

ONCHAN DISTRICT COMMISSIONERS



REPORT BY THE CHAIRMAN OF THE POLICY AND FINANCE COMMITTEE ON THE FINANCIAL YEAR TO 31st MARCH 2004 AND THE ESTIMATES FOR THE YEAR TO 31st MARCH 2005

Mr Chairman, Lady and Gentlemen,

As Chairman of the Commissioners' Policy and Finance Committee, it is my duty to report on the probable financial result of the Authority's activities for the year to 31st March 2004 and on the estimates for the forthcoming year to 31st March 2005 which have been agreed and are set out in detail in the document circulated to Members.

Onchan's record over the years has been one of stability with steady growth, carrying out all of the functions of a fully functioning Local Authority and providing the amenities and services required by our community.

Prior to the current financial year, the annual increase in the rate levied has been reasonable usually in line with inflation together with a modest increase for growth.

However, when the estimates were prepared this time last year for the 2003/04 financial year it was necessary to make provision for possible expenditure which was beyond the Commissioners' control and resulted in an increase of 22.8% in the rate.

It was explained at that time that provision had to be made for the payment of domestic waste disposal charges and for the conversion of the refuse collection vehicles, installation of bin weighing equipment and associated computer hardware and software within the office – all items associated with the imposition by the Government of its “Polluter Pays Policy” sometimes referred to as the “User Pays Policy”.

£42,000 was included for domestic waste disposal charges; the cost of the bin weighing equipment etc was £50,000 and a sum of £60,000 was included for the possible introduction of a kerbside collection of green waste which at the time was part of Government’s recycling strategy. This latter proposal did not come to fruition as the Department of Local Government and the Environment was not prepared to support a central composting facility to which the green waste could be delivered for processing.

Provision was also included in the 2003/04 estimates for additional costs anticipated with the move of the Eastern Civic Amenity Site from its present location at the Snugborough Trading Estate to the larger site at the Middle River Industrial Estate. Again the additional provision made was not required in this financial year due to the disagreement between the Waste Operations Management Unit of the Department and the Joint Douglas, Onchan and Braddan Committee over the layout design of the new Civic Amenity Site.

It was also necessary to create a new post in the management structure – the position of Waste Operations Development Officer who assumed responsibility for the management of the waste collection and disposal service.

All of this additional expenditure to which I have referred falls under the general heading of waste collection and disposal and is in consequence of the introduction by Government of the waste disposal charges, the “User Pays Policy” and Government’s waste management strategy.

All of the above estimated additional costs provided in the estimates for the 2003/04 financial year totalled £221,000 which was equivalent to a rate of 33p (an increase of 18.9%) over the rate levied in the previous year. Without those provisions, the increase would have been a modest 7p or 4%.

At this time last year there was a lot of uncertainty as to what level of charges were going to be imposed, when they were going to be introduced and what other unforeseen costs might be encountered during the year. However, as I have stated, although provision was made for the kerbside collection of green waste and the establishment of a larger civic amenity site neither transpired and the sums provided have added to the surplus at the end of the financial year.

In many respects it has been a satisfactory year financially with higher than anticipated income being received from a number of sources and less than anticipated expenditure under many headings.

The surplus in the general rate fund on the 1st April 2003 was £221,841 and it is estimated that the surplus at the end of the financial year to be carried forward to 2004/05 will be in excess of £330,000 and this is after transferring £100,000 to Revenue Reserves.

Turning to the year ahead, provision has been included in the estimates for the revenue charges on borrowings for the project that was again delayed in 2003/04 but will hopefully proceed in the early part of the forthcoming financial year and that is the extension of the Hawthorn Villa Offices, replacement of the old garage off School Road and an extended car park to the rear of the office building. This garage is required for the Commissioners' Works Department vehicles and the extended car park will provide an additional 12 much needed parking spaces.

Provision has also been included for the revenue charges on borrowings for the following possible capital projects which have been agreed in principle:-

- (1) Replacement of the workshop and store building known as Pennington Hall in Marion Road with a new purpose built facility for the Parks Department;
- (2) Further street lighting improvements;
- (3) Refurbishment of the public toilets at Port Jack;
- (4) Provision of a skateboarding facility;
- (5) Further upgrading of the children's playground in Onchan Park;
- (6) Resurfacing of the car park and replacement of fascias and rainwater goods at the Youth and Community Centre; and

(7) Provision of parking lay-bys Ballachrink Housing Estate.

It has again been necessary to provide for domestic waste disposal charges and for the anticipated higher cost of the Civic Amenity Site when it moves to the new site at Middle River.

It has also been necessary to include a contingency provision for higher legal and consultants fees if it proves necessary to employ such experts to present the Commissioners' case at planning appeal hearings in connection with such major proposed developments as the new school and in particular the proposed housing development at Ballachrink Farm.

It has also been decided to fund certain purchases and works out of Revenue Reserves including:-

- (1) a new refuse collection vehicle to replace the oldest vehicle in the fleet;
- (2) replacement of a tipper vehicle for the Parks Department;
- (3) installation of a new computer control system at the Library; and
- (4) replacement of the office photocopier.

With the commissioning of the Energy from Waste Plant there will be a significant saving in travelling time to the waste disposal point and we are therefore looking to take up the spare capacity that this provides by offering to extend our waste collection service to other areas. As previously announced this Authority supports the establishment of five Waste Collection Authorities on the Island and has submitted proposals to the Department of Local Government and the Environment for Onchan to provide the waste collection service to the Eastern Local Authorities, excluding Douglas.

The Department has set up a Waste Collection Services Advisory Group which is to report to the Minister by the 1st April 2004. Our Chief Executive is a member of the Advisory Group and it is understood that the three options being considered are the status quo, five collection authorities or a single all Island collection Authority. We await with interest the outcome of the deliberations and the Minister's decision which if it requires a change in legislation would not be effective until the 1st April 2005 at the earliest.

We have of course provided in the estimates for expenditure under the various headings allowing for estimated inflation and known increases and have included estimated income from the various sources before arriving at the net sum required to be met from the rates.

Chairman, before I conclude my report, I wish to thank the Chairmen and Members of the Standing Committees for adhering to the estimates in the current financial year and on behalf of my fellow Commissioners and myself I would also like to express our grateful appreciation to Mr Smith for the excellent way that he and his staff have coped with what has been a difficult year from an administrative point of view.

I would also specifically like to express my thanks to Mr Booth, the Chief Financial Officer, and the staff under his control for their efforts during the year. Mr Booth, has maintained his usual control of all financial matters and together with his staff again ensured virtually 100% collection of all income.

Mr Chairman, the total ratebourne expenditure estimated for the year to 31st March 2005 is one million, five hundred and forty one thousand, four hundred and seventy two pound (£1,541,472.00) and for the reasons explained earlier we will have a significant surplus at the end of the current financial year carried forward at the 1st April 2004 in the sum of three hundred and thirty seven thousand eight hundred and seventy four pound (£337,074.00) after transferring one hundred thousand pounds to revenue reserves (£100,000.00).

It is proposed that we estimate for a surplus at the end of the 2004/05 financial year the sum of seventy nine thousand five hundred and twenty seven pounds (£79,527.00) and in order to achieve all of the above expenditure it is, as always, necessary as provided under Section 353 of the Local Government Act of 1916, to levy a rate for the forthcoming year.

However this year I am delighted to advise that following careful and diligent consideration we will be able to reduce the rate from last years 215p to a rate of 200p in the pound for 2004/5.

A rate of 200p in 2004/05 equates to a decrease of 15p or 7% over the 2003/04 rate of 215p.

I understand from Mr Smith that this is the first time Onchan has taken such a course of action, and I am therefore delighted Mr Chairman to propose

“THAT A RATE OF 200P IN THE POUND BE LEVIED BY THIS AUTHORITY FOR THE 2004/05 FINANCIAL YEAR.”