts of climate change are a substantial increase in the frequency of extreme weather, including more intense storms and rainfall.

"These more frequent heavy precipitation events will create greater likelihood of serious groundwater, river, and coastal flooding."

For the Office of Public Works, the words 'preparation' and 'adaptation' are key to its approach in meeting this generational challenge.

In 2018, the OPW completed the Catchment Flood Risk Assessment and Management (CFRAM) Programme – Ireland's largest and most comprehensive study of flood risk.

CFRAM is recognised internationally as "an excellent example of flood mapping that can be used for emergency action plans".

That is the assessment of the US State Department which, when examining standards used in flood mapping specifically related to developing emergency action plans, made contact with the OPW for advice on progressing its own mapping project.

The CFRAM Programme included detailed assessments of flooding and impacts for potential future climate change scenarios, as well as under current conditions for 300 communities around the country that are home to approximately two-thirds of the population and 80 per cent of properties potentially at risk from rivers and seas.

Flood Risk Management Plans (FRMPs), an output of the CFRAM Programme, provide the evidence for a proactive approach for designing and constructing flood relief schemes, delivery of which is supported by €1.3 billion through the National Development Plan to 2030.

This investment has allowed the OPW to more than treble the number of flood relief schemes at design, planning, and construction to some 100 schemes. Work to protect 80 per cent of all at-risk properties nationally is completed or underway.

To date, 55 schemes have been completed, which are providing protection to nearly 13,000 properties and an economic benefit to the State in damage and losses avoided estimated to be in the region of €1.9 billion – significantly higher than the €1.3 billion the overall plan is projected to cost.

Behind the enormous figures are the people impacted by serious flooding events and whose lives are changed by the work being conducted by the OPW.

Harry Waterson, a retired engineer living near the banks of the Shannon in the centre of Athlone, says: "The psychological impact of flooding is not really appreciated until you actually have to go through it yourself and see all your lifetime's efforts literally floating out the front door."

Among the traumas suffered in 2009 and 2016 by Waterson and many of his fellow Athlone residents were the geysers of sewage, which under pressure from the volume of flood water, repeatedly blew manhole covers open and coated surrounding streets. As soon as the local authority cleaned it up, it would happen again.

Incidents like that – the destruction of property, rowing a boat down the street to retrieve treasured possessions from your home, the need to man pumps on rota for 24 hours a day to fight back the flood waters – all have a corrosive effect on one's peace of mind.

Projects like the Athlone Flood Alleviation Scheme, which at the time of writing is 96 per cent complete, are restoring people's faith that they can live in their homes and run their businesses without undue fear of being flooded out of them again.

The Athlone scheme is one of five – along with Templemore, Springfield,

A view of part of the Clonakilty flood defences featuring the vertical stone finish typical of west Cork.

A view of part of the flood defences in Fermoy. On top of the wall are receptacles for demountable barriers which are applied when a flood is anticipated. Water levels can exceed the height of the kiosk on the street.

OPW workers applying finishing touches to the flood defences in Athlone which complement the original 1840s limestone finish on the quays.

Demountable barriers were applied to the flood defence walls in Mallow on December 26 during Storm Gerrit, preventing serious inundation in the north Cork town.

Morell, and Glashaboy – on track for completion in the next three years, representing an investment of approximately €100 million.

Plainly, much work remains to be done but delivery of this essential infrastructure is subject to numerous challenges, many of which are outside the control of the OPW.

While the OPW's approach to scheme delivery is based on best practice, there is no one set of criteria or certainty around the issues that can arise on any scheme, meaning that the time taken to complete a project is associated with its scale and complexity.

External factors such as planning decisions and judicial reviews, while important for due process, can have a significant impact on the time taken to deliver schemes.

CFRAM was a strategic study of viable options to address flood risk for a community. In that way, the CFRAM options are best described as outline concept designs.

Arising from those outlines, further detailed assessment of the flood risk including hydrology and hydraulics, design options and statutory environmental assessments to support a planning application for a viable scheme must then be undertaken over an extended period. This largely unseen work can take many years to complete.

Along with planning objections and judicial reviews, other factors like poor ground conditions on site and limited capacity in the engineering consultancy market can also cause delays to delivery of schemes.

County Cork represents a good example both of the excellent results that have been achieved in building flood defences and the challenges that remain in completing the job.

In the days after Christmas 2023, as Storm Gerrit swept across the country, the flood defences in Mallow and Fermoy were called into action and local councillor Pat Hayes of Mallow, told the local media: "Given the rain that fell on St Stephen's Day prior to the investment [in flood defences], Mallow would have been completely flooded. Now residents and business owners can sleep at night in peace."

Similar remarks could be made about the recently completed schemes in Bandon and Clonakilty.

The €39 million Glashaboy Scheme is in the construction phase now and construction on the Morrison's Island scheme will begin in 2024.

Other major schemes like the Lower Lee, Bride River, and Midleton are at various phases of design, planning, and development.

The OPW is working with Cork County Council to help identify feasible interim measures for Midleton – which suffered a serious flooding event in October – as work progresses to bring that town's proposed scheme to planning.

The challenges presented by climate change have been summed up in countless publications by now, but its consequences on the ground are already clear to see.

For the Government and the OPW, preparation and adaptation remain the watch words as we face those challenges and build a more secure future for Ireland.

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Build 2024:
What to expect

Published in the summer of 2022, the *Build 2022* report is said to have played a key role in informing the stakeholders which comprise the Construction Sector Group (CSG) on skills requirements for the sector. *eolas Magazine* looks ahead to *Build 2024* and what to expect from the upcoming publication.

Build 2024 is set to be published, according to the Department of Public Expenditure, NDP Delivery and Reform, in Q3 2024.

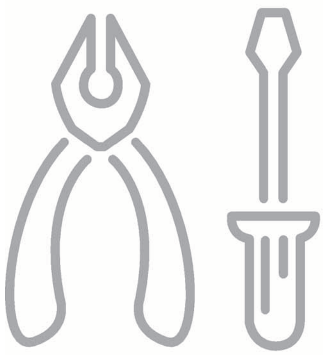
While it remains to be seen what the contents of *Build 2024* will be, it is expected that the report will be shaped by the uptick in building commencements recorded in 2023, as well as challenges outlined by groups such as the ESRI (as acknowledged by Taoiseach Leo Varadkar TD) that the Government's construction targets in *Housing for All* need to be significantly increased.

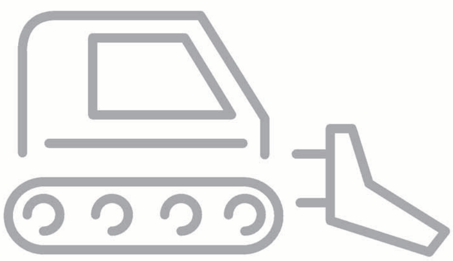
Employment and enterprise

Enabling the transition of the workforce of the construction industry will be an important objective being sought by construction industry stakeholders.

At the time of the publication of *Build 2022*, there were approximately 159,300 construction sector employees, representing 6 per cent of the State's labour market. Of these workers, only 8 per cent were females.

With the likely uptick to come from government for increased housebuilding, one can assert that





there will be increased focus on increasing the number of construction workers in Ireland.

The most recent figures on construction from the CSO show that, in Q3 2023, a 9.9 per cent decline was recorded in the volume of production, and that the volume of building and construction fell by 4.9 per cent on a quarterly basis.

Costs and inflation

At the end of 2023, the Parliamentary Budget Office projected that inflation will not be in line with the Government's targets until 2025 at the earliest. Other government reports have demonstrated the level of disruption that has been caused to the construction sector in Ireland, with inflation having been on the rise since the lifting of Covid-19 restrictions, and then being accelerated following the disruption to fuel observed in the aftermath of the Russian invasion of Ukraine.

According to the Central Statistics Office, inflation in the State decreased in 2023, from 8.5 per cent recorded in February 2023, to 3.9 per cent, recorded in November 2023. In the fuel sector specifically, there was a 7 per cent increase in demand for wind energy which has led to a decline in demand for gas.

With inflation currently decreasing while construction costs continue to increase (see page 98), *Build 2024* will, construction stakeholders hope, allow the industry to chart a pathway to bring down construction costs and enable the Government to deliver on its *Housing for All* objectives.

Skills and capacity

Build 2024 is likely to continue the journey set out in its preceding publication to continue the expansion of apprenticeships to equip more workers with construction skills. The Government, citing a study from SOLAS, has asserted that there will be consistent increases in the number of workers utilising construction apprenticeships.

With the framework to remain similar, it is likely that the focus will be on expanding the number of people with skills, with he sector facing a high level of demand for workers, again due to the likely increase in construction to be placed by government as Housing for All adapts to an Ireland with an increasing population while renters and house buyers do not yet have adequate access to affordable housing.

In addition, modern methods of construction will likely have an enhanced focus. Modern methods of construction ensure that there is an enhanced level of knowledge among construction leaders about construction materials, scheduling, planning, sustainability, and BIM/data analysis.

With the Government facing higher demands to meet its climate targets in the Climate Action Plan. The EPA has warned that Ireland is not on track to meet its climate targets, and the residential and manufacturing sectors account for close to 20 per cent of the State's emissions.

Making Ireland proud: Delivering the National Broadband Plan on budget and on schedule

eolas Magazine sits down with T.J Malone, CEO of NBI Deployment, responsible for building Ireland's new national fibre network.

In January 2020, National Broadband Ireland became the winning bidder to deliver the Irish Government's National Broadband Plan. Widely recognised as one of the most ambitious and complex telecom infrastructure rollouts in the world, Ireland's NBP is the biggest investment in rural Ireland since electrification.

In this special infrastructure and construction report, *eolas Magazine* meets with T.J Malone, the head of NBI's build company – NBI Deployment – to discuss the company's progress on this vast megaproject.

Can you tell us a bit about your background that led you to NBI and what your current role heading up the build of the National Broadband Plan entails?

For over 25 years now, I have been leading the design, procurement, and construction of some of the largest fibre network deployments in the world, which has taken me to North America, the Caribbean, the UK, and of course large projects here at home in Ireland.

Constructing any largescale infrastructure comes with a certain amount of pressure and in some cases, I have headed up workforces of up to 3,500 people. I guess you could say I cut my teeth working on numerous ambitious builds before joining the team here at National Broadband Ireland to take on what is arguably one of the most interesting and transformational network builds in the world right now.

As CEO of NBI Deployment, I have built the team responsible for surveying, designing, and building the network for the National Broadband Plan, which will ultimately serve over 1.1 million people across every county in the country. It is a vast project, spanning over 96 per cent of the country's land mass, using enough cable to circle the world four times over. As you can imagine, it is also an extremely complex network build, working across all kinds of terrain in some of the most rural parts of the country – including many offshore islands.

You are now just over four years into the build, how are things going?

We have really hit our stride with the pace and predictably of the rollout, which is testament to the dedicated work of everyone involved in the NBP. That is not just our team, but our partners, everyone in the Department of Environment, Climate and Communications, local authorities, and the many associations that we work closely with to expedite our rollout. The size and scale of the NBP has never been seen in Ireland before, which has meant we have had to develop and mobilise a number of significant processes and ways of working, particularly with the support of the local authorities.

After starting work with boots on the ground in January 2020, unsurprisingly the first couple of years were incredibly challenging because of disruptions caused by the pandemic, but we have worked very hard to get through the other side. Today, we have over 80 per cent of the rollout surveyed and passed through our detailed design process, which is vital work. We have around 70 per cent of the entire project completed with construction or currently under construction, which is the final stage. Most importantly, that means over 215,000 premises can place an order to avail of services on the new NBI network.

Furthermore, we have completed the install of 955 broadband connection points (BCPs), which are public facilities where free high-speed internet is now available, and we have connected some 672 schools.

"Today, we have over 80 per cent of the rollout surveyed and passed through our detailed design process, which is vital work. We have around 70 per cent of the entire project completed with construction or currently under construction, which is the final stage."

We hear from the Government that NBI is on budget and on schedule, is that right?

That is right. In January, we completed our most recent contractual year and were pleased to report that the project is on budget and on schedule. As someone who lives in a rural community, I know full well that for those people who are still waiting, it cannot come quick enough, but that just shows how broadband has now become a vital utility that we all rely on. We are working tirelessly to get the job done as quickly as possible and no one will be left behind.

Demand for the network is evident. We are seeing take-up rates above 50 per cent in areas where the network has been live for more than 18 months, which is significantly ahead of our original projections and all other international comparisons. This is testament to the Government's leadership on the NBP and their policy to provide high speed broadband to 100 per cent of the population, no matter how rural or remote someone may live or work.

How do you view the importance of the NBP in relation to other major infrastructure projects?

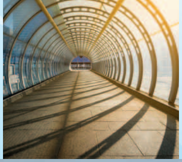
It is incredibly rewarding to know that we are responsible for reshaping Ireland's infrastructure and empowering current and future generations with high-speed connectivity. It really is transformational for people's lives.

This is a project that will not just make people's everyday lives easier, but it will enable a huge array of technological advances across education, healthcare, agriculture, and other key sectors.

The National Broadband Plan will ultimately make Ireland the first country in Europe to provide high speed fibre broadband to 100 per cent of the country, and I believe we are creating the blueprint that other nations will want to follow.

Visit www.nbi.ie to find out more and register to receive updates on the rollout specific to your Eircode.

NBI National Broadband Ireland



Waterford Airport to be expanded

The sight of Aer Arann ATR 72s landing from destinations in Britain and the European mainland was a frequent occurrence at Waterford Airport until 2012.

As the Irish aviation industry recovers from the Covid-19 pandemic, officials at Waterford Airport are optimistic of a return to commercial operations with work to extend its runway receiving a major funding boost.

Waterford Airport, like most of Ireland's regional airports, has struggled to recover since the onset of the 2008 recession and the subsequent collapse of the privately owned regional airline, Aer Arann. The airport has handled no commercial traffic since 2016, after Belgian airline VLM Airlines ended its operations.

At its height in 2008, the airport handled 144,000 passengers, and offered services to Bordeaux, Faro, Málaga, and Amsterdam, as well as UK routes such as Birmingham, London Luton, and Manchester.

The limitations with the runway length meant that these routes could only be operated through turboprop aircraft such as the De Havilland Canada Dash 8, the ATR42, and the ATR72.

On 1 December 2023, Comer Group International, following its owners' purchase of the airport in 2022, announced that it would invest €12 million into the airport. This investment will cover almost half of the €25 million total cost. The runway is expected to be extended by 854 metres and widened by 15 metres. The upgraded runway would therefore measure 2,287 metres long and would be 45 metres wide.

Planning permission for this project was granted by An Bord Pleanála on 4 February 2022, and was originally intended to be completed before the end of 2022.

The goal of this project is to allow for jet aircraft such as the Boeing 737 and the Airbus A320 to land at the airport, which could open the possibility of Ryanair (which was founded in 1985 operating a single route between Waterford and London Gatwick using a single Embraer 110) and Aer Lingus being able to establish routes from the airport.

Fine Gael Senator John Cummins, a former member of the board at Waterford Airport, welcomed the news of the investment, and said that Taoiseach Leo Varadkar TD "has been a vocal supporter of our goal to develop a runway in the southeast capable of servicing the main aircrafts of choice by most major airlines".

Cummins added: "I have always believed in the ability of Waterford Airport to offer the essential direct connectivity to the region that we require to grow our business and tourism offer. The runway expansion project ticks a huge number of boxes and would undoubtedly drive the propulsive growth envisaged for Waterford in the National Planning Framework."

Hard and soft price increases driving construction cost uptick

The average cost of delivering a three-bedroom semi-detached house in a multi-unit scheme ranges from €354,000 to €461,000 dependent upon location. The majority of this cost is made up of hard costs such as construction materials, which cumulatively increased by 0.3 per cent in 2023.

Research collating the covering seven regions by the Society of Chartered Surveyors Ireland (SCSI), published in December 2023, found that the cost of delivering a three-bedroom semi-detached house in a multi-unit scheme ranges from €354,000 in the northwest region (counties Mayo, Roscommon, and Leitrim) to €461,437 in the Greater Dublin Area (counties Dublin, Kildare, Meath, and Wicklow). This maximum price in the GDA represents a 24 per cent increase since 2020, when similar SCSI data found the average to bring such a house to market was €371,111, meaning that the average price to build a house in the cheapest region of the State in 2023 is now 95.4 per cent of the most expensive region's average price in 2020.

The findings mean that the minimum annual household salary required to purchase a new three-bed semi-detached house in the GDA is €126,555 when government schemes such as Help to Buy and the First Home Scheme are excluded and the loan to income (LTI) ratio is 3.3. The corresponding figure for the northwest is €84,545, with other figures reaching as high as €114,545 in Galway and as low as €86,881 in the midlands region, defined as counties Tipperary, Westmeath, and Offaly. The most recent of the Central Statistics Office's (CSO) Survey on Income and Living Conditions, published in February 2023, found that the median nominal disposable income for households was €46,999 per annum.

Hard costs – such as materials, housebuilding costs, and labour – comprise 53 per cent of overall delivery costs, with the remaining 47 per cent comprised of soft costs such as land prices, margin levies, financing costs, and VAT. Hard costs ranged from an average of over €198,000 per house in the northwest to over €227,000 in the GDA, a 15 per cent differential; soft costs ranged from €156,000 in the northwest to over €233,000 in the GDA.

While hard costs outweigh the soft costs overall throughout the State, this balance is flipped in the GDA, where soft costs account for 51 per cent of costs and hard costs for the remaining 49 per cent.

The significant increase in the average price of building a home in the GDA is attributed by the SCSI to increases in both hard and soft costs, which increased by an average of 27 per cent (€49,000) and 21 per cent (€41,000) respectively. Land and acquisition costs are said to average at 13 per cent of overall delivery costs per unit across the State.

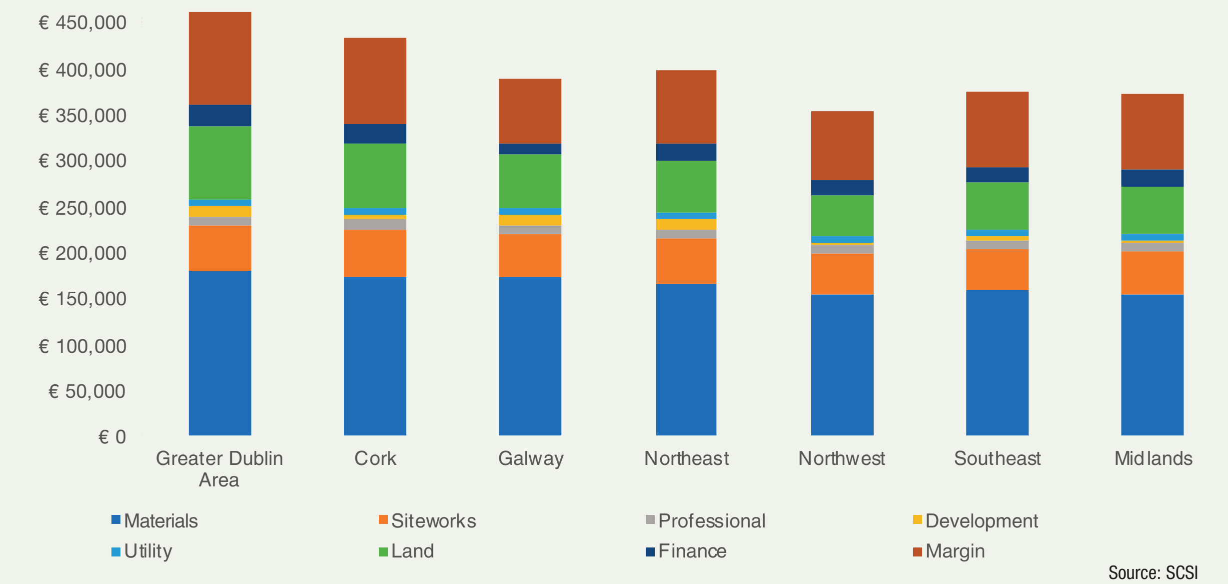
Land and development costs average €78,962 per unit in the GDA and fall as low as €44,543 per unit in the northwest, with the proportion of the overall cost land and development costs account for 17 per cent in the GDA to 13 per cent in the northwest.

Material costs

The SCSI states that increases in hard costs are driven by increases in energy, fuel, and building materials price inflation. The Banking and Payments Federation Ireland, in its *Housing Market Monitor Q3 2023*, states that Irish construction costs increased by almost 23 per cent from the end of 2019 to the third quarter of 2023, having increased by just 9 per cent between 2015 and 2019.

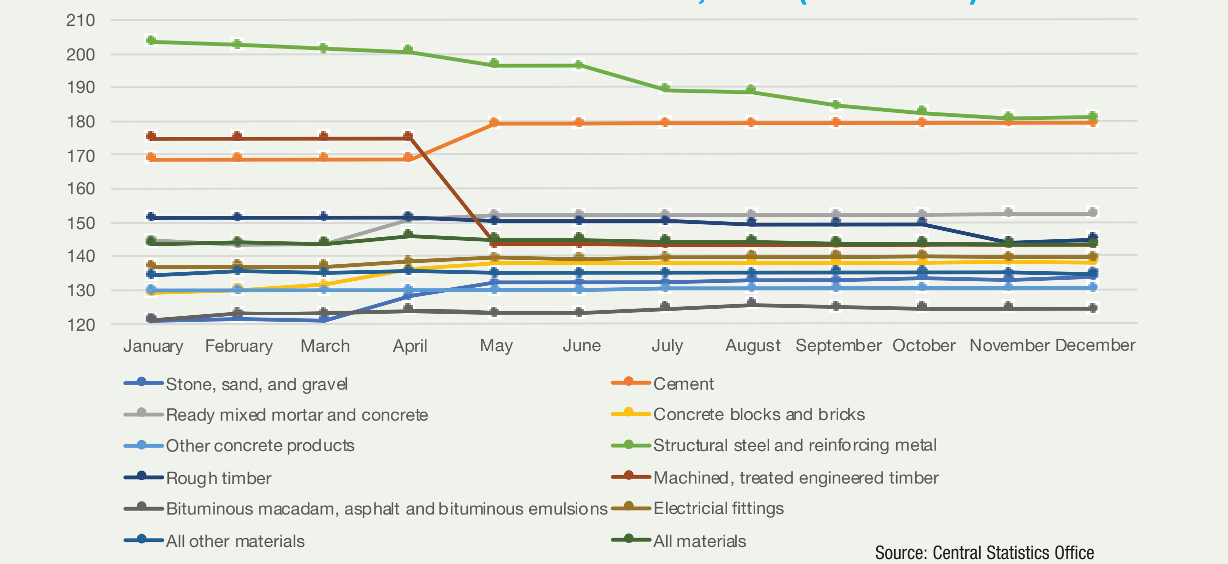
The CSO's wholesale price indices for building and construction materials reflects these findings, with materials key to the construction of new homes seeing significant increases during 2023. The December 2023 indices

Cost of providing new private housing per unit on average by region, 2023



Source: SCSI

Construction materials index, 2023 (2015 = 100)



Source: Central Statistics Office

show cement prices to have increased by 6.2 per cent on annual basis; stone, sand, and gravel prices to have increased by 8.4 per cent; ready mixed mortar and concrete prices to have increased by 7.1 per cent; concrete block and bricks prices to have increased by 6.5 per cent; and plaster prices to have increased by 7.3 per cent.

When annual averages for 2022 and 2023 are compared, these price increases can appear starker again, with the annual average for plaster in 2023 showing an increase of 24.2 per cent from the 2022 average, cement showing a 16.8 per cent increase, and structural steel fabricated metal showing a 24.8 per cent increase.

Some relief will be found in the dropping of timber prices, both rough and machined, with rough timber prices falling by 6.3 per cent on an annual basis and machined timber prices falling by 18.1 per cent. Rough timber's 2023 average price showed a 15.2 per cent decrease from its 2022 average price, while machined timber's average price fell by 8 per cent in 2023.

Decreases such as these and that of 'other' structural steel and reinforcing metal (down 23.4 per cent and 27.1 per cent on an annual basis respectively) balance out the overall indices, meaning that all materials cumulatively saw their prices increase by just 0.3 per cent on an annual basis.

In its capital goods price indices, the CSO records the building and construction price (i.e. materials and wages combined) as having increased by 2.7 per cent on an annual basis in December 2023. The average building and construction price in 2023 was 5.2 per cent higher than the 2022 average, making house prices unlikely to decrease in the short term while the cost of constructing them continues to increase.

LDA
An Ghníomhaireacht Forbartha Talún
The Land Development Agency

The LDA: Supporting the creation of thriving communities


Shanganagh, Shankill, Dublin.

The Land Development Agency (LDA) is a commercial, State-sponsored body established in 2018, created to coordinate land within public control to provide affordable and social homes and build communities across the nation.

The Agency's purpose is to maximise the supply of affordable and social homes on public land in a financially sustainable manner, supporting the creation of thriving communities and delivering ongoing positive social impact.

Key projects in construction phase includes:

Shanganagh, Shankill, County Dublin

Shanganagh was the first project to be backed by the LDA, which was established by the Government to unlock state land for new homes and improve the supply of new homes throughout Ireland. At Shanganagh the LDA will deliver 597 homes in partnership with Dún Laoghaire-Rathdown County Council, the first partnership of its kind. The 597 new homes consist of:

- 306 affordable cost-rental homes;
- 91 homes that will be available for purchase under an affordable purchase scheme; and
- 200 social homes.

Delivery of the first homes in Phase one is on track for end of Q3 2024.

St Kevins, Cork

The LDA is repurposing this well-known Cork landmark into an attractive residential development with a mix of social, affordable, and private homes. With the support of Cork City Council, a Strategic Housing Development planning application was approved by An Bord Pleanála in 2021.

The planning application documentation can be viewed here: http://stkevinsshd.com/

Planning was granted in November 2022 for the advanced infrastructure followed by full SHD permission in March 2023. The project aims to deliver 266 (46 houses and 220 apartments).

Devoy Barracks, Naas, County Kildare

The Devoy Barracks located on John Devoy Road, to the southwest of Naas Town Centre, and immediately to the west of Kildare County Council's headquarter offices and associated car parking area. A strategic housing development planning permission was approved in October 2022 for the development of the Devoy Barracks site is for the construction of 219 new affordable homes. Construction has begun on phase one of the development, which comprises of 42 new terraced houses and 56 new duplex units. Andrews Construction Ltd was the

Cromcastle, Dublin 5.

successful tenderer and has been appointed by the LDA to deliver the first phase of this exciting new housing development.

Donore Project, Dublin 8

Constructed in the 1950s, St Teresa's Gardens was one of the largest public housing complexes built by Dublin City Council (DCC). The LDA, in partnership with DCC, has brought forward development plans for the subject site which extends to circa 1.8 hectares and is located adjacent to the Coombe Hospital, Donore Avenue and is approximately 2km from Dublin city centre.

An Bord Pleanála was granted permission in June 2023 for the development of 543 new homes, a crèche, commercial/retail space, community/cultural/arts space, and associated public open space.

For more information, please see: https://donoreproject.ie/

Clongriffin, Dublin 13

In late 2023 the LDA acquired a large site from NAMA next to Clongriffin Dart Station. This comprised the Project Capital North site and also the Barina Lands, and has the potential in the future to deliver about 2,300 homes.

The development will be one of the biggest single state housing projects in decades that will have a transformative impact on the area.

As part of the delivery at Clongriffin on an overall basis, a key focus has been the identification of an element of the consented development that can be prioritised for early delivery for much-needed affordable housing, while a strategic review of the overall landholding can be carried out.

Castlelands, Balbriggan, Dublin

An Bord Pleanála granted planning permission to the (LDA) in early 2023 for the construction of a €290 million 817 unit residential scheme for Balbriggan in north Dublin. This strategic housing development site is located at Castlelands in the townlands of Hampton Demesne, Kilsough North and Balbriggan, County Dublin. The site is 25.33 hectares in size. The proposed development consists of 817 residential units, public open space and crèche facility.

Hacketstown, Skerries, County Dublin

An Bord Pleanála granted planning permission to the (LDA) in early 2023 for the strategic housing development at this site located at Hacketstown in the townlands of Milverton, Townparks, and Hacketstown, Skerries, County Dublin. The subject lands are accessed via Golf Links Road to the south and Ballygossan Park phase one to the north. The site is bound by the Dublin–Belfast railway line to the west, the Golf Links Road to the east and south, and by individual houses to the east and south. The application site is 6.7 hectares.

The development consists of a total of 345 residential units consisting of a mix of houses, duplex units, apartments and a crèche, ranging in height from two to four storeys. The development also includes surface and undercroft car parking, provision of site services and infrastructure works including hard and soft landscaping, public open space, and internal link road. Delivery of the scheme will be phased with 176 units (including crèche) in phase one, and the remainder of the scheme in Phase 2.

The LDA are now seeking to carry out a procurement competition for the design, construction and delivery of Phase 1 of the development, commencing post grant of planning and running through to delivery of the various tenures.

Cromcastle, Dublin 5

A project in partnership with Dublin City Council (DCC), The Cromcastle Project is a new scheme that will deliver 146 affordable and social homes to Dublin 5. The development will be delivered over three blocks. Blocks range in height from three to eight storeys, this includes community/cultural spaces. The development will also include public open and communal amenity spaces with new landscaping, ancillary car and cycle parking, and all necessary above and below ground infrastructure to facilitate the proposal with undercroft level to incorporate residents' car parking.

The project followed the temporary Part VIII exemption process, which seeks to accelerate the delivery of public housing, and in partnership with DCC will commence construction by the end of 2024.

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Housing supply targets 'understate need'

There is a high likelihood that the Government's targets for housing supply "might understate need" given the stronger than expected increase in the population seen in the recent release of results from Census 2022, a report has found.

Published in January 2024, *The National Development Plan in 2023: priorities and capacity* report by Alan Barrett and John Curtis of the Economic and Social Research Institute (ESRI) finds that, although there are capacity constraints which limit the output available in the housing sector, that increased housing output "should dampen the price of existing houses and rents".

The report adds: "Any increase in the costs of new building arising from increased investment could be offset by an easing in housing costs."

In addition to population increases, the report outlines that there are other challenges which contribute to the need for increased supply. These include the relative strength of the economy compared to those of Ireland's EU neighbours, meaning that there is a higher demand placed on the homeowner market as more homeowners "seek to buy their own home, or upgrade into better quality housing".

In the report, however, it is unclear how many houses are required to be constructed per annum. The report was published with construction figures based on the Government's commencement of new unit figures for 2022, which was 29,851. This figure has a broad consensus of being insufficient despite exceeding *Housing for All* targets. However, the commencement figures for 2023, published in the aftermath of the ESRI's report, show a commencement figure of 32,801.

The ESRI informed the Government's construction targets in *Housing for All*, and in a 2020 study called for an annual construction figure of between 30,000 and 35,000 homes per annum. The ESRI analyses that there are a number of factors which are likely to increase pressure on the housing markets, both in homeownership and in the private rented sector.

On high levels of inflation and

subsequent increases in interest rates by the European Central Bank (ECB), the ESRI states that the increase in inflation has prompted monetary authorities globally to tighten monetary policy by increasing select policy rates.

"Increasing interest rates has an almost immediate impact on housing demand via an affordability channel," the report explains.

A key policy target within *Housing for All* is construction of an average of 33,000 units per annum, reaching a maximum of 40,500 new units by 2030. However, the ESRI states: "It now appears likely with more up-to-date demographic data and given the increase in inward migration particularly associated with the war in the Ukraine, that this figure is too low and will likely be revised upwards." Taoiseach Leo Varadkar expressed a belief that the upward revision of the targets "makes sense" in January 2023.

"Departments will be engaging with my officials in the coming months to ensure that capital projects have funding allocated up to 2026."

PENDPDR Minister Paschal Donohoe TD

Other sectors

With the ESRI study examining Ireland's infrastructure more broadly, it too makes note of Ireland's energy, transport, healthcare, and education sectors.

On energy, citing targets in areas such as the Climate Action Plan, as well as the suite of energy policies currently in place, the ESRI states that there is a need for the State to transpose energy transition targets into levels of investment in terms of euros, but also in terms of labour inputs.

"Combining likely labour needs for onshore wind, offshore wind, solar PV, conventional generation, and energy efficiency, it is estimated that the annual additional employment requirement would be approximately 24,000," the report states.

On the transport sector, the report, echoing a report by the OECD which found that Ireland's transport system is "car dependent by design", says that there is a need for "truly transformational policy with a focus on sustainable mobility at a system level".

"In that context, even if the 2:1 expenditure ratio favouring public transport over new roads is maintained, the roads element of expenditure should be based on design which includes active travel modes," the report asserts.

On health and education, the main challenge, according to the ESRI, is the higher-than-expected population growth which can put higher demand on resources in these sectors.

"The pace of population ageing presents particular issues for healthcare, especially with regard to long-term care. So, while the basic policy framework is in place and identifies the needs for investment in acute, primary and community care, the required scale and geographic distribution of the investment is likely to be evolving," the report analyses on healthcare challenges.

On education, the report adds, in addition to population growth challenges, "many school principals rate school facilities poorly". "Investment in digital infrastructure is also needed in education if stated policy ambitions are to be realised."

Responding to the report, Minister for Public Expenditure, NDP Delivery and Reform, Paschal Donohoe TD was reluctant to commit to spending increases which would invariably be necessary if recommendations were to be implemented by the Government. He added: "Departments will be engaging with my officials in the coming months to ensure that capital projects have funding allocated up to 2026."

respond
building homes, improving lives

Respond: Delivering large scale, mixed-tenure developments in Ireland

Elanora Court, Long Mile Road Development.

In the face of Ireland's housing crisis, Respond, a construction-led approved housing body (AHB) and service provider, is pioneering an innovative approach to housing development and placemaking in urban areas.

Respond has approved plans to move forward with the construction of large-scale mixed-tenure developments across Dublin, including sites in Charlestown (590 homes), Tallaght (502 homes), Clonburris (318 homes), and Donaghmede (397 homes). The first 1,800 of a total 2,906 total homes will be built across these four sites. These projects will split approximately 50:50 between cost rental and social homes.

A new era in housing: large scale, mixed tenure developments

The developments will be the first large-scale mixed-tenure schemes delivered by an AHB in Ireland, with the first homes due to be completed by September 2024. With 1,508 homes already in construction, this will bring the number of homes Respond has in construction to 4,414, expanding the value of its construction programme over the next 12 months to €2 billion.

Respond will leverage its large development and property team's expertise to oversee and deliver these developments. In addition, the organisation is well placed to successfully deliver and manage these developments with over 40 years of housing management experience and a 92 per cent tenant satisfaction rate according to a Behaviour and Attitudes Survey undertaken in 2023.

Cost rental

Respond were among the first AHBs to deliver cost rental homes. The cost rental housing model is designed to provide secure, affordable housing for people, with rents set at a level that covers the cost of the construction, management, and maintenance of the new homes. Here rents are set at a minimum of 25 per cent below the market rents in the area where the homes are located offering a long-term secure and affordable home. The success of this tenure is crucial in responding to the needs of many households who do not qualify for social housing supports and find it hard to access affordable housing to rent or buy within the private sector. In November 2023, Respond received 575 applications for 13 new cost-rental homes in Swords in just three days, emphasising the high demand for such secure, affordable homes.

The urban village placemaking approach: building communities

By integrating social and cost rental homes, we aim to create diverse and inclusive communities. Respond offer both social and cost rental homes as 'lifetime homes' providing tenants a secure and affordable long-term tenancy. The cornerstone of Respond's strategy is the urban village placemaking approach. This concept focuses on creating small, integrated neighbourhoods within larger urban areas, designed to be pedestrian-friendly and diverse. These urban villages combine housing, shops, workplaces, parks, and recreational facilities, fostering a vibrant street life and reducing the need for long commutes.

Key characteristics of the approach include:

- **Human scale:** Designed to be walkable and human-scaled, meaning they are built to a size and scale that feels comfortable for people, rather than for cars or large-scale infrastructure.
- **Mixed-use development:** These areas typically combine housing, shops, workplaces, parks, and recreational facilities in close proximity. This mix encourages a vibrant street life and reduces the need for long commutes.

> *"Respond's vision extends far beyond the realm of quality construction. Their housing model advocates for 'lifetime homes', ensuring secure, affordable long-term tenancy."*

- **Community focus:** Public spaces, like squares and parks, are central to the design, encouraging social interaction and community activities.
- **Diverse and inclusive:** A variety of housing types are included to accommodate a diverse population.

Lifetime homes: a commitment beyond quality construction

Respond's vision extends far beyond the realm of quality construction. Their housing model advocates for 'lifetime homes', ensuring secure, affordable long-term tenancy. This vision is reinforced by the presence of on-site staff, dedicated to providing high-level, professional services to tenants, and fostering community engagement and development. This will include:

- tenant involvement and support as needed;
- developing and improving public spaces;
- helping people feel connected to their community; and
- working with local businesses and community groups.

Elanora Court

Tenants have recently moved into a new 153 home development at the new Respond development Elanora Court on Dublin's Long Mile Road.

Elanora Court brings affordable living to a new level, with bright, well-designed modern homes located close to many great amenities and easy links to public transport. The development was designed to offer spacious, modern living and built with comfort, safety, and wellbeing in mind. The development includes landscaped gardens, seating and play areas, Community Hub and a permanent on site Respond staff member.

Respond will work with tenants to determine how to best use the shared community space and develop a programme of events based around the community that live there.

As well as being superbly located, Elanora Court features homes built to a quality that is second to none. All of the homes have an impressive A BER rating, making them highly efficient and environmentally friendly.

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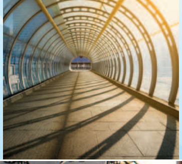


Infrastructure Guidelines replace Public Spending Code

Credit: William Murphy.

Published in December 2023, the Government's new Infrastructure Guidelines set out value for money guidelines for the evaluation of public investment projects, replacing the Public Spending Code and the interim changes introduced in March 2023.

The Infrastructure Guidelines will act as the new centralised source of guidance from government for the completion of capital projects in Ireland, refreshing the requirements for such projects, reducing the number of approval stages, and streamlining the requirements for major projects, while "retaining the international best practice governance and oversight arrangements already in place".

Key changes

Key changes have been made in various areas of the process in order to streamline project applications, including the introduction of shorter form strategic assessment informing the development of the preliminary business case at approval gate one. Minimum thresholds for projects have also been increased: those needing a detailed project brief and procurement strategy (approval gate two) have been increased from €10 million to €20 million; and the threshold for Major Projects Advisory Group (MPAG) assessment has been increased from €100 million to €200 million.

External assurance process and MPAG assessment for major projects will be focused on approval gate one, but the guidelines state that MPAG will be able to compel projects with which they are unsatisfied to revert for further pre-tendering scrutiny where warranted. The final business case (approval gate three) remains in place, stipulating that the case includes:

- final confirmation of the strategic relevance of the investment proposal and detailed specification of the objectives of the proposal;
- the detailed business case as set out in the planning and design phase and as confirmed by the tendering process;
- economic and financial appraisal using updated information from the tendering process as necessary;

- re-examination of affordability within existing resources and with particular reference to the medium-term exchequer capital envelope for projects funded from voted expenditure;
- full risk assessment and consideration of remaining optimism bias;
- detailed delivery schedule;
- benefits realisation plan; and
- evaluation plan.

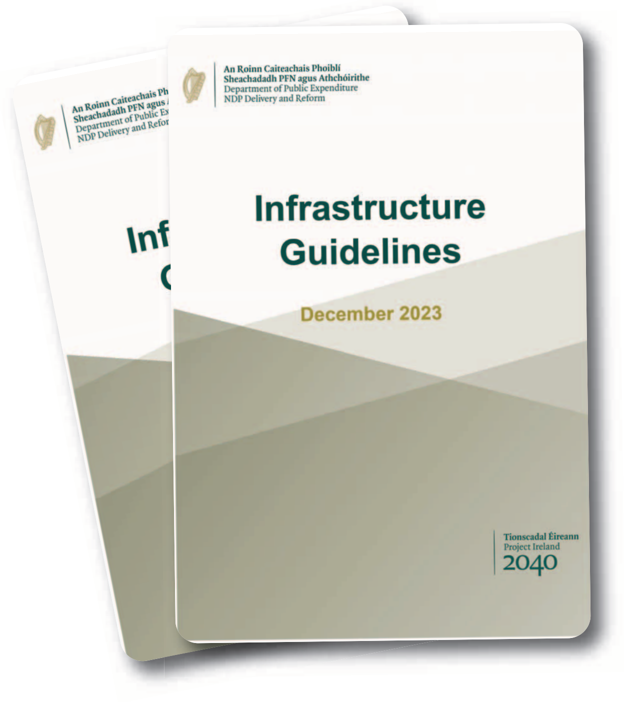
Timeliness

With long timelines and delays in decision-making a common complaint with regard to capital projects in Ireland, the Infrastructure Guidelines state that there is a "necessity to ensure that projects are delivered in a timely manner and that there are no unnecessary administrative delays hindering this".

Changes that have been made within the Infrastructure Guidelines in order to streamline the process include the approving authority performing consideration of the strategic assessment prior to further development of the business case and further clarity on the roles of the approving authority and the sponsoring agency, with the sponsoring agency given "primary responsibility for evaluating, planning, and managing public investment projects within the parameters" of the guidelines.

Clarity has also been provided on requirements within the preliminary business case in an attempt to demystify the process and allow applicants to understand it before application, informing would-be applicants of the elements required within, which include:

- confirmation of the strategic relevance of the proposal and detailed specification of the proposal's objective;
- description of the shortlist of options to deliver said objectives;
- demand analysis and description underlying assumptions;
- climate and environmental performance assessment;
- appraisal options, such as financial and economic appraisal and sensitivity analysis;



- affordability assessment within existing resources;
- risk assessment;
- proposed approaches to procurement, implementation, and operation;
- assessment of delivery risk;
- key performance indicators monitoring and assessment plan; and
- recommendation for the approving authority.

Changes in this regard are manifold, with further details on the procurement strategy now required, including considerations of supply chain capacity and appetite, risk management approach, and how value for money will be achieved. Climate and environmental performance assessments will be required to include greenhouse gas emissions projections and resilience forecasting for the project. An assessment of construction productivity requirements, particularly in relation to modularity will also be required.

With objections a constant challenge with such large infrastructure projects, business cases are now required to include consideration of likely objection levels within the planning process.

Strategic assessment

The Infrastructure Guidelines now stipulate that an applicant must carry out and submit a strategic assessment of their proposal to the approving authority before a preliminary business case for the project is developed. The strategic assessment will set out: investment rationale; objectives; strategic alignment with government policy; preliminary demand analysis; and the longlist of potential options.

The introduction of the strategic assessment stage is similar to the strategic assessment report and Decision Gate 0, which had been introduced in the Public Spending Code but removed from the process by Circular 06/2023. The new strategic assessment stage is, however, designed to a lighter-touch process, with the approving authority and accounting officer given an earlier say in the preliminary business case development. Thus, while not constituting a full decision gate, this stage allows the approving authority to remain informed of a project's progress at an earlier stage and request amendments, thereby avoiding situations where a sponsoring agency allows an unsatisfactory project to progress towards a decision gate.

Construction outlook: Dissecting 2023 and expected trends in 2024

To best describe the current state of affairs of the Irish construction sector, the phrase "cautious optimism" comes to mind. Rhona Henry and Harry Healy of Matheson take a closer look at some key trends in construction throughout 2023 and what we can expect as we venture forth into 2024.

We also take a helicopter view of the types of transactions encountered in 2023, and those we expect to see emerging in 2024.

Emerging sense of optimism

For many in the construction industry, 2023 was a challenging, if not difficult, year. Cost and material inflation remained persistent challenges and Dublin office vacancy hit its highest point since 2013. Supplier stress and skilled labour shortages provided further headaches. However, as 2023 drew to a close, so too did the lingering sense of foreboding in the industry and a new sense of optimism has slowly and quietly emerged. CIF's Outlook Survey for Q3 2023 saw over half of construction companies surveyed feeling positive about the health of the sector heading into Q4 and only 11 per cent feeling pessimistic. Similarly, a BNP Paribas report shows that business sentiment is at a seven-month high. Employment in the sector grew in December 2023, further demonstrating confidence in the industry.

Recent reports demonstrate legitimate reasons for this positivity. Euroconstruct have forecast that Irish Construction output will expand by 4.4 per cent in 2024 – the largest forecasted growth in Europe and the Banking and Payments Federation Ireland's latest Housing Market Monitor estimates completion of 32,000 housing units in 2024, meaning the national target should be met, if not exceeded.

Arguably the largest contributor to a lacklustre 2023 was inflation and interest rates. However, the trends are slowly but steadily moving in the right direction. The Central Bank's latest bulletin forecasts a gradual decline in inflation. This can be felt in the industry. Construction material prices moderated towards the end of 2023. Further moderation in material prices is expected through 2024, allowing developers to progress plans with relative certainty around costs.

What we saw (2023)

Despite many economic pressures being felt, 2023 nevertheless saw some noteworthy transactions take place. Multi-building and multi-use, campus style developments continued to progress. This progression was not restricted to residential but included commercial and retail spaces.

Forecasted multi-building developments are also beginning to work their way out of the difficulties encountered with the planning system. We also noticed an uptick in the refinancing of assets at the tail-end of 2023 particularly in the context of assets not yet completed or where the related defects liability period was still running.

What we foresee (2024)

With some improvement in availability of materials and more cost certainty, the 2023 growth in construction/development financing/re-financing is expected to continue in 2024. While this has been most noticeable, to date, in the residential and student-accommodation sphere, we have also seen steady work with respect to mixed-use space developments.

Fit-out/refurbishment and alteration projects look likely to be another feature of the market in 2024. The new challenges that are anticipated to arise out of the long-awaited revision of the Energy Performance of Buildings Directive will certainly be one of the drivers behind this growth. While not yet in force, this recast directive looks set to introduce more onerous regulatory efficiency standards for new and existing buildings in the EU and encourage member states to renovate their building stock. The main objective of the recast directive is to have all new buildings emission-free by 2030 and have the existing building stock transformed into zero-emission buildings by 2050. The latter of these objectives is set to be achieved by a gradual, bottom-up approach to improving the energy performance of existing buildings. This means the staged phasing out of the

Rhona Henry, Partner and Head of Construction and Engineering, Matheson.

Alison Bearpark, Partner, Construction and Engineering, Matheson.

"Arguably the largest contributor to a lacklustre 2023 was inflation and interest rates. However, the trends are slowly but steadily moving in the right direction... Construction material prices moderated towards the end of 2023. Further moderation in material prices is expected through 2024."

lowest scoring buildings over time. Property owners and tenants may well find themselves in a position where their property must be renovated or redeveloped to avoid the threat of becoming a 'stranded asset'.

Keep calm and carry on strong

The future certainly looks brighter than it did during much of 2023. While inflation and supplier stress remain critical issues, we appear to be moving in the right direction. The forecasted growth in the industry is welcome. Nevertheless, challenges still lie ahead.

Matheson's Construction and Engineering team look forward to once again engaging with clients and stakeholders this year. Should you have any questions in relation to anything discussed, please do not hesitate to contact a member of our team.

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Matheson

‘Challenging’ demand for construction workers

The Department of Further and Higher Education, Research, Innovation and Science has launched the *Careers in Construction: Action Plan*, aiming to ensure that the Government meets the estimated 23,000 annual demand for new construction workers.

Published one year on from the *Report on the Analysis of Skills for Residential Construction and Retrofitting 2023-2030*, which claimed that the Government will need to ensure that there are at least 23,000 construction workers recruited annually in order to meet retrofitting targets, the action plan revises this figure to a need for 50,831 new entrants into the wider construction sector.

The report also highlights a shorter-term challenge for craft professions, with an estimated shortfall for 2023-2025 of 4,483 such professionals.

Noting this, the action plan states: “The requirement – at just over 30,000 new entrants – is much greater than the requirement for the other skills, and the combination of the pandemic and low growth in new housing prior to 2018, has had an adverse impact on the numbers of apprentices registering, and qualifying as craft workers.”

Bridging the gap

A working group established amid the publication of the *Report on the Analysis of Skills for Residential Construction and Retrofitting, 2023-2030* has found that there are age and gender challenges which, if alleviated, could contribute to an accelerating of the meeting of labour

demand in the construction sector.

The working group states that there are "notable differences" between women and men regarding attitudes to the construction sector.

More women (73 per cent) than men (57 per cent) acknowledge "an issue with female access to construction apprenticeships at second level", with the report outlining that gender differences were evident in a student survey carried out by the working group, with only 18 per cent of girls reporting a good understanding of the construction apprenticeship compared with 42 per cent for boys.

The report asserts that the "low level of understanding of the industry amongst girls" impacts their career decision making, with only 24 per cent positive about pursuing a career in the construction sector compared to 49 per cent of boys. Additionally, parents of senior cycle students, according to the action plan report, "overestimate their understanding of the sector and many incorrectly hold the view that girls are afforded the same access to opportunities".

Attitudes pose a major challenge to bridging this gap, as outlined by the fact that, according to the report, parents (76 per cent) and senior cycle students (54 per cent) continue to view apprenticeships as "more suitable to less academic school leavers".

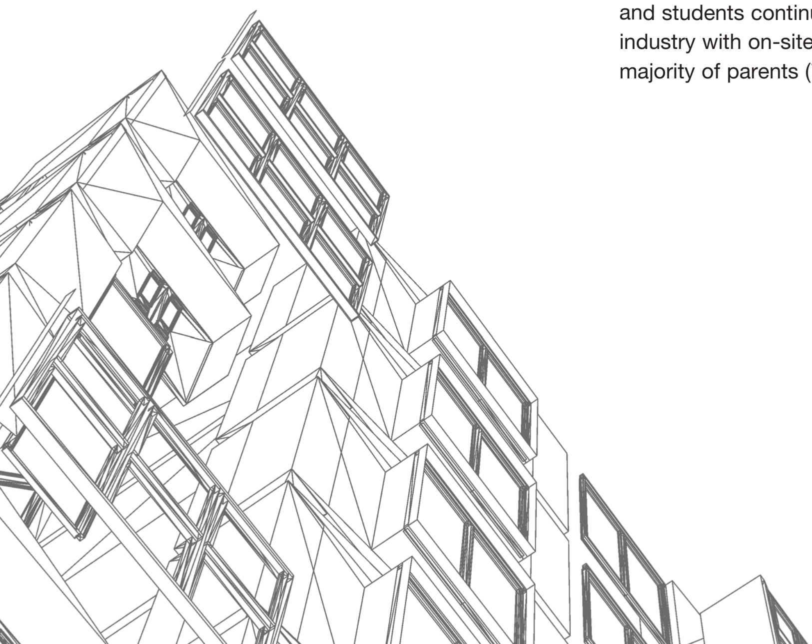
In addition, the report finds that parents and students continue to associate the industry with on-site work while a majority of parents (76 per cent) see a career in the sector as a financially unstable option.

Social attitudes play an apparent role in preventing women from accessing careers in construction, with 76 per cent of parents seeing working in the industry as a more suitable environment for men while 70 per cent hold the view that it is unsuitable work for people as they get older, from the age cohort of 50-60 and upwards.

On recruiting women into construction, the report explains that women have only been 10 per cent of the construction workforce in recent years. This ratio is also reflected in the CSO's *Gender Balance in Business Survey 2021* where, in construction, just 9.5 per cent of the senior executives are women, a percentage that falls to just 4.5 per cent for directors.

In reference to these statistics, the report asserts: "The construction sector needs to address this [gender] imbalance but by addressing it and removing the other barriers to careers in construction noted in this report, a pathway to ensuring a successful industry into the future can be found."

From collaborative stakeholder engagement, the report also asserts that employers recognise that the sector has a challenge with attracting and retaining staff, with a prominent view in business that the key barriers to attracting new workers are "a lack of promotion in schools, disinterest, job insecurity, and an unwillingness to work hard".



egis

Tunnel vision

Egis operates Ireland's Motorway Operations Control Centre on behalf of TII in a facility employing intelligent traffic systems and communications technology.

Steve Preece of Egis in Ireland explains why delivering the best infrastructure solutions must be matched with an ongoing commitment to maximising their full potential.

As chief executive of Egis in Ireland, Steve Preece knows that designing and delivering quality infrastructure is crucial to facilitating economic and social growth that meets sustainability targets and stands the test of time.

He also knows, however, that intelligent asset management and maintenance is paramount in building bigger and better in a way that can meet the future needs of communities, industry, and the planet.

"When it comes to key sectors such as transport, we need to secure the value and maximise the potential of the assets we manage. At the same time, we need to deliver new and better infrastructure, but it is not just a case of delivery. To get the full benefit it is vital to ensure that every existing asset is operated to the highest level of efficiency and that future assets go beyond current expectations. By doing this we can ensure they have the greatest impact for the longest time, achieving the best return on investment," he says.

When it comes to engineering and mobility service companies, Preece believes Egis is uniquely positioned.

"At Egis, we share the same level of ambition for Ireland as our policymakers and we have unrivalled experience in matching ambition with delivery. Egis operates in over 100 countries with over 18,000 dedicated professionals. We are involved in major infrastructure projects throughout the world and the expertise and insight this gives our teams means we can provide the best solutions at national and local level in the countries where we operate including Ireland."

Egis, he explains, designs, but also crucially operates tunnels, airports, water and energy infrastructure, buildings, bridges, roads, and other structures in addition to rail, bus, and active travel systems.

"Our insight comes from our focus on providing end-to-end services from feasibility studies, through design and project management to handover. Meanwhile – and in a point of difference from our peers – we can offer and have developed considerable expertise in ongoing operation, maintenance, and asset management," he adds.

The latter, Preece explains, involves optimising the use of a piece of infrastructure, and extending its life. On a day-to-day level, it is about maintaining standards and keeping infrastructure working safely while minimising disruptions.

"It is also about continually driving down carbon emissions," he says. "Improving climate change resilience, increasing efficiency and, where possible, lowering costs, and allowing for increased investment while reducing risk.

"We achieve all of this in partnership with our clients – like TII and the NTA, with whom we have been working for decades, relationships which are based on mutual trust as supportive flexible partners."

Egis has been active in Ireland since 1994 and the business, which recently acquired JB Barry & Partners consulting engineers, now has over 600 staff across 16 offices nationwide.

Egis participated in the design of the Luas system in Dublin and is involved in planned extensions of the transformative light rail service. They are active as designers in Bus Connects, and major road projects like the N/M20. The company has also operated Dublin Tunnel for TII since it opened in 2006 overseeing everything from toll collecting, to incident response, inspections, cybersecurity, asset management, and maintenance.

Egis has undertaken a series of capital projects at the Tunnel including upgrades to the electrical systems, communications systems as well as current upgrades to Tolling system.

The company also monitors traffic on 1,200km of Ireland's primary road network from the Motorway Traffic Control Centre on behalf of TII. In addition, it operates 470km of motorway, which includes the Jack Lynch Tunnel in Cork, the Limerick Tunnel, and sections of the M7/M8, M1, and N25 Waterford Road.

"We are actively involved in tunnel projects throughout the world and the experience we gain in one country can be applied elsewhere," Preece says.

"In Australia, we operate and maintain Queensland's tunnel network in Brisbane. In Turkey, we operate and maintain the Eurasia Tunnel, which is 5.4km long and connects two parts of Istanbul under the Bosphorus Strait.

Steve Preece, CEO of Egis in Ireland, which offers end-to-end infrastructure design and operations services to clients.

> *"With strong national policies on transport, planning, sustainability and climate change mitigation, we stand at a time of unique opportunity to shape a better future for Ireland."*

Globally, we are involved in 4,500km of road operations," he adds.

The expertise Egis offers is matched by a determination to constantly explore and deploy new technology and innovative approaches.

"Innovation is central to achieving a more sustainable future including in our energy use and ongoing operations. A good example in this case is the upgrade of the Dublin Tunnel's SCADA system, overseen by Egis which will deliver further improvements in the use of data to inform decision-making and enabling greater use of a predictive maintenance approach," Preece says.

ESG principles are a central pillar of Egis' approach. "The need to meet our own ESG responsibilities and to enable our clients to meet theirs informs every decision we make," Preece says.

"We are constantly exploring how we respond to the climate emergency. Over 50 per cent of our global road network, is now powered by green energy. And in Ireland, to give another example, we have reduced energy consumption in the Dublin Tunnel by 60 per cent through measures that include the replacement of 1,800 lights with LED alternatives. No change is too small – that is why our maintenance team at the tunnel now carry out their work using electric bikes," he says.

Egis, Preece adds, is also focused on the S in ESG.

"We prioritise working with the communities we operate in, engaging with local groups and supporting their work where possible," he says.

This is essential when your work involves delivering and overseeing major projects that can and should last for a long time.

"Everything we do is focused on ensuring value and the greatest impact over the long term, so that is a big part of who we are and our approach," Preece concludes.

W: www.egis-group.com

Construction Sector Group programme for 2024

The Construction Sector Group announced its work programme for 2024, published prior to the group's first of four meetings to take place during the year.

The Construction Sector Group (CSG) has confirmed that four meetings are to be held throughout 2024, with the first having been held on 25 January, and meetings to come on 18 April, 11 July, and 24 October.

With the minutes of the first meeting to be released during the 18 April meeting, it is understood that members of the group discussed an update on the Innovation Sub-Group, procurement reforms, construction skills and apprentices, and an update on Project Ireland 2040.

Key items of work for the group include the publication of the *Build 2024* report, typically published in the summer; the *Prospects Report 2024/2025*, which will provide an overview of 50 of the largest construction projects included in the Project Ireland 2040 tracker; and CSG meetings in 2024. The work programme states that meetings in 2024 "may need to change in response to feedback or unforeseen circumstances". However, the group's objective is that the core discussion topics in the form of standing items and associated cross-sectoral issues will be discussed as planned.

These key items are complemented by four proposed broad themes and discussions for 2024. These are: improving regulation and public procurement; supporting innovation and digital adoption; securing the skills pipeline; and communicating the public investment pipeline.

Established under the aegis of the now Department of Public Expenditure, NDP Delivery and Reform (DPENDPDR) in 2018, the Construction Sector Group aims to be a forum for regular dialogue between government and representatives from the construction industry. Chaired by the secretary general of DPENDPDR, its members include government officials, construction business representatives' groups, and a representative from the Irish Congress of Trade Unions (ICTU).

Its establishment is aimed to be an accelerant of Project Ireland 2040, the Government's flagship long-term infrastructure and economic strategy. The group's remit includes:

- working with industry and government bodies to (a) benchmark and improve productivity and environmental sustainability and (b) to modernise public works delivery;
- considering opportunities to introduce reforms within the sector that will help in controlling construction price inflation, improving efficiency, and delivering value for money for investment;
- assessing the supply of necessary skills and measures enhancing capacity (including potential use of overseas contractors); and
- challenges arising from inadequate or ineffective regulation, poor performance, and systemic poor quality.

Publication of first NPF revision imminent

According to *A Road Map for the First Revision of the National Planning Framework*, and the Housing Minister, a draft of the first revision of the National Planning Framework (NPF) will be published in Q1 2024.

Recent demographic and econometric modelling projects that population increases in Ireland and demand for accommodation has been underestimated and the State may require the delivery of tens of thousands of additional homes – beyond what was envisioned in *Housing for All* – by 2030.

As such, in June 2023, government approved the commencement of the process to revise the NPF, the document which guides Ireland's strategic planning and development to ensure sustainable growth alongside population growth.

Under the Planning and Development Act 2000, government is required to either revise, replace, or state its rationale for not revising the NPF every six years after its publication. The NPF was originally published in March 2018.

Publication of the draft revision of the NPF and accompanying technical assessment, as well as a national public consultation, had been slated for November 2023 to January 2024, with amendments considered and applied in February, and final approval in March. However, at the time of print, this has not materialised.

Speaking with *eolas Magazine* in June 2023, Minister for Housing Local Government and Heritage Darragh O'Brien TD made a commitment to "stick to the timeframe", indicating that the revised NPF would progress "its various stages and back to go through by the first quarter [of 2024]".

The timeframe for the first revision was included in *A Road Map for the First Revision of the National Planning Framework* which had four objectives:

1. provide outline of the process and the intention of the revision to the NPF;
2. inform all interested parties of the revision;
3. outline the background to the process and the timeframes for each stage of the revision; and
4. confirm the consultation processes involved in the revision.

It also proposed the creation of three new engagement structures.

The first of these is a planning advisory forum, which is to be chaired by a Minister of State with the stated objective of ensuring "the participation of relevant organisations, professional bodies and technical experts in the [planning policymaking] process".

The second of these is the reconstitution of the Project Ireland 2040 Delivery Board and Co-ordination Group, which is aimed at reducing the "administrative burden in delivering major projects".

Third, the Government claims that higher-than-expected levels of migration will drive up construction requirements. With the objective of meeting the higher-than-expected levels of population growth, a joint ESRI research group has been established which can examine "demographic and econometric modelling".

In August 2023, the three-person Expert Group for the First Revision of the National Planning Framework published its report, which is informing the preparation of an Issues Paper being developed for stakeholder consultation.

To strengthen and build upon the NPF, the report recommended:

1. the new targets should be more ambitious and more clearly defined;
2. the roles of the bodies involved in its implementation should be clarified and strengthened and mechanisms put in place for more detailed measurement and monitoring of its progress; and
3. there should be greater coordination at whole of government level across all infrastructure projects and new efforts made to generate broader support for national spatial planning across all of society.

In the meantime, the Expert Group asserted: "Delays in the financing, planning, and delivery of key infrastructures have negatively affected our competitiveness over the past decade, and the benefits of greater sustainability in how we live and work will be key to competitiveness in the future."

The challenges of building wind farms in Ireland

Building wind farms in Ireland presents several challenges due to regulatory, environmental, and social factors. While Ireland boasts significant wind energy potential, harnessing it effectively requires navigating these complexities, writes Colm McGrath, Managing Director of Surety Bonds.

One major obstacle is the planning process. The planning permission process in Ireland involves extensive environmental assessments, public consultations, and regulatory approvals. This can be time-consuming and costly, often leading to delays in project development. Additionally, Ireland's landscape is rich in natural beauty, with many areas designated as protected habitats or cultural heritage sites. As a result, proposed wind farm sites may face opposition from environmental groups and local communities concerned about the impact on scenery, wildlife, and historical landmarks.

Ireland's wind resources are abundant but variable, relying heavily on turbulent weather patterns driven by the Atlantic Ocean. This intermittency poses challenges for grid stability and energy supply reliability requiring sophisticated forecasting and energy storage solutions to mitigate risks.

Moreover, Ireland's grid infrastructure faces constraints in certain regions, particularly rural areas where wind resources are abundant. The country's electricity grid was designed primarily to accommodate traditional, centralised power generation sources, such as fossil fuels. Integrating large amounts of wind power into the grid requires upgrades to transmission lines and substations to handle the variable nature of renewable energy sources and to facilitate the transmission of electricity from remote wind farm locations to urban centres.

Offshore have even more development challenges. While Ireland has vast offshore wind potential developing offshore wind farms involves even greater technical, regulatory, and financial complexities compared to onshore projects. Dealing with harsh marine environments, securing seabed leases, and addressing concerns from fishing industries and coastal communities all contribute to the difficulty of offshore wind development.

Additionally, there are economic considerations. While wind energy has become increasingly cost competitive in recent years, initial investment costs for wind farm development can be substantial. Securing financing for projects and obtaining favourable terms for grid connections can be challenging, particularly for smaller developers or in the face of uncertain policy support or market conditions.

In conclusion, while wind energy holds great promise for Ireland's renewable energy transition, the numerous challenges inherent in wind farm development underscore the need for comprehensive planning, stakeholder engagement, and innovative solutions to overcome barriers and realise the full potential of this clean energy source allowing Ireland to become a net exporter of renewable energy.

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eolas Magazine is organising its ninth annual Housing Ireland conference, which will examine the key challenges facing Ireland's housing policymakers and senior practitioners across the sector. The conference will attract stakeholders engaged in all aspects of housing policy, funding, delivery, and management, including senior managers in the public, private, and third sectors in Ireland. The conference also has busy exhibition zone featuring Ireland's leading providers.

Expert speaker panel includes:

Darragh O'Brien TD
Minister for Housing, Local Government and Heritage

Fidelma McManus
Partner and Head of Housing
Beauchamps

Bob Jordan
Chief Executive Officer
The Housing Agency

Dara Turnbull
Research Coordinator
Housing Europe

John O'Connor
Chair
The Housing Commission

John Coleman
Chief Executive and Board Member
The Land Development Agency

Áine Stapleton
Assistant Secretary, Social Housing Delivery, Department of Housing, Local Government and Heritage

Caroline Timmons
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John Hannigan
Chair
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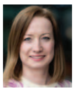
Pat Barry
CEO, Irish Green Building Council



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