

Integrated Impact Assessment (IIA)

Informing our approach to fairness

Proposal:	Council Tax and social care precept
Date of assessment:	September 2019
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Assessment team:	Tony Kirkham, Mark Nicholson, Jayne Henderson, Lesley Watson
Version:	1
Planned review date:	January 2020

Section A: Current service

1. What does the service / function / policy do?

In 2019-20, Council Tax represented around 20.3% of our total external income (excluding Dedicated Schools Grant and Housing Benefit Subsidy Grant). Council Tax income is used to fund a wide range of services for the people of Newcastle, as well as police and fire services (which set their own levels of Council Tax).

In 2016-17 the government introduced a separate Council Tax increase for adult social care services, which became known as the adult social care precept. This was introduced in response to the significant cost pressures facing local authorities with adult social care responsibilities and must be used to fund adult social care services.

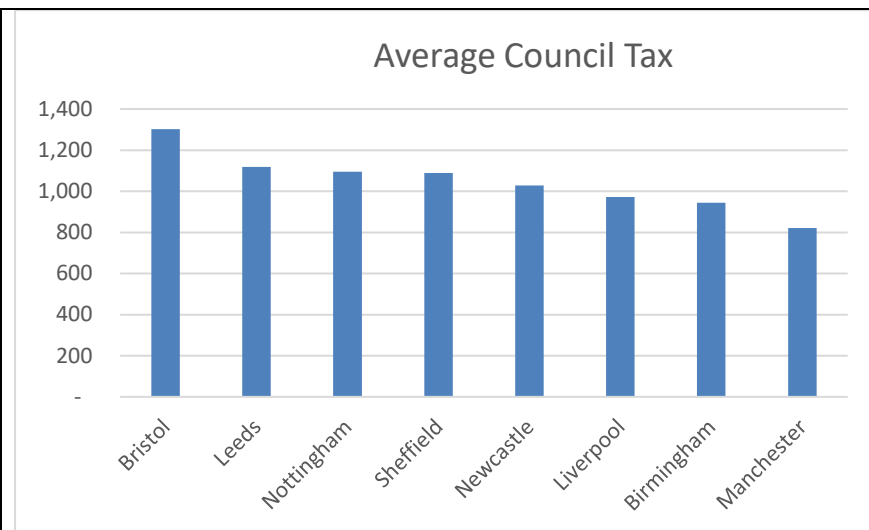
The total amount of Council Tax we will collect is determined by the Council Tax base as well as the level of Council Tax agreed by the council. The Council Tax base is the total of the weighted number of properties at each Council Tax band (ranging from Band A for the lowest valued properties to Band H for the most expensive properties) adjusted for the estimated long-term collection rate.

The Council Tax base for 2019-20 was calculated at 66,761 Band D equivalents and the Band D charge was £1,526.75 (excluding adult social care, parish, police and fire precepts) and therefore it is anticipated that we will collect about £101.9m in Council Tax in 2019-20. The Band D adult social care precept for 2019-20 was £116.62 which is anticipated to generate £7.8m in 2019-20. The amount of Council Tax we will collect in 2020-21 will be impacted by the following factors – new properties added, properties demolished and the number of discounts, exemptions and reliefs that are awarded or withdrawn.

The Band D charge for 2019-20 including adult social care, police and fire was £1,860.03 (including adult social care precept, police and fire but excluding parish precepts) as shown below:

Band	Annual charge (£)	Band	Annual charge (£)
A	1,240.02	E	2,273.38
B	1,446.68	F	2,686.71
C	1,653.35	G	3,100.05
D	1,860.03	H	3,720.06

Due to relatively high number of Band A and Band B properties the average rate of Council Tax paid by residents is low compared with other local authorities (299th out of 317 local authorities). The position when compared with other core cities is set out below.



The long-term collection rate target in 2019-20 was set at 98.0%, which was an increase of 0.5% compared with the previous few years.

In April 2013, government abolished Council Tax Benefit, which helped lower income households who would otherwise struggle to pay their Council Tax bill and maximised the amount of revenue available locally to fund council services. Councils were required to design local Council Tax Reduction Schemes with cuts in funding. Working age people on low incomes who previously received the benefit must now pay something towards their Council Tax. We recognise this puts an additional burden on household finances for people on low incomes. Government reforms have also created a shortfall in our budget because the amount we are able to raise does not cover the full value of the income we received in the form of Council Tax Benefit. In 2019-20 we estimate the council has lost funding of £12.0m from the introduction of Council Tax reduction.

We made some changes to our Council Tax Reduction Scheme in 2018-19 to replace a complex means test with a simpler banded scheme. We are proposing to make some minor changes to the scheme in 2020-21.

While our collection remains high amongst core cities, we have already taken a number of steps to improve Council Tax recovery we have:

- Changed the culture in the way we tackle and collect our Council Tax debt. We have also created an in-house enforcement team to improve the collection process and performance.
- Introduced an online portal for residents to access their accounts 24/7 and view their Council Tax payments, liability, pay and report change in circumstances.

- Introduced new and tougher enforcement action for those who will not pay Council Tax even after bailiffs have been instructed to collect debt and been unsuccessful. This includes threatening bankruptcy and committal to prison and applying charging orders to properties where necessary.

In comparison to other local authorities we have lower than average thresholds for writing off Council Tax debt, however, we only write off debt after six years when it becomes uneconomical to collect.

2. Who do we deliver this service for?

Council Tax is payable by all residents, although some receive discounts, exemptions and support depending on their personal circumstances.

3. Why do we deliver this service?

Council Tax was introduced with effect from 1 April 1993 by the Local Government Finance Act 1992. The legislation sets out the definition of dwellings to be valued for Council Tax and the procedures for seeking an alteration to the band. The billing authorities for each area have the duty to collect the tax. Current statute states that if a council proposes to increase Council Tax by more than the limit prescribed by the Secretary of State (for 2020-21 this is 2%) then a referendum must be undertaken. The maximum increase in the adult social care precept is also specified by government each year, and for 2020-21 this has been set at 2%.

4. How much do we spend on this service / function / policy in 2019-20?

Gross expenditure	Gross income	Net budget	
N/A	N/A	N/A	

5. How many people do we employ to deliver this service?

No. posts	No. full time equivalent officers	
N/A	N/A	

Section B: Proposal for future service

6. How do we propose to change the service / function / policy?

As in previous years, we expect the government will assume in its calculation of core spending power that all local authorities will increase Council Tax by the maximum amount in 2020-21 (i.e. 2% plus the increase in the adult social care precept).

To set a balanced budget in 2020-21 we need to increase the amount of income raised through Council Tax. We are proposing to increase core Council Tax by 1.95%, which will increase income by £2.2 million (based on an assumed 1% increase in the Council Tax base). We propose to use this income to avoid the need to make further reductions to service provision beyond those set out in the budget report and its appendices. This increase is below the level that is defined as excessive by the Secretary of State for the purpose of the Local Government Finance Act 1992. The impact of this increase is as follows: (excluding any increases to police and fire precepts).

Band	Proposed Annual Increase (£)	Proposed Weekly Increase (£)	Band	Proposed Annual Increase (£)	Proposed Weekly Increase (£)
A	21.35	0.41	E	39.15	0.75
B	24.91	0.48	F	46.26	0.89
C	28.47	0.55	G	53.38	1.03
D	32.03	0.62	H	64.06	1.23

In addition, we propose to increase the government's Council Tax precept for adult social care to help fund the rising cost of providing adult social care services by 2% in 2020-21, which will generate an additional £2.2 million of Council Tax income (based on an assumed 1% increase in the Council Tax base) to help fund the rising cost of providing adult social care services. The impact of this increase is as follows: (excluding any increases to police and fire precepts)

Band	Proposed Annual Increase (£)	Proposed Weekly Increase (£)	Band	Proposed Annual Increase (£)	Proposed Weekly Increase (£)
A	21.92	0.42	E	40.17	0.77
B	25.57	0.49	F	47.48	0.91
C	29.22	0.56	G	54.79	1.05
D	32.87	0.63	H	65.74	1.26

The impact of the combined increase of 3.95% is as follows: (excluding any increases to police and fire precepts)

Band	Current 2019-20 Charge (£)	Proposed 2020-21 Charge (£)	Proposed Annual Increase (£)	Proposed 2020-21 Charge for Single People (£)	Proposed Annual Increase for Single People (£)
A	1,240.02	1,283.29	43.27	962.47	32.46
B	1,446.68	1,497.16	50.48	1,122.87	37.86
C	1,653.35	1,711.04	57.69	1,283.28	43.27
D	1,860.03	1,924.93	64.90	1,443.70	48.68
E	2,273.38	2,352.70	79.32	1,764.52	59.49
F	2,686.71	2,780.45	93.74	2,085.34	70.31
G	3,100.05	3,208.22	108.17	2,406.16	81.12
H	3,720.06	3,849.86	129.80	2,887.39	97.35

Long Term Empty Property Premium

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 states that from:

- 1 April 2020 the long-term empty premium for properties that have been empty between two and five years can be 100% and for any properties over five years it can be up to 200%
- 1 April 2021 the long-term empty premium for properties that have been empty between two and five years can be 100% and for any properties empty for between five and 10 years it can be up to 200% and any empty over 10 years the premium can be 300%

The council is proposing to increase the empty property premium in line with the legislation set out above. If agreed this would generate additional Council Tax income of £226,000, which will be used to avoid the need to make further reductions to service provision beyond those set out in the budget report and its appendices.

7. What evidence have we used to inform this proposal?		
Information source		What this has told us
Previous public consultation		From the comments received in previous public consultations many were supportive of Council Tax increases to support services particularly adult social care, however, concerns were also expressed by some members of the public about the impact on Council Tax increases on those with lower incomes, which is why we are also consulting on changes to our Council Tax Reduction Scheme to enhance the support provided to those on lower incomes.
Financial projections		Increasing Council Tax will generate additional revenue for the council that will avoid the need to make further reductions to service provision beyond those set out in this report and its appendices.
Arrears figures for those in receipt of council tax support have risen		People in receipt of benefits are struggling to meet rent and Council Tax due to welfare reform changes. The projections we have modelled show that the increase in charges for most residents already receiving a reduction are small and we will continue to provide Council Tax support in 2020-21 for those people.
Spending Round 2019 announced on 4 September 2019		That local authorities may increase core Council Tax by up to 2% and may increase the adult social care precept by up to 2% in 2020-21.
Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018		That local authorities may introduce an empty property premium on empty dwellings of up to 200% in 2020-21.
8. What will be the financial impact of this proposal(s) in 2020-21?		
As set out in 6. above.		
9. What will be the impact upon our employees of this proposal?		
No. FTEs	% workforce	Comments:
N/A	N/A	

Section C: Consultation

10. Who have we engaged and consulted with about this proposal?			
Date	Who	How	Main issues raised

Section D: Impact assessment

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
People with protected characteristics		
Age		
Potential disadvantage	Council Tax increase of 1.95% and proposed 2% adult social care precept will impact on all residents	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Continue to signpost to debt management and advice services.</p> <p>Use income from adult social care precept to continue to support the most vulnerable.</p>
Disability		
Potential disadvantage	Council Tax increase of 1.95% and proposed 2% adult social care precept are more likely to impact upon households with disabled people who are significantly more likely to be in poverty than households where no one has a disability	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Continue to signpost to debt management and advice services.</p>

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
		Use income from adult social care precept to continue to support the most vulnerable.
Gender reassignment / identity		
Potential disadvantage	Council Tax increase of 1.95% and proposed 2% adult social care precept will impact on all residents	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Continue to signpost to debt management and advice services.</p> <p>Use income from adult social care precept to continue to support the most vulnerable.</p>
Sex		
Potential disadvantage	<p>Council Tax increase of 1.95% and proposed 2% adult social care precept will impact on all residents.</p> <p>Women may be impacted more by the increase than men due to having lower incomes.</p>	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Continue to signpost to debt management and advice services.</p> <p>Use income from adult social care precept to continue to support the most vulnerable.</p>
Marriage and civil partnership		
Potential disadvantage	<p>Council Tax increase of 1.95% and proposed 2% adult social care precept will impact on all residents</p> <p>Single people may be disproportionately impacted by the increase compared to dual income households as two income married/civil partnerships would pay less by proportion</p>	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Continue to signpost to debt management and advice services.</p> <p>Use income from adult social care precept to continue to support the most vulnerable.</p>

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
Pregnancy and maternity		
Potential disadvantage	Council Tax increase of 1.95% and proposed 2% adult social care precept will impact on all residents	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Use income from adult social care precept to continue to support the most vulnerable.</p>
Race and ethnicity		
Potential disadvantage	Council Tax increase of 1.95% and proposed 2% adult social care precept will impact on all residents	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Continue to signpost to debt management and advice services.</p> <p>Use income from adult social care precept to continue to support the most vulnerable.</p>
Religion and belief		
Potential disadvantage	Council Tax increase of 1.95% and proposed 2% adult social care precept will impact on all residents	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Continue to signpost to debt management and advice services.</p> <p>Use income from adult social care precept to continue to support the most vulnerable.</p>

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
Sexual orientation		
Potential disadvantage	Council Tax increase of 1.95% and proposed 2% adult social care precept will impact on all residents	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Continue to signpost to debt management and advice services.</p> <p>Use income from adult social care precept to continue to support the most vulnerable.</p>
Other potential impacts		
People vulnerable to socio-economic impacts		
Potential disadvantage	Council Tax increase of 1.95% and proposed 2% adult social care precept will impact on all residents, it should be noted that people in this group are more likely to be affected than the general population.	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Continue to signpost to debt management and advice services.</p> <p>Use income from adult social care precept to continue to support the most vulnerable.</p>
Businesses		
No impact		
Geography		
Potential disadvantage	Council Tax increase of 1.95% and proposed 2% adult social care precept will impact on all residents. It should be noted that if people get into debt due to being unable to pay the increase council tax and this may be apparent in less affluent areas of the City.	<p>Continue to provide Council Tax Reduction Scheme and hardship scheme.</p> <p>Continue to signpost to debt management and advice services.</p>

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
		Use income from adult social care precept to continue to support the most vulnerable.
Community cohesion		
No impact		
Community safety		
No impact		
Public Health		
No impact		
Climate		
No impact		