



DOUGLAS BOROUGH COUNCIL

MR COUNCILLOR D W CHRISTIAN, J P,

**COUNCIL LEADER AND CHAIRMAN OF POLICY AND
RESOURCES COMMITTEE**

WEDNESDAY, 27th JANUARY 2010

ANNUAL REPORT AND BUDGET SPEECH

Mr Mayor, Members of the Council

1. This time last year I highlighted how economies around the world were in uncharted waters and that neither the Island nor Douglas was immune from the global economic downturn. We had already seen job losses in the finance sector and building industry, and I drew attention to Strand Street where the number of empty shops was a stark reminder of the effect economic uncertainty was having on the retail sector. One year on, as I present the Annual Report and Budget I must, once again, return to the economic situation, specifically the impact it is having – and will continue to have on every function of the

Council. I am also taking this opportunity to provide an update on the progress we have made over the last year and I will explain the difficult decisions we have had to make in order to withstand the challenges that lie ahead.

2. I will demonstrate where we have made sustainable savings; and indicate opportunities for affordable growth, outline how the current economic climate is affecting the Council and demonstrate how, through our many partnerships, we are moving Douglas forward to the benefit of all.

First of all some background information on

3. The Recent Economic Environment

The changes made by the UK government to reduce the Island's stake in the VAT sharing agreement has led to a general tightening of belts within all government departments and, unlike the confused message coming from Tynwald, this Council has responded in a positive and practical way to protect the interests of the ratepayers we all, as elected members, represent.

- Government funding cuts totalling almost £205,000, in respect of drainage, street cleaning and verges

maintenance, coupled with funding frozen for gully emptying and operating the civic amenity site have severe financial consequences for the Council.

- The domestic waste subsidy is to be reduced from the current 90% to 71%. This means domestic waste costs funded by ratepayers will increase from the current £10 to £29 per tonne, adding £297,000 of rateborne expenditure – and we cannot be certain this subsidy will not be cut further.
- At the same time as having to contend with reduced government funding we are faced with having other growing pressures imposed on us. For example the increase in external audit fees; possible higher fuel charges; the threat of future costs being transferred from government and the possibility of future wage increases. It is against this backdrop that we have to set a rate today. The Council recognises the need to invest in the town but our ambitions must be affordable and achievable in order not to impose any undue burden on our ratepayers.

- Low interest rates have benefited many people over the past year. Most of the year the rate was only half of one per cent, the lowest for 400 years. While I acknowledge this situation will have eased financial pressure on many households, for the Council it has meant a loss of income, as interest receipts have shrunk considerably. These receipts have previously been a source of out performance, generating valuable income we could invest in the town. Now, however, with interest rates remaining low, we will not achieve what appeared to be a prudent estimate of £274,000 in interest receipts set this time last year. Indeed for the coming year less than £60,000 of interest is expected.
- The Council has not escaped from the effects of the economic downturn. For example, fewer new housing and office developments mean a reduction in building control and drainage connection fees.
- However, on a positive note, rate, rent and other debt payments have held up and our corporate plan targets of 99% should outperform again this year.

- Our estimates for the coming year have taken in to account the significant changes in funding support from the Isle of Man Government, the pressure on the Island's public purse is unprecedented. The Isle of Man Treasury has already indicated that public sector finances must be kept under very tight constraint. With this in mind local authorities must act responsibly and play their part as the Island's economy changes.

4. Last year the Council set a challenging budget and I will now review some issues arising from it.

First of all a number of changes to employment

- A restructure of refuse collection became operational, integrating the domestic and commercial collection rounds to provide a more efficient service and secure sustainable savings.
- With a new manager, the electrical services section is providing a more streamlined service.
- A new cost-effective out-of-hours service is being introduced to replace the more logistically demanding standby system.

- We are trialling and monitoring a resumption of the Saturday morning bereavement service.
- As a result of a review, the housing team has been restructured to provide enhanced levels of customer service.
- Investment in training and professional development of our workforce continues to support Douglas and, by extension, the Isle of Man by providing the skilled human capital needed to deliver effective public services.

All of which demonstrates this Council's commitment to continually reviewing and raising standards of service provision.

Economic uncertainty is likely to be with us for some time and the possibility of future job cuts is very real. So far changes have come from discussions and agreement. I am sure that we all agree the Council must do all it can to avoid the need for compulsory redundancies while continuing to monitor all employment costs and, where possible, reduce what is the largest rateborne expenditure.

5. Moving on to Service Delivery

This has been maintained and improved during the year and I will now give some examples:

- The upgrading of public lighting has continued at Cronk y Berry and Willaston, as well as at Port-e-Chee Avenue and The Crescent.
- CCTV has been extended to North Quay using the latest technology.
- Further improvements have been made to the housing stock including central heating upgrades in Lheannag Park, Ballavagher and Hillside.
- In King Street and James Street, new double glazing has been installed, while at Spring Valley double glazing has been upgraded.
- Insulation improvements have continued at Anagh Coar and Pulrose, also at Ballanard and Waverley Courts.
- At Lord Street flats, the second phase of the communal areas' refurbishment has been completed, improving their appearance and condition.

- On the new housing estate off Johnny Watterson Lane 22 new apartments are nearing completion. It is intended these will initially be offered to tenants in the Willaston area, with a view to freeing up family-sized accommodation for some of those on the housing waiting list.
- A three-year development plan for the Henry Bloom Noble Library has been agreed and the intended work is in progress.
- Following the review of the housing maintenance service, improved service provision has now been initiated and has led to extra financial resources being released by the Department of Local Government and the Environment. This has enabled the Council to provide greater tenant liaison at no extra cost to the ratepayers, allowing the amount of subsidy on housing administration funded through rates to reduce for the third year in succession.

6. I now want to turn the spotlight on Asset Management

- A full asset register has now been compiled and our buildings valued in accordance with the latest accounting standards.
- The Town Hall refurbishment, which included a much needed rewiring programme, is nearing completion, the cost of which was met from revenue reserves.
- We have secured a further three-year lease for the library building in Victoria Street.
- And new areas of open spaces have been adopted at Johnny Watterson Lane, Harcroft and Linden Grove.

7. Moving on to Quality of Life

- The Council has continued to implement the cleaner, safer, greener, strategy established in conjunction with the Keep Britain Tidy charity. Providing a more pleasant and cleaner environment for all, including a level of street cleaning that is well beyond that required by the agency agreement with the Department of Transport, this inevitably comes at a cost to the ratepayer. The surveys carried out clearly demonstrate improvements are being

made, but there is no room for complacency and we must work to achieve higher standards at all times.

- Council tenants have benefited further from the programme of planned housing maintenance, with 97% of properties now enjoying central heating, 90% having double glazing and 85% upgraded insulation levels.
- New toilets at the Market Hall improve the amenity and represent the way forward for all public conveniences, not only in the town but also in the Island.
- Douglas was successful in achieving a gold medal in the 2009 'Island in Bloom' competition. Much work was needed to achieve this, with around $\frac{3}{4}$ of a million bedding plants grown, planted and maintained, and more than 850 hanging baskets installed and maintained in the town's streetscape.
- The Glen Falcon rose garden was refurbished and the statue reinstated.
- The pathways in Hilary Square have been improved.
- The drainage of both the first and second fairways of Douglas golf course has been upgraded.

- The beach continues to be maintained to a high level all year round and, although the Council receives criticism for its beach management, pushing sea weed back to where it comes from is a proven method. We certainly could not afford to remove it from the beach even if we could find somewhere to dump it, while no management at all would lead to a public outcry.
- Modification works are underway in the Loch Promenade marine gardens to ensure safer access.
- The Council decided to continue with the November 5th fireworks display. This once again proved a great success, enjoyed by several thousand people and showed that, despite austere times, the people of Douglas have not lost the capacity to enjoy themselves, and the Council continued to recognise the value of holding community events.

8. Under Governance:

- The Council enjoys a good working relationship with its workforce. This has been achieved with the co-operation of management, staff and unions. We have succeeded in

building an effective relationship that ensures that all concerned have clearly defined roles and responsibilities in order to provide a quality service to the public and Members.

- The fair and equitable treatment of our workforce has paid dividends, with many staff remaining with us for much of their working life.
- The Council's accounts have again been produced by the statutory deadline; we have also set the rate by the deadline imposed by the Department of Local Government and the Environment.
- With increased economic uncertainty, it is essential we maintain high levels of debt collection, and the Council will continue to take vigorous action, by all means available, to deal with those who try to avoid their financial responsibilities. It is important we send the message out that this Council will not have the law-abiding majority charged extra sums to cover income not collected from those who try to avoid paying their share,

and that the Council's officers will not hesitate to institute legal proceedings in such circumstances.

- Improvements to Information and Communication Technology, includes the virtualisation of the network. This allows disaster recovery between the Town Hall and Service Centre. This, coupled with the introduction of a Voice Over Internet Protocol telephone system has saved nearly £20,000.
- We have introduced a new project management system based on a method used widely by other public sector organisations which is helping improve project delivery.

I think, Mr Mayor, that is enough about what has been achieved.

As I said earlier a considerable amount of work has gone in to producing this year's budget. The Policy and Resources Committee set a target back in November and all Committees contributed to achieving it. This process worked very well and will be repeated in future years.

9. I now want to outline the plans for the coming year

This time I will start with support for the local economy

- Through the Douglas Local Regeneration Committee, the Council is working with the Isle of Man Government and the Douglas Development Partnership, along with the Chamber of Commerce, to improve Douglas town centre. The government's Town and Village Regeneration Fund will be used alongside our own budgets to deliver a major facelift to the central area of the town. Consultants have been appointed to prepare the scheme for Douglas in five strategic project areas: **street design and layout, lighting, public art, public information and green spaces.**
- Douglas Development Partnership, a partnership between the Council and the Isle of Man Chamber of Commerce, funded by the Council and Corporate Members, is co-ordinating this project from its office in Victoria Street where, later this year, the public will be able to view and comment upon the proposals as they are developed.

- These plans for the town centre represent the first major regeneration project for the Island, and will help lift the overall image of the town centre to a standard that will encourage new private sector investment and help stimulate economic growth and business activity. It is vital we invest in the image of the town centre to make the Island's capital appealing to all those who reside here, come here to work or visit the town. **If we are to retain existing businesses and attract new ones to the capital, it is essential to the Island's economy that we get this regeneration project right and that the town centre benefits from this major infrastructure investment.**
- While talking about infrastructure I shall take this opportunity to make a plea to the Department of Transport to get on with the reconstruction of the Promenade roadway. It portrays a very poor image and severely compromises the effects of private investment the capital has benefited from in recent years.

10. Turning now to Service Developments

Given the financial pressures facing the Council, our focus has been on creating efficiencies and identifying savings, so it may come as a surprise to some that the Council is continuing to identify new ways of developing improvements in its service delivery. Here are a number of examples planned for the coming year:

- The Council has identified a new site on Johnny Watterson Lane on which to provide allotment spaces for local residents. Planning approval has been sought to commence work on the site to level the ground and develop 25 plots initially.
- Following a detailed review of housing operations, a housing restructure has not only brought additional efficiencies to the Council, but has also created two new customer service posts in the housing department. These will help to provide a more customer-friendly service by allowing the Council to better respond to tenants' needs and ensure they are fully consulted in relation to any redevelopment or refurbishment projects.

- Efficiency savings in the management of the Henry Bloom Noble Library have allowed the Council to embrace new technology. The library service regards e-books as a potentially exciting service which we hope will attract a new audience, increase library membership and expand the range of services it provides to the Douglas community.
- The strategic review of the horse trams service continues with an increase in fares and a revised operating schedule.

11. Moving on to Asset Management

A main focus of the Council's capital investments for this year is securing the future of the Council's portfolio of assets.

- Demand for parking spaces in the town centre continues to outstrip supply. It is now six years since the Shaw's Brow Car Park was opened and we are aware of the need to invest significant sums into a repair and maintenance programme. To this end a provisional sum of £2.25 million is being allocated over the next couple of years. Discussions will be entered into with the

Department of Local Government and the Environment, which has a vested interest in the site, to identify what government funding can be made available to support this project.

- The coming year will see the refurbishment of Hutchinson Square, this will include upgrading the walls, pathways and infrastructure.
- As part of an holistic study, work on upgrading the walls and pathways at the Douglas Borough Cemetery will commence, representing the first year of a programme of major investment.
- The Council will be refurbishing the roof of the Market Hall.
- The maintenance of the Council's commercial property portfolio is set to continue with a scheme to repair the flat roofs and railings of the shops at Willaston.
- A full restoration of the war memorial on Loch Promenade is also planned for this summer. Work will include the restoration of the structure's architectural features

together with re-pointing and cleaning using eco-friendly products.

- The Council continues to invest in the public lighting infrastructure across the Borough. Further work includes replacement of existing columns along main roads and replacement of the columns and bracket arms in the poorest condition. **Over the last 10 years the Council has spent on average £280,000 a year providing a well-lit safe environment.**
- The tenants in Upper Pulrose have waited long enough and endured many changes to many plans. Work will commence on this major housing development in this next financial year.
- Work will commence on the final phase of Lower Pulrose development which will conclude this multi-million pound redevelopment.

Both projects will support the construction industry at a time when job losses are being felt right across the sector.

12. A few words now on quality of life

- The electrical services section has a busy year ahead with plans under way to overhaul much of the Borough's decorative lighting. The use of more energy-efficient features is progressing, together with exploring the use of the latest technology in areas such as Summerhill Glen.
- There are a number of plans to upgrade the amenities in Noble's Park. Work has begun on designing a new BMX track, in consultation with local BMX enthusiasts. The tennis courts are due to be resurfaced using the latest surfacing technologies, while a new kickabout wall will be created.
- Our ongoing programme to provide and upgrade playgrounds across the Borough is set to continue, with a new playground at the Balloughton Country Park, creating a much needed play area. There are also plans for a major playground on a new site in Willaston.
- Efficiency savings are being made within the parks department. But the Council remains committed to representing the Island in the Britain in Bloom

competition, and hopes to build on the silver category status achieved in 2008, the year when we also won an RHS discretionary award for encouraging tourism to the capital.

13. Our commitment to Governance continues

- The Council will continue to invest significantly in a number of hardware, software and network improvements. It is important that the Council adopts new technology: to enhance value, improve service and reduce ongoing costs. We view this as an “invest to save” initiative as it is not only producing savings now but will also deliver long-term benefits.
- The Council has commenced discussions with the Department of Local Government and the Environment to change the current statutory obligations on the Council, whereby the ratepayers of Douglas continue to fund a significant contribution to the operations of Braddan burial authority and, to a much lesser extent, the Onchan burial authority. **It will be a priority this year to bring this payment to an end.** An overhaul of the Burials Act

legislation is long overdue as it dates back to the mid-1980s - the time of the last Boundary Review. The legislation now adds £76,640, almost 3p on the rate, in terms of payment of burial facilities outside the Borough's boundary, even though the Council is self-sufficient in terms of its own burial services, having purchased the land and created the new Lawn Cemetery at a considerable cost to Douglas ratepayers to provide burial spaces for the next 200 years.

- We constantly strive for efficiency and to follow modern best practice. The Council itself cannot be immune to review and to that end, I moved in November 2009 that consideration be given to a reduction in the number of Council Members. That motion is due for initial report back to the Council on 10th February, and a subsequent motion, that we review the Borough and internal ward boundaries, is also under consideration.
- The Committee structure remains much as it was in 1895 and is well overdue for overhaul. My motion included the examination of an alternative decision-making system

which could produce more rapid response to questions asked. Delays in response from the Council are unacceptable. We must be able to respond quickly when asked for decisions, whether from our officers, the government, other agencies, contractors, or most importantly, our ratepayers. To achieve this we must streamline our processes and commit to firm policies so that Officers can respond on our behalf. Importantly, given the wavering that we have seen on some issues recently, we as Members must be decisive, able to weigh arguments and make decisions we can stand by.

- Into this comes the demand for “governance” and “accountability”. Those involved have to demonstrate that all relevant information has been taken into account. All Members bear that responsibility. That is why, over the past couple of years, a new format has been devised for reports to be considered by Committees, and the Members’ information bulletin has been introduced. These are small but decisive steps towards a modern, well-informed transparent, properly accountable Council.

As the Island's largest local authority we should demonstrate at all times that as custodians of the capital we make honest well considered decisions, no matter how difficult or unpopular those decisions may be, particularly in difficult times. There is no room for sitting on the fence. We must be prepared to stand up and be counted. We have been elected into a position of trust and must demonstrate at all times we are worthy of that trust.

Moving on now to a very important subject

14. Partnerships

The Council recognises, through its corporate plan, the value of working in partnership with other organisations in order to achieve benefits for its ratepayers.

- We have a long-standing partnership with the Department of Tourism and Leisure founded largely on the support services we provide for the TT and Manx Grand Prix. An agreement has been drawn up with the department in relation to its use of Noble's Park – now worth

significantly less than before due to reductions in government budgets.

- The Enforcement Team continue to meet regularly with all agencies concerned but primarily with both the Douglas and Eastern Neighbourhood Policing Teams who currently share the responsibility of policing in the Borough. The Douglas Neighbourhood Team continues to provide a police officer to work alongside the Enforcement Team in the Town Hall.
- A police inspector has been appointed to chair and establish the Douglas Community Safety Partnership, the first such Partnership on the Island instigated by the Council as part of the Cleaner, Safer, Greener Initiative. The membership of the Douglas Partnership consists of the Police, senior representation from the Council, Department of Local Government and the Environment, Department of Transport, Department of Tourism and Leisure, Department of Education and The Fire and Rescue Service.

- I should also point out that legislation is soon to be introduced making it compulsory for such partnerships to be established Island wide. Mr Mayor this is yet again another example of the Council leading the way for modernisation and improvement of Local Government and services to the Island's community.
- Improvements to the housing stock have been achieved by working closely with the Department of Local Government and the Environment. These schemes are supported by government housing deficiency payments.
- In partnership with the Department of Local Government and the Environment, the Council is currently considering replacing the existing crematorium facility - a scheme only possible with financial assistance from government or a substantial increase in fees. Should neither prove viable, we may have to consider ceasing to operate the facility.
- The Council is operating the kerbside collection of recyclable materials in Douglas, Braddan and Onchan. This service is being provided over a three-year period in partnership with the three local authorities and the

Department of Local Government and the Environment. The department has funded the start-up costs, so there is currently no rateborne cost for this service. It is, however, understood no further funding from government will be forthcoming, in light of which the partners are discussing the service's future. **Put simply, the cost will have to be paid by the ratepayer or the service discontinued.**

- The second phase of the CCTV infrastructure improvements, including fibre-optic cable replacement, is subject to the evaluation of the North Quay CCTV project and an application has been made to the Department of Home Affairs for a 100% grant towards a control centre.
- On the cutting of the verges for the Department of Transport, only the number of cuts paid for are now carried out. I warned last year that you may see a change in the appearance of these areas, but I am pleased to say this has not happened, well not yet.
- **The Council did not take lightly the decision to transfer the Bowl to government ownership. The**

Council decided it did not have the financial means at the present time to develop the site due to costs transferred, or likely to be transferred, from government. Transferring such a valuable asset as the Bowl to the ownership of the government will represent the Council's substantial contribution to the creation of a stadium for the benefit of the whole community and a legacy for the Island following the 2011 Commonwealth Youth Games, for which the Council has provided in its budget a sum of £30,000 towards ensuring Douglas portrays the best possible image to all those visiting the Island for this world-class event.

- The provision of public car parks is vital to the success of businesses in the town and there is a view that all public car parking in Douglas should be operated by the Council. The modest income generated by the Pulrose Road car park is not the motivation for the Council to retain the car park, as there are also significant operating costs. This car park is one element of our strategic car

parking policy and forms part of the Council's plans for commuter parking if or when the Lord Street site is redeveloped. There is also likely to be some temporary reduction in public car parking in Shaw's Brow while maintenance works are undertaken and the Council wishes to ensure contingency car parking provision is in place, particularly for contract parkers.

- Discussions will continue with the Department of Tourism and Leisure to assist wherever possible with the redevelopment.
- The partnership with Clerical Medical International has, once again, secured private sector funding for events at the Henry Bloom Noble Library throughout the year, including the 2010 Summer Reading Challenge

Mr Mayor I now intend to outline a number of

15. Savings that have been made for next year

Recognising the pressure to exert a tighter rein on public finances, the Council sought to continue improvements to its vital services without any rate increase, **this is despite the imposition of lower agency grants and higher waste**

disposal costs. During the budget process each Committee reviewed savings that will be made next year and decided how best to re-invest in service provision.

Apart from those already mentioned

- A review of the parks section has identified the opportunity to reduce both permanent and seasonal staffing costs.
- The Department of Transport is having to make economies and therefore challenged the Council to deliver its services with a reduction of almost £205,000 of grant. This has been achieved by a vehicle procurement review, reduced contractor and consultants costs, economies through natural wastage, reduced overtime and changes to the stand-by system.
- A number of economies and efficiencies have been made to administration and the way we operate as an organisation. Proposals for these savings have come from suggestions raised by staff at all levels of the organisation. We have made reductions in training, recruitment and welfare facilities. Changes are also

proposed to the way that some services are procured including legal, security and the Douglas Development Partnership. These overhead efficiency savings, are worth nearly £142,000 over the coming year.

- More than £181,000 worth of savings have been achieved in next year's estimates as a result of a number of service delivery and restructure reviews.
- Vehicle procurement savings have also resulted in revenue budget reductions of £35,000.

I hope that this demonstrates our determination to pass only essential and unavoidable costs on to ratepayers.

Looking ahead now, at what we can expect from

16. The Economic Environment over the Coming Year

- The rate increase has been left to the Council's discretion this year, as the Minister for Local Government and the Environment set no limit. He did, however, ask that local authorities try not to pass on the cost from the reduced waste levy subsidy, which the Council took account of when setting targets for all Committees.

- We will need to wait for the Tynwald Budget before knowing whether any further changes in taxation, economies or fiscal stimulus will affect the Council. **It is clear that local authorities require long-term direction from government in relation to any transfer from taxation to rates.**
- For many years the Council has held reserves as a buffer against unforeseen risks. The use of those reserves forms a pivotal part of the Council's financing strategy for the 2010/11 budget. Savings have been made from the revenue estimates for risk items which are only incurred on an occasional rather than annual basis, on the understanding that should they occur during 2010/11, then the Council's reserves would fund such financial impact. Furthermore, a full review of the funding position and use of council reserves has taken place, resulting in the decision to free up £100,000 allowing a top up of the balance on the Council's Risk Management and Special Projects Fund, in order to provide contingency funding in case of unforeseen financial risks.

17. With that heavyweight subject out of the way, I give an example of what this year's Borough Rate proposal means for the average homeowner in Douglas. For a typical three bedroom semi detached house the average cost will be £446.60.

This brings me to some concluding remarks

18. I hope you will all agree, that so far during this Council there have been considerable achievements and I thank all Councillors for their commitment. In a democracy we may not always agree but through constructive debate much has been achieved, but much remains to be done.
19. I wish to extend my thanks to all those who have played a part in the budget process. This year officers have worked hard to identify economies and make changes to working practices to bring before Committees. All Committees scrutinised the estimates and reduced costs to the rates that were **desirable** but not **essential** for the next financial year. In so doing they also gave serious consideration to where best to invest in services and the infrastructure of the town. This Budget allows for £3.4 million of Capital Investment.

20. I would also like to thank all employees in every single service for the part they play in delivering Council services and to take this opportunity to say that their role is as vital as that of every other stakeholder committed to taking the town forward.

In Closing

The challenges ahead for this Council, local businesses and the Island in general, are of an unprecedented scale. When the VAT bombshell was announced I said we must stand shoulder to shoulder with government. I am confident we and our partners will not flinch from facing these challenges head-on. The Council, working “smarter” and more efficiently with the support of the valuable partnerships we have forged, is ensuring the capital of Mann is robustly placed to deliver services that are in the interests of the residents we represent, the businesses on whom the Island relies to strengthen its economy and those who visit our shores. A forward-thinking capital is the bedrock for ensuring the survival of Isle of Man PLC. We are at a pivotal point in the history of Douglas and in the history of the Isle of Man. A point at which I issue a pledge to every one of our partners. We will work with you. Now

demonstrate how you will work with us in these difficult times. Together we can move the Island forward. Divided the town stands still.

Mr Mayor, Members of Council

21. **It is my duty to move my Committee's recommendation for a rate levy of 385 pence which is a standstill rate for the next financial year 2010/11.**