

Integrated Impact Assessment (IIA)

Informing our approach to fairness

Proposal: Council Tax and adult social care precept

Date of assessment: October 2021 (revised in February 2022)

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Version: 2 (post-consultation)

Planned review date: June 2022

Section A: Current service

What does the service, function or policy do?

In 2021-22, Council Tax represented around 19.9% of our total external income, excluding the 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, who 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 help 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 City 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.

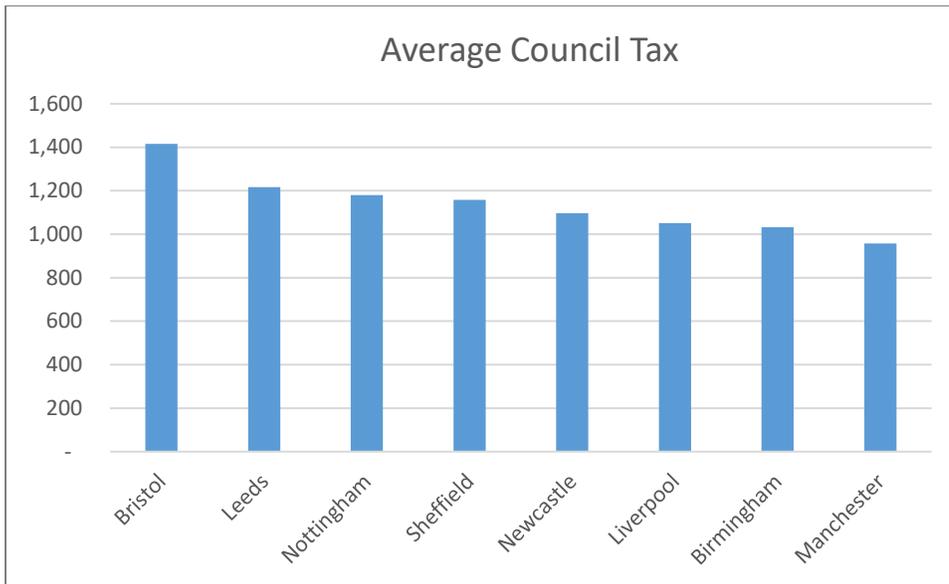
The Council Tax base for 2021-22 was calculated at 66,838 Band D equivalents. The Band D charge was £1,592.07, excluding adult social care, parish, police and fire precepts. It is anticipated that we will collect about £106.4 million in Council Tax in 2021-22. The Band D adult social care precept for 2021-22 was £200.74 which is anticipated to generate £13.4 million in 2021-22.

The amount of Council Tax we will collect in 2022-23 will be impacted by any new properties added, any properties demolished and the number of discounts, exemptions and reliefs that are awarded or withdrawn.

When referring to Council Tax, the government tends to describe the Band D levels. The Band D charge in Newcastle for 2021-22 was £2,022.29, including adult social care precept, police and fire precept, but excluding parish precepts:

Band	Annual charge (£)	Band	Annual charge (£)
A	1,348.19	E	2,471.68
B	1,572.90	F	2,921.09
C	1,797.59	G	3,370.48
D	2,022.29	H	4,044.58

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 (292 out of 309 local authorities). How this compares with other core cities is set out in the table below.



The long-term collection rate target in 2021-22 was set at 97.5%, which reflected the expectation that it would be more difficult to collect Council Tax due to COVID-19. It is proposed to maintain the target at this level in 2022-23.

While our in-year collection performance remains high compared to other core cities, we have already taken a number of steps to improve Council Tax recovery. We have

- Changed the culture of 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 hours a day, seven days a week where they can view their Council Tax payments, liability, make payments and report a 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 taking appropriate legal action.

We only write off debt after six years or if it becomes uneconomical to collect. This can be reversed if the debt later becomes collectible.

Council Tax Support

Council Tax Support is available for working age residents who receive legacy benefits, Universal Credit and for those on low income to help with Council Tax payments.

In April 2013, government abolished Council Tax benefit for working age people and councils were required to design local Council Tax reduction schemes.

We designed a scheme which has been regularly reviewed to ensure assistance is maximised for those most vulnerable across our neighbourhoods, as well as responding to the impact of welfare reform and accumulating Council Tax arrears.

During 2020-21, in response to COVID-19, government allocated local authorities additional funding for Council Tax hardship for working age people. We received £6.1 million which has significantly reduced Council Tax bills for working age people in receipt of Council Tax Support. Further funding totalling £5.5 million was received in 2021-22 and we decided to fund a similar scheme again.

Who do we deliver this service, function or policy for?

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

Why do we deliver this service, function or policy?

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 law states that if a council proposes to increase Council Tax by more than the limit set by the Secretary of State a referendum must be undertaken. For 2022-23, this is 2%, as announced by the Chancellor on 27 October 2021 as part of the Autumn Budget and Comprehensive Spending Review.

The maximum adult social care precept that can be applied to Council Tax bills is also specified by government each year. For 2022-23 this has been set at 1%.

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

Gross expenditure: Not applicable

Gross income: Not applicable

Net budget: Not applicable

How many people do we employ to deliver this service / function / policy?

Number of posts: Not applicable

Number of full-time equivalent officers: Not applicable

Section B: Proposal for future service

How do we propose to change the service, function or policy?

As in previous years, the government will assume in its calculation of core spending power that all local authorities will increase Council Tax by 2%, the maximum amount in 2022-23, and apply the 1% adult social care precept to Council Tax bills. This will be confirmed in the Provisional Local Government Finance Settlement which will be announced in December 2021.

To set a balanced budget in 2022-23, 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 £2.3 million, excluding any changes to 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 'A clean, green and inclusive city for all: our medium-term planning for 2022-23 to 2024-25' and its appendices.

This increase is below the level expected to be defined as excessive by the Secretary of State for the purpose of the Local Government Finance Act 1992.

The impact of this increase, excluding any increases to police and fire precepts, is as follows:

Band	Proposed Annual Increase (£)	Proposed Weekly Increase (£)	Band	Proposed Annual Increase (£)	Proposed Weekly Increase (£)
A	23.29	0.45	E	42.71	0.82
B	27.17	0.52	F	50.47	0.97
C	31.06	0.60	G	58.23	1.12
D	34.94	0.67	H	69.88	1.34

We also propose to apply the government's 1% 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 £1.2 million of Council Tax income, excluding any changes to the Council Tax base. The impact of this, excluding any increases to police and fire precepts, is as follows:

Band	Proposed Annual Increase (£)	Proposed Weekly Increase (£)	Band	Proposed Annual Increase (£)	Proposed Weekly Increase (£)
A	11.95	0.23	E	21.91	0.42
B	13.95	0.27	F	25.90	0.50
C	15.93	0.31	G	29.88	0.57
D	17.93	0.34	H	35.86	0.69

The impact of the combined increase, excluding any increases to police and fire precepts, is as follows:

Band	Current 2021-22 Charge (£)	Proposed 2022-23 Charge (£)	Proposed Annual Increase (£)	Proposed 2022-23 Charge for Single People (£)	Proposed Annual Increase for Single People (£)
A	1,348.19	1,383.43	35.24	1,028.61	26.43
B	1,572.90	1,614.02	41.12	1,200.05	30.84
C	1,797.59	1,844.58	46.99	1,371.49	35.24
D	2,022.29	2,075.16	52.87	1,542.92	39.65
E	2,471.68	2,536.30	64.62	1,885.79	48.46
F	2,921.09	2,997.46	76.37	2,228.66	57.27
G	3,370.48	3,458.59	88.11	2,571.53	66.08
H	4,044.58	4,150.32	105.74	3,085.84	79.31

Council Tax Support

The impact for those in receipt of Council Tax Support has been illustrated in an updated Council Tax Support Scheme IIA that was produced following a period of consultation.

In summary: The government provided funding in the current year to give discounts of up to £160 to working age people who are in receipt of Council Tax Support. This funding has been used to reduce Council Tax bills to zero for over 16,000 people and to reduce the Council Tax bills for a further 13,800 people. No further funding is available to continue this in 2023-24 and given the on-going impact of COVID-19 on those with the lowest incomes, we have made some changes to its Council Tax Support scheme for 2022-23:

- Introduce a risk-based discount scheme that will operate like other discounts and exemptions.
- Remove the non-dependents charge.
- Reduce the single parent income disregard from £27.50 to £17.50 in line with other benefits.
- Remove the childcare costs disregard.
- Re-introduce the change to calculating self-employed income that was proposed in 2018-19 and then deferred because of COVID-19.
- Introduce a new band giving 100% Council Tax Support to those with the lowest incomes – many of these individuals have not paid any Council Tax for the last two years due to the hardship discounts awarded as a result of COVID-19 – and inflate the income bands in line with September RPI.

On 3 February 2022, the government announced what they described as a Council Tax rebate of £150 for all households in Council Tax bands A to D with a further £144 million discretionary fund for other households in need of support. Although full details are not yet available, it's clear the government's proposal is not a rebate to Council Tax bills but rather a payment to households to partly off-set the rising cost of gas and electricity. At the time of writing, we are awaiting further detailed guidance on how the government's proposal will work.

What evidence have we used to inform this proposal?

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 of Council Tax increases on those with lower incomes.

Financial projections

Increasing Council Tax will generate additional revenue that will avoid the need for us to make further reductions to service provision beyond those set out in 'A clean, green and inclusive city for all: our medium-term financial planning' and its appendices.

Applying 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 2022-23 for those people.

Spending Review 2021 announced on 27 October 2021 and local government finance settlement (provisional announced 16 December 2021, final announced 7 February 2022)

Local authorities may increase core Council Tax by up to 2% and may apply an adult social care precept of up to 1% in 2022-23.

What will be the financial impact of this proposal?

We are proposing to increase core Council Tax by 1.949% which will increase income by £2.3 million, excluding any changes to the Council Tax base, and apply the 1% adult social care precept which will increase income by a further £1.2 million.

What will be the impact upon our employees of this proposal?

There will be no impact on employees as a result of this proposal.

Section C: Consultation

Who did we engage with to develop this proposal?

Who: Residents and organisations

When and how: December 2020 – January 2021 previous budget consultation via Let's Talk

Main issues raised: 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.

Who do we want or need to engage with during consultation?

Who: Residents and voluntary and community sector organisations

When and how: November 2021 to January 2022 via Let's Talk Newcastle consultation

Who provided feedback during the consultation process?

Who: 24 responses were received from individuals and organisations, including Healthwatch Newcastle, young people and Connected voice and HAREF.

When and how: Responses were received via Let's Talk Newcastle consultation December 2021- January 2022

Main issues raised: The most common theme in the feedback was that they were concerned it would negatively affect people on low incomes. When asked about how to minimise impact, the most common response was to ask us not to increase Council Tax; when asked about fairness, the majority felt it was not fair. When asked about other ways to save or generate income, the most common suggestion was to reduce senior staff pay. Other general comments were that people feel Council Tax keeps increasing year on year, that people do not feel the council listens, and that people are struggling to manage

Section D: Impact assessment

The section sets out actual or potential disadvantages or benefits that may arise from implementing this proposal. This assessment is set out for people with characteristics protected by the Equality Act 2010 and other broader areas of potential impact.

People with protected characteristics

Age

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax. Impact may be greater on families with young children or older people living on low incomes.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary. Income raised through the adult social care precept will continue to support the most vulnerable.

Disability

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax. However, they are more likely to impact on households with disabled people who are significantly more likely to be living in poverty than households where no one is disabled.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary. Income raised through the adult social care precept will continue to support the most vulnerable.

Gender reassignment

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary.

Sex

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax. Women may be impacted more by the increase than men due to having lower incomes and being more likely to have children living with them.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary.

Marriage and civil partnership

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax. Single people, in particular single parent households, may be disproportionately impacted by the increase compared to dual income households as two people who are married or in a civil partnership would pay less by proportion.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary.

Pregnancy and maternity

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary.

Race and ethnicity

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax. Black and minority ethnic residents may be impacted more by the increase due to higher unemployment rates.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary.

Religion or belief

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary.

Sexual orientation

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary.

Other potential impacts

Carers

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary.

People vulnerable to socio-economic impacts

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax. People in this group are more likely to be affected than the general population.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary.

Businesses

This proposal does not have an actual or potential impact or benefit on businesses in the city.

Geography

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax. If people get into debt due to being unable to pay the increase Council Tax, this may be apparent in less affluent areas of the city.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary.

Community cohesion

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax. People may be resentful of neighbours or others they feel get more benefit from council services for the same level of Council Tax paid, for example, larger families pay the same as smaller households.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary. We will also use income from the adult social care precept to help fund the increasing demand in adult social care and the long-standing, complex impact of COVID-19 on social care services.

Community safety

This proposal does not have an actual or potential impact or benefit on community safety.

Public Health

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.949% and applying the 1% adult social care precept will impact on all residents who pay Council Tax. People might have to cut back on heating or food to pay increased Council Tax which could impact on health.

How will this be addressed or mitigated? We will continue to provide our Council Tax Support Scheme, which has been updated to provide more support to those on lower incomes, assess individual cases for financial hardship, and to signpost individuals to debt management and advice services where necessary. We will also use income from the adult social care precept to help fund the

increasing demand in adult social care and the long-standing, complex impact of COVID-19 on social care services.

Climate

This proposal does not have an actual or potential impact or benefit on the climate.