

Annual Review and Presentation of the Budget

Mr Councillor D W Christian, JP

Council Leader and Chairman of Policy and Resources
Committee

Friday, 27th January 2012

Mr Mayor, Members of the Council,

This is a fragile moment for economies the world over.

I make no apologies for opening my annual review and budget presentation by stating the obvious. These past 12 months have proved testing times for the Council, the Government and the people of the Isle of Man as we all, in our various ways, seek to rebalance our budgets.

The budget I present to you this morning reflects a backdrop of global economic turbulence: volatile markets, growing instability in the eurozone and general uncertainty about Europe's financial prospects. It also reflects, closer to home, the continued need for the Council to counter the effects of the Island's changing economic landscape, brought about by factors principally the reduction in income from the VAT sharing agreement, a reduction in Government funding agreements - in particular, the domestic waste subsidy - increases in the price of energy and consumer goods and the proposed 3p rise in fuel duty that will come into force this August.

Simply put, the problems of others are our problems, too.

But while these are undeniably challenging times they do, however, present this Council with opportunities; opportunities to work smarter, think more creatively and forge ever more productive links with our partners in Government and the private sector. And in this we have succeeded, thanks to this Council's far-sighted budgeting, introducing cost-saving measures without compromising service levels and engaging widely with the private sector to the benefit of the town and local community.

From a national perspective the news is not all doom and gloom, either. The Island's economy continues to show modest growth, estimated to be around five per cent per annum. We have low, albeit rising, unemployment and no budget deficit and the Isle of Man has been placed in the highest category of co-operative jurisdictions in a Financial Stability Report produced for the G20. And even though Standard and Poor's has recently revised the Island's sovereign rating from triple A to AA+, its report acknowledged the Isle of Man's 'strong fiscal balance sheet and political stability'.

Returning to matters of this Council, there can be no denying it is a forward-looking local authority. However, with Council elections taking place in April I believe this morning to be an occasion when looking back can truly help us look forward, identify our aims and objectives to work together to secure the long-term economic and financial security of this town and this Island.

In 2008 we welcomed seven new councillors who joined with existing Members to continue to work together to take the town forward. In the 2008-2009 budget the Council built in some £30,000 of affordable growth and reduced costs by £138,000 without compromising services. This we achieved at a time when this Council was beginning to be faced with increased rate-borne expenses previously met through Government taxes. We increased our street cleansing programme, introduced year-round cleaning of Douglas beach, completed two outstanding new community facilities - the Meadows Pavilion at Douglas Golf Course at a cost of £1.5million and Noble's Park Pavilion, at £2.4 million – and progressed our street lighting upgrading programme, which saw an investment of more than £500,000 in public lighting and £64,280 in decorative lighting. During this same period the Council completed, in partnership with the then Department of Local Government and the Environment, Tynwald Court, a complex of two-bedroom apartments. We also progressed our planned housing maintenance programme, installed central heating systems, double glazing and rewired a number of our public sector properties. We also commenced refurbishment work at Waverley Court sheltered apartment complex.

2008 was the year we launched the kerbside collection service in partnership with Braddan and Onchan Commissioners which, following the end of funding by the Department of Infrastructure last year, we are continuing, funding it jointly with our partners in Braddan, after Onchan resolved not to continue providing the service to its ratepayers from 1st November, 2011. But I shall expand on this later.

During that financial year Douglas became the first local authority in the Island to complete a cleaner, safer, greener charter which, in turn, led to the formation of the Douglas Community Safety Partnership...but more on this later.

Environmental quality was – and remains – a prime concern, as the Council revised its bye-laws, focusing on antisocial practices such as littering and dog fouling, in support of which a new dog exercising area was opened in Noble's Park. And, of course, it was during 2008-2009 when we began to see a new North Quay emerge, the first signs of regeneration in the town which, thanks to the vision and commitment of the Department of Infrastructure, this Council and Douglas Development Partnership, regeneration is beginning to become a reality.

The work of this Council continued with courage and conviction during the 2009 – 2010 financial year. By this time global financial turbulence was taking a firmer hold and making its impact felt locally. This demanded that we made tough decisions, decisions that helped - and are still helping - ensure the Council's financial resilience. That year, with a rate set at 385p, the Council built £78,000 of growth into the budget, reduced rate-borne costs by £135,000 and allocated £600,000 from reserves to progress investment in Douglas. It was at this time we welcomed our new chief executive whose experience, wise counsel and vision, combined with a down-to-earth approach and incisive sense of humour have helped steer this Council through these turbulent years.

And it was against this background of 'tough times ahead, but together we can achieve' the Council strengthened its links with Douglas Development Partnership as together we became more closely involved with the regeneration of the town centre. We also forged ties with the business sector, in particular at the Henry Bloom Noble Library with Scottish Widows, and with one of the town's largest retailers, Marks and Spencer, whose support led to the refurbishment of one of the sunken gardens on Douglas promenade. More partnerships were, of course, to follow, and I should like to take this opportunity to thank the local business community for its support and sponsorship which is greatly appreciated by the Council and the people of this town. In particular I should like to express this Council's gratitude to Celton Manx, Alliance and Leicester International and 3FM whose support has contributed hugely to the success of a number of our large-scale community events, from the fireworks display to the Christmas lights ceremony...And, with your indulgence Mr Mayor, I should like to issue a plea to local businesses to join with us and support our proposed Party in the Park on Saturday July 7 when we are hoping to pull out all the celebratory stops to mark The Queen's Diamond Jubilee.

To return to times past, 2009-2010 was also when this Council resolved - wisely in my opinion - to transfer the Bowl to Government ownership so that it could be transformed into a national asset. While recognising the refurbished Bowl played a central role in the success of the Commonwealth Youth Games, I believe this Council showed resolve and vision in its decision to focus on investing in projects of long-term benefit, principally town centre regeneration and generally improving the quality of life for the people of this town. When I refer to the people of this town I mean people of all abilities and, in 2009-2010, this Council embarked on a programme of installing ramps to provide disabled access to the sunken gardens on Loch Promenade.

That was also the year when Douglas took the lead in the Island as the first local authority to provide new high-quality semi-automatic public conveniences at Douglas Market Hall, representing an investment of some £80,000.

Again in 2009-2010 the Council continued its extensive housing upgrade programme, installing central heating in properties in Hillside Avenue, Lheannag Park and Ballavargher, and double glazing in Spring Valley and in James Street and Lord Street flats, while further rewiring was carried out in Anagh Coar. In addition flats in Queen Street were demolished to make way for new public sector homes and the regeneration of Council-owned houses in Allan Street and Orry Street began, all backed by Government deficiency grant.

At this point I believe it appropriate to point out that in pursuing its policy of providing affordable new public sector housing the Council is also contributing to creating job opportunities in the construction industry at a time when this sector of the economy is experiencing the recessionary effects of the financial downturn.

Environmental standards continued to be improved with the launch, in May 2009, of the Douglas Community Safety Partnership, the aim of which is to work in partnership to improve the quality of life in Douglas. That same year a District Local Environment Quality survey showed that in many of the elements assessed Douglas performed above the UK national standard.

The following financial year saw no change to the rate, which remained at 385p, despite deepening financial challenges brought about in part by the reduction in the Island's VAT-sharing agreement with the UK, Government funding cuts of £205,000 and an additional £297,000 of rate-borne domestic waste disposal costs. However, against this background we succeeded in making savings through increased efficiencies and redeploying personnel.

Audited DLEQ survey results demonstrated further improvements in street cleansing, CCTV upgrades continued to encompass the North Quay and the first of the Big Tidy Up campaigns was launched, an initiative that has since become an annual event, gained Island-wide support and in 2011 attracted 600 volunteers.

On the housing front Phase 4 of the Lower Pulrose redevelopment and a new apartment complex at Johnny Watterson's Lane were completed and fire escapes at Coronation Terrace flats upgraded, while work began on the demolition of inner circle houses at Upper Pulrose and continued improvements were made to the Council's portfolio of commercial properties.

At the same time preparation for town centre regeneration continued as five strategies were identified to look at street design and layout, lighting, public art, public information and green spaces. Now we are seeing tangible results of those early design phases with the recent completion of the upper part of Nelson Street – the shape of things to come.

And so to the current financial year which is drawing to a close, as is the final year of this Council.

During the lifetime of this current Council we have worked hard to achieve the objectives set out in the Council's corporate plan, notably in relation to corporate governance. The focus has been on heightened accountability and securing continuous improvement in processes and protocols, while greater efficiencies in the dissemination of information have been achieved through the introduction of a monthly Members' bulletin. Corporate risk management and business continuity strategies have been developed and rendered more resilient, and a project management process ensures effective and timely delivery of projects, principally through the adoption of the PRINCE2 methodology. In summary, this Council has put in place robust internal control measures for benchmarking and monitoring performance to ensure it functions efficiently and effectively and delivers value for money.

At the start of the 2011-2012 financial year the relentlessly challenging economic conditions at home and abroad required this Council to implement a modest rise in the rate to 387p – an increase of 0.5 per cent - to help counter the effects of lower returns on investment, MEA tariff and vehicle excise duty increases, further Government cuts to agency funding agreements and the loss of revenue from 1st April last year after Lord Street car park was returned to the Department of Infrastructure.

This year has, however, been distinguished by a number of large-scale projects including the completion of three sets of new public conveniences similar in design to those at the Market Hall: two on Loch Promenade and one at Strathallan.

Members will, no doubt, recall there were 'rumblings of discontent' when we announced we were to introduce a 20p charge to use these new toilets. However I am sure Members will agree that imposing this modest charge to ensure consistently clean, safe and secure toilets is preferable to only being able to offer an inferior and inconsistent level of service.

I make no apologies for dwelling on this subject a little longer.

The four sites represent an investment of some £280,000 but this Council believes the provision of high quality secure clean public toilets to be fundamental to meeting basic human needs. But good quality conveniences represent so much more; they project a positive image and sense of civic pride to visitors and, in so doing, serve as a powerful aid in supporting tourism. And for anyone who doubts that the humble public convenience has the power to

shape opinion, they need only attend a Loo of the Year awards ceremony, as I and Councillor Ashford did last year. This is an event that attracts the tourist boards of England, Scotland, Wales and Ireland and, after discussions I have had, the organisers will recognise the Isle of Man as an independent nation this year.

All four of our sites scored the highest category - five stars – at the first attempt in the local authority category. Had the fifth nation – the Isle of Man – been recognised then we would have brought home not only framed certificates but also national silver trophies.

Another high-profile project has been the new barrier systems at Shaw's Brow, the Bottleneck and Pulrose Road car parks. This has been the source of much animated debate in this chamber and of many column inches in the local press. I have made my position very clear on this matter, most recently during this month's public Council meeting. I have yet to be convinced that the move from pay and display to barriers has proved of benefit to the Council or users, apart from the fact that barriers do offer a degree of security the previous system did not. A catalogue of teething troubles led to decreased income, tailbacks at busy periods and frequent system failures. The resolution of this Council was, however, to agree to install the new system and I am confident that the benefits will begin to show over the coming financial year.

Of significantly greater benefit in my view was the prudent budgeting that allowed us to progress a number of leisure-related projects including a £60,000 refurbishment of Woodbourne Square, also a new playground at Ballaughton Country Park and upgrades at Willaston, Noble's Plot and the Tot Lot – an investment in total of £250,000. In addition Noble's Park has a new competition-quality BMX track and, following their resurfacing and new line marking, the tennis courts now provide a multi-sports facility. To dwell on leisure facilities for a moment, we often hear the claim 'there's nothing for young people to do in Douglas'. This is simply not the case. Along with the new BMX track and multi-sports facility, in recent years the Council has invested in new skatepark equipment, while the upgraded ICT suite at the Henry Bloom Noble Library is proving especially popular with younger users and of course we have had the provision of new and upgraded playgrounds.

Despite the reduction in housing maintenance allowance from $33\frac{1}{3}$ to 30 per cent from 1st April this Council made considerable progress in its public sector housing programme, upgrading existing housing stock, while in January 2011 a three-phase £17.6 million development of Upper Pulrose began, the first phase of which is scheduled for completion later this year. Then in August 2011 the second phase of Hanover House in Lord Street, Douglas was completed 13 weeks early and within budget, a £2.1 million project providing 12 apartments

adding to the 15 units of phase one. The year also saw the vacation of the Bridge Road flats, paving the way for the Council to offer the site for sale for development, the proceeds from which will be invested in more public sector housing.

Green issues have remained to the fore with the Council's decision to continue operating the kerbside collection service, funding it jointly with Braddan Commissioners from 1st November last year until 31st March this year, after three years' funding by the Department of Infrastructure ceased on 31st October 2011.

In support of this a comprehensive review of the Council's waste management services has been undertaken. The kerbside operation, which currently operates as a stand-alone service, will be fully integrated in the Council's reformed waste management services structure. As a result, savings will be made and the income obtained from the recyclates will enable the Council to provide, in a shared operation with Braddan Commissioners, a combined refuse and kerbside recycling collection for both Douglas and Braddan at significant cost savings for both authorities. I would hope that this excellent approach to sharing services with a neighbouring authority may serve as a model of integration and cost sharing for other local authorities to adopt to help drive down costs to the ratepayer without compromising the quality of service provision.

I would urge those households in Douglas and Braddan who have yet to sign up to the service to do so as a matter of urgency; the more users it attracts, the greater the long-term cost savings and the less demand will be placed on the rates. Sustainable waste management is the way forward; the more we recycle, the less waste has to be transported to the energy from waste plant, with each visit by one of our collection vehicles attracting, as of 1st April, a 'gate fee' of £35 per tonne – on average a cost of £315 per vehicle. Recycling also generates income for the participating local authorities through sales of items such as newspapers, plastics and aluminium, savings that help reduce the rate burden. Together with our partners in Braddan we are continuing to refine and evaluate the service and look for closer, long-term integration, but meantime, for those who would doubt the efficacy of kerbside collections, I refer them to an independent report undertaken by Waste and Resources Action Programme for the Welsh Assembly that showed the kerbside sort option to – and I quote - 'consistently outperform other schemes.'

High standards of environmental quality in the town are being maintained, audited evidence of which has been seen in the latest DLEQ survey results. Complementing this is the reinvigorated Douglas Community Safety Partnership charter launched in June last year that builds on the inaugural document introduced in 2008. The latest version reflects a maturing of the partnership between this Council, Douglas Development Partnership and Government

agencies and demonstrates the Council's commitment to contribute towards creating a cleaner, greener, safer town. I believe it also sets the example for other local authorities in the Island to follow. With this in mind I have been encouraged that discussions held with representatives from the Department of Infrastructure and Department of Home Affairs have indicated that our successful Douglas model could serve as a template for similar community safety partnerships to be established Island-wide.

In these uncertain times, safeguarding and improving environmental standards in the town and enhancing its appearance have never been more important to help develop a resilient economy for the capital. We do not pay lip service to the charter; we are actively committed to investing in the future of Douglas, from acquiring the latest street cleansing equipment to driving the Big Tidy Up campaigns and, on a much larger scale, pledging substantial funds to the town centre regeneration scheme, specifically £1.9 million for new lighting and waymarking information signage.

These past 12 months have set the tone for what will follow not only in 2012-2013 but also for years to come as we all - local authorities, Government and households - face threats to our budgets as a result of remorseless economic uncertainty at home and abroad.

The Chief Minister has stated that the forthcoming Manx Budget will be the toughest the Island has seen for many years. It has been made clear that there needs to be wage constraints and a review of the terms and conditions of both Whitley Council and salaried employees. I support these statements and would hope that our employees will continue to work with the Council with the commitment they have already shown over the last few years to ensure continued savings are obtained in employee costs. It needs to be recognised that the days of a job for life with Government or local authorities or indeed any other organisation, are gone.

In preparing the budget for the 2012-2013 financial year each committee has been scrupulous in reviewing its budget, prioritising the necessary over the aspirational and making tough decisions to help secure enduring growth for Douglas.

We have, however, despite a Manx Retail Price Index inflation rate of 4.7 per cent as at December 2011, only had to build in inflationary increases in this budget of 2.9 per cent overall, costing £292,720.

The budget I set before this Council is one that has had to take into account a whole raft of factors that pose a threat to our financial resilience and I take this opportunity to outline just some of the most challenging.

It was forecast that domestic waste tipping charges – or the waste levy – would rise. And rise they have, by 13.8 per cent from 1st April this year, an increase that will cost the Council an additional £83,000 in the coming financial year. Over the course of this Council that is an increase of 250 per cent in waste charges from £10 to £35 per tonne.

Mr Mayor at this juncture it is worth mentioning that during the life of this Council Manx inflation, according to latest figures, has been 13.2 per cent and continues to increase. Alongside this there have been reductions of almost £340,000 in the Government grants for services and additional waste charges on current tonnage of over £343,000 affecting ratepayers. Despite which since the start of this Council in 2008 the rate has only risen by 3.75 per cent.

Returning, as I must, to car parks, the revised charging structure coupled with the rise in VAT to 20 per cent occasioned a marked level of customer resistance which resulted in less than anticipated income in the 2011-2012 financial year. Disappointingly, monthly income from January to December 2011 was less month on month than the previous year as vehicle owners voted not so much with their feet but with their wheels and opted for alternative locations or modes of transport. Accordingly for this coming financial year we have had to reduce the budget for car park income by £47,940.

Local authority borrowing is currently arranged through a loan scheme with the Isle of Man Bank, which is guaranteed by the Treasury. With the downgrading of the Island's sovereign rating from triple A to AA+ the contract with the Isle of Man Bank allowed an increase of a quarter per cent on all the Council's loans which the bank chose to implement. The main impact of this increase was on the housing loans that are backed by Government deficiency arrangements, the estimated rate-borne implication of which is £31,620 included in the budget. There is the very real prospect that under the agreement with the bank a further quarter per cent could be added should there be a further downgrade to the rating.

As the economic downturn continues to curb consumer spending and stifle investment confidence the construction industry is suffering a marked slowdown. This has the effect of reducing our building regulation income, which has required us to build in a reduction in fees of £18,880.

Additionally changing consumer habits are causing reduced occupancy levels in Douglas Market Hall, requiring that this budget allow for a decline in rental income of £12,860.

In my opening remarks I referred to the rise in fuel duty. This is an added hardship for everyone and a financial burden for the Council that represents an increase of £11,350 in garage and fleet service costs.

There is also a need to increase the amenity cleansing budget by £25,760 for the coming financial year to allow for weed killing and deep cleaning and chewing gum removal from pavements around the town.

While there is no denying that the economic outlook is sombre, this Council is determined in its resolve to drive forward projects that will benefit Douglas for generations to come.

To this end we remain fully committed to the regeneration of Douglas town centre. Following the refurbishment of the upper part of Nelson Street, an important pedestrian gateway to the main retail area, we look forward to seeing progress on subsequent phases, which will be a section of Wellington Street, followed by the lower part of Nelson Street after which Wellington Street will be completed, followed by Duke Street, Regent Street and Strand Street. All of this is, of course, subject to approvals by the Chief Minister's regeneration steering group. I am sure Members will join with me in hoping that the vision and enthusiasm that drove the regeneration scheme in the early days will not wane in the face of these unsettling times. In the current difficult trading conditions it is all the more important we continue to make regeneration our number one priority, to encourage new businesses and support growth in a balanced and sustainable way.

I have outlined the progress and achievements this Council has made over the past four years - new homes, new services and new leisure amenities. However, a changing economic landscape, inflation, higher loan charges and more reductions in Government funding agreements dictate that we put our finances on a firm footing for the future and, in this regard, it is encouraging to see a 0.5 per cent increase in the penny rate product anticipated for the coming financial year.

Resilient financing demands that we concentrate on preserving and maintaining what we have and commission projects that will create employment.

Which leads me to housing.

This Council's commitment to providing affordable quality homes remains undiminished, as demonstrated by the redevelopment of the Lower Pulrose estate and completion of two new three-bedroom town houses in Allan Street.

Projects currently on site in 2012 include the redevelopment of Upper Pulrose inner ring properties, (known as phase eight) which will provide 28 two-bedroom apartments, three two-bed, 11 three-bed and two four-bedroom houses. This year will also see the completion of Lower Pulrose phase five to provide 36 public sector homes: 10 two-bedroom bungalows, nine three-bed, two four-bed, seven two-bed and eight two-bedroom apartments. There will also be kitchen refurbishments on a number of estates.

And, looking to the future - although some of these schemes may have to be reviewed in light of continuing budgetary constraints – phase nine redevelopment of Upper Pulrose is due to begin in May this year to create 40 new homes; two properties in Orry Street will be redeveloped and, due to begin in 2013, is a 35-unit sheltered housing complex at Upper Pulrose. On the maintenance side an external refurbishment pilot scheme in Willaston will serve to identify how best to manage similar work on a larger scale, rewiring to the Anagh Coar estate will be completed and replacement front doors are due to be fitted across much of our housing stock.

All encouraging news, funds permitting, although tenants and the Council are now faced with the challenge of managing the 10 per cent increase in public sector housing rents set by the Department of Social Care that will come into effect on 1st April this year. Many of our tenants are lower-income households already hard hit by the economic downturn and struggling to balance their budgets. For these tenants I would hope the necessary benefits will be made available by the Department of Social Care.

They are, however, not alone in this struggle.

This Council is similarly challenged to consolidate its finances. Accordingly we have reviewed our existing housing stock of some 2271 properties and will be focusing our attention on housing maintenance, putting in place robust measures to repair, replace and upgrade. To return, for a moment, to the forthcoming 10 per cent rent rise, this will generate a 5.9 per cent increase in the Council's repairs budget, a welcome boost to funds after the reduction introduced the previous financial year.

It is not solely housing that has come under review. The viability of all our assets is under scrutiny.

Central to this is Douglas Market Hall. We commissioned a team of market researchers to invite the public's views on the Market as part of a review of the building's viability and in a move to identify measures to maximise its future potential.

The Market Hall is a unique landmark building, serving as the Island's only permanent covered market and occupying a central position on North Quay. However, with changing consumer habits combined with difficult trading times, the market's role has diminished from the pre-supermarket days when it served as the main venue for purchasing groceries.

I expect to receive the findings from the Market Hall consultation by the end of the month and will then look to discuss them with chief officers and fellow Members.

As a responsible local authority it is incumbent upon us that we turn any liabilities into assets and remain vigilant in reviewing and preserving those assets in order that they deliver value for money to ratepayers and, by way of example I would cite the refurbishment of Hillary Square. Decisions will also have to be made soon regarding the future of the tramways building at Strathallan and the Ballaughton nursery site.

I would add that, at this time, the Council is committed to a substantial project in partnership with the Department of Infrastructure to upgrade cremator equipment and improve the chapel infrastructure at the Borough Cemetery.

The Council is also looking at stretching the lifespan of assets such as vehicles and plant. In this regard I am pleased to confirm that thanks to improved efficiencies and despite a £9000 reduction in Government street cleaning agency funding we have identified combined plant and waged savings of £57,250.

At this point I should like to reaffirm the instruction I have issued to the chief officers' management team that no increased funding is to be provided for vehicle and plant replacement. Furthermore it is the Council's firm intention to reduce the existing number of vehicles and volume of plant.

In every area of the Council's operations we are looking at deploying our most important asset – our people – in the most productive way possible. The Council remains pledged to protect existing jobs and avoid, wherever possible, compulsory redundancies choosing, as always, to make savings through natural wastage and efficiencies, a strategy that has resulted in identifying employment economies of £118,470. Additionally this Council has, yet again, reduced overtime costs across its operations, with savings of £22,000 on various services made in this budget.

Following on from this the Council will be utilising existing staff to pursue rent arrears at an early stage, thereby reducing the number of cases requiring court proceedings and the associated legal fees. This strategy will result in an estimated reduction of £10,500 in fees.

To return to protecting and preserving assets, the Council has pursued a policy of expanding and improving its street lighting service, a major part of which is the replacement of ageing and unsatisfactory installations, many of which had to be replaced due to a thinning of the shaft. Over the past 10 years the Council has fitted more than 1100 installations in the Borough, 116 of these in the current financial year alone. I am pleased to confirm that the Public Works Committee proposes to continue this programme of replacement and upgrading and has included a sum in excess of £350,000 in the budget for the forthcoming financial year. In tandem with this the Council is committed to keeping its existing lighting installations in good order, commencing this year a regular programme of painting and maintenance to ensure they are weather-proofed. This also applies to much of the street furniture in the town, for while the upper part of Nelson Street may be heralding a new Douglas, we can ill-afford to ignore the 'old' Douglas.

Regular maintenance of our assets, keeping our properties and installations in good order, is not merely about looking good, it's about not storing up problems for the future, encouraging a sense of civic pride, and it's about presenting a positive image of the town to encourage more visitors, more new businesses and more investment.

But we can't achieve this on our own.

I would urge local traders, businesses, property owners and landlords to take pride in the appearance of their buildings; there are grant applications that can be made to the Town and Village Centre regeneration fund to improve the exterior of commercial premises.

Inevitably businesses must accept that there will be disruption during the course of the regeneration works but that is far outweighed by the long-term benefits.

Simply put, what we, as the capital of Mann, do has the power to influence how Isle of Man PLC is seen worldwide.

In keeping with the theme of presenting a positive image, our online presence is beginning to display a new, more contemporary 'face'. The Council's website continues to be upgraded - largely in-house to ensure costs are contained - to provide greater online self-service functionality, convenience and rapid response. While this remains a work in progress, we were pleased to launch in 2011 the all-new Henry Bloom Noble Library website, also managed in house, which has a fresh new look that reflects the wide range of services – not least our ground-breaking e-books offering – and events that have become so much a part of this Council's commitment to serve the local community. As an aside I would point out that the Council's commitment to a robust and secure ICT function gained

momentum during the 2009-2010 financial year with the upgrade to full virtualisation of the computer network.

Douglas is a local authority that as well as having a strong sense of 'place' also has a strong sense of community. I think it would be fair to say that in recent years we have upped our game in terms of the variety and scale of community events we have staged. The Henry Bloom Noble Library continues to delight young and not-so-young audiences with workshops and talks, attracting accomplished authors and presenters. Each summer the Council's fun day in Noble's Park becomes bigger and better, while our fireworks displays and Christmas lights ceremonies are acknowledged crowd pleasers.

As for the much-loved horse trams, passenger numbers have shown an increase for the third year in succession. 56,536 passengers were carried during the 2011 season when the service operated from May 9 to September 18, one week longer than in 2010 to accommodate visitors for the Commonwealth Youth Games. This represents an increase of 5.4 per cent over the 2010 figures when 53,650 passengers were carried, 10 per cent more than in 2009. Income for the 2011 season was £101,630 which includes £22,310 in Explorer ticket sales from the Department of Community Culture and Leisure.

Once again, the Santa tram service proved a popular attraction in the run-up to Christmas, with 465 tickets sold, generating income of £3,480.

The closing weeks of 2011 were also marked by two new competitions, one for the best-dressed business, the other for the best-dressed boat, and it was pleasing to note the level of support they attracted.

At this point I should like to pay tribute to my fellow community events sub-committee members and the many members of staff whose hard work and enthusiasm contribute to the success of our community events and who are already working on this year's programme which, in The Queen's diamond jubilee year, promises to be all the more memorable.

Soon there will be the Council elections, a time when those who wish to stand again go to the ratepayers of Douglas to seek their support for another term and when new candidates put themselves forward. The new Council formed, I am confident Members will continue to work with officers and staff and in partnership with Government and the private sector to re-energise the town.

This Island has incredible strengths...and this Council has incredible strengths...and vision.

Mr Mayor, much of my speech has, of necessity, been somewhat sombre in tone, but this Council is determined to continue looking outwards and onwards.

We remain firmly of the opinion that in the face of even this grave economic downturn, optimism will always defeat despair.

We are a Council building for the future.

It is against this background I announce a project agreed unanimously by this Council that is not only one of the largest investments ever undertaken outside of housing but also one that demonstrates the Council's far-sightedness.

A landmark at a gateway to the capital that will not only entrench Douglas's position as a forward-looking local authority firmly focused on the future, but will also rid the town of a site that has, for so long, been crying out for development.

A £12.7 million redevelopment of Cambrian Place at Lord Street to provide a 460-space multi-storey car park and new premises for the Henry Bloom Noble Library and the Council's ICT section, together with new public conveniences.

This new development, which will be tendered locally and create many employment opportunities, will be a major asset for the Council and the town. Importantly, it will kick-start the regeneration of Lower Douglas and encourage further investment in the surrounding area, specifically the Middlemarch site bordered by Walpole Avenue, Lord Street and Victoria Street. Here it is to be hoped the Council's Cambrian Place project will serve as the catalyst to transform this area for leisure and entertainment.

To put this development into context, for some time the Council has been looking for a suitable new site for the library, a site that it would own rather than lease, as is the case currently in Victoria Street.

A planning application is expected to be submitted in February. The land purchase and development will be funded in part from savings, proceeds from the sale of various assets combined with a loan agreement - charges for which will be offset to some extent by savings in rent no longer being paid for the library premises - and income generated from the new car park. When the Middlemarch site is developed, the Council will benefit from additional rate income, in the region of £50,000 a year.

For the 2013-2014 budget and beyond it is anticipated there will be a modest shortfall to accommodate the charges which will have to be met through the rate levy, but I would draw Douglas ratepayers' attention to the fact that the town will benefit from a new and valuable asset.

Car parking, especially the shortage of it in Douglas, is always a 'hot topic'. Findings from a recent study commissioned by the Department of Infrastructure to look at car parking provision across the Island confirmed what we in Douglas already knew; that there is an urgent need for more car parking in the town. If the Middlemarch site is developed it will generate demand for an estimated 300 extra spaces, demand the Cambrian Place project will amply meet and exceed.

Mr Mayor, this project demonstrates how this Council has seized the opportunity to demonstrate its ambition for the future: to renew and reinvigorate Lower Douglas. I can only hope our determination and vision will inspire the Government to give urgent attention to the Lord Street bus station site. A separate press release will be issued on this important project at the conclusion of this meeting.

I believe this Council has achieved much these past four years.

I also believe this Council has set the tone, standards and values that will serve as the blueprint for the future, to navigate Douglas through economic turbulence to long-term prosperity.

Mr Mayor, when I was first elected to the Council there was a reluctance to face up to responsibilities. We had assets that were more like crumbling liabilities, no reserves and no long-term strategy. I believe the Council of today is completely different. Those crumbling liabilities have been transformed into valuable assets, and we have built up reserves to help us in difficult times. I believe this has been achieved by the majority, but unfortunately not all of the Members of the Council working together. I sincerely hope that whoever Members of the new Council are, will unite as one for the benefit of the ratepayers they are elected to represent.

United we stand. Divided we fall.

Late last year the Council set out its target not to increase the rate burden on the residents of Douglas for the coming year, being sensitive to their other financial pressures. Achieving this had not looked possible due to pay awards, price inflation, reductions in Government grants and income together with increased tipping charges and loan costs, combined with the Council's wish to continue to invest in improving services and progress the regeneration of Douglas town centre.

Despite these challenges this Council has succeeded in delivering a budget sensitive to the times, one of investment and ambition for the future.

Mr Mayor, Members of Council, I therefore move my committee's recommendation for a rate levy of 387 pence, which is a standstill rate for the 2012-2013 financial year.