

Integrated Impact Assessment (IIA)

Informing our approach to fairness

Proposal: Council Tax and adult social care precept

Date of assessment: October 2022

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Version: 1 for consultation

Planned review date: January 2023

Section A: Current service

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

In 2022-23, Council Tax represented around 20.7% 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 upon Tyne, 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.

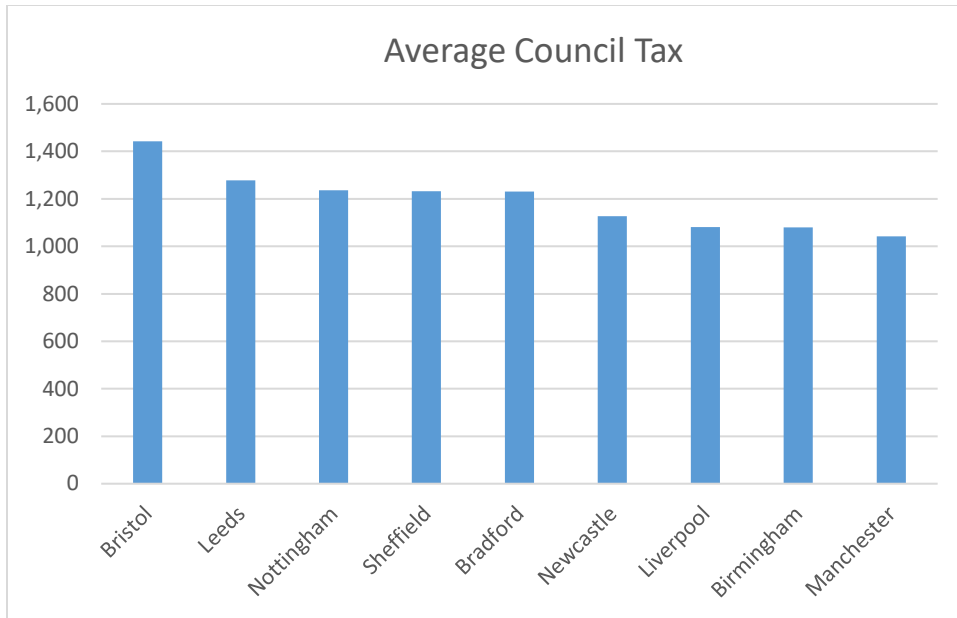
The total amount of Council Tax we will collect is determined by the Council Tax base as well as the level of Council Tax agreed by the council. The Council Tax base is the total of the weighted number of properties at each Council Tax band (ranging from Band A for the lowest valued properties to Band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

The Council Tax base for 2022-23 was calculated at 67,172 Band D equivalents and the Band D charge was £1,627.01 (excluding adult social care, parish, police, and fire precepts). The Band D adult social care precept for 2022-23 was £218.67.

The Band D charge for 2022-23 including adult social care, police and fire was £2,086.87 (including adult social care precept, police and fire but excluding parish precepts) as shown below:

Band	Annual charge (£)	Band	Annual charge (£)
A	1,391.24	E	2,550.62
B	1,623.12	F	3,014.37
C	1,854.99	G	3,478.11
D	2,086.87	H	4,173.74

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 (294th out of 309 local authorities). The position when compared with other core cities is set out below.



The amount of Council Tax we will collect in 2023-24 will be impacted by the following factors – new properties added and demolished, and the number of discounts, exemptions and reliefs that are awarded or withdrawn.

The long-term collection rate in 2022-23 was set at 97.5%. Our actual long-term collection rate is higher than this and so it is proposed to increase the assumed long-term collection used to set the Council Tax base to 98.0% for 2023-24.

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, the Government abolished Council Tax Benefit for working age people and local authorities were required to design local council tax reduction schemes.

Newcastle City Council has designed a scheme which has been regularly reviewed to ensure assistance is maximised for those most vulnerable across our neighbourhoods. We also respond to the impact of welfare reform and accumulating council tax arrears.

In April 2022 amendments were made to the working age scheme to introduce additional support for the most vulnerable residents in the city who receive a passported legacy benefit or equivalent in Universal Credit. Doing this has reduced the number of reminders issued to those in receipt of Council Tax Support by 43%, summonses by 48% and liability orders by 51%, taking a significant number of residents out of the recovery process altogether.

2. Who do we deliver this service / function / policy 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 / function / 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 to alter a band. The billing authorities for each area have a 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 2023-24 this is expected to be 2%) then a referendum must be held.

The maximum increase in the adult social care precept is also specified by government each year, and for 2023-24 this is expected to be set at 1%.

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

Gross expenditure: Not applicable

Gross income: Not applicable

Net budget: Not applicable

Comments: Not applicable

5. 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

Comments: Not applicable

Section B: Proposal for future service

1. How do we proposed 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 2023-24. This is expected to be 2% plus a 1% increase in the adult social care precept.

To set a balanced budget in 2023-24 we need to increase the amount of income raised through Council Tax. We are proposing to increase core Council Tax by 1.99%. This will increase income by £2.5 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 the budget report. We expect this increase will be 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	24.49	0.47	E	44.89	0.86
B	28.57	0.55	F	53.05	1.02
C	32.65	0.63	G	61.22	1.18
D	36.73	0.71	H	73.46	1.41

In addition, we propose to apply the government's 1% Council Tax precept for adult social care to help fund the increasing demand for and cost of adult social care. This will generate an additional £1.3 million of Council Tax income (excluding any changes to 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	12.30	0.24	E	22.56	0.43
B	14.36	0.28	F	26.66	0.51
C	16.41	0.32	G	30.76	0.59
D	18.46	0.36	H	36.91	0.71

The impact of the combined increase is as follows: (excluding the police and fire precepts)

Band	Current 2022-23 Charge (£)	Proposed 2023-24 Charge (£)	Proposed Annual Increase (£)	Proposed 2023-24 Charge for Single People (£)	Proposed Annual Increase for Single People (£)
A	1,230.45	1,267.25	36.80	950.44	27.60
B	1,435.53	1,478.45	42.92	1,108.84	32.19
C	1,640.60	1,689.66	49.06	1,267.24	36.79
D	1,845.68	1,900.87	55.19	1,425.65	41.39
E	2,255.83	2,323.29	67.46	1,742.47	50.60
F	2,665.99	2,745.70	79.71	2,059.27	59.78
G	3,076.13	3,168.12	91.99	2,376.09	68.99
H	3,691.36	3,801.74	110.38	2,851.30	82.78

Council Tax Support

We are not proposing to make any changes to the working age scheme in 2023-24, 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.

Council Tax empty property discounts

The Council Tax (Prescribed Classes of Dwelling) (Amendment) (England) Regulations 2012 were enacted to give billing authorities in England powers to decide what level of council tax to charge owners of unoccupied and substantially unfurnished homes

The council is proposing to amend the unoccupied and unfurnished discount from 100% discount for one month to 0% discount from 1 April 2023 which will increase Council Tax income by an estimated £0.7 million next year. This will bring the Council into line with many other North East local authorities.

Long Term Empty Property and Second Homes Premium

As part of the Levelling-up and Regeneration Bill (the Bill) the following changes have been proposed:

- To apply the long-term empty property premium after one year instead of two; and
- To apply a second property premium of 100% to empty and furnished properties.

The Bill is currently going through its committee stage in the House of Commons. We understand that the Department for Levelling Up, Housing and Communities (DLUHC) is aiming for Royal Assent in Spring 2023. The Bill requires billing authorities “to have a minimum period of 12 months between making its first determination and the financial year in which it takes effect”. If the Bill is enacted the Council should therefore be able to make these changes in 2024-25.

2. 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 on Council Tax increases on those with lower incomes.

Financial projections

Increasing Council Tax will generate additional income for the council that will avoid the need to make further reductions to service provision beyond those set out in the budget report. The precept for adult social care will also help fund the increasing demand in adult social care and the impact of COVID-19 on adult social care services.

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 2023-24 for those people.

Spending Review 2022 announced on 27/10/21

That local authorities may increase core Council Tax by up to 2% and may increase the adult social care precept by up to 1% in 2022-23, however, these upper limits will need to be confirmed by government.

3. What will be the financial impact of this proposal?

We are proposing to increase core Council Tax by 1.99%, which will increase income by £2.5 million (excluding any changes to the Council Tax base), and the adult social care precept by 1%, which will increase income by a further £1.2 million.

4. 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

1. Who did we engage with to develop this proposal?

Who we have engaged with to develop this proposal: Residents and organisations

When and how: November 2022 – January 2023

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.

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

Who want to engage with during consultation: Residents / Landlords / Voluntary Organisations

When and how: November 2022 to January 2023 via Letstalk Newcastle consultation

3. Who provided feedback during the consultation process? (to be completed post-consultation)

Who provided feedback in the consultation process (to be completed post-consultation):

When and how:

Main issues raised:

Section D: Impact assessment

The section below 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 1.99% and 1% adult social care precept will impact on all residents. Impact may be greater on families with young children or older people living on low pensions

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services. Also use income from adult social care precept to continue to support the most vulnerable.

Disability

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.99% and 1% adult social care precept is more likely to impact on households with disabled people who are significantly more likely to be in poverty than households where no one is disabled.

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services. Also use income from adult social care precept to continue to support the most vulnerable.

Gender reassignment

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.99% and 1% adult social care precept will impact on all residents

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services.

Sex

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.99% and 1% adult social care precept will impact on all residents. Women may be impacted more by the increase than men due to having lower incomes and to being more likely to have children living with them.

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services

Marriage and civil partnership

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.99% and 1% adult social care precept will impact on all residents. Single people, in particular single parent households, may be disproportionately impacted by the increase compared to dual income households. Two income married civil partnerships couples would pay less by proportion

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services

Pregnancy and maternity

Type of impact: Potential disadvantage as women taking a pay cut due to maternity leave may be impacted.

Detail of impact: Council Tax increase of 1.99% and 1% adult social care precept will impact on all residents

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services

Race and ethnicity

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.99% and 1% adult social care precept will impact on all residents. Residents from ethnic minority backgrounds may be impacted more by the increase due to higher unemployment rates

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services.

Religion and belief

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.99% and 1% adult social care precept will impact on all residents

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services.

Sexual orientation

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.99% and 1% adult social care precept will impact on all residents

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services

Other potential impacts

Carers

Type of impact: Potential disadvantage. Unpaid carers or those unable to increase their work hours due to restrictions of carers allowance may be potentially negatively impacted.

Detail of impact: Council Tax increase of 1.99% and 1% adult social care precept will impact on all residents.

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services

People vulnerable to socio-economic impacts

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.99% and 1% 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.

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services

Businesses

Type of impact: No impact

Geography

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.99% and 1% 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.

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services

Community cohesion

Type of impact: Potential disadvantage as people may get into debt due to being unable to pay the increase in Council Tax and may turn to loan sharks or become vulnerable to commit crime to pay off debts.

Detail of impact: Council Tax increase of 1.99% and 1% 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

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services. 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. Promote the communitarian nature of the tax – supporting the community/each other

Community safety

Type of impact: No impact

Public Health

Type of impact: Potential disadvantage

Detail of impact: Council Tax increase of 1.99% and 1% 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

How will this be addressed or mitigated?: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services. 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

Type of impact: No impact