

Integrated Impact Assessment (IIA)

Informing our approach to fairness

Proposal: Council Tax and Adult Social Care Precept

Date of assessment: November 2023

Lead officer: Mark Nicholson

Assessment team: Mark Nicholson, Kerry Macdermott, Lesley Watson

Portfolio: Resources

Version: 1

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Section A: Current service

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

In 2023-24, Council Tax represented around 21% 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.

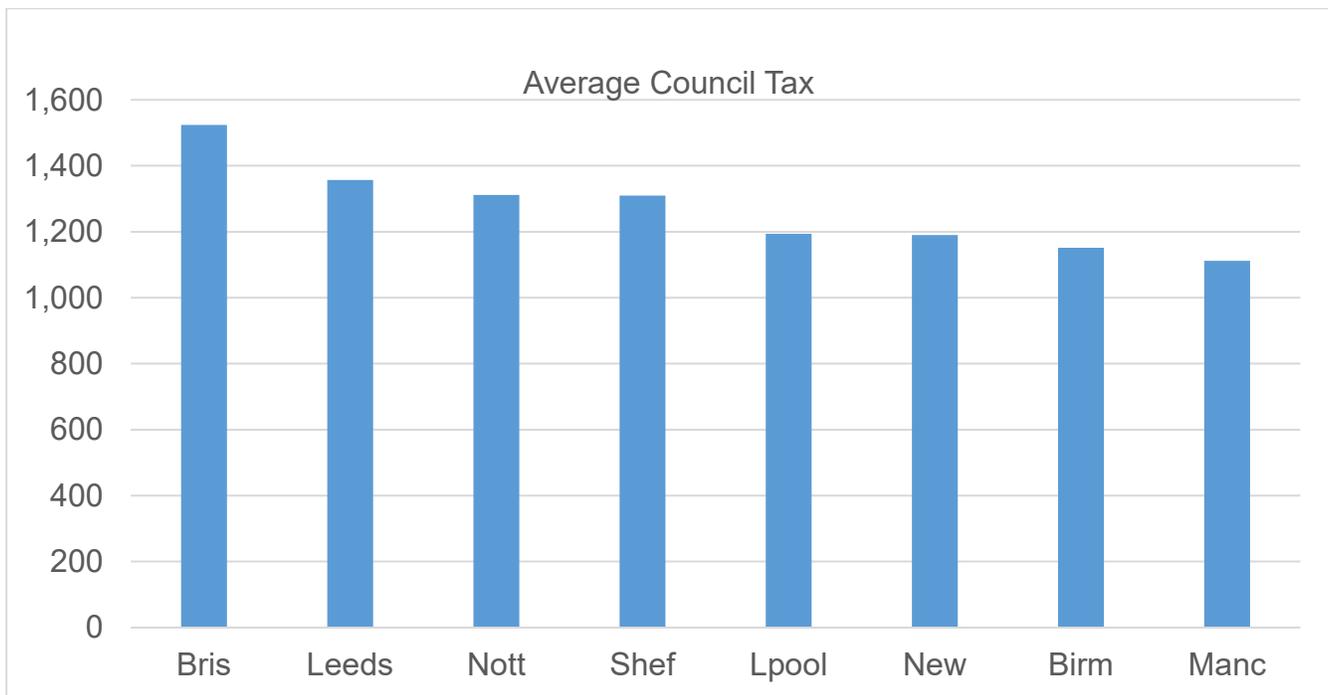
The total amount of Council Tax we will collect is determined by the Council Tax base as well as the level of Council Tax agreed by the council. The Council Tax base is the total of the weighted number of properties at each Council Tax band (ranging from Band A for the lowest valued properties to Band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

The Council Tax base for 2023-24 was calculated at 68,667 Band D equivalents and the Band D charge was £1,663.74 (excluding adult social care, parish, police, and fire precepts). The Band D adult social care precept for 2023-24 was £255.58.

The Band D charge for 2023-24 including adult social care, police and fire was £2,180.51 (including adult social care precept, police and fire but excluding parish precepts) as shown below:

Band	Annual charge (£)	Band	Annual charge (£)
A	1,453.68	E	2,665.07
B	1,695.95	F	3,149.62
C	1,938.23	G	3,634.19
D	2,180.51	H	4,361.02

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 (283 out of 296 local authorities). The position when compared with other core cities is set out below.



Key to table above	
Bris	Bristol UA
Leeds	Leeds
Nott	Nottingham UA
Shef	Sheffield
Lpool	Liverpool
New	Newcastle-upon-Tyne
Birm	Birmingham
Manc	Manchester

The amount of Council Tax we will collect in 2024-25 will be impacted by the number of new properties added and demolished, and the number of discounts, exemptions and reliefs that are awarded or withdrawn.

The long-term collection rate in 2023-24 was set at 98.0%.

We only write off debt after six years or if it becomes uneconomical to collect, but 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 local authorities were required to design local council tax reduction schemes.

Since then, Newcastle City Council has 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.

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.

Newcastle City Councils council tax support scheme provides 100% assistance to 12,900 households in the city. Its flexibility protects recipients from experiencing substantial fluctuations in their council tax liability which aids effective household budgeting. 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 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 2024-25 this is expected to be 3%) then a referendum must be undertaken.

The maximum increase in the adult social care precept is also specified by government each year, and for 2024-25 this is expected to be set at 2%.

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 are expecting the government will assume in its calculation of core spending power that all local authorities will increase Council Tax by the maximum amount in 2024-25, which is expected to be 3% plus a 2% increase in the adult social care precept.

To set a balanced budget in 2024-25 we need to increase the amount of income raised through Council Tax. We are proposing to increase core Council Tax by 2.99%, which will increase income by £3.9 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.

Annual council tax increases compared to the published price indices

Area	2022-23	2023-24	2024-25
Retail Price Index (RPI)*	4.90%	12.60%	8.90%
Consumer Price Index (CPI)*	3.10%	10.10%	6.70%
Council Tax including Adult Social Care Precept	2.95%	3.99%	4.99%

*These percentages are based on the published statistics at 30 September in the preceding financial year. The CPI figure is used to calculate annual universal credit and other benefit increases from the following April.

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	38.25	0.74	E	70.13	1.35
B	44.63	0.86	F	82.88	1.59
C	51.00	0.98	G	95.63	1.84
D	57.38	1.10	H	114.76	2.21

In addition, we propose to apply the government's 2% 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 £2.6 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	25.59	0.49	E	46.92	0.90
B	29.86	0.57	F	55.45	1.07
C	34.13	0.66	G	63.98	1.23
D	38.39	0.74	H	76.78	1.48

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

Band	Current 2023-24 Charge (£)	Proposed 2024-25 Charge (£)	Proposed Annual Increase (£)	Proposed 2024-25 Charge for Single People (£)	Proposed Annual Increase for Single People (£)
A	1,279.55	1,343.39	63.84	1,007.54	47.88
B	1,492.80	1,567.29	74.49	1,175.47	55.87
C	1,706.06	1,791.19	85.13	1,343.39	63.85
D	1,919.32	2,015.09	95.77	1,511.32	71.83
E	2,345.84	2,462.89	117.05	1,847.17	87.79
F	2,772.35	2,910.68	138.33	2,183.01	103.75
G	3,198.87	3,358.48	159.61	2,518.86	119.71
H	3,838.64	4,030.18	191.54	3,022.63	143.65

Council Tax Support Scheme

We are not proposing to make any changes to the working age scheme in 2024-25, 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.

Long Term Empty Property Premium

We are proposing to apply the long-term empty property premium after one year instead of two following the changes in legislation introduced by the Levelling-up and Regeneration Bill. This will increase Council Tax Income by an estimated £0.7million next year.

Second Homes Premium

We are proposing to apply a second property premium of up to 100% to empty and furnished properties from April 2025.

2. What evidence have we used to inform this proposal?

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 and the cost of living crisis. 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 2024-25 for those people.

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

We are proposing to increase core Council Tax by 2.99%, which will increase income by £3.9 million (excluding any changes to the Council Tax base), and the adult social care precept by 2%, which will increase income by a further £2.6 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?

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 / need to engage with during consultation?

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

When / how: November 2023 to January 2024 via council-wide Let's Talk budget 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 / how: To be completed post-consultation.

Main issues raised: To be completed post-consultation.

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 2.99% and 2% 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: The increase is more likely to impact upon 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: None.

How will this be addressed or mitigated: Not applicable.

Sex

Type of impact: potential disadvantage.

Detail of impact: Women may be disproportionality impacted more by the increase than men due to having lower incomes and to being more likely to also 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: No impact.

Detail of impact: Not applicable.

How will this be addressed or mitigated: Not applicable.

Pregnancy and maternity

Type of impact: potential disadvantage.

Detail of impact: Residents who are pregnant or on maternity leave may be impacted more by the increase due to a reduced income or increase in household expenses.

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: BME residents may be impacted more by the increase due to higher unemployment rates amongst this community.

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: None.

Detail of impact: Not applicable.

How will this be addressed or mitigated: Not applicable.

Sexual orientation

Type of impact: None.

Detail of impact: Not applicable.

How will this be addressed or mitigated: Not applicable.

Other potential impacts

Unpaid carers

Type of impact: potential disadvantage.

Detail of impact: People in this group are more likely to be affected than the general population. The increase in cost may disproportionately affect unpaid carers who are unable to increase their salaries/hours of paid work due to their caring responsibilities or restrictions on benefits including but not limited to Carer's Allowance.

How will this be addressed or mitigated: Continue to provide Council Tax Support Scheme and continue to signpost to debt management and advice services. Ensure unpaid carers are included in any future Household Support Fund (or similar) offer.

People vulnerable to socio-economic impacts

Type of impact: potential disadvantage.

Detail of impact: 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: None.

Detail of impact: Not applicable.

How will this be addressed or mitigated: Not applicable.

Geography

Type of impact: potential disadvantage.

Detail of impact: residents in less affluent areas of the city are more likely to be unable to meet their Council Tax liability.

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.

Detail of impact: 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. Higher relative burdens of Council tax rises will be felt by the young, low earners and those in less prosperous parts of the city, living in more modest properties. Residents also more likely to complain that they are not seeing the benefit of paying higher taxes.

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 and keeping residents informed about how their council tax is spent.

Community safety

Type of impact: None.

Detail of impact: Not applicable.

How will this be addressed or mitigated: Not applicable.

Public Health

Type of impact: potential disadvantage.

Detail of impact: Some people might have to cut back on heating or food to pay increased council tax which could impact on health and wellbeing.

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: None.

Detail of impact: Not applicable.

How will this be addressed or mitigated: Not applicable.