

# Integrated Impact Assessment (IIA)

Informing our approach to fairness

<b>Proposal:</b>	Council Tax and adult social care precept
<b>Date of assessment:</b>	November 2020
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<b>Assessment team:</b>	Tony Kirkham, Mark Nicholson, Jayne Henderson, Lesley Watson
<b>Version:</b>	V1 for consultation
<b>Planned review date:</b>	January 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.

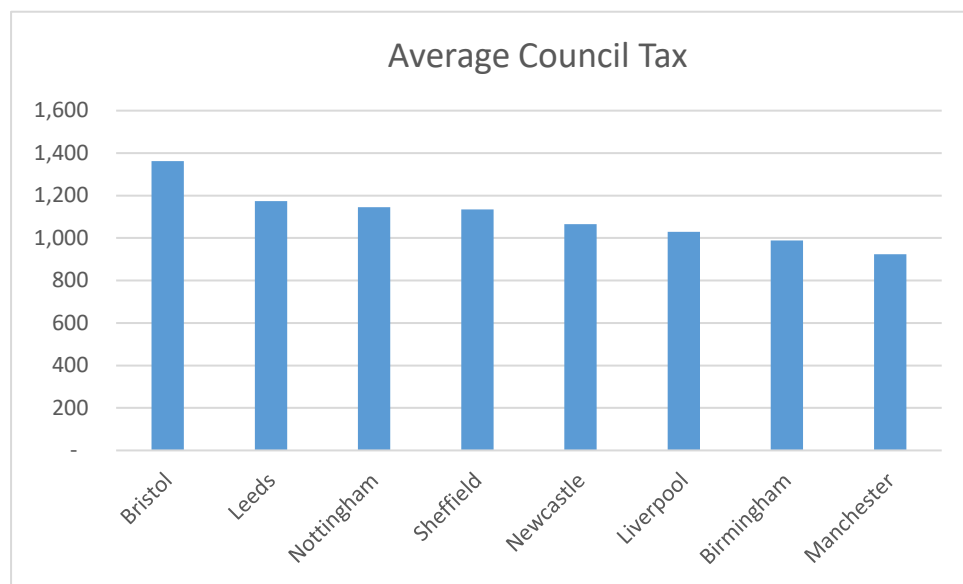
The total amount of Council Tax we will collect is determined by the Council Tax base as well as the level of Council Tax agreed by the council. The Council Tax base is the total of the weighted number of properties at each Council Tax band (ranging from Band A for the lowest valued properties to Band 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– new properties added, properties demolished and the number of discounts, exemptions and reliefs that are awarded or withdrawn.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
<b>D</b>	<b>1,929.24</b>	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?

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

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

We will continue to provide Council Tax hardship for working age people in receipt of Council Tax reduction in 2021-22 to mitigate the effects of COVID-19 and any increases in Council Tax although the level of support will be subject to the local government finance settlement.

<b>7. What evidence have we used to inform this proposal?</b>		
<b>Information source</b>		<b>What this has told us</b>
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 increase the adult social care precept by 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.
<b>8. What will be the financial impact of this proposal(s)?</b>		
As set out in section 6. above.		
<b>9. What will be the impact upon our employees of this proposal?</b>		
<b>No. FTEs</b>	<b>% workforce</b>	<b>Comments:</b>
N/A	N/A	

**Section C: Consultation**

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



## Section D: Impact assessment

Type of impact (Actual / potential disadvantage or beneficial outcome; none)	Detail of impact	How will this be addressed or mitigated?
<b>People with protected characteristics</b>		
<b>Age</b>		
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>
<b>Disability</b>		
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>
<b>Gender reassignment / identity</b>		
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>

<b>Type of impact</b> (Actual / potential disadvantage or beneficial outcome; none)	<b>Detail of impact</b>	<b>How will this be addressed or mitigated?</b>
		<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>
<b>Sex</b>		
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>
<b>Marriage and civil partnership</b>		
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>
<b>Pregnancy and maternity</b>		
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.

<b>Type of impact</b> (Actual / potential disadvantage or beneficial outcome; none)	<b>Detail of impact</b>	<b>How will this be addressed or mitigated?</b>
		<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>
<b>Race and ethnicity</b>		
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>
<b>Religion and belief</b>		
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 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?
<b>Sexual orientation</b>		
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>
<b>Other potential impacts</b>		
<b>People vulnerable to socio-economic impacts</b>		
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>
<b>Businesses</b>		
No impact		
<b>Geography</b>		
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>
<b>Community cohesion</b>		
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>
<b>Community safety</b>		
No impact		

<b>Type of impact</b> (Actual / potential disadvantage or beneficial outcome; none)	<b>Detail of impact</b>	<b>How will this be addressed or mitigated?</b>
<b>Public Health</b>		
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>
<b>Climate</b>		
No impact		