

Budget 2018-19 and Medium Term Financial Plan 2018-22

Frequently Asked Questions

Q: What's the difference between revenue and capital budgets?

A: Our budget is split into two main parts:

- revenue (£790m in 2018-19) - pays for day-to day costs such as services, staff and equipment;
- capital (£588 from 2018-2022) - pays for major projects such as buildings, schools and roads.

Our revenue budget provides both:

- statutory services – these must be provided by law;
- discretionary services – these we are not legally obliged to provide.

Our capital budget cannot be used to fund services - these must be paid by our revenue budget, Capital spend is for physical / built infrastructure as outlined above.

Q: How much money does the council have to save this year?

For 2018-19, the revenue budget savings are the first step in setting a balanced budget. We have used reserves and contingency to plug historic cost pressures and under-resourced services, as well as use income received from council tax and business rates, which will all help the budget position going forward and balance the books.

We have proposed a savings target for 2018-19 of £8.2m, however the next few years will be very challenging, with £21.1m in 2019-20, rising to £65.1m over the term of our Medium Term Financial Plan 2018-2022. These efficiency savings relate to our revenue budget.

Q: There's £1.8m identified in savings as 'management of vacancies'. Does this mean job cuts and redundancies?

A: In 2018-19, this relates to the removal of vacant posts and 'slack' in the system - when someone leaves and when another starts - basic staff turnover. In future years, this will be more challenging as we continue to implement saving targets. Our focus will be on more effective and efficient ways of working, and whilst we cannot rule out job losses completely, no redundancies are planned.

Q. Will jobs be moving out of the county through the new shared services arrangement with Newcastle?

A: No. 200 jobs currently based in Newcastle will be moving into Northumberland.

Q: What's happening with Arch? Is it being scrapped? Did you get the £4.8m dividend due from them?

A: There have been a number of media reports in connection with governance and financial matters at Arch. Whilst these issues are undoubtedly serious and are being addressed following a strategic review, we want to reassure our customers, stakeholders, and clients that the company is continuing to deliver its services and activities. Good work continues, and it's very much business as usual.

Arch in its current form will be dissolved and a new company will be created.

No dividend has been received from Arch.

Q: How can you justify a Council Tax increase of 2.99%?

A: We remain committed to protecting frontline services, and ensuring a strong, prosperous and healthy future for the county.

We reluctantly propose raising Council Tax by 2.99% to help us protect those vital services and balance the budget. This rise equates to 85 pence per household per week for a Band D property.

We have had several difficult decisions to make but like many local authorities across the UK, we have taken this decision in line the Government's assumptions around spending power, inflation and resulting Revenue Support Grant contribution.

Q: Why are you spending £17 million to refurbish County Hall?

This funding is from our capital investment programme, and not subject to the savings as previously outlined.

For County Hall, the £17m estimated budget will cover historic and significant backlog in maintenance costs, plus the cost of creating modern open plan office accommodation for more than 1,000 staff, which will help with more efficient and agile ways of working.

Through undertaking this refurbishment programme, we will significantly reduce these running and maintenance costs of the building through improving energy efficiency. The current fuel bill for County Hall is around £225k for both gas and electricity. The estimated cost to undertake the backlog of essential maintenance is estimated to be in the region of £7 to £9m.

Refurbishment will also potentially allow us to rent out part of the building, generating income and securing the long term future of County Hall.

Q: How much did it cost to stop the planned move to Ashington?

A: This cost is in the region of £1.4m and relates to contracts that were signed before May 2017.

Q: What else are you investing in?

A: The planned capital investment programme is the biggest the county has ever known, and will invest £588m in physical infrastructure like new schools, transport and highway improvements, and new homes across the county. These are all priorities for the Council and the programme reflects this, focusing on targeted investments that are based on sound and prudent financial management, and return on investment.

Q: How can you build new homes without an agreed Local Plan? How much did it cost to stop this?

In November 2017, the Council set out the approach it would take on a number of strategic planning issues in its 'Position Statement' following withdrawal of the Core Strategy' which was approved by Cabinet. An annual monitoring report confirming that the Council is able to demonstrate a five year supply of deliverable housing land was also published in November. These two documents, combined with the saved planning policies of the six former District Councils and the National Planning Policy Framework provide the basis for determining planning applications while the new Northumberland Local Plan is being prepared.

The total cost between 2009-10 to 2016-17 - from the start of work on the Core Strategy up until submission to Government - was approx £1m. This includes specialist consultancy support, consultation and printing costs, but primarily staffing costs for officers employed full-time on the Plan. These staffing costs are already accounted for in normal day to day operational costs. Much of this work will also form the basis of our Single Local Plan which we will soon be taking out for consultation.