

## **ONCHAN DISTRICT COMMISSIONERS**



### **PRESS RELEASE**

**Monday 23<sup>rd</sup> January 2012**

At a meeting of the Board of Commissioners at Hawthorn Villa, Onchan, on Monday 23<sup>rd</sup> January 2012, Mr Ernie Thorn, Lead Member for Finance and General Purposes, proposed that the District Rate for 2012/13 be set at 271p in the pound, that is, an increase over last year of 5p (1.8%). The proposal was carried.

The text of Mr Thorn's speech follows:

“Madam Chairman, Ladies and Gentlemen,

As the Lead Member for Finance and General Purposes, it is my duty to report on the probable financial result of the Authority's activities for the year to 31<sup>st</sup> March 2012 and on the budget for the forthcoming year to 31<sup>st</sup> March 2013 which has been agreed by Members and was set out in detail in the document circulated to Members. I wish to express the Commissioners' grateful appreciation to all of the Authority's officers and staff for their endeavors during this past year.

This has been a difficult year for the Commissioners with the passing of Ray Kniveton and resignation of Brian Stowell, both of whom we thank for their service to the district. This necessitated a by-election and I am happy to have welcomed John Quaye and Robin Turton to our ranks.

As usual the collection of income, primarily rates and rents, has been done efficiently and we will collect in excess of 99.5% of the total due.

I am pleased to see that the authority has progressed over the last few years. The authority has taken a firm grip of its budgetary procedures and is now in a secure financial position. The Commissioners are better informed and have a greater understanding of the authority's finances.

During this financial year the authority has continued a refurbishment scheme for some of the Social Housing stock, is currently renovating the buildings in Onchan Park and has provided additional recycling areas to reaffirm the authority's commitment to recycling in a way which is both cost effective to the ratepayer and kind to the environment.

The overall effect is to create a probable deficit in the region of £80,000 which will be taken from reserves. This is over £40,000 better than the budgeted position for the year.

Looking towards the forthcoming year I will now look at some specific areas of the budget in more detail.

## 1. Capital expenditure

Due to the continued prudent management of the authority's finances we have been able to provide public services for the district for less than we had budgeted for. We are therefore able to use some of these accumulated underspends to make capital improvements to the facilities which we operate on behalf of the ratepayer.

In addition to the continuation of the housing refurbishment, which is not funded through the rates, the authority intends to use these underspends to undertake a number of affordable projects to benefit the residents and visitors to the District in the forthcoming year. These include:

- A refurbishment of Onchan Youth and Community Centre, which has previously been delayed;
- A sensory garden next to Onchan Park. This will provide a colourful, scented and tactile experience for all users, especially those with disabilities;

- A number of improvements to facilities in Onchan Park, which includes provision of outdoor gym equipment in the park;
- Improvements to Onchan Library; and
- Improvements to our properties, including some of the garages which we rent to our tenants and others.

## 2. Expenditure passed on from Central Government

The rate has been set in the knowledge of some increased charges that will be payable in 2012-13. These include an increase from Central Government in the charge to local authorities to dispose of domestic refuse from £30.74 to £35 per ton. This is an increase of 13.9% as from 1 April 2012.

Also we have regrettably lost the contract to provide the refuse collection services to Braddan Parish Commissioners; this will result in an increase in our net expenditure for our refuse service.

The Commissioners also decided not to continue with the kerbside recycling scheme. Whilst continuing to be committed to recycling, the Commissioners felt that the cost of the scheme, which was the equivalent of an increase in the rate of 20p in the pound, did not represent cost effective value to the authority in both financial and environmental terms. As I previously mentioned, the authority has

provided alternative recycling facilities by providing an increased number of recycling sites in the district.

The authority is aware that there remains the possibility of further increased costs being passed to us from Central Government in future years.

### 3. Budgeted expenditure

The authority has created a situation where the budgeted rate-based expenditure on operational activities has been kept, where possible, in line with the probable expenditure for the current financial year. As ratepayers will be aware, we have been able to keep our rate at 266p for the last three financial years. Unfortunately we have had to budget for some rises in expenditure due to the effect of inflation on the authority, but these have been kept at a minimum as the authority strives to find cost efficiencies where possible in order to provide as good a value for money service to the ratepayer as possible. The board's strategy remains to avoid erratic rate increases and to keep any increases below the island's rate of inflation, as measured by the retail price index, which is currently 4.7%.

The total of the agreed rate borne budgeted expenditure for the year ended 31 March 2013, including the capital projects noted above, is £2,209,643. This is an 11.8% increase on the probable expenditure for the current year. This includes £166,600, 8.4% of the probable

expenditure, to pay for the capital projects detailed above, which is to be met from our brought forward reserves.

The Commissioners are mindful of the current financial situation in the Isle of Man, UK and further afield and the effect that this has on the ratepayers. It is in light of this that we recommend that the rate levied by the authority for the year ending 31<sup>st</sup> March 2013 is 271p in the pound. This is a small increase of less than 2% on the current year, and means that the total increase in the four years since the last local authority general election in 2008 will be 3.4%

This will result in the authority meeting £260,296 of their budgeted expenditure from reserves, which have been built up by prudent financial management and savings we have been able to achieve over the last few years whilst continuing to provide the required services to the ratepayers of the district.

***I therefore propose this recommendation to the board.”***