

Review and Presentation of the 2020-21 Budget

Mr Mayor, Members of the Council,

We're just weeks into the start of a new decade, one that heralds seismic changes for Douglas, for the Isle of Man and for the United Kingdom.

We have reached a pivotal point in history, with the adjacent isle on the brink of a new age of independence, when it withdraws from the Economic Union in two days' time.

The Council, too, is on the brink of change.

On Thursday April 23 local elections will be held across the Isle of Man. For Douglas, this will mark the start of a new membership composition after the Council resolved to reduce the number of Councillors from 18 to 12 and the number of Wards from six to four with effect from this forthcoming election.

So I would urge everyone who is eligible to vote to make sure that they are on the electoral roll. Not just in Douglas but island-wide.

Because local elections are not just about voting.

They're about strengthening democracy.

They're about giving people a voice in their community and the opportunity to choose who represents them on matters that affect their lives...**and** their budgets.

The deadline to be included on the April 1st electoral register is March 18th and for Douglas, the register is available for viewing in the Town Hall.

I've said that there are big changes ahead for the Council.

But, Mr Mayor, Douglas Borough Council has become accustomed to adapting to change and reform over the decades.

And I have witnessed and been part of those changes and part of that reform.

When I was elected in 1987 there were 24 members: 18 Councillors and 6 Aldermen, the latter elected by the Councillors.

Two years later, in 1989, it was resolved that all Members of the Council should be democratically elected, and the Aldermanic bench was dissolved.

And this year democratic reform continues as we look to establish a 12-strong Council that will reflect the demands of a growing Borough in the 21st century. Having fewer Councillors will lead to greater involvement by Members in the Council's decision-making process, while the reduction in Ward numbers to four, in line with the House of Keys' constituencies, will bring about fairer representation and increase competition in elections. We also see this is as an opportunity for Councillors and MHKs to work together more closely towards common goals that will not only benefit their communities but also the Isle of Man.

In short, a Council fit for the future.

A Council which, while not **living** in the past, recognises the value to be had from **looking** to its past to strengthen its future.

It is the Council's duty to build on the legacy of our predecessors, to think beyond our lifetimes and create a capital of which future generations can be proud.

Which is why I should like to take this opportunity to reflect not on the Council's achievements of the past four years but on just how much we've achieved over the last two decades.

But before I leave the subject of reform past, present and future, I'm sure I speak for my fellow Members when I say that I hope central government will give urgent consideration to local government reform, specifically the creation of five local authorities.

Having just five local authorities presents us with a very real opportunity to clearly demonstrate the lines of demarcation between local and central government responsibilities. We also see this strengthening engagement, understanding and mutual respect between the electorate and elected representatives. Moreover, it is the Council's ultimate hope that consolidating the Island's local government structure will lead to the Department of Infrastructure devolving its social housing operation to the local authorities.

Mr Mayor, these past 20 years the Council has been driven by its ambition – now enshrined in our Corporate Plan – to create brighter prospects for Douglas.

A clean, green and safe place to live, work and visit.

In working towards this goal, we often have to make difficult, bold decisions. But at every step in that decision-making process, ensuring the future wellbeing of our town, and being mindful of the financial impact that our actions could have on the ratepayer have always been our guiding principles.

Over the years, the Council has come to recognise that some of its assets and facilities were no longer a good fit with its core services.

To expand on this, over the past two decades the Council has worked in partnership with government to transfer three national assets, namely the Villa Marina complex, The Bowl and the Horse Tram service. Significant investment amounting to a total of £8.9 million was planned to enhance these assets. But the Council rightly determined that these were national assets and these costs should be met by the taxpayer, **not** the Douglas ratepayer.

These were bold decisions, but the right decisions.

The revenue budget of these services today would have been £1.3 million.

The annual loan charges on the planned capital investment were expected to be £730,000. In total that would be another £2 million on the rate today, which would make it 498 pence in the pound.

That is 17 per cent higher than it is now.

Many people might question why this has not led to a reduction in the rates. I will return to this later.

Mr Mayor, the Council always acts in the best interests of the ratepayers of Douglas and, as with all local authorities, we must make difficult choices to fund, protect and develop key services.

Let me make it perfectly clear: The Council is determined to deliver for Douglas but it has a duty to act decisively and without compromise when faced with stark economic realities.

Despite mounting financial pressures, the Council has not stood still and now, with a new structure to be introduced, will be in a strengthened position to continue to develop a measured and sustainable programme of investment.

Mr Mayor, here are some impressive examples of infrastructure in which the Council has invested:

- Noble's Park Pavilion;
- Meadows Pavilion at Douglas Golf Course;
- Lawn Cemetery and Chapel;
- Douglas Borough Cemetery and Crematorium;
- The relocation of Henry Bloom Noble Library;
- Ballaughton Nursery office and welfare facilities;
- Ballacottier Operational Service Centre;
- Street lighting;
- Town centre CCTV;
- New public toilets on Loch Promenade and Queens Promenade;
- Making the public areas of the Town Hall fully accessible for all.

The Council has also been closely involved with and invested in the regeneration of Nelson Street, North Quay, Duke Street, Strand Street and Castle Street.

I'm sure Members will agree that the list of capital investments I've outlined is impressive.

But more impressive still is the Council's capital expenditure since the turn of the century. From April 2001 to March 2019 the Council has invested **£84million** in purchasing and improving its public sector housing and **£47million** in purchasing and improving its other fixed assets, which include other land and buildings, vehicles, plant, equipment and lighting. Together that comes to **£131million**. That ranged from a peak of £13.5m in 2004-05 to a lowest figure £2.8million in 2011-12 giving an average investment of **£7.3 million** a year.

And the Council's investment programme **will** continue.

Thanks to prudent budgeting our capital programme for 2020-21 will see the Council embarking on new projects funded by capital receipts, specifically the £690,000 sale proceeds from the horse tram assets. This has allowed for a nine-hole crazy golf course in Noble's Park, a new clubhouse and changing rooms at Pulrose playing fields - subject to the Council receiving £100,000 of grant funding from the Football Foundation - and a perimeter walkway to be laid around Douglas golf course.

Further investment we are making is not only to advance town centre regeneration but also to provide £900,000 of bespoke lighting for the Douglas Promenade refurbishment scheme, a project in which the Council has been a key player from day one. Our commitment does not end with lighting though, as the Council will be investing in further enhancements as the refurbishment continues.

Although these are early days for the lighting scheme, the benefits of the new lighting are already being felt, as the cool white light makes it easier to distinguish the details and colour of objects, vehicles, and clothing. The lanterns focus the light down onto the highway and walkways, reducing light intrusion on properties. They are also more environmentally friendly as they can be dimmed to maximise energy savings and, importantly, will improve safety and security for motorists, pedestrians and those with visual impairment.

Mr Mayor, I am confident that once the scheme is completed, it will transform the promenade and help to project a positive image for the Island's capital.

An image set to be strengthened when the proposed cultural quarter with the Villa Marina and Gaiety Theatre at its centre is created, a scheme of

which the Council is fully supportive and will be looking to use. Who knows, maybe for next year's Christmas lights switch-on ceremony.

But before leaving the promenade redevelopment scheme, I wish to clarify another point which has generated many column inches and heated discussions.

Property rate rebates.

This Council is adamant that it should not be expected to meet the cost of any rate rebates awarded arising out of the promenade redevelopment. This is a cost that must be recognised and accommodated by Treasury and the Department of Infrastructure as owner and architect of the scheme.

Mr Mayor, the wholesale refurbishment of Douglas promenade is a national undertaking of epic proportions, unprecedented in terms of scale, duration of works and severity of impact on the surrounding properties. The Highways authority must accept that the extreme level of disruption, inconvenience and financial hardship is caused by circumstances outside the Council's control.

It is totally unreasonable that it should fall to the Council – and, by extension, to every Douglas ratepayer - to provide rate rebates to compensate businesses on the promenade suffering adverse financial impact, especially as we've not reduced or stopped any of the services the Council provides. Regrettably, however, the Council has been forced to build in a £100,000 provision in the budget to accommodate this wholly unfair imposition on its finances. Therefore I will be asking The Treasury to use its legislative powers to introduce a rebate scheme, funded by Government rather than the ratepayer.

On a more positive note – and moving on from the promenade - in this current financial year we are investing £148,000 to replace 276 street lighting columns and £432,000 in the final phase of our £1.5 million energy-saving scheme to convert all street lighting in the Borough to LED units.

There are nearly 4,000 to be replaced and to date over 3,500 units have been fitted.

I am pleased to report that the programme is ahead of target and we are already realising financial savings and reductions in CO2 emissions. The new lights require less maintenance, so help to reduce costs, allowing us to redeploy resources and achieve greater efficiency.

There is also another benefit – community safety. The light gives greater definition so provides clearer images for our town centre CCTV network.

Mr Mayor, the Council is investing **now** for the future. This does come at a cost, but it also brings long-term savings: in the case of the LED replacement scheme, around £157,000 annually in electricity costs, while the air source heat pump at Ballaughton nursery is achieving annual savings of around £9,000.

If I may return to housing, I'm grateful to Councillor Wells for highlighting the Council's achievements - and challenges - in delivering quality affordable social housing.

I would remind Members that for a number of years Douglas was the only local authority in the Island investing in new housing developments: Ballavagher, Lheannagh Park, Hanover House, Tynwald Court, Edmund Chadwick Grove, the complete rebuilding of Lower Pulrose and the rebuilding of a number of properties in Upper Pulrose including the provision of 38 sheltered apartments at Hazel Court.

Before moving on from housing, I think it's worth noting that as of March 31 2019 the value of the Council's housing stock of more than 2,300 properties was **£213 million**.

Mr Mayor, for Douglas Council, investment has never been just about bricks and mortar.

It's also about quality of life.

Enhancing the environment for this generation and protecting it for future generations.

Preserving and celebrating our heritage.

And it's about investing in the community.

By way of illustration the Council:

- Maintains roughly 1.2 million square metres of public green spaces - that's about the size of 160 football pitches;
- We abolished membership fees and fines for Henry Bloom Noble Library;
- Partnered with Isle of Man Post Office to provide a self-service kiosk in the Library;
- Amassed a total of nine Green Flag awards for its green public spaces;

- Became the Island's first local authority to partner with Isle of Play and create a unique play experience in Ballaughton Park;
- Is building a new skate park in Noble's Park;
- Planted a maze in Noble's Park due to be opened in 2021;
- We continue to create new attractions in Summerhill Glen;
- Installed a permanent poppy memorial on Douglas Head;
- Developed a programme of heritage open days in partnership with Manx National Heritage;
- We erected blue plaques to outstanding contributors to Manx life;
- Commissioned a statue to the Bee Gees to be unveiled in April;
- Was awarded UNESCO Biosphere Isle of Man partner status;
- Created 86 allotments at Johnny Watterson Lane;
- Is supporting the government's active travel strategy with a complementary wide-ranging strategy of the Council's own;
- Installed free water bottle refill stations on Douglas promenade and Noble's Park;

And:

- Installed a water re-circulation system in Noble's Park splash zone, which we will be enhancing further this year with additional features.

At this point I'd like to expand on our role as custodians of the capital and how the Council has become a driving force in shaping the future of Douglas.

Out of the Douglas 2000 initiative was born the Douglas Development Partnership, which was instrumental in bringing together the government, the Council and the Chamber of Commerce to advance Douglas town centre regeneration. The partnership ended in 2015 when Douglas Town Centre Management, which is fully funded by the Council, was formed. This continues to strengthen links with local businesses, communities and government and to organise large-scale community events. It also introduced pavement café licences ensuring consistent high standards, adding vitality to and enhancing the town centre.

Douglas Town Centre Management is helping to boost footfall and create a year-round revitalised town centre. And if proof were needed that Douglas has the power to attract new enterprises, consider the Market Hall, now re-purposed as a retail and leisure destination, home to two thriving businesses.

These past few decades the high street has been coming under relentless pressure from online shopping. The Council has been swift to recognise the threat of the internet browser and is committed to supporting local retailers in their efforts to respond to shoppers' changing purchasing behaviour in a digital world.

Part of that support is providing extensive CCTV coverage in the town centre. I would remind Members that it was in 1989 when the Council installed its first cameras. Since then we have updated and extended the network to include

both fixed and mobile cameras for greater community safety, working in partnership with the Police.

I should now like to turn to two strategies that will determine a vision for the Douglas of the future.

The Central Douglas Master Plan. This is being driven largely by the private sector, but the Council is ensuring its voice is heard in all discussions. But one voice that's **not** being heard by this Council is that of Policy and Reform Minister Chris Thomas who decided to abolish regional regeneration committees without informing us. For this reason I have written to the Chief Minister raising my concerns.

Broader in scope and wider in reach is the Area Plan for the East covering the Borough of Douglas, the District of Onchan and the parish of Braddan.

The plan has far-reaching implications for Douglas and the Council has been heavily involved from the beginning of the process back in July 2016, when the government first called for sites to be included.

The Area Plan will zone areas of land for development until 2026. The Council has participated fully in the consultation process which included responding to the call for sites, preliminary publicity, responding to consultation on

additional sites, liaising with the Cabinet Office over development briefs for certain sites and providing comment on the draft Area Plan when it was published in May 2018.

The Council also took part in and provided witness statements to the public inquiry which took place between September the 10th and October the 2nd, 2019. In preparing its case for the public inquiry, the Council employed the services of an expert planning consultant.

Although largely supportive of the plan the Council objected to the proposed definition and designation of the town centre boundary which stretched as far west as Quarterbridge, and argued for maintaining the vitality and vibrancy of Douglas Town Centre by focusing development within the town centre - especially on brownfield sites - and protecting greenfield sites on the outskirts of the town. The hard work put in by the Executive Committee and officers paid off in that the inspector recommended the town centre boundary should be concentrated in the commercial heart of Douglas, and that greenfield sites should be protected with brownfield sites developed in preference. The inspector has, however, recommended release of a site to the south of Cooil Road for immediate development for light industrial, warehouses, corporate headquarters and bulky retail.

Mr Mayor, the Council will need to closely monitor planning applications for this site to ensure Business Policies 5 and 7 are being strictly adhered to.

For Members' information the policies are designed to protect the town centre's retail and commercial economies and enhance the vitality and quality of community life in the nation's capital. In summary, policy five states that on land zoned for industrial use, planning permission will only be given for industrial development and **not** for retailing, while policy seven says that new office space should be located within town and village centres.

At this point I am reminded of something former Chief Minister Allan Bell once said: '**Get Douglas right and the rest of the Island will follow.**'

The Council is doing all **it** can to protect the capital's economy and support local businesses. We are sensitive to the pressures retailers in the town are under and so I am pleased to announce that there will be **no increase** in public parking fees across all of our car parks.

Mr Mayor, I should now like to turn to another area where the Council has achieved much success.

Localisation.

The Council has always been supportive of the government's decision to devolve services to local authorities. And here I shall return to the matter of why the transfer of national assets did not lead to a rate reduction.

Mr Mayor, over the past couple of decades the Council's grant income has greatly reduced. We previously received grant support from central government for housing, Shaw's Brow car park, drainage, street cleaning, litter bin and gully emptying, verge maintenance, the crematorium and tipping charges. This peaked at £5.7 million in 2006 - 07. Successive changes have led to the only grant remaining being the housing deficiency grant which is budgeted to be £907,000 next year. This substantial loss of income exceeds the benefit to the ratepayer as a result of the transfer of national assets to the government I referred to earlier.

Mr Mayor, to further offset the loss of grant income, the government pledged to not increase the energy from waste plant gate fees, apart from by a relatively small indexation factor, and the Council has assumed the operation of Drumgold Street and Chester Street car parks from the Department of Infrastructure. This was yet another resounding endorsement from

government of the Council's successful track record in operating public car parks.

Given that the Council is now not only owner and operator of Shaw's Brow and the Bottleneck car parks but also the licenced operator of Chester Street and Drumgold Street car parks I am sure Members will agree that the Council should manage all the public car parks in Douglas.

Despite the loss of government funding, however, the Council has succeeded in delivering services more efficiently and cost-effectively.

This is because the Council is closer to its customers, so understands them better and has the skills and knowledge to meet their needs.

The Council has invested in plant and equipment to deliver those services not only better but also mindful of its environmental responsibilities and its status as a UNESCO Biosphere Isle of Man partner. For the Council, this is no mere 'tick box' exercise and it takes being recognised publicly for its green credentials extremely seriously.

By way of example we have invested in:

- Low-emission kerbside collection vehicles;
 - Installed underground storage tanks at Ballaughton nursery to harvest around 200,000 litres of rain water a year;
 - Purchased a compact mechanical sweeper for cleaning in narrow lanes and other tight spaces;
 - Purchased a large-capacity road sweeper for cleaning large highways and clearing the likes of leaf accumulations and storm debris on Douglas promenade;
- and
- An all-electric bin lift system fitted to a new narrow-width refuse collection vehicle.

Through localisation we may have lost funding but we **have** gained independence...of a sort, at least.

There are, though, some external factors and costs over which the Council has no control.

Which brings me again to the matter of gate fees at the energy from waste plant. While the year-on-year increases may now be easier to absorb and, at 1.92 per cent, lower than inflation, they nevertheless add to the rate burden.

As do pay awards.

As a responsible employer the Council chose to comply with the Public Service Commission's agreed 2.75 per cent pay award for the new financial year. This represented a rate borne increase of £227,000.

Mr Mayor, I am sure that it will come as no surprise to Members when I say that the financial impact of what is a three-year pay award deal has had to be reflected in the rate to be set today. To put this into figures, the total cost of the deal is three quarters of a million pounds.

Staying with pay, in February 2018 the Council adopted the Living Wage for all of its permanent workforce, while on January 1 this year the Equality Act 2017 came into full force, dealing with disability, age and the extension of equal pay rights to cover work of equal value.

The Act has led to the need to change the approach the Council takes to pay. Previously we had separate conditions for manual workers and office workers. To comply with the new legislation the Council will merge them together. Adopting a uniform approach for evaluating jobs will lead to the pay for a number of roles changing and the initial rate borne cost of £118,000 has been built into the budget I present today.

I am also pleased to advise Members that we are succeeding in containing overtime costs. Excluding housing, expenditure on waged overtime in 2001-02 was £534,000. If you inflate that in line with the Manx Retail Prices Index that would equate to **more than £1 million** on the rates now. Smarter working practices and efficiencies have actually brought that figure down to a £222,000 budget for the next financial year.

Mr Mayor, compliance, good governance, accountability, transparency and responsibility form the bedrock of all that the Council does.

At this point I should like to acknowledge the efforts of our finance officers in the matter of rates collection. The Council consistently ensures rates are collected through their persistent efforts, including legal action where necessary and I am pleased to report that in the last financial year 100 per cent of the value of rates due were collected.

The Council also administers the Isle of Man Local Government Superannuation Scheme. This is undertaken on behalf of all of the Island's local authorities by the Council's Pensions Committee, which appoints investment managers, administrators and actuaries and monitors the funds' performance.

The Committee is responsible for a current fund of some **£86 million**, compared to just **£12 million** of assets in 2000 and a funding level of 64 per cent.

I am pleased to say that the funding position has improved from 82 per cent in 2016 to 89 per cent in 2019 so the employer's contribution has been frozen at 27 per cent, which avoided a rate impact of £58,000 for this Council and is benefiting other ratepayers through their local authorities.

Staying with pensions, at the Council's request, the Minister for Infrastructure, Ray Harmer MHK, has established a Policy Review Group. This will look at the cost of the pension scheme and consider how any further cost implications should be shared between employees and employers. Employees do contribute but the lion's share comes from the employers.

Mr Mayor, the Council has always been forward looking, but never irresponsibly so. We have achieved growth and have ambition for more. I am therefore pleased to confirm that despite the current challenging economic climate the rate I propose today allows for the first phase of a five-year programme to spend **£1 million** to progress our public lighting column replacement programme.

Furthermore, the Council has still managed to achieve £314,000 of savings in this budget round, helping to minimise the level of rate increase required.

Mr Mayor, the Council aims to create a town centre environment which will stimulate investment and attract greater numbers to the capital to live, work and visit.

But we can only achieve this through partnership:

- With government;
- The private sector;
- And, increasingly, with the third sector.

That is **how** the Council will achieve a brighter future for Douglas.

But **who** will be the architects of that brighter future after April the 23rd is, as yet, unknown.

But of one thing I am certain. These past two decades the Council has delivered for Douglas with resilience, innovation and creativity.

Embracing change and adopting new models of working.

And in this I would like to thank Members and officers past and present, for their support in helping me to prepare my annual reviews and budget presentations and for their valuable contribution to the Council as we work towards creating a town of which we and generations to come can be proud.

It is that dedication and commitment which have led to the Council succeeding in containing rate increases over the past decade **to just 15 per cent.** This has been achieved at the same time as the Manx Retail Prices index rose by 45 per cent.

And it is against this background that in setting the rate for the 2020 – 21 financial year this Council is demonstrating its unshakeable resolve to look **now** to the future.

As I said at the opening of my speech we are on the brink of change this year, a year I would urge Members to think of in terms of:

Douglas 2020. New opportunities in a new decade.

Mr Mayor, Members of the Council, it is therefore my duty to move the Executive Committee's recommendation for a rate levy of 444 pence...an increase of 2.5 per cent over last year.