

Douglas



Douglas Borough Council

Coonceil Valley Corpagh Doolish

ANNUAL BUDGET SPEECH

MR COUNCILLOR D W CHRISTIAN MBE JP

LEADER OF THE COUNCIL

THURSDAY 28TH JANUARY 2021

Mr Mayor, Members of the Council,

One year ago I stood in the chamber and, in the opening lines of my speech, referred to 'seismic changes' ahead.

Little did I or any of us then know how apt those words would turn out to be.

How the changes of which I spoke would extend far beyond the implications of a reduced number of Members and Wards and a post-Brexit United Kingdom.

I refer, of course, to the greatest public health emergency in living memory this nation – and the world – is facing

Covid-19.

Mr Mayor, this review and presentation of the budget will not be defined solely by coronavirus.

It is only right, though, that I illustrate the impact it is having, not only on this Council, but also:

On our people;

Our customers;

And on the community.

We may be soon emerging from the 'circuit-breaker' lockdown but the pandemic continues to be a national emergency that demands a national effort.

Mr Mayor, this nation has, once again, come together, not only thanks to a government that acted swiftly and with resolve to keep us safe but also thanks to the cooperation and unbreakable national spirit of the people of the Isle of Man.

The virus is testing us all, but in many ways it's also bringing us closer together and, in the long term it will, I believe, have served as a trigger for positive change.

Mr Mayor, even during the height of the outbreaks, when lockdown measures were at their most restrictive, this Council still delivered for Douglas.

Thanks to the collective commitment of Members, officers and staff, this Council was able to adapt swiftly and near seamlessly to adopting new ways of working and safeguarding essential services. And all this at a time when we were unable to recruit to fill job vacancies, which put additional strains on our hard-pressed existing staff.

And it's thanks to the successful measures we put in place during the first lockdown – such as holding virtual meetings via Zoom – that essential Council business has continued largely uninterrupted, not least this morning's rate-setting meeting.

At this point, Mr Mayor, I feel it only right that we pay tribute to the Council's front-line workers.

While many people were able to work from the safety of their own homes, our key workers could not. They not only had to deal with the demands of their regular day jobs but also with a whole raft of constantly changing emergency measures. And for that this Council and the people of the Borough of Douglas owe a huge debt of gratitude.

Mr Mayor, coronavirus continues to exact a heavy toll on our finances and has forced us to make some difficult decisions. But at the same time as we're managing the budgetary demands the pandemic is placing upon us, we've been mindful to be sensitive to the financial pressures many of our customers are facing. This is a delicate balance, but one we **must** achieve, if we are to set out on a path to recovery and keep delivering for Douglas.

When the lockdowns were at their tightest and the pandemic's corrosive economic impact was reaching deep into every corner of the community, we didn't know just how profound that impact would be on our finances.

Suffice it to say, the Council had major concerns over its income levels.

Concerns **do** remain but thanks to scrupulous monitoring and the Council's customary prudent financial management, the negative impact on our finances, while still significant, is proving to be less than predicted and, crucially, manageable.

In this, the vast majority of Douglas ratepayers, our tenants and other customers are playing their part by continuing to make their regular payments. On behalf of this Council I thank them. This has provided the Council with dependable income streams to support the delivery of essential functions during the lockdowns and the resumption of normal services once restrictions were eased.

I am pleased to report that by the end of December 2020 the Council's rates collection rate stood at 94.6 per cent - only 1.1 per cent below target - and there is every indication that we are on course to exceed 99 per cent - perhaps even 99.5 per cent - by the end of this financial year.

These figures compare with collection rates in the UK this current financial year of around 97 per cent. We are, though, in a much better position now than envisaged last May when we were 14 per cent down on the previous year's collection rate and projecting a figure of only 95 per cent for the year.

We recognise, however, that some of our customers are experiencing genuine financial difficulties. To those, the Council's message is clear: 'Don't delay in giving us a call or coming to see us. Our officers are here to help and will work with you to set up affordable payment plans.'

Conversation not confrontation is always the Council's preferred approach.

Legal action is only ever a very last resort and, with this in mind, last year we took the decision to defer issuing the final rate demand notices and summonses until October.

In this, communication has been key. People clearly appreciated the Council's understanding approach and how we listened sympathetically to ratepayers' concerns. They respected our firm but fair action, so were swift to come on board and work with our officers to resolve their payment issues.

But to return to the economic upheaval being wrought by Covid on the Council's finances...car parks continue to be a significant factor in loss of income. As we entered the first lockdown in 2020 the Council suspended pay-as-you-go charges in all its owned and operated car parks. This was not only so users could maintain social distancing by avoiding any unnecessary queuing at the pay stations, but also as a measure to support retailers and the local economy. And here I would remind Members that we didn't reintroduce the charges **until June 8**, just seven days after the end of lockdown.

In May 2020 it was projected that Shaw's Brow and Bottleneck car parks could be facing an income shortfall of as much as £280,000. Figures now show, however, that for April to December 2020 income was, in fact, £151,000 below budget. This shortfall, while still significant, was not as serious as originally forecast due to the return to work for most workplaces and the recovery of town-centre footfall following the lifting of restrictions at the end of the 2020 lockdown.

This year, the Council acted decisively once again right at the start of the circuit-breaker, waiving pay-as-you-go parking charges in Shaw's Brow and the Bottleneck car parks.

The Council is always extremely cautious in its financial predictions, but based on average January figures over the last three years showing combined pay-as-you-go income from Shaw's Brow and the Bottleneck car parks to be £28,000, we expect a similar figure in loss of income for this January.

And in this budget I can confirm that public car parking charges in these two car parks will be frozen for the 2021-22 financial year.

Mr Mayor, car parks that the Council owns and operates **must** be self-financing. Regrettably, this has not been entirely possible to achieve.

The Council therefore had no option in August of last year but to hand back to the Department of Infrastructure the management of Chester Street and Drumgold Street car parks, as they had become financially unviable.

The Council fought long and hard to retain these two sites. Had the Department agreed to waive the £1.3 million licence fee last year, or at the very least afforded the Council a temporary suspension during the 2020 Covid restrictions, then we would still be operating Chester Street and Drumgold Street car parks to the benefit of local retailers and shoppers.

Regrettably no concessions were forthcoming. Faced with having to honour our contractual obligations in full and the prospect of securing only very low levels of income from these two car parks, the Council had to divest itself of what were becoming increasingly burdensome rate-borne liabilities.

To put this in context, the pre-Covid budgeted surplus from Drumgold Street and Chester Street car parks for 2020-21 was £123,000. Handing back these two car parks automatically impacts the 2021-22 rate by the same amount.

During this financial year the loss of three months' income would have resulted in a large hole in the Council's finances and an ongoing risk from any further disruption. Managing the Council's risks in this way has removed the possibility of a large shortfall in the 2020-21 financial year but causes this one-off increase in the rate. That is to say, one percent - or a 4.6 penny rate - change in the rate proposed today.

But while we remain disappointed over the department's intransigence in this matter, we applaud its decision to follow the Council's example of supporting the town-centre economy when, in September last year, it introduced two-hour disc parking in Chester Street car park. I would add that had the department suspended the licence fee, we could have afforded to do the same.

Mr Mayor, this Council remains firmly of the view that running car parks is a local authority function, **not** a matter for central government. And I'm sure Members will join with me in looking forward to the day when **all** public car parks throughout the Borough are operated by the Council under a more favourable agreement.

And, staying with car parks for a moment, remedial work for Shaw's Brow car park will require a substantial rate-borne capital programme, with most of the expenditure projected to fall in 2022-23.

This will be the first major work required for Shaw's Brow since it was built in 2004. We have now engaged the services of a structural engineer who will be reporting on the options available and working with a quantity surveyor to look at the cost implications. Early indications are that the cost could be in the region of £2.1 million.

And while this is a major expense, it underlines the Council's determination to invest in its assets. In this case an asset that provides much-needed 24-hour parking in the town centre, to the benefit of workers, shoppers and visitors, thereby helping to boost the local economy.

Multi-storey car parks will **always** require more maintenance than street-level-only sites and is yet another reason why parking **fees, not** free parking are so vital to ensure their long-term operation.

Mr Mayor, the 'Covid effect' has also been felt in other areas of the Council's finances.

As a responsible landlord and recognising the very real hardship being experienced by some of its commercial tenants, in 2020 the Council agreed to cancel the rent increase planned for 2020-21 and to support them by offering a rent holiday for the first quarter of the year.

So far these measures have cost the Council **nearly £93,000**.

I would add that this Council had hoped the government might have followed the UK's example in the matter of granting business rate 'holidays', but no such dispensation was forthcoming. And here I should like to make it clear once again that it is not in the Council's gift to grant such a concession; **it is a matter for government and government alone**. At the time I wrote to the Chief Minister on this matter but sadly the Council's representations did not find favour.

Meanwhile, the government's prudent decision to cancel the 2020 TT and Festival of Motorcycling lost the Council £54,000 in income. We have also had to provide for a further £54,000 in lost income caused by the cancellation of this year's TT and possible cancellation of the Festival of Motorcycling. This equates to a 0.2 per cent impact on the rate.

Mr Mayor, not only has this Council had to manage a substantial loss of income it has also had to **spend** more.

By way of illustration, in June 2020 we estimated in the region of £71,000 would be needed to cover additional costs, such as:

- Higher tonnage levels of domestic waste during the 2020 lockdown leading to additional gate fees at the energy from waste plant;
- Extra cleaning regimes as coronavirus risk mitigation measures and...
- Procuring extra ICT resources to facilitate home working and personal protection equipment.

There are, however, some more encouraging figures on which to reflect.

The Council's finances have rallied to some extent and, in the main, our income position is more favourable than previously envisaged.

For example, we predicted a shortfall of more than £45,000 in building control services but income for April to December 2020 was actually **£17,000 better** than budgeted for. But while this is moderately encouraging news, we have to be prepared for a shortfall following the circuit-breaker lockdown.

And, whereas in May 2020 income from Douglas golf course was projected to be down on budget by £18,000, for April to December last year it was actually better by **some £12,000.**

This is largely testament to our greenkeeping team who provided essential maintenance so that when restrictions were lifted the course was readily playable.

Also in May last year, a sizable shortfall in income from commercial trade waste collection was forecast. In fact, income for April to December 2020 proved to be £28,000 - or 9 per cent – below budget, so less adverse than expected.

Mr Mayor, I should now like to turn to the economic and social wellbeing of our town.

Covid or no Covid, the Council will always have a vital economic role to play in the town and in the quality of life enjoyed by all who live, work and visit here. It is a strategy fundamental to being a responsible local authority and is enshrined in our Corporate Plan.

And in this role Douglas Town Centre Management plays an important part, by engaging with retailers and providing a link between the Council, government, business community and the voluntary sector. All of which, along with an imaginative programme of events it organises throughout the year, helps to stimulate the local economy and attract more people to Douglas.

When Covid was at its height, shoppers, understandably, turned to the internet. Now though, we would hope that consumers will return to bricks and mortar shopping again.

Mr Mayor, the maxim 'think local' has never been more important as high streets struggle to recover and adapt. In this the Council is doing all it can to support local traders, including our hospitality sector, to keep money circulating in the Manx economy.

To put this in terms of footfall, from January to December last year town centre footfall was down 29 per cent on 2019. This was far better than in the UK where the figure for the same period **was more than 45 per cent.**

At the end of 2020 there were signs of a slow recovery and, in December, town-centre footfall was only 5.8 per cent lower than in the same period the previous year. By comparison in the UK, footfall for December was only **50 per cent of the previous year.**

I would add that during both lockdowns Douglas Town Centre Management worked with officers from across all Council functions and with the Department for Enterprise to pull together vital public information, advice and support, then post it on social media, all of which was supported by regular Council press releases and updates on the website.

Connecting with those we serve in as many different ways as we can will always be a priority for the Council. It is, for example. Why we hold monthly political surgeries jointly with Douglas Members of the House of Keys. And while they may not always be well attended, we remain committed to listening to the electorate and providing an opportunity for people to air their views on what matters to them in their communities.

Mr Mayor, when the worst of Covid-19 is behind us, it will be not so much a cause for celebration, rather it will be a cause for preparation.

The Council **must** confront head-on the relentless financial pressures the coming years will present.

Pressures such as a £24,000 increase in gate fees at the energy from waste plant from April 1st - an impact of 0.9 per cent on the rate.

And then there is the matter of a pay award increase. Local authorities have no say in this matter, about which we hope government's Public Services Commission will exercise extreme restraint in the future. To accommodate the increase and in the light of anticipated inflationary pressures, we have built 0.5 per cent into today's budget. This represents an **additional £42,000**, equating to a 1.6 pence or 0.4 per cent impact on the rate.

There is a further £48,000 budgeted increase in employment costs due to staff increments, net of known turnover grade savings. These increases are, however, more than offset by workforce reductions of £88,000 and £9000 less required in overtime payments.

Mr Mayor, I have said that the Council does all it can to attract people to the town year-round. Regrettably in 2020 we were faced with a 'perfect storm' of event cancellations outside of our control - not only the TT but also Douglas Carnival and the fireworks display. In August, however, thanks to a tremendous effort from Council officers and Members and the wider community, we were able to stage a Fun Day in Noble's Park at quite short notice. This proved to be a hugely successful event - in fact the most successful Fun Day to date - attracting people in their thousands from across the Island and providing some welcome distraction.

I would now like to turn to the redevelopment scheme for Douglas promenade.

While the timescale for its completion may keep changing, the Council's commitment to the project is, however, unwavering and we stand firm in honouring our partnership responsibilities for the project. To this end we are investing £900,000 in a bespoke lighting scheme to run the length of the promenades, £140,000 to resurface the 'cut-through' sections between the walkway and the roadside pavement to tie in with the Department of Infrastructure's works and £85,000 for lighting in the proposed cultural area.

And while it cannot be denied there has been disruption and hardship on an epic scale, this is a major civil engineering project which, once completed, is set to boost the capital's fortunes. It will not only transform the promenade and create a cultural area centred on the Villa Marina/Gaiety Theatre complex, but will also provide a pedestrianised link between the town's main shopping area through to the revitalised quay.

Mr Mayor, the transformation process is painful but the end result **will** be worth it. Members have only to think back to some 15 years ago when Douglas promenade and the surrounding buildings were looking decidedly down at heel and projected a dismal image of the capital of the Isle of Man. Since then, there has been investment in some of the properties that line the promenade and the Castle Mona is being redeveloped at long last – and

hopefully this will be followed by a scheme to revive the Villiers site – all of which will help to kick-start a wholesale renaissance of this gateway to the Isle of Man.

Staying with urban transformation, the Area Plan for the East has been approved by Tynwald after much debate. It may not be perfect but at least it's a plan that identifies the future use of brownfield sites and seeks, in the main, to protect greenfield sites. In short, it's a plan where concerns the Council raised in its submission to the public inquiry have now largely been addressed. There are **still**, however, some concerns about development on greenfield sites in out-of-town locations instead of exploiting existing brownfield sites in the town centre which otherwise could remain undeveloped.

Our concerns are well founded. Too many brownfield sites in Douglas are currently serving as car parks – often without planning permission. These sites are less car parks, more neglected, derelict patches of land that drag the town's image down. Ridding Douglas of these wastelands will unlock the potential for building fit-for-purpose multi-storey car parks and developments that will boost the local economy.

Meanwhile though, we take some comfort that safeguards have been put in place and we will continue to closely monitor future proposals.

At this point Mr Mayor, I should like to turn to the Council's pledge to deliver on its Corporate Plan to reduce its carbon footprint, invest in renewable energy, protect the environment and encourage the community to adopt responsible waste management behaviours.

This is no tick-box approach. It's about **action not aspiration.**

Which is why in 2020 the Council invested in two new vehicles to increase capacity in its kerbside collection service and add brown cardboard to the list of acceptable materials for recycling.

And it is why the Council has taken the bold decision to procure a fleet of five new refuse collection vehicles, by way of a lease arrangement. These vehicles come with the latest in bin-weighing and improved fuel emission technologies, are fully Euro-6 compliant with recent government documentation on HGV emissions and will yield long-term financial benefits.

Decarbonizing the Council's fleet is the long-term goal, and I am sure all Members will agree electrification is the way to go. While we work toward this aim, the Council has also invested in a number of Compressed Natural Gas-fuelled vehicles, which will significantly reduce the Council's carbon footprint.

These are measures that clearly illustrate the Council's support of the government's climate change agenda and the Island's ambition to transition to net-zero emissions by 2050, as set out in Professor James Curran's government-commissioned 'IMPACT' report.

And it is against this background that the Council has commissioned a carbon trust study to quantify its carbon footprint against identifiable benchmarks that will help to shape its future environmental strategy, and a report is expected to come before the Executive Committee in February.

Mr Mayor, although this Council supports the government's climate change aspirations in principle, achieving a greener future **has to be a shared endeavour**. Central and local government can set the direction but it is up to each and every individual and community to follow that pathway.

Furthermore, this Council firmly believes there is urgent need for government to bring clarity and direction to local authorities so that, together, we can put in place sustainable green policies, especially in matters of new-build social housing and building performance.

These policies, though, need to be not only sustainable but also affordable.

Carbon reduction comes at a cost.

The Council knows this only too well.

The apartment development we are progressing on Peel Road will be one of the most energy-efficient social housing schemes in the Island...but at £12.8 million it will be a costly scheme. We welcome this further opportunity to partner with the Department of Infrastructure to realise the project, although achieving such advanced building energy efficiency was not without its complexities.

Mr Mayor, reducing carbon emissions to zero by 2050 may be achievable for new-build properties. But energy-efficient retrofitting of existing social housing stock will pose a huge challenge to reaching that target.

Setting a green agenda, though, isn't just about cost and investment. It's about people's homes and the security and comfort those homes provide.

On behalf of this Council, I call upon our government partners to work with us so that, together, we can establish the foundations for a viable green agenda that will lead to the creation of fit-for-the-future low-carbon homes.

Mr Mayor, while Peel Road is the Council's current flagship development, it is but part of a **£21.7 million** budgeted social housing programme for 2021-22. This includes a development of 48 two-bedroom apartments in Willaston, where a 10-year £33 million external refurbishment scheme is also proceeding and where a redevelopment scheme for Spring Valley is in the capital programme, subject to petition approval by the Department of Infrastructure.

There is also a welcome one-off boost of an extra £105,000 in social housing rental income, ring-fenced for additional revenue maintenance.

I should now like to turn to wider community environmental matters. Over this past year it has become very clear just how much our kerbside collection and civic amenity site services are valued and missed when temporarily suspended during lockdowns.

Which brings me to the matter of a new location for the civic amenity site.

The lease agreement with the Department of Infrastructure for the current site at the Middle River industrial estate is coming to an end. Furthermore, the site is no longer fit for purpose. It serves a large population and is on a very constrained site which limits its operation, especially in terms of parking which is woefully inadequate for the increasing number of users.

Rental costs for the site will rise, an expenditure which can be mitigated by relocating to a new, purpose-built site. Given these factors, the Eastern District Civic Amenity Site Joint Committee is looking at an alternative location in the Richmond Hill area which will better serve the community.

Inevitably there will be a considerable cost implication to relocate but in the long term there **will** be savings and benefits. Importantly, the new site will be an asset owned by the local authorities of Douglas, Onchan, Braddan, Garff and Santon and operated and managed by their representatives on the Eastern District Civic Amenity Site Joint Committee.

Staying with environmental matters, despite all the challenges the pandemic has posed, the Parks Service team have worked tirelessly to maintain the Borough's green spaces and it is thanks to their efforts that the Council retained all nine of its Green Flags in 2020.

Mr Mayor, if there is one lesson to be learned from Covid-19, it's that **environment matters.**

How open spaces are vital to our physical and mental wellbeing.

Open spaces are lifelines, not only in terms of the health benefits they bring - providing communities with places to connect with nature in times of crisis - but they also help to project a positive image of a town, more important than ever now when local economies are stalled and consumer confidence is deflated.

But we expect people to use open spaces responsibly; they are for the enjoyment of everyone but regrettably there is a minority who abuse them with unacceptable antisocial behaviour.

And here I make no apologies for singling out irresponsible dog owners. Exercising dogs in prohibited areas and failing to pick up after your dog are offences. **And Covid or not, the byelaws still apply and prosecutions will be brought.**

But to return to the turbulent times this Council is facing...

My Mayor, every year I extend my thanks to my fellow Councillors for their hard work in scrutinising their respective committees' budgets ahead of setting the rate for the next financial year.

This year, though, I am not only grateful to them for their efforts in supporting the budget process, but also, in view of the forthcoming election and reduction in Members, I am profoundly thankful that it has been this existing Council that has ensured our safe navigation through this most challenging period in our history.

Despite all the challenges, Members chose to stay when they could have walked away.

Mr Mayor, I am proud to have led a Council that presented a united front to serve the people of Douglas in our darkest hours, and I should like to take this opportunity to welcome our two newest Members, Councillors Watson and Hamer, who joined us at this pivotal time.

And here I am sure my fellow Members will join with me in thanking you, Mr Mayor, and your wife, Angela, the Mayoress, for agreeing during lockdown last year to serve a third term of office and for bringing some much-needed consistency and certainty to what have been deeply uncertain times.

Mr Mayor, after all that we've been through it would be all too easy to be negative about what lies ahead.

But this is the start of a new year, a new composition of Councillors, new Wards and new opportunities.

A time to be positive.

Hopefully, we have got through the worst of times by everyone pulling together.

And because we were united by a common endeavour.

Mr Mayor, despite everything, we have **still** achieved substantial growth in today's budget. We are committing an additional **£50,000** to our property maintenance budget in support of our pledge to invest in and protect our assets, and an extra **£15,000** to our public events budget to ensure that this year's programme of community and civic events can go ahead, government rulings permitting.

I am also pleased to announce that after careful review of our capital programme since the initial coronavirus outbreak, we are reinstating a number of major schemes, to be funded from reserves to ease the pressure on the rate. These include:

- £60,000 for additional water play equipment for Noble's Park Splash Zone;

- A £36,000 three-year programme to create a perimeter pathway around Douglas Golf Course that will link in with the active travel route being developed by the Department of Infrastructure...and
- for the 2022-23 financial year, a scheduled commitment of £135,000 to build a nine-hole crazy golf course in Noble's Park.

Mr Mayor, the presentation I bring before this Council today is one not only distinguished by growth, but also by substantial savings and budget reductions.

These include an additional £73,000 in public lighting and electricity cost savings, largely achieved through the use of LED technology, and £18,000 savings in professional fees. With prudent use of reserves to avoid additional loan charges to ease the burden on the rate and many other savings, this brings the total rate-borne reductions for the 2021-22 financial year to **almost £300,000.**

I am sure Members will agree that this would be an outstanding achievement in any year but, given the events of **this** past year, it is truly remarkable.

Mr Mayor, Covid will **not** deflect the Council from its path to reverse the economic and social upheaval the pandemic has wrought.

To take bold action to deliver for the people of the capital of the Isle of Man.

And to secure a resilient, fit-for-the-future Douglas.

Mr Mayor, Members of the Council.

Given all the events of the past year – and continuing uncertainty over what might lay ahead this year – setting a standstill rate for 2021-22 was never going to be a possibility. And here I would remind Members that government-imposed costs alone, including an assumed pay award increase, place an additional 1.8 per cent impact on the rate.

I am very proud that over the five years of this Council, in the face of some very volatile headline local inflation rates, and also significant external cost pressures, this administration has managed to keep its own rate increases to a very reasonable level. Whilst the last five years since 2017-18 have seen an average increase in the rate of Manx RPI of 4.1 per cent, rate increases have averaged 2.3 per cent, almost in line with CPI at 2 per cent.

Therefore, in recognition of the real economic uncertainty and hardship many of our ratepayers are experiencing, I wish to move the Executive Committee's recommendation for a rate levy of **451 pence**...an increase of 1.6 per cent over last year.