

# Integrated Impact Assessment (IIA)

## Informing our approach to fairness

<b>Name of proposal</b>	Financial Services
<b>Date of assessment</b>	September 2018
<b>Lead officer</b>	Mark Nicholson
<b>Assessment team</b>	Jayne Henderson, Anthony Francis, Sue Hayes
<b>Planned review date</b>	January 2019

### Version control

<b>Version</b>	1
<b>Date</b>	November 2018
<b>Replaces version</b>	0

This is our assessment of the potential equality and other impacts of this 2019-20 proposal, based on the available evidence. We will review this assessment throughout the consultation period. A formal review will take place of all proposals when consultation closes to consider comments and information from all stakeholders, research or new and emerging policy or announcements.

This is the ninth year of austerity and Government-imposed funding cuts. Coupled with unfunded cost pressures, like increasing demand for services and inflation, this has resulted in us needing to achieve savings of £267 million over the last eight years.

Our financial position remains challenging. Over the next three years we need to save a further £60 million, with £16.9 million required in 2019-20.

The following proposal is put forward within this context and should be read in conjunction with 'Shaping our future together: Our medium-term plan 2019-20 to 2021-22'. This explains how we are responding to the continuing financial challenge, setting out our plans for the three years.

## Section A: Current service

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

Financial Services is responsible for:

- Financial Accounting – preparation of annual accounts, treasury management, and maintenance of financial systems and processes.
- Financial Management – preparation and monitoring of annual revenue and capital budget, management of reserves, and finalisation of annual outturn position.
- Revenues, Benefits and Exchequer Services – collection of business rates, Council Tax, sundry income and overpaid housing benefit, and assessment and award of housing benefit, Council Tax reduction, crisis support and Blue Badges.

### 2. Who do you deliver this service for?

The above services are delivered for:

- Preparation of annual budget and accounts, and other financial services for all managers within the council.
- Support to section 151 officer for all residents of the city.
- Collection of business rates from approx. 11,000 businesses.
- Collection of Council Tax from approx. 133,000 households.
- Collection of other income from approx. 41,000 service users.
- Assessment and award of housing benefit to approx. 22,000 residents.
- Assessment and award of Council Tax reduction to approx. 32,000 residents.
- Assessment and award of blue badges to approx. 10,000 residents.

### 3. Do you have any statutory requirements?

The following statutory duties are fulfilled by Financial Services:

- Coordination of the annual revenue and capital budget approved by City Council.
- Preparation of the annual accounts approved by Constitutional Committee.
- Support to the section 151 officer in relation to his statutory duties.
- Setting and collection of Council Tax and business rates.
- Assessment and award of Council Tax reduction.
- Assessment and award of housing benefit on behalf of the Department for Work and Pensions.

### 4. How much do you spend on this service?

Gross expenditure	Gross income	Net budget	Capital projects
£9.272 million	£5.413 million	£3.859 million	n/a

### 5. What workforce delivers this service?

Posts	FTEs	Comments
231	218.3	

## Section B: Change proposal

### 1. What is the proposal to change the service?

Financial Services plans to save £345k from a range of corporate and directorate budgets in 2019/20 as shown below:

Description: (all figures in £k)	2019/20
Sundry income and debt recovery	50
Treasury management	100
Reduction in external audit fee	70
Inflationary increase to income from schools, HRA etc.	20
Greater use of apprenticeship levy	25
Staffing and income savings (net)	80
<b>TOTAL</b>	<b>345</b>

A description of each individual proposal is set out below:

#### **Sundry income and debt recovery**

Improvements in the process for collecting sundry debt income (i.e. income other than housing rents, Council Tax and business rates) will lead to an estimated £50k reduction in the annual corporate bad debt charge required in 2019/20. Some of these improvements include changing how income is accounted for within council budgets (already implemented), consolidating income and debt recovery across the council and reviewing the current sundry income system to ensure it is fit for purpose.

#### **Treasury management**

Continued improvements in how the council manages its day to day and short- / medium- / long-term debt portfolio will lead to an estimated saving of £100k in 2019/20 against the corporate treasury management budget.

#### **External audit fee**

The joint procurement process with North Tyneside Council and Northumberland County Council has led to an annual saving of £70k against the corporate external audit fee budget.

#### **Inflationary increase in income from schools, HRA etc.**

Applying an inflationary increase to current income from schools and the HRA will lead to an estimated £20k of additional income in 2019/20 for finance and exchequer services.

#### **Apprenticeship levy**

We will use funding from the apprenticeship levy the council pays to fund the training costs of trainees within the division.

#### **Staffing and service changes**

It is proposed to carry out a service review within Revenues, Benefits and Exchequer Services to address the impact of universal credit full service roll out on housing benefit delivery and to redirect vital resources within the service to focus on income collection.

The proposed new staffing restructure will ensure:

- Management and support arrangements are fit for purpose going forward;
- Resources are more focused on income collection to support an increase in Council Tax collection performance;
- Housing benefit delivery is re-focused on the elements that will remain with the council as migration of working age housing benefit claims to universal credit continues; and
- There is sufficient resource to support migration of universal credit claims.

In supporting the new structure, it is proposed to:

- Withdraw the current front facing elements of the housing benefit service to reflect the significant reduction in face to face interviews. We will signpost customers to use our digital and self-service channels and, if necessary, our telephone service. In supporting vulnerable customers, we will provide face to face interviews through a triaged service once a month in the East, West and Outer West Customer Service Centres. This will be reviewed to ensure that it is fit for purpose and that customers can continue access our services adequately.
- Close our phone lines one day per week in housing benefits, Council Tax and business rates so that officers can carry out proactive recovery work to increase collection rates and better manage peaks in tenancy changes and student work. This will help to reduce avoidable contact, free up more staff time to work on processing changes to individuals' accounts, improve the timeliness of processing changes and reduce the number of complaints in this area. We will continue to signpost customer to use our digital and self-service channels to complete online forms and enquiries relating to Council Tax and we are also working to improve this offer with a new portal in 2019/20.

We will also seek the approval of the courts to increase the fee associated with collection and recovery of Council Tax and business rates, which have not been increased for several years. The costs associated with this activity – i.e. salaries, postage, printing etc. – have increased with inflation each year. It is proposed to increase the liability order fee from £40 to £50. This will generate additional income to mitigate the shortfall in the costs associated with collection. The fee for summonses will remain unchanged. Summons and liability order costs are applied to Council Tax debt where people fail to pay on a bill, reminder or final notice. The council is required to obtain liability orders through the court before commencing and targeting enforcement action on those who refuse to pay. Assistance is always available for those who struggle to pay, and we encourage people to contact us as soon as possible so that that court action can be prevented.

We will also increase the number of in-house enforcement agents at nil cost to the council as the staffing and other costs will be covered by additional income generated.

We will use some of the above savings to off-set cost pressures in relation to higher than expected bank charges and reductions in income.

## 2. What evidence has informed this proposal?

Information source	What has this told you?
Impact of Universal Credit: <ul style="list-style-type: none"> <li>• Housing benefit caseload reduction of 9,852.</li> </ul>	Since universal credit full service roll out started in Newcastle in May 2016 there has been a significant reduction in work associated with working age housing benefit claims.

<ul style="list-style-type: none"> <li>The average number of new claims processed each month has dropped from 600 to 130.</li> <li>Of the new claims processed each month 50% are for working age people with three or more children, these claims will begin natural migration to universal credit in early 2019.</li> <li>The average number of changes in circumstances processed each month has dropped from 5,400 to 2,250.</li> </ul> <p>There is no schedule or detail of how existing housing benefit claims will be migrated to universal credit in the managed migration phase which is expected to commence during 2019/20.</p>	<p>There has been an increase in work required to support universal credit through housing benefit stops, the introduction of the two-week run on and changes required to Council Tax reduction. The team has manually dealt with over 105,000 notifications sent by the Department for Work and Pension and we have worked with our software supplier over the last couple of months to automate these and so far about 65% will process without manual intervention. Caseload reductions will continue to fall as housing benefit claims continue to migrate to universal credit.</p>			
<p>Front facing interviews are reducing significantly. In 2014/15 prior to the introduction of Universal Credit we interviewed approx. 45,000 customers – this reduced to approx. 11,000 in 2017/18 and to approx. 3,000 in the first six months of 2018/19.</p>	<p>Housing benefit face to face interviews have reduced significantly since Universal Credit was introduced and there is significantly less demand for this service from residents.</p>			
<p>The number of customer complaints has increased regarding Council Tax telephone waiting times. There is also a culture that customers telephone us to prematurely chase up changes in their claims bypassing our online and self-service channels.</p>	<p>Considerable staff time is wasted on avoidable contact, which has an impact on staff productivity. Introducing one day each week when telephone lines are closed would allow staff to process work more productively (thus mitigating the reason why customers call us) and enable more proactive recovery work to be undertaken thus increasing collection rates.</p>			
<p><b>3. How much will you spend on this service?</b></p>				
	<p><b>Gross expenditure</b></p>	<p><b>Gross income</b></p>	<p><b>Net budget</b></p>	<p><b>Capital projects</b></p>
<p><b>2019-20</b></p>	<p>£9,297,910</p>	<p>£5,539,170</p>	<p>£3,758,740</p>	<p>n/a</p>
<p><b>4. What will the net savings be of this proposal?</b></p>				
	<p><b>Gross Saving</b></p>	<p><b>Implementation Cost</b></p>	<p><b>Net Saving</b></p>	
<p><b>2019-20</b></p>	<p>£345k</p>	<p>n/a</p>	<p>£345k</p>	
<p><b>5. What impact will this have on the workforce?</b></p>				
	<p><b>No. FTEs</b></p>	<p><b>% workforce</b></p>		
<p><b>2019-20</b></p>	<p>6.0</p>	<p>2.7%</p>		

**6. Who have you engaged with about this proposal?**

Date	Who	No. of people	Main issues raised
TBC			

**7. What are the potential impacts of the proposal?**

Specific group / subject	Impact (actual / potential disadvantage, beneficial outcome or none)	Detail of impact	How will you address or mitigate disadvantage?
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**People with protected characteristics**

Age	Potential disadvantage	<p>Daily housing benefit face to face interviews will not be able available in customer services centres which may impact on some customers.</p> <p>The closure of service phone lines one day a week for Council Tax, business rates and housing benefits will only impact on customers if they phone the service on the day phones lines are closed.</p> <p>An additional £10 in fees if any customer fall into arrears.</p>	<p>Monthly face to face prearranged appointments or home visits via the triage service will be available to vulnerable customers who are unable to contact us in any other way.</p> <p>Telephone lines will only close for day a week and this will be prearranged for example every Wednesday and recovery notices will not be issued on the day before the lines are closed.</p>
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			<p>Online enquiries and forms and self-service via our revenues and benefit portal will continue to be available 24 hours a day, 7 days a week and we are also making improvements to this. For those who are unable to use this due to age then a telephone assistance or triaged home visit service will be offered.</p> <p>Council Tax payment plans and hardship payments can be considered for people who are struggling with debt with signposting to advice services.</p>
Disability	Potential disadvantage	<p>Daily housing benefit face to face interviews will not be able available in customer services centres which may impact on some customers.</p> <p>The closure of service phone lines one day a week for Council Tax, business rates and housing benefits will only impact on customers if they phone the service on the day phones lines are closed.</p> <p>An additional £10 in fees if any customer fall into arrears.</p>	<p>Monthly face to face prearranged appointments or home visits via the triage service will be available to vulnerable customers who are unable to contact us in any other way.</p> <p>Telephone lines will only close for day a week and this will be prearranged for example every Wednesday and recovery notices will not be issued on the day before the lines are closed. Online enquiries and forms and self-service via our revenues and</p>

			<p>benefit portal will continue to be available 24 hours a day, 7 days a week and we are also making improvements to this. For those who are unable to use this due to disability then a telephone assistance or triaged visiting service will be offered in extreme circumstances.</p> <p>Council Tax payment plans and hardship payments can be considered for people who are struggling with debt with signposting to advice services.</p>
Sex	Potential disadvantage	<p>Daily housing benefit face to face interviews will not be able available in customer services centres and phone lines will be closed one day a week for Council Tax, business rates and housing benefits.</p> <p>An additional £10 in fees if these customers fall into arrears.</p>	<p>Monthly face to face prearranged appointments via the triage service will be available to vulnerable customers who are unable to contact us in any other way.</p> <p>Telephone lines will only close for day a week and this will be prearranged for example every Wednesday and recovery notices will not be issued on the day before the lines are closed. Online enquiries and forms and self-service via our revenues and benefit portal will continue to be</p>



			<p>available 24 hours a day, 7 days a week and we are also making improvements to this.</p> <p>Council Tax payment plans and hardship payments can be considered for people who are struggling with debt with signposting to advice services.</p>
Marriage and civil partnership	Potential disadvantage	<p>Daily housing benefit face to face interviews will not be able available in customer services centres which may impact on some customers.</p> <p>The closure of service phone lines one day a week for Council Tax, business rates and housing benefits will only impact on customers if they phone the service on the day phones lines are closed.</p> <p>An additional £10 in fees if any customer fall into arrears.</p>	<p>Monthly face to face prearranged appointments via the triage service will be available to vulnerable customers who are unable to contact us in any other way.</p> <p>Telephone lines will only close for day a week and this will be prearranged for example every Wednesday and recovery notices will not be issued on the day before the lines are closed. Online enquiries and forms and self-service via our revenues and benefit portal will continue to be available 24 hours a day, 7 days a week and we are also making improvements to this.</p> <p>Council Tax payment plans and hardship payments can be</p>

			considered for people who are struggling with debt with signposting to advice services.
Pregnancy and maternity	Potential disadvantage.	<p>Daily housing benefit face to face interviews will not be able available in customer services centres which may impact on some customers.</p> <p>The closure of service phone lines one day a week for Council Tax, business rates and housing benefits will only impact on customers if they phone the service on the day phones lines are closed.</p> <p>An additional £10 in fees if any customer fall into arrears.</p>	<p>Monthly face to face prearranged appointments via the triage service will be available to vulnerable customers who are unable to contact us in any other way.</p> <p>Telephone lines will only close for day a week and this will be prearranged for example every Wednesday and recovery notices will not be issued on the day before the lines are closed. Online enquiries and forms and self-service via our revenues and benefit portal will continue to be available 24 hours a day, 7 days a week and we are also making improvements to this.</p> <p>Council Tax payment plans and hardship payments can be considered for people who are struggling with debt with signposting to advice services</p>
Race and ethnicity	Potential disadvantage	Daily housing benefit face to face interviews will not be able available	Monthly face to face prearranged appointments via the triage service will be available to

		<p>in customer services centres which may impact on some customers.</p> <p>The closure of service phone lines one day a week for Council Tax, business rates and housing benefits will only impact on customers if they phone the service on the day phones lines are closed.</p> <p>An additional £10 in fees if any customer fall into arrears.</p>	<p>vulnerable customers who are unable to contact us in any other way.</p> <p>Telephone lines will only close for day a week and this will be prearranged for example every Wednesday and recovery notices will not be issued on the day before the lines are closed. Online enquiries and forms and self-service via our revenues and benefit portal will continue to be available 24 hours a day, 7 days a week and we are also making improvements to this.</p> <p>Council Tax payment plans and hardship payments can be considered for people who are struggling with debt with signposting to advice services</p>
Religion and belief	Potential disadvantage	<p>Daily housing benefit face to face interviews will not be able available in customer services centres which may impact on some customers.</p> <p>The closure of service phone lines one day a week for Council Tax, business rates and housing benefits will only impact on</p>	<p>Monthly face to face prearranged appointments via the triage service will be available to vulnerable customers who are unable to contact us in any other way.</p> <p>Telephone lines will only close for day a week and this will be</p>

		<p>customers if they phone the service on the day phones lines are closed.</p> <p>An additional £10 in fees if any customer fall into arrears.</p>	<p>prearranged for example every Wednesday and recovery notices will not be issued on the day before the lines are closed. Online enquiries and forms and self-service via our revenues and benefit portal will continue to be available 24 hours a day, 7 days a week and we are also making improvements to this.</p> <p>Council Tax payment plans and hardship payments can be considered for people who are struggling with debt with signposting to advice services</p>
Sexual orientation	Potential disadvantage	<p>Daily housing benefit face to face interviews will not be able available in customer services centres which may impact on some customers.</p> <p>The closure of service phone lines one day a week for Council Tax, business rates and housing benefits will only impact on customers if they phone the service on the day phones lines are closed.</p> <p>An additional £10 in fees if any customer fall into arrears.</p>	<p>Monthly face to face prearranged appointments via the triage service will be available to vulnerable customers who are unable to contact us in any other way.</p> <p>Telephone lines will only close for day a week and this will be prearranged for example every Wednesday and recovery notices will not be issued on the day before the lines are closed. Online enquiries and forms and self-service via our revenues and</p>

			<p>benefit portal will continue to be available 24 hours a day, 7 days a week and we are also making improvements to this.</p> <p>Council Tax payment plans and hardship payments can be considered for people who are struggling with debt with signposting to advice services.</p>
Gender reassignment	Potential disadvantage	<p>Daily housing benefit face to face interviews will not be able available in customer services centres which may impact on some customers.</p> <p>The closure of service phone lines one day a week for Council Tax, business rates and housing benefits will only impact on customers if they phone the service on the day phones lines are closed.</p> <p>An additional £10 in fees if any customer fall into arrears.</p>	<p>Monthly face to face prearranged appointments via the triage service will be available to vulnerable customers who are unable to contact us in any other way.</p> <p>Telephone lines will only close for day a week and this will be prearranged for example every Wednesday and recovery notices will not be issued on the day before the lines are closed. Online enquiries and forms and self-service via our revenues and benefit portal will continue to be available 24 hours a day, 7 days a week and we are also making improvements to this.</p>

			Council Tax payment plans and hardship payments can be considered for people who are struggling with debt with signposting to advice services.
<b>Other potential impacts</b>			
People vulnerable to socio-economic impacts	None noted	n/a	n/a
Businesses			
Geography			
Community cohesion			
Community safety			
Environment and air quality			