

# ONCHAN DISTRICT COMMISSIONERS



## **REPORT BY THE CHAIRMAN OF THE POLICY AND FINANCE COMMITTEE ON THE FINANCIAL YEAR TO 31<sup>st</sup> MARCH 2003 AND THE ESTIMATES FOR THE YEAR TO 31<sup>st</sup> MARCH 2004**

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**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 31<sup>st</sup> March 2003 and on the estimates for the forthcoming year to 31<sup>st</sup> March 2004 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.

At 1<sup>st</sup> April 2002 we brought forward a balance of £194,687 and we anticipate a surplus at the end of the financial year of £129,205 after transferring £50,000 to our Revenue Reserves.

During the year, activity in building construction has continued at a high level within the District, private housing, principally at three sites – at Groudle, Majestic and Imperial Terrace, our own sheltered housing complex at Heywood Court, the prestigious new office development now occupied by Royal Skandia at Onchan Head and light industrial units at Tromode.

In addition to the rate income that all of this development will produce, we have during the year recorded higher than anticipated receipts from building regulation fees – up £10,000 and from search fees – up £2,000.

The continued reduction in interest rates has resulted in reduced loan charges of £21,395, against which we have to put reduced income from investments of nearly £5,000.

With the substantial increase in wage rates awarded by Whitley Council together with additional costs incurred due to a number of employees on long term sick leave, our pay roll bill for the year was £15,000 more than estimated.

Ironically, bearing in mind the additional costs that we will be facing in 2003/04 for refuse disposal, our refuse collection costs this year are marginally less than estimated.

Public lighting costs are also lower than anticipated by nearly £12,000.

Receipts at Onchan Park and Stadium were down by 10% although this was offset by reduced costs of a similar amount.

The main capital project completed during the year has been Government funded – that being the Heywood Court Sheltered Housing Complex which achieved practical completion on 21<sup>st</sup> December last, and will soon have the first tenants moving in.

Street lighting improvements at a capital cost of £50,000 were also completed and the project to replace the public toilets on Main Road incorporating a toilet for the disabled is due to commence at the beginning of next month.

In summary I am pleased to report an increase of 5% in the rateable value of the district, a reasonably satisfactory year from a financial point of view with a transfer of £50,000 to reserves and a surplus to carry forward of £129,205.

However, preparing Estimates and fixing a rate for the year ahead has proved to be the most difficult and uncertain for Local Authorities on the Island than in any previous years. This is due to the introduction of waste disposal charges by Central Government and the means by which the “user pays principle” can be implemented.

In effect, Local Authorities are being required by Government to act as its collection agency and to bear the cost of the administration and debt collection of the waste disposal charges.

In order to fairly pass on the waste disposal charges, a bin-weigh system has to be introduced

- refuse vehicle lifters being converted at a factory in the U.K.
- the onboard sensors and computerized weighing equipment being fitted to each vehicle
- all wheeled bins in use being “retro-fitted” with identification chips
- a detailed survey of existing routes being undertaken and altered as appropriate
- and a complete database of all premises being compiled.

Although the Department of Local Government and the Environment refers to the waste disposal charges to households in 2003/04 being only £10 per tonne, the cost of the introduction, supervision and administration of the ‘user pays principle’ is far greater than the actual disposal charge.

The ‘bin-weigh’ system is not only necessary to fairly collect the modest charge for waste disposal from domestic ratepayers but more crucially it is essential in order to collect the £100 per tonne charge for the waste collected from commercial premises.

We have not provided in our Estimates for the capital cost of converting vehicles and installation of the weighing equipment, on board computer, etc, as Government has indicated that it will fund this cost subject to the usual vetting procedures.

However, due to the considerable amount of work involved with the implementation, supervision and administration of the system, it has been necessary to provide for the employment of

additional staff in the Surveyor's Department and Accounts Office at an estimated cost of £44,000.

There will also be a cost for the purchase and installation of computer hardware and software and associated equipment and stationery etc for maintaining records, for invoicing and for other administrative purposes.

In addition to providing in the Estimates for the household waste disposal charges, that is 4,200 tonnes at £10 per tonne, a total of £42,000, it has also been necessary to provide for an increase of £50,000 for Onchan's share of the Civic Amenity Site costs as there is likely to be an increased use of this facility and the £10 per tonne charge will be applied to all waste arisings from the site other than any recycled materials.

With regard to Government's Waste Strategy it is an appropriate time to put the record straight with regard to composting. This Authority carried out a pilot project for the kerbside collection of green waste in 1991/92 and wanted to continue with the scheme and to extend it throughout the district if Government would provide a central composting facility.

It is only now, in the current financial year, that a small composting facility has been established at the Southern Civic Amenity Site at Port St Mary but it has been determined that, apart from being remote the facility is not large enough to accept green waste from the Douglas, Onchan, Braddan conurbation.

However, as an indication of this Authority's commitment to composting, which could take up to 30% out of the waste stream, we have made provision for the introduction of a kerbside collection of green waste scheme at an estimated cost of £60,000.

Coupled with this, along with Douglas and Braddan, we will subsidise the supply of Home Composters for those residents who would prefer to produce compost for their own gardens.

I have to stress that the introduction of the kerbside collection of green waste scheme is dependent on there being established a composting facility for receiving the green waste for

conversion to compost but as I have stated financial provision has been made in the Estimates for its introduction.

This Authority is also considering in collaboration with Douglas and Braddan the possible purchase of land to provide a larger Civic Amenity Site which would incorporate recycling facilities and an area to receive green waste for composting.

We have therefore made provision in the Estimates for Onchan's share of the revenue implications of such a land purchase. The Authorities would of course expect Government to fund the capital cost of establishing the facility in the same way as it has done at the southern and Western Sites.

So far, I have referred only to Estimated costs for waste disposal – that is the introduction by Government of the waste disposal charges, the consequent implementation of a bin-weigh scheme to facilitate Governments 'user pays policy', the introduction of a kerbside collection of green waste scheme in compliance with Government's Waste Management Strategy and the necessity to provide for our share of the cost of providing a larger site for the Civic Amenity and Recycling facility.

**The total estimated additional cost that has had to be provided in the estimates for the forthcoming financial year for the above purposes is £221,000 which is equivalent to a rate of 33p.**

It is possible that not all of these proposals will come to fruition in the next financial year but it has been necessary to include these provisions so that we may proceed as required and should there be a surplus to requirements at the end of the financial year, the rates for the following year will be adjusted accordingly.

I will now refer to the remainder of the Estimates for 2003/04.

Provision has been included to proceed with the previously reported project to extend the Hawthorn Villa Offices, to replace the old garage off School Road but with access from 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 twelve spaces.

It is also proposed to replace the workshop and store building known as Pennington Hall in Marion Road with a new purpose built facility for the Parks Department. The estimated capital cost of this proposed project is £120,000 but the revenue implication in the Estimates for 2003/04 is less than £4,000.

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

- Replacement of the public toilets at Port Jack
- Provision of a skateboard Park
- Main Road Streetscape Scheme
- Further Street Lighting Improvements
- Replacement of the Park Stadium Perimeter Fencing; and
- Replacement of the Crazy Golf Equipment in the Park.

Other revenue funded proposals for which financial provision has been included in the 2003/04 Estimates include:-

- Upgrading of the Changing Rooms and Showers in the Stadium
- Continuation of Refurbishment Works at the Youth and Community Centre; and
- Further replacement of railings at Port Jack.

It has also been decided to fund certain purchases and works out of revenue reserves, including:-

- Replacement of old and provision of additional play equipment in two of the districts playgrounds;
- Replacement of certain office equipment and computers; and
- Purchase of an additional, but smaller, refuse collection vehicle.

We have, of course, provided in the estimates for expenditure under the various headings allowing for estimated inflation and known increases.

Chairman, before I conclude my report, I wish to thank the Chairman and Members of the Standing Committees for adhering to the Estimates in the current financial year. I also wish to express my appreciation to our staff for their efforts during the year and, as I am presently focusing primarily on financial matters, for the cautious and careful manner in which those involved handle their tasks.

The Chief Finance Officer, Mr Tony Booth, has maintained his usual control of all financial matters and together with his staff again ensured virtually a 100% collection of all income.

Chairman, as I stated at the outset, the preparation of the Estimates for 2003/04 has proved to be the most difficult for many years and many of the provisions that have had to be made are beyond the control of the Commissioners.

I wish to repeat that the cost of providing for waste disposal charges, the necessary installation, supervision and administration of the system to implement Government's 'User Pays Principle', Civic Amenity Site Costs and the introduction of a kerbside collection of green waste scheme – **all of those costs added together amount to the equivalent of a 33p rate which is an increase of 18.9% on our present 175p rate.**

The remainder of our proposals for the forthcoming year including an allowance for inflation and known increases after allowing for the balances brought forward would result in a modest 7p or 4% increase in the rate for 2003/04. This would have been marginally above the present rate of inflation.

However, the total rate-borne expenditure estimated for the year to 31<sup>st</sup> March 2004 is one million, four hundred and forty-seven thousand, five hundred and seventy-nine pounds (£1,447,579) and we have a surplus brought forward of one hundred and twenty-nine thousand two hundred and five pounds (£129,205).

It is proposed that we estimate for a surplus at the end of 2003/04 in the sum of fifty-one, thousand five hundred and fifty-five pounds (£57,555) and that we levy a rate of two hundred and fifteen pence in the pound (215p) to produce a sum of one million, four hundred and nineteen thousand, nine hundred and twenty eight pounds (£1,419,928).

**A rate of 215p in 2003/04 equates to an increase of (40p) or 22.8% over the 2002/2003 rate of 175p**

Reluctantly, Mr Chairman, I have to propose:-

**“THAT A RATE OF 215P IN THE POUND BE LEVIED BY THIS AUTHORITY FOR THE 2003/04 FINANCIAL YEAR.”**