

Annual Review and Presentation of the Budget

Mr Councillor D W Christian, JP

Council Leader and Chairman of Executive Committee

Thursday, 24th January 2013

Mr Mayor, Members of the Council,

It is hard to believe it has been a mere 12 months since I last stood in this chamber to deliver my Annual Review and Budget Presentation.

During the course of the past 12 months we have welcomed eight new Members, said farewell to others and, with deep sadness, mourned the passing of one other, Doreen Kinrade.

And on May 1st the Council adopted a formal Constitution.

This was a ground-breaking moment in the history of Douglas Borough Council when it agreed a document to modernise, shape and govern its every function and that includes the process by which we have arrived at today's setting of the borough rate.

The Constitution governs every aspect of the Council's decision-making processes. At the heart of this document is a commitment to accountability and transparency as we all, Members and officers alike, work together to serve the ratepayers of Douglas and the wider community.

The adoption of the Constitution has seen the old standing Committee system replaced with a new, more workable structure, an Executive Committee and three policy Advisory Committees: Housing and Property, Regeneration and Community and Environmental Services.

Fundamental to the new system is the democratic process through which the full Council elects the Members of the Executive Committee. This creates a structure that renders the Council more open and transparent and, importantly, requires that Members take ownership of specific areas of responsibility and therefore become all the more answerable to their constituents.

At the heart of this democratic process is the appointment of two Independent Members, one who sits on the Standards Committee, the other on the Pensions Committee.

The bedrock of the Constitution is accountability, good governance and promoting high standards of conduct in public life. The Council was therefore pleased to welcome Mr Derek Booth to the role of Standards Committee Independent Member as he shares the Council's strong ethical and moral values and possesses a deep appreciation of the importance of managing professional conduct.

The Council also welcomed Mr Andrew Thomas to the position of Independent Member of the Pensions Committee.

As Councillors we are entrusted with administering the Isle of Man Local Government Pension Scheme on behalf of all local authorities in the Island. In these uncertain economic times and given the volatility of financial markets the world over it is essential we have a well-informed body of individuals drawn from the Council and the wider community to administer the pension scheme. Mr Thomas's depth of experience and willingness to challenge will ensure expert financial oversight and contribute to the continued good governance of the fund.

There was no legal obligation for the Council to adopt a Constitution and it is fair to say that Douglas was the Island's first local authority to do so.

As a forward looking - and outward-looking - local government body the Council is open to challenge and change, committed to good governance and putting in place robust processes and procedures that will ensure it has the resilience to respond to those challenges and changes, be they economic, legislative, social or cultural.

The Constitution also underpins the 2013-2017 Corporate Plan that sets out not only a whole raft of aims and objectives but also the Council's social and moral responsibilities. Each Advisory Group will be looking at their respective areas of responsibility to provide content, mindful of the scale of what lies ahead, with the intention of adopting the plan in April.

This Council, made leaner and fitter through the Constitution and with an unshakeable resolve to succeed in adversity, is set on a path **to exploit its strengths, drive down costs, embrace technology, innovate across all its operations and forge ever stronger links with its partners to deliver high quality service.**

Today's budget is a further step on that path.

Last October the Executive Committee set a 2 per cent maximum increase target for each Committee, a figure below the current estimated inflation rate of 3.3 per cent, an increase of £333,300 mainly to allow for the increases in waste charges. During the budget process - a long and exacting task – considerable savings needed to be identified in order to avoid these and other costs falling wholly on the ratepayer. I am pleased to report that Executive Committee approved substantial savings amounting to £371,330. At the same time, as this is not a standstill budget, developments in services can and will be achieved.

Central to this budget is a commitment to £24.34 million of capital schemes, a number of which the Council will be funding through reserves rather than by financing through borrowing, in order to lessen the impact on the rate. It is testimony to the Council's prudent budgeting in past years – the good and the lean years - that these projects can be advanced which, in turn, will provide much needed work for the Island's construction sector, in particular for the small businesses, the backbone of the building industry.

As an aside, it is interesting to note that despite difficulties in the building trade, there is a 0.2 per cent increase anticipated for the coming financial year in the rateable values of properties in the borough as a result of new developments and improvements being made to existing properties. Encouraging news for the building industry and equally encouraging news for Douglas ratepayers who, as a result of this activity, have been spared an additional 0.9p increase.

One scheme that will bring with it the guarantee of longer-term building work is the Lower Douglas Regeneration Project at Cambrian Place. Mr Mayor, this was the star turn in my 2012 budget presentation. Events have moved on, however not at the pace the Council would have preferred. Twelve months on and final Government approval is still awaited, despite indications that, in the main, the value of the scheme to Douglas, the Isle of Man and its economy is recognised by its many supporters, not only from the private but also from the public sector. The Council has been encouraged that the Chief Minister and the Ministers from the Treasury, Department of Economic Development and Department of Infrastructure have all made positive comments about this development that presents an opportunity to begin the long-awaited and much needed regeneration of Lower Douglas.

Mr Mayor, as I stand here before this Council the planning proposal is hopefully being considered by the Council of Ministers.

From the Council's perspective, once all approvals are in place, we are ready to purchase the site.

This project is so much more than just replacing a library and building a car park. It's about providing the infrastructure and setting the tone for other developments in the area to follow, to boost enterprise and investment and edge towards a Douglas fit for the 21st century.

Importantly the project will not place any additional burden on the rates for the forthcoming year as the development loan costs of £210,290 are being funded entirely from reserves.

The Council's investment in this capital project is a vote of confidence in the future and demonstrates a commitment to create a town in which new investors will want to set up, finance and grow their businesses.

At the same time as putting in place funding mechanisms for these capital projects the Council has had to estimate its financial requirements for next year's budget against a background of extreme uncertainty.

Uncertainty about the economy at home and abroad.

Uncertainty about the future of local government in the Isle of Man.

And uncertainty about Government thinking surrounding alternative means of service delivery.

I recall a meeting with Minister John Shimmin some three years ago when he spoke frankly and openly that more costs would be coming the way of local authorities. We already know about the waste subsidy withdrawal and gate fee charges, but who knows what else Government may be planning to pass on to local authorities? Leisure facilities? Rental charges for the Civic Amenity Site? Full cost of street cleaning? We do not know, but we must budget as prudently as we can.

And then there is the debate over the future scale and reach of housing authorities in the Island.

These are all factors contained in the Government's updated Scope of Government consultation document.

I could devote the rest of the morning – the day even – to articulating the Council's views on these matters, but we have a rate to set. Suffice it to say the Council is of the view that the current structure of local authorities does not offer the autonomy or the flexibility they need to ensure public money is spent on what matters in their towns and villages.

The Council would welcome the opportunity to enter into dialogue with Government to consider new mechanisms and partnerships, to rebalance the relationship between Government, local authorities and the people of this Island. I firmly believe this Council has the skills, experience and capacity to assume additional responsibilities and functions and deliver cost-effective enhanced levels of service to the benefit of ratepayers and all those who visit or have business in Douglas.

The Council's message to central Government is a simple one: **Authority for Authorities**. Do not just pass on the costs. Give us full and absolute authority so we can deliver a full service to our customers and create a more streamlined and cost-effective system of local government.

Mr Mayor, here in the Island the economic situation may not be as grave as it is in Greece, Spain or Portugal, which are suffering the impact of global rebalancing. On the other hand China, India, Africa and parts of South America continue to enjoy growth, although at a slower rate, than the west can only dream of.

Earlier this month the Economic Development Minister said that in 2012 the Isle of Man '**performed well in what was a tough global economy**' and that '**estimated growth for the year was 3 per cent in real terms compared with the average of 1.4 per cent across the OECD**'. Encouragingly, confidence in the 2013 outlook is shared by the Minister with his Treasury opposite number, with 4 per cent growth in real terms forecast.

Nevertheless, with investment restrained, confidence fragile and the ever-present UK Treasury debate about the future of offshore jurisdictions such as the Isle of Man, we cannot afford to be complacent.

The Island's gross domestic product is higher than that of the UK and we have enjoyed 28 years of unbroken economic growth. The Island does, however, continue to suffer the effects of changes to the VAT revenue-sharing agreement with the UK, through which it is losing around £200 million a year in revenue. Moreover, while the Island has retained its triple A rating from Moody's, Standard and Poor's has revised its rating downwards, to AA plus. It is comforting to learn, though, that the International Monetary Fund still recognises the Island as a well-regulated off-shore finance centre of excellence.

The political landscape at home has been coloured by the Government's 'Agenda for Change' which sets out proposals for a smaller state and devolving greater responsibility to local authorities. In the main the Council would welcome this as it believes local authorities are better placed to make the decisions that count about their communities than central Government.

What the Council does not welcome and what has shaped much of its thinking in arriving at today's budget is the decision announced by the Department of Infrastructure in December that the Department is to withdraw its £5.7 million annual waste disposal subsidy, phasing it out over the next six years.

More immediately, **from April 1st** this year Council is faced with a **64%** increase in gate fee charges to be levied on domestic and commercial waste disposal, and I cannot help but note that there is a cruel irony about the date from when these charges are to take effect.

For the coming financial year this will add £297,000 to the existing £467,000 as an impact on the rateborne budget, while the annual increases to be levied by the Department of Infrastructure over the next five years will reach an alarming total rateborne cost of at least £2,147,660 for the 2018-2019 financial year, **a whopping 360% increase**. On top of which are indexation increases to meet the operator's future inflation costs.

A sobering thought, a challenge for the Council and financial pain for the ratepayer.

While this Council has made it clear it is willing to assume greater responsibility and control over its finances and services, it has also made it clear it does not wish to place any undue additional financial burden on its ratepayers, whose budgets are already under pressure.

The Department of Infrastructure has said it cannot direct local authorities as to how they deal with the withdrawal of the waste subsidy. It has said, though, that if authorities were to pass the cost directly to the ratepayer it would mean a rates increase of around £11 annually for six years for a typical three-bedroom terraced house, with an average increase of around £22 per household per year.

Much has been made by Government that this decision will save the taxpayer an additional £1 million each year from now until 2018. But in the main those same taxpayers are ratepayers.

Mr Mayor, there is an overused phrase much favoured across the 'pond' that, on this occasion, may be appropriate here: 'do the maths'.

Faced with these escalating gate fee charges – currently £35 per tonne for domestic waste, then from April this year, rising by £21 per tonne every year to 2018 by which time it will have risen to £161 – there is an urgent need to encourage more households to subscribe to the kerbside recycling service the Council operates in partnership with Braddan Commissioners.

The more the service is used, the less waste the Council will have to transport to the Energy from Waste facility and the less onerous the rate burden need be.

And it is against this background that the Council is reviewing its waste management operation. As part of this process we are considering relocating the recycling operation to the Ballacottier service centre.

Additionally the Council has not ruled out installing microchips in domestic wheeled waste bins at some time in the future, a practice already adopted by some local authorities in the UK. This is a measure that could serve as a '**pay as you throw**' measure and encourage more households to recycle, while also acknowledging that a person living on their own should not have to pay the same as, say, a family of five.

But at the heart of responsible waste management is encouraging behavioural change, helping people make informed decisions to throw away less and recycle more.

In short, moving away from a throwaway society towards a zero waste economy.

Mr Mayor, the views of this Council may not always be aligned with those of the Government. The Council is willing to concede, however, that while it is the Government's responsibility – duty even – to create the right conditions for growth, local authorities should not look to Government for every solution.

I would go as far to say **we have no need to**.

Were Government to relax its hold on local authorities and afford us its much vaunted 'Freedom to Flourish' this Council has the skills, experience, knowledge and vision to deliver value for money services that would place little if any additional financial demands on ratepayers.

In the adjacent isle the economy remains sluggish; slow growth in the eurozone and the weight of the broken banking system in the UK mean economic recovery will be a slow and arduous process with growth this year expected to be around 1 per cent.

Meanwhile in the Isle of Man that sector of the economy that reaches beyond these shores is growing, but the sector reliant on local consumers' ability to spend is proving less resilient.

We have been mindful of these factors which have shaped our thinking throughout the first year of this Council. It has been a year in which the Council has achieved, if not all, at least a good many of its goals by concentrating on the essential rather than the aspirational and linking provision of services to Council priorities.

Central to those priorities is maintaining existing assets and investing in new ones.

We are the largest housing authority in the Island and, future Government legislation permitting, we intend to remain so. Housing is the Council's largest, most valuable asset, comprising 2,315 properties and a housing stock valued at approximately £227 million. Despite this Government persists in granting only limited control over how the Council manages that asset and would seem to favour a centralised public sector housing provision. I do take some comfort, however, from assurances by the Department of Social Care Minister that he is willing to work in partnership with local authorities towards a fair solution.

This Council can demonstrate it has worked hard to lay the foundations – no pun intended – to support choice and quality for its tenants.

The 2012-2013 municipal year will be remembered as the year when the redevelopment of Lower Pulrose was completed. This £30 million pound project, began 10 years ago, saw 252 properties replaced by 243 new dwellings and 28 first-time buyer homes.

In tandem with this the Council advanced the £17.6 million pound redevelopment of Upper Pulrose with the completion of the first phase, 44 properties in Heather Crescent and Heather and Hazel Close, at a cost of £6 million.

Upper Pulrose is due to be completed in 2015 and the second phase, due for completion towards the end of this year, will see the construction of 17 three-bedroom, six two-bedroom and two four-bedroom houses, along with 14 two-bedroom apartments. This will be followed by the third phase, the construction of 28 sheltered housing units. Work is scheduled to begin during the course of this year with completion anticipated in 2015.

These developments not only increase the Council's stock of public sector housing, but their design is also contributing to the safety and security of the environment. This follows the Council's decision taken some years ago to incorporate Secure by Design principles into its developments, in partnership with the police, architects and contractors. Simply put, Secure by Design is a framework of crime prevention and reduction principles aimed at deterring antisocial behaviour and reducing opportunities for criminal activities.

Mr Mayor, in recent years I have been at pains to drive home the cautionary message that the Council can ill afford to ignore the need to maintain its assets. To do so is to store up problems for the future and, as I have said, the Council does not know what the future holds.

Therefore, along with building more new homes, maintaining our existing housing stock remains a top priority. To this end the Council has progressed its housing maintenance programme, and will continue to do so during 2013 – 2014 as per the schedule in the budget book.

Mr Mayor, the Council is aware that some tenants in Willaston are experiencing damp in their homes that arose after their properties had been fully treated with cavity wall insulation.

The Council recognises this is an unacceptable situation and is now progressing a capital-funded project to carry out a pilot scheme on six properties most adversely affected by damp. Once the scheme is completed an assessment will be made to determine the most cost-effective solution to eradicate the problem permanently.

Additionally Upper Pulrose outer ring properties will be refurbished, with the conversion of some of the three-bedroom houses into two-bedroom houses with the bathroom relocated upstairs and refurbishment of the ground floor accommodation to provide a kitchen/diner. This project is due to begin in April this year.

All this is against the background of the Government's Housing Review, a consultation document that would seem neither to favour devolving wider powers to local authorities nor restructuring local government in a way that would give local authorities greater autonomy.

Whenever I or fellow Members are challenged over rent levels, we are at pains to point out it is Government, not the Council, that sets rent levels and determines how much we may spend on maintenance. This not only compromises how the Council can best serve its tenants but also places a reliance on deficiency funding support which, in turn, impacts on how the Council can deliver value for money to its ratepayers.

Council has reviewed and strengthened its housing service and is well placed to set its own rent levels. Were it granted the freedom to do so, it could maintain and manage its housing stock without the need for deficiency funding from the Department of Social Care. Regrettably the Government policy that has kept rent levels artificially low for some years has led to the deterioration of some of the Council's housing stock, which has required it to enter into loan agreements to fund refurbishment, rather than providing new housing. That same Government policy has also contributed to increasing the financial burden on the Island's taxpayers.

Mr Mayor, the Council's prudent budgeting and planning for the long term has allowed it to progress its programme of public street lighting, maintenance and renewal. During the 2012-2013 financial year 71 lighting columns were replaced across the borough and eight LED lanterns installed along the Saddle Road footpath, providing a well-lit secure environment where people can walk in safety.

Additionally a planned maintenance programme has seen a total of 258 lighting columns painted and maintained, and in Summerhill Glen new decorative lighting installed at a cost of £51,000 – an investment that has generated positive feedback and seen many people become reacquainted with this magical hidden attraction on the edge of the town.

For the coming financial year the work will continue, with the installation of a second phase of decorative lighting in Summerhill Glen and feature lighting on Douglas promenade, the two schemes representing an investment of some £106,500. Public lighting renewal schemes have also been agreed for Peel Road between the Brown Bobby and Quarterbridge, in conjunction with the Department of Infrastructure's reconstruction of the highway, while 12 residential areas are scheduled for upgrading as per the budget book.

In all, and excluding decorative lighting, during the 2012-2013 financial year, the Council invested in public lighting schemes amounting to £456,000 and proposes to invest a further £351,000 in the coming financial year.

Balancing the need to maintain and upgrade its assets against the drive to contain costs continues to dominate the Council's long-term financial planning. The Crematorium is a prime example. It is the only Crematorium in the Island and it is the Council's intention to upgrade it to modern standards and codes of practice with the minimum of disruption and the maximum of sensitivity. This is a £1.8 million project that will not impose a burden on the ratepayer.

During the summer of 2012 level six of Shaw's Brow car park was resurfaced. This uppermost level is exposed to the elements and with the car park so conveniently located in the heart of town and attracting high occupancy levels, it is vital it be maintained in good order. This work is to be followed later this year by the resurfacing of levels four and five. Again this demonstrates the Council is investing in its assets.

Regrettably there will be a 5% increase in Car Park fees and charges from April 1st this year. For Shaw's Brow, this will result in a reduction in the call on deficiency grant paid by the Department of Infrastructure for the initial rebuilding cost.

Mr Mayor, to avoid loan charges falling on the rate, we are using reserve funds to invest in our assets. This includes the refurbishment of Hutchinson Square and upgrading of facilities at Ballaughton Nursery. Here the Council will be investing £80,000 to install a new ground source heating system for the greenhouses and associated buildings. Not only will this reduce the Council's carbon footprint but this is also an investment that will lead to savings of around £30,000 a year in fuel bills. Importantly initial savings from the installation, will be paid back into reserves to invest in future projects and help reduce the rate requirement in future years.

With a sensible and sustainable use of reserves for investment in Hutchinson Square, Ballaughton Nursery and also in Summerhill Glen, the Council will not only be helping provide work for the local building trade, but also achieving savings of more than £187,000 in interest payments that would have impacted on the borough rate if funded by loan over the next 10 to 15 years.

The Council has also been proactive in managing its fleet requirements. Reductions in vehicles and plant have been achieved and the Council's renewals and replacement schedules are being monitored and savings identified.

The future, however, of some of the Council's other assets remains less determined. The Council is considering how best to utilise the Market Hall and Strathallan Suite and is looking at the development potential of the Tramways building.

While recognising the importance of maintaining and improving that part of the built environment that falls under its responsibility, the Council remains equally committed to improving the town's overall quality of life. It continues to work to rid the town of the blight of litter - much of it smoking related - and to combat dog fouling, regrettably one of the worst examples of antisocial behaviour in the borough.

To this end the Council, through its Borough Warden Service, is stepping up action against those who infringe its byelaws, in particular those relating to littering and dog fouling.

19 litter 'hot spots' have been identified around the town. 10 of these are in high-profile locations which the Borough Wardens are targeting.

Let me make it quite clear. The Council will be relentless in its pursuit of offenders, hitting them where it hurts most, in the pocket. £50 fixed penalty notices will be issued to those who infringe the byelaws.

There is a worrying number of businesses and pubs in Lower Douglas failing to comply with legislation that requires them to keep the outside of their premises - front and back - clear of litter. To those the Council is sending out a warning: fixed penalty notices will be issued and the areas monitored for signs of improvement.

In support of its efforts the Council will be calling for Government to introduce stronger legislation, on the lines of the UK's Clean Neighbourhoods and Environment Act, to give local authorities wider powers to deal with environmental offences and other antisocial behaviour more effectively and swiftly.

The Council is also strengthening its enforcement action against owners of derelict properties. **Unsightly derelict properties are dispiriting to witness, encourage antisocial behaviour and act as deterrents to new investment and enterprise.** And in these times when consumer and business confidence is undermined and investment restrained, the Council can ill-afford to allow irresponsible owners to compromise the economic security of this town and this Island.

The Council's efforts to raise environmental standards are monitored independently through its association with the environmental campaigning body Encams, better known as Keep Britain Tidy. Findings from the most recent Local Environmental Quality survey as applied to local authorities show that the Council is maintaining its standing in areas that meet and, in some categories, exceed UK national comparators. I am not complacent, however, and I have asked the Environmental Advisory Committee to continue to improve in these areas.

Litter is a community problem that demands a community response. To this end the Council was pleased to take the lead again last year in the Big Tidy Up anti-litter campaign. From small beginnings in 2009 when the campaign covered only Douglas, under the Council's stewardship it has grown to become an Island-wide event, which in 2012 saw some 900 volunteers take part and collect more than 1.9 tonnes of litter. It was particularly encouraging to see so many schools support the campaign and we can only hope that future generations will help change attitudes over time.

The campaign will continue this year, with the weekend beginning Friday September 27th planned for the 2013 challenge.

From street cleansing to waste management, the Council has streamlined its operations, made efficiencies, secured savings and is now rolling out some of its services to other authorities. The Council now provides a shared service for Braddan's domestic and commercial waste collection and is responsible for the operation of the Island's Bring Bank sites. This allows the Council to take advantage of economies of scale and make maximum use of the vehicle fleet.

It is encouraging to note that in the last year the Civic Amenity Site processed some 5,500 tonnes of waste of which 40% is sent for recycling.

In September 2012 the Council introduced charges for the disposal of fridges and freezers at the Civic Amenity Site. This was in line with Government policy that all civic amenity sites be accessible to all Island residents. It was a move seen as the most equitable charging mechanism, with costs levied solely on those using the service rather than the service being a rateborne charge. Additionally, as an environmentally responsible local authority, this Council believes every effort should be made to provide a service that will go some way towards reducing incidences of fly-tipping.

Mr Mayor, central to improving the overall environment is town centre regeneration.

This remains the Council's number one priority.

The regeneration scheme has gathered pace over the past 12 months with the completion of upper and lower Nelson Street and Wellington Street. These three areas have provided the opportunity to test high quality materials and installations before they are applied to other, more prominent, sites in the town centre.

This year a prime section of the town's retail centre will be the next to benefit from regeneration: from the northern section of Duke Street between Victoria Street to Strand Street, along with Regent Street and Drumgold Street. Inevitably the scheme will cause some unavoidable disruption but given the transformation already achieved in Nelson Street and Wellington Street it is to be hoped businesses and shoppers will show some forbearance and hold the thought: **'no pain, no gain'**.

This work, which will commence in early March, with some advance utility works being carried out in February, is expected to be completed by mid-November 2013. The Regent Street scheme is particularly exciting, as it will make creative use of a public space for hosting town centre events and will incorporate tree planting, sculptural seating and a designated performance area. After Regent Street has been completed work to revitalise Strand Street is scheduled to start in January 2014.

Regeneration must continue at a pace where tangible results can be seen swiftly.

In recent months Douglas has lost Jessops and uncertainty surrounds HMV due to the recession. In an economically depressed climate it is vital that the whole town centre be rejuvenated to attract new business. Therefore, on behalf of the Council, I will be seeking a direct commitment from Government to ring fence funding for the whole of Strand Street and look for support to extend the scheme to include Castle Street.

The Council also hopes that progress will be made soon on the development of the Villiers site fronting on to Loch Promenade and Regent Street as this will contribute enormously to rejuvenating the area and I am encouraged that negotiations have reached an advanced stage.

The Council welcomes, in the main, the Department of Infrastructure's project to improve the promenade, the shop window of the Island, as it will greatly improve first impressions of the town, particularly for those arriving by sea. There is, however, the unresolved matter of where the horse tram tracks are to be re-sited. Inevitably there will also be an impact on the Council with street lighting, shelters, street furniture and other areas falling within the Council's responsibility.

Douglas businesses are reminded that town centre regeneration is a two-way process. At the same time as the Chief Minister's Regeneration Steering Group continues to drive the revitalisation of the capital, in association with the Douglas Local Regeneration Committee, the town and village centre regeneration fund offers a grant scheme for Douglas businesses to improve the exterior of their premises and help raise the image of the town.

This is not merely a matter of looking good, it is about sending out a positive 'open for business' message. Local businesses, wherever possible, must rise to the challenge and try to combat the threat that internet shopping poses by providing a good selection of goods at competitive prices, while we, as consumers, need to think before we shop and support local.

Regeneration is about creating integrated communities. It is about recognising that a town centre is much more than a place to go shopping. It is a hub of social interaction and, importantly, a highly visible indicator of how well, or how badly, a town is doing.

With regeneration it's clearly a case of where the Council leads, others follow. With the North Quay now firmly established as one of the town's prime leisure and entertainment areas, it is encouraging to see that the visionary tone set by the Council in collaboration with Douglas Development Partnership and Government is being adopted by local businesses. I would cite the example of Heron and Brearley which has refurbished three of its managed houses on the quay, The Bridge, The British and The Railway, and is now progressing work to redevelop the Douglas and Clarendon site. This long awaited development will do much to complement the Lower Douglas regeneration project at Cambrian Place and revitalise an area close to one of the main gateways to the Island.

Much has been made of the physical regeneration of the town centre but slowly a cultural and social regeneration is also taking place.

The past 12 months have been marked by a series of events and activities that have breathed new life into Douglas and made it clear that town centres can offer an experience that goes far beyond retail. They are social spaces that contribute to a vibrant daytime and evening economy. Crucially town centres are at the heart of the local community and offer a consumer experience that neither the internet nor out-of-town shopping complexes can ever match.

Much of the town centre events programme has been driven by Douglas Development Partnership in collaboration with the Council, which has provided not only funding but also technical support.

Events have included a treasure hunt, the Festival of Youth, a Fright Fest, the week-long European Food and Craft Fair, the Sport Relief Mile and the walk out to the Tower of Refuge which attracted more than 2,000 people.

The Council also organised a number of successful high-profile community events in 2012. In July we celebrated The Queen's Diamond Jubilee with a Party in the Park. In November the Council organised a spectacular fireworks display and in December the Christmas lights switch-on ceremony attracted crowds in their hundreds.

All these events not only generated a lively atmosphere, but also increased footfall from the town centre right through to North Quay, from which many local businesses were able to benefit.

The Council has also been pleased to promote civic pride through its revitalised Douglas in Bloom challenge, a competition that in 2012, attracted generous sponsorship and brought to the fore some truly outstanding horticultural talent from householders and businesses, whose endeavours contributed to making Douglas a greener place.

Community interaction is a key element in the Constitution and the Corporate Plan; to ensure that those in the community with whom the Council engages are active participants, not passive recipients. The Council wants to work with the local community to identify people's needs and the issues that affect them, then collaborate with them to arrive at a shared response.

These are difficult times and it is thanks to partnership working that the Council has been able to fund and stage large-scale events.

Working in partnership is a strength; it brings not only investment but also ideas and creativity.

The Council now actively invites sponsorship of its community events to avoid costs falling entirely on the rates and is grateful to local businesses such as Celton Manx, Scottish Widows, PokerStars, the Shoprite Group, 3FM and Alliance and Leicester International for their financial support. This year, for the first time, the Council is also seeking sponsorship of the Horse Tram service.

The success of these events has also been bolstered by the enthusiasm and hard work of many Council Members, officers and staff.

In referring to staff I am pleased to report that the Council's latest attendance at work report makes for encouraging reading, as it indicates a decrease in the overall number of days absent recorded. The Council's approach in this matter is closely aligned with the principles enshrined in the Constitution, in that it seeks to treat fairly, consistently and sensitively those employees absent from work through sickness and to support them to return to work at the earliest opportunity.

One of the Council's most important asset is its workforce.

We are a fair local authority.

We are a responsible local authority.

But this is not a time to play to the gallery in pursuit of popularity. It is the duty of this Council to respond with resolve to the urgency of changed times and put its finances on a sound footing for the future. With this in mind any pay award will only be funded from existing resources, resources already under increasing pressure.

Staffing deployment and requirements continue to come under review. This has led to year-on-year reductions in overtime levels while recently the deletion of seven posts, four full-time and three part-time, has resulted in savings of £167,930. The Drainage Agency will end on 31st March 2013, a move that has been resisted by the Council as this goes against the Scope of Government Report to devolve services to local authorities.

This action could have resulted in Council having to make five employees redundant. I am pleased to report that this week negotiations have resulted in all these staff, being transferred to the Water and Sewerage Authority.

Additionally, restructuring the housing and property teams has unified the management system and allowed more resources to be directed to the front line of the service, in order to deliver on all the capital housing projects.

And so from our people to our customers.

The framework provided by the Constitution influences every function of the Council, not least how it connects with and is accessible to its customers.

The Council's new website is a prime example.

Launched in December 2012 the website offers customers greater choice in the way they are able to access our people and our services. The site provides Members and officers another means through which to connect with ratepayers. The website was developed and designed largely in-house by the Council's ICT team, demonstrating that well thought out technology solutions can be achieved cost effectively.

The site provides an increased level of self-service functionality, first seen with the introduction of the Henry Bloom Noble Library site and the eBooks service. Additionally, at the same time as developing the new site, the Council has been raising its social media profile, its Facebook page now attracting around 2,100 followers.

There is, however, more to the new site. It brings together news and information about the town, so helps promote Douglas, as well as acting as a gateway to Council services.

The eBooks service provided by the Henry Bloom Noble Library is a digital offering that continues to attract growing numbers of users with more than 4,000 downloads made to date. Local authorities in the Island not already participating in the shared service, have been contacted to enquire whether they wish to offer their ratepayers the opportunity to benefit from the eBooks service.

I would add, however, that while fully embracing the digital age, staying focused on innovation and committed to developing a wide range of online self-service opportunities, as the Island's largest local authority this Council will never lose sight of the importance of engaging directly with its customers.

In conclusion the budget I present today is a statement of intent and ambition as detailed in the budget book. It has been shaped and guided by the Constitution which is founded on recognising mutual commitments, aims to strengthen accountability, advance democracy and promote an inclusive community.

The Council's guiding task has therefore been to acknowledge the scale of the challenge and produce **a balanced, responsive and realistic budget, that recognises not only its economic but also its social and moral responsibilities. A budget focused on maximising resources, making savings, securing efficiencies and delivering consistently high standards of service.**

With this budget the Council is sending out an unequivocal message.

We are not a standstill authority. We are a leading, forward thinking authority.

The Council can help boost enterprise and drive in-bound investment. It can help create stronger visitor and leisure economies.

It can deliver value for money services.

It is determined. It is ambitious.

This is a Council with the vision, the resources and the will to work with its partners in Government and the private sector towards a stronger more resilient Douglas.

Mr Mayor, Members of Council, it is therefore my duty to move the Executive Committee's recommendation for a rate levy of 395 pence, which is an increase in the rate of 2.1 per cent for the 2013-2014 financial year.