

Integrated Impact Assessment (IIA)

Informing our approach to fairness

Proposal:	Council Tax and adult social care precept
Date of assessment:	November 2020
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Assessment team:	Tony Kirkham, Mark Nicholson, Jayne Henderson, Lesley Watson
Version:	2 – updated following consultation
Planned review date:	June 2021

Section A: Current service

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

In 2020-21, Council Tax represented around 20.8% 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.

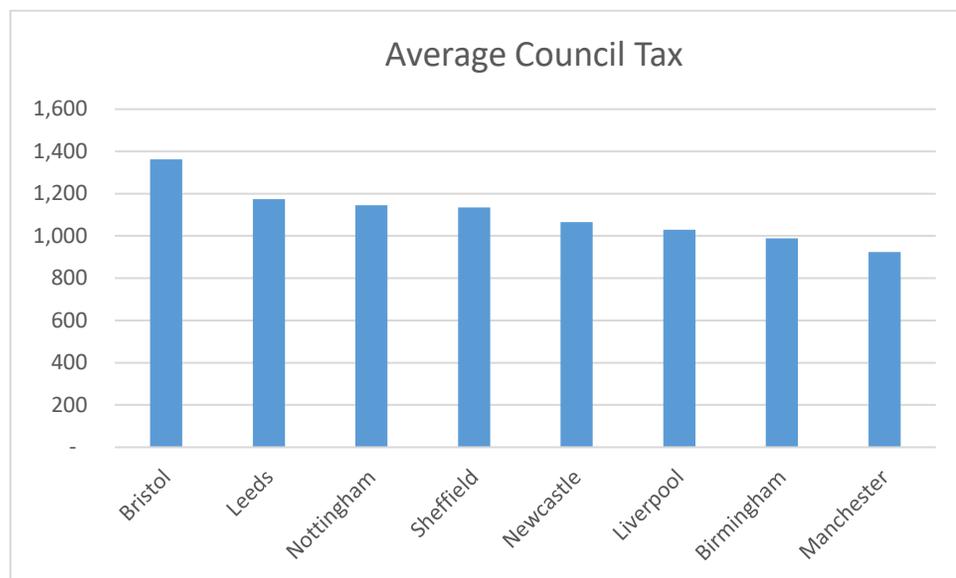
The total amount of Council Tax we will collect is determined by the Council Tax base as well as the level of Council Tax agreed by the council. The Council Tax base is the total of the weighted number of properties at each Council Tax band (ranging from Band A for the lowest valued properties to Band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

The Council Tax base for 2020-21 was calculated at 67,429 Band D equivalents and the Band D charge was £1,558.78 (excluding adult social care, parish, police and fire precepts) and therefore it is anticipated that we will collect about £105.1m in Council Tax in 2020-21. The Band D adult social care precept for 2020-21 was £149.49 which is anticipated to generate £10.1m in 2020-21. The amount of Council Tax we will collect in 2021-22 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– new properties added, properties demolished and the number of discounts, exemptions and reliefs that are awarded or withdrawn.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 2020-21 including adult social care, police and fire was £1,929.24 (including adult social care precept, police and fire but excluding parish precepts) as shown below:

Band	Annual charge (£)	Band	Annual charge (£)
A	1,286.16	E	2,357.96
B	1,500.52	F	2,786.68
C	1,714.88	G	3,215.40
D	1,929.24	H	3,858.48

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 (297th out of 314 local authorities). The position when compared with other core cities is set out below.



The long-term collection rate target in 2020-21 was set at 98.0%, which was the same as the previous year.

While our in-year collection performance 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 and 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 Enforcement Agents 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.

Council Tax support

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. Local authorities were required to design local Council Tax Reduction Schemes with cuts in funding. Working age people on low incomes who previously received Council tax 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 2020-21 we estimate the council has lost funding of £11.7m 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 and some minor changes were made in 2020-21 to simplify the calculation of self-employed earnings.

During 2020-21 in response to COVID-19, government allocated councils Council Tax hardship, for working age people in receipt of Council Tax Reduction. In Newcastle this was £6.1m, which has significantly reduced Council Tax bills for those people.

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 2021-22 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 2021-22 this has been set at 3%.

4. How much do we currently spend on this service / function / policy?

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

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

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

Section B: Proposal for future service

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

Update following consultation: We have considered the feedback provided during the consultation period (see Section C). There are no significant changes to the proposal as a result.

As in previous years, the government assumes in its calculation of core spending power that all local authorities will increase Council Tax by the maximum amount in 2021-22 (i.e. 2% plus the applying the adult social care precept).

To set a balanced budget in 2021-22 we need to increase the amount of income raised through Council Tax. We are proposing to increase core Council Tax by 1.949%, which will increase income by £2.2 million (excluding the assumed 1% reduction 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 'Build Forward Better: our medium-term plan for 2021-22 and 2022-23' 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	22.19	0.43	E	40.69	0.78
B	25.89	0.50	F	48.09	0.92
C	29.59	0.57	G	55.48	1.07
D	33.29	0.64	H	66.58	1.28

In addition, we propose to apply the government's 3% Council Tax precept for adult social care to help fund the increasing demand in adult social care and the long-standing, complex impact of COVID-19 on social care services. This will generate an additional £3.4 million of Council Tax income (excluding the assumed 1% reduction in the Council Tax base). 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	34.17	0.66	E	62.64	1.20
B	39.86	0.77	F	74.03	1.42
C	45.56	0.88	G	85.42	1.64

D	51.25	0.99	H	102.5	1.97
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The impact of the combined increase is as follows: (excluding any increases to police and fire precepts)

Band	Current 2020-21 Charge (£)	Proposed 2021-22 Charge (£)	Proposed Annual Increase (£)	Proposed 2020-21 Charge for Single People (£)	Proposed Annual Increase for Single People (£)
A	1,286.16	1,342.52	56.36	1,006.89	42.27
B	1,500.52	1,566.28	65.76	1,174.71	49.32
C	1,714.88	1,790.03	75.15	1,342.52	56.36
D	1,929.24	2,013.78	84.54	1,510.33	63.40
E	2,357.96	2,461.28	103.32	1,845.96	77.49
F	2,786.68	2,908.80	122.12	2,181.60	91.59
G	3,215.40	3,356.30	140.90	2,517.22	105.67
H	3,858.48	4,027.56	169.08	3,020.67	126.81

Long Term Empty Property Premium

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 states that from 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 £144,500, 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.

Council Tax support

We are not proposing to make any changes to the working age Council Tax Reduction Scheme in 2021-22, other than inflating the income bands used to assess eligibility. We have no discretion over the pension age scheme as this is set by Government.

The government provided funding 2020-21 to give council tax hardship of up to £150 to households who are in receipt of Council Tax support (previously Council Tax reduction) and we also made additional hardship available for self-employed people impacted by COVID-19. The provisional Local Government Finance Settlement announced in December 2020 set out further funding allocated for 2021-22. We will use this to continue both of these hardship schemes for a further 12 months and increase the award up to £160 to mitigate the effects of COVID-19 and increases in Council Tax. A delegated decision will be published with details of the proposed scheme in due course.

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; however, concerns were also expressed by some members of the public about the impact on Council Tax increases on those with 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. The precept for adult social care will also help fund the increasing demand in adult social care and the long-standing, complex impact of COVID-19 on social care services.	
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 2021-22 for those people.	
Spending Review 2020 announced on 25 November 2020	That local authorities may increase core Council Tax by up to 2% and may apply the adult social care precept of up to 3% in 2021-22.	
Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018	That local authorities may introduce an empty property premium on empty dwellings over 10 years of up to 300% in 2021-22.	
8. What will be the financial impact of this proposal(s)?		
As set out in section 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
December 2020 – January 2021	Residents and organisations	19 individuals, via Let's Talk Newcastle Online, and using social media. We also received responses from	<p>Five people said this was very clear and six said it was quite clear. Several people commented on the potential consequences. One said that the proposal was “okay” given the financial constraints the council is operating under, but that cuts should fall least heavily on the poorest individuals and households. Other respondents said that they were unfair or unreasonable, although one commented they were “understandable but unfair”, and another said they disagreed with most proposals, but not with the empty property premium proposal.</p> <p>Two people said that they thought the proposals were unfair on people who work and / or who pay Council Tax, and another thought it was unfair on people living in areas with a lower level of services or poorer transport links compared to other areas. One was concerned that the proposals would have a heavier impact on carers, women, and people with disabilities.</p>
December 2020 – January 2021	Connected Voice, the Elders Council, and Healthwatch Newcastle	Organisation	<p>Organisations said that they understood why the Council wanted to implement it, but wanted to see this matched by a commitment to ensuring people are aware of the Council Tax Reduction Scheme, and also monitoring the impact on people who are already on low incomes and / or have protected characteristics, such as disabled people.</p> <p>Elders Council said they were concerned at the potential impact of any increase in household expenditure on both households and individuals on low incomes, especially given the impact of the recent Covid-19 pandemic. A concern raised by Connected Voice and Healthwatch Newcastle was that there would be a heavier impact on carers, women and people with disabilities and commented on the potential effects on people suffering in-work poverty.</p>

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	<p>Council Tax increase of 1.949% and proposed 3% adult social care precept will impact on all residents.</p> <p>Impact may be greater on families with young children or older people living on low pensions</p>	<p>Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p>
Disability		
Potential disadvantage	<p>Council Tax increase of 1.949% and proposed 3% adult social care precept is 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>	<p>Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p>
Gender reassignment / identity		
Potential disadvantage	<p>Council Tax increase of 1.949% and proposed 3% adult social care precept will impact on all residents</p>	<p>Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate</p>

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
		<p>increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p>
Sex		
Potential disadvantage	<p>Council Tax increase of 1.949% and proposed 3% 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 and to being more likely to also have children living with them.</p>	<p>Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p>
Marriage and civil partnership		
Potential disadvantage	<p>Council Tax increase of 1.949% and proposed 3% adult social care precept will impact on all residents</p> <p>Single people, in particular single parent households, 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 support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p>
Pregnancy and maternity		
Potential disadvantage	Council Tax increase of 1.949% and proposed 3% adult social care precept will impact on all residents	Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
		<p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p>
Race and ethnicity		
Potential disadvantage	<p>Council Tax increase of 1.949% and proposed 3% adult social care precept will impact on all residents.</p> <p>BAME residents may be impacted more by the increase due to higher unemployment rates</p>	<p>Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p>
Religion and belief		
Potential disadvantage	Council Tax increase of 1.949% and proposed 3% adult social care precept will impact on all residents	<p>Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</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?
Sexual orientation		
Potential disadvantage	Council Tax increase of 1.949% and proposed 3% adult social care precept will impact on all residents	<p>Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p>
Other potential impacts		
People vulnerable to socio-economic impacts		
Potential disadvantage	Council Tax increase of 1.949% and proposed 3% 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 support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p>
Businesses		
No impact		
Geography		
Potential disadvantage	Council Tax increase of 1.949% and proposed 3% 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	<p>Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate</p>

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
	this may be apparent in less affluent areas of the city.	<p>increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p> <p>Use income from the precept for adult social care to help fund the increasing demand in adult social care and the long-standing, complex impact of COVID-19 on social care services.</p>
Community cohesion		
Potential disadvantage	Council Tax increase of 1.949% and proposed 3% adult social care precept will impact on all residents. It should be noted that people may be resentful of neighbours or others they feel get more benefit from council services for the same level of council tax paid e.g. larger families, pay the same as smaller households	<p>Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management and advice services.</p> <p>Use income from the precept for adult social care to help fund the increasing demand in adult social care and the long-standing, complex impact of COVID-19 on social care services</p> <p>Promote the communitarian nature of the tax – supporting the community/each other.</p>
Community safety		
No impact		

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
Public Health		
Potential disadvantage	Council Tax increase of 1.949% and proposed 3% adult social care precept will impact on all residents. It should be noted that that people might have to cut back on heating or food to pay increased council tax which could impact on health	<p>Continue to provide Council Tax support through our Reduction Scheme and hardship scheme.</p> <p>Further hardship funding is expected to be provided by the Government in 2021-22 to help mitigate increases in Council Tax for those in receipt of working age Council Tax Reduction</p> <p>Continue to signpost to debt management, advice services and crisis support.</p> <p>Use income from the precept for adult social care to help fund the increasing demand in adult social care and the long-standing, complex impact of COVID-19 on social care services</p>
Climate		
No impact		