# Integrated Impact Assessment – Summary Report

Each of the numbered sections below must be completed

Please state if the IIA is interim or **final**

## 1. Title of proposal

 Increase of Council Tax in 2025/26 by 5% or more - **Final IIA**

## 2. What will change as a result of this proposal?

The Council Tax rate will increase by 5% or more across all bands.

The Council is facing on-going financial pressure because of increasing demand for services and rising costs against a backdrop of available sources of income that are not keeping pace. The latest review of the Council’s main expenditure and income planning assumptions indicates an estimated budget gap for 2025/26 of at least £29.9m, increasing to £109.1m by 2028/29. While Council Tax only accounts for 24.7% of the Council’s total funding, increases in Council Tax levels are one means of ensuring council finances are sustainable in the long-term.

The additional cost per household per week or per month from an increase of Council Tax of 5% in Band D would be £1.39 and £6.03 respectively. The weekly impact ranges from £0.93 in Band A to £3.41 in Band H. More detailed analysis of the impact of a 5% increase, along with the illustrative impact of higher levels of increase of 7.5% and 10%, is provided in **Appendices 1 and 2**. Every 1% increase in Council Tax raises some £3.3m, assuming a corresponding increase in Council Tax Reduction Scheme expenditure, meaning that a 5% increase would raise about £16.5m on a recurring basis to support the delivery of services in the city.

Particularly given the freezing of Council Tax rates in 2024/25, engagement will be carried out to raise awareness of the reasons behind the proposed Council Tax increase of 5% for all eight bands in Edinburgh.

While the baseline planning assumption for 2025/26 remains a 5% increase in Council Tax rates, given the extent of financial pressures facing the Council and uncertainty around the level of grant funding to be received, the Council’s budget consultation will also seek views on higher potential levels of increase. It is anticipated that in most cases, however, the corresponding impacts and mitigating actions will remain broadly similar to those set out in this interim IIA.

3. **Briefly describe public involvement in this proposal to date and planned**

As noted above, engagement with public is planned to inform them of the proposed Council Tax increase, reasons behind the increase and different channels available for those who need support to pay their Council Tax, particularly the Council Tax Reduction Scheme (CTRS). Further detail on CTRS is provided in **Appendix 3**.

The 2025/26 budget consultation resulted in the following feedback:

* Concern about ability to afford any increase in Council Tax due to rising cost of living.
* "I could not afford more than a 5% increase as it would put a strain on my finances."
* Opposition to any increase in Council Tax linked to a belief that the Council is inefficient.
* "I would accept a small increase if I knew it was going toward vital services, but I worry the money won't be used efficiently".
* Belief that presenting a minimum increase of 5% is "biased".
* Calls to reassess Council Tax bands to improve equity, particularly for low-income households.
* Desire to see increases in Council Tax linked to specific spending and to ensure transparency.

Residents were informed that some level of increase in Council Tax would be necessary following the freeze in 2024/25, with a likely minimum increase of 5%. Within these restrictions, on average, residents felt Council Tax should increase by 6.4%. Excluding don’t know and non-response, most residents (69%) felt the increase should be 5%, with others (31%) selecting higher amounts. This is summarised in the chart below, setting out public support for selected Council Tax increases (minimum 5%)

## 4. Is the proposal considered strategic under the Fairer Scotland Duty?

Yes

## 5. Date of IIA

This IIA is an iterative process to consider the potential impact on residents if the Council agreed to increase Council Tax by 5%, as such an IIA Scoping group was formed and met on the following dates.

* Tuesday 11th September 2024
* Friday 20th September 2024
* Wednesday 25th September 2024
* Friday 24th January 2025

The content of this interim IIA has been reviewed and updated in light of relevant public feedback received as part of the Council’s budget engagement exercise which ran from November 2024 to 14 January 2025.

## 6. Who was present at the IIA? Identify facilitator, lead officer, report writer and any employee representative present and main stakeholder (e.g. Council, NHS)

|  |  |  |
| --- | --- | --- |
| Name | Job Title | Date of IIA training |
| Richard Lloyd-Bithell | Service Director – Finance and Procurement |  |
| Martin Clark | Head of Financial Strategy & Best Value |  |
| Fraser Rowson | Principal Accountant  | 22 May 2019  |
| Sheila Haig | Customer Manager Corporate Services |  |
| Derek Bradford | Transaction Team Manager |  |
| Brian Murphy | Depute Customer Manager – Transaction |  |
| Iman Yusuf Iman | Senior Accountant  |  |

## 7. Evidence available at the time of the IIA

| **Evidence** | **Available – detail source**  | **Comments: what does the evidence tell you with regard to different groups who may be affected and to the environmental impacts of your proposal** |
| --- | --- | --- |
| Data on populations in need | Edinburgh Integration Joint Board[Population and demographics - Edinburgh Health & Social Care Partnership (edinburghhsc.scot)](https://www.edinburghhsc.scot/the-ijb/jsna/populationanddemographics/)Scottish Government Fairer Council Tax Consultation analysis[Fairer Council Tax: consultation analysis - gov.scot (www.gov.scot)](https://www.gov.scot/publications/fairer-council-tax-consultation-analysis/)Poverty<https://www.edinburghhsc.scot/the-ijb/jsna/poverty/>https://edinburghpovertycommission.org.uk/ | Poverty rates in Edinburgh vary considerably between different areas of the city, from as low as 5% in some areas, to as high as 27% in others. Every locality in the city has at least one area of high poverty. Most localities also include areas of very low poverty, often close to high poverty areas.Levels of poverty are particularly high among families with children. In Edinburgh an estimated 23% of children grow up in relative poverty. In some areas this rate rises to more than 1 in 3 of all children. These areas rank among the highest levels of child poverty recorded anywhere in Scotland. |
| Data on service uptake/access | [Council Tax Reduction: local authority tables and charts - April 2013 to July 2024 - gov.scot (www.gov.scot)](https://www.gov.scot/publications/council-tax-reduction-local-authority-tables-and-charts/)  | In Edinburgh, around 30,000 households are in receipt of Council Tax Reduction at any one time, equating to annual support of around £27m. For Band A properties, this means that 32% of income due is “foregone” and instead met through the CTR scheme.There is no specific income threshold for Council Tax Reduction as qualification is dependent on a number of factors such as household composition, income and personal status. Entitlement to CTR is tapered e.g. the more a person earns the lower the award up to the point where they fail to qualify. There is a cut off limit as far as capital is concerned, for those with capital/savings in excess of £16,000.00, no CTR is awarded.  |
| Data on socio-economic disadvantage e.g. low income, low wealth, material deprivation, area deprivation. | YesScottish Index of Multiple Deprivation (SIMD)[SIMD (Scottish Index of Multiple Deprivation)](https://simd.scot/#/simd2020/BTTTFTT/9/-4.0000/55.9000/)Tenant Hardship Fund Payments[Edinburgh Council Increases Tenant Hardship Fund Payments Amid Rising Rent Pressures - Edinburgh Magazine - Positive Local News in Edinburgh, Scotland](https://edinburghmagazine.com/edinburgh-council-increases-tenant-hardship-fund-payments-amid-rising-rent-pressures/) | This may be available through work that the Homelessness Service has been undertaking with a student to use existing data in a different way. Contact has also been made with an external organisation offering this service.  |
| Data on equality outcomes | Not all equality information available/recorded on benefits claim data.  | Equality data is not required for the purpose of determining entitlement to CTR and as a result this data is not recorded / available.  |
| Research/literature evidence | [Fairer Council Tax Consideration Analysis](https://www.gov.scot/publications/fairer-council-tax-consultation-analysis/) |  |
| Public/patient/client experience information | N/A |  |
| Evidence of inclusive engagement of people who use the service and involvement findings | N/A |  |
| Evidence of unmet need | In 2019, the Edinburgh Poverty Commission estimated there were between £70m and £80m of income-related benefits going unclaimed every year. However, data is not gathered as part of the CTR application process as this has no bearing on entitlement.  | Campaign to highlight Pension Credit which will passport citizens into Council Tax ReductionLinking calculators to have citizens self-serve eligibilityWorking with advice colleagues for income maximisation |
| Good practice guidelines | Yes | Work with other local authorities to ensure best practice is applied to decision-making processes. |
| Carbon emissions generated/reduced data | N/A | Online service, reduces carbon emissions as travel not required to local offices |
| Environmental data | N/A |  |
| Risk from cumulative impacts |  | Mitigated by considering income maximisation.  |
| Other (please specify) | N/A |  |
| Additional evidence required | N/A |  |

## 8. In summary, what impacts were identified and which groups will they affect?

| **Equality, Health and Wellbeing and Human Rights** | **Affected populations**  |
| --- | --- |
| **Positive**Additional income raised increases the overall level of investment in public services in the city  | Edinburgh residents, businesses and visitors  |
| **Negative**Reduction in household income This does, however, need to be seen in the context of the comparatively small impact on overall household income, available support through the Council Tax Reduction Scheme and wider income maximisation activity and mitigations outlined later in this interim IIA. The additional income raised furthermore increases the Council’s ability to maintain, or supplement, targeted support to those in greatest relative need.  | All groups but includes those on lower or fixed incomes, particularly those with more than one protected characteristic and thus more vulnerable to intersectional discrimination. There is also likely to be a disproportionately negative effect on women and lower income families.The cumulative increase of this change, taking account of other proposed changes in fees and charges levels and relevant savings and investment proposals, also needs to be considered.  |

| **Environment and Sustainability including climate change emissions and impacts** | **Affected populations**  |
| --- | --- |
| **Positive**Additional income raised from the increase can, subject to member decision, be used to supplement existing investmentcontributing positively to the Council’s emissions reductions activity as well as wider environmental initiatives. | All residents, as well as those who visit, work or study in the city  |
| **Negative** | N/A |

| **Economic**  | **Affected populations**  |
| --- | --- |
| **Positive**The additional income raised from Council Tax increases the Council’s ability to maintain, or supplement, targeted support to those in greatest relative need by protecting front-line services. This should contribute positively to spend and employment in the local economy, with consequent multiplier effects. | All residents, as well as those who visit, work or study in the city |
| **Negative** Reduction in household income This does, however, need to be seen in the context of the comparatively small impact on overall household income, available support through the Council Tax Reduction Scheme and wider income maximisation activity and mitigations outlined later in this interim IIA.Combined with other rising costs of living, such as food, fuel, rent and transport, any increase could result in further pressure on limited incomes, making essential items less affordable.   |  Those on lower or fixed incomes, particularly those with more than one protected characteristic and thus more vulnerable to intersectional discrimination.The cumulative increase of this change, taking account of other proposed changes in fees and charges levels and relevant savings and investment proposals, also needs to be considered. This is more likely to affect those groups at higher risk of poverty, most notably minority ethnic groups, women, those with children and disabled. |

## 9. Is any part of this policy/ service to be carried out wholly or partly by contractors and if so how will equality, human rights including children’s rights, environmental and sustainability issues be addressed? No

## 10. Consider how you will communicate information about this policy/ service change to children and young people and those affected by sensory impairment, speech impairment, low level literacy or numeracy, learning difficulties or English as a second language? Please provide a summary of the communications plan.

## Information will be provided to the Edinburgh citizens on the proposed Council Tax increase via Council websites, letters and signposting, including through a public consultation exercise on the Council’s budget and through media promotions. Information on help and assistance available with paying Council Tax for those who are most impacted will also be provided via the Council’s website, letters and signpost.

## 11. Is the plan, programme, strategy or policy likely to result in significant environmental effects, either positive or negative? If yes, it is likely that a [Strategic Environmental Assessment](https://www.gov.scot/policies/environmental-assessment/strategic-environmental-assessment-sea/) (SEA) will be required and the impacts identified in the IIA should be included in this. See section 2.10 in the Guidance for further information.

## N/A

## 12. Additional Information and Evidence Required

The content of this interim IIA has been reviewed and, where appropriate, updated in light of relevant public feedback received as part of the Council’s budget engagement exercise.

## 13. Specific to this IIA only, what recommended actions have been, or will be, undertaken and by when? (these should be drawn from 7 – 11 above) Please complete:

| **Specific actions (as a result of the IIA which may include financial implications, mitigating actions and risks of cumulative impacts)** | **Who will take them forward (name and job title**  | **Deadline for progressing** | **Review date** |
| --- | --- | --- | --- |
| Sample Review of CTRS cases from last 6 months which have not resulted in an award to understand root cause of citizens not providing data to allow assessment to be made. Change of process for “fail to qualify” claims – remain open for 6 months pending automated re-instatement of claim (where applicable). | Sheila Haig, Customer Manager Derek BradfordTeam ManagerSample of August 2024 CTRS claims that failed to qualify. Assuming an increase in Council Tax of 5%, 7.5% & 10%, 5.4% of those that failed to qualify would qualify for CTRS with awards ranging from £0.18 per week to £1.83 per week. The same 5 cases affected with each increase percentage used. Analysis ongoing.  | 30 October 2024 |  |
| Ensure CTRS WIP up-to-date in preparation for increased bills, supporting citizens meet liabilities as well as ensuring maximisation of Council income to allow the provision of essential services.  | Derek Bradford/Brian MurphyTeam ManagerAdditional resource has been directed to this task. Work is now within 4 weeks. | 30 October 2024  |  |
| Data capture to determine how many citizens are exempt from Council Tax or are in receipt of a discount relating to status of occupant.  | Brian MurphyTeam Manager See Appx 4. | Completed – data is available |  |
| Permission has been delegated to LAs by DWP to undertake benefit uptake campaigns. This will allow regular targeted reviews to be carried out to ensure citizens who appear to have entitlement to CTRS and other welfare benefits can be offered support to claim thereby maximising income and increasing opportunity to meet their liabilities in Council Tax. | Derek Bradford Team ManagerFull engagement of Advice Shop would be required as identified citizens likely to require support to access benefits given they have not realised entitlements at this point. Further mitigation is in place where DWP identify increase in the amount of income citizens in receipt of Universal Credit via annual uprating of benefit and each update is reviewed and citizen invited to apply where potential entitlement to CTRS exists | Ongoing | 01 April 2025 |

## 14. Are there any negative impacts in section 8 for which there are no identified mitigating actions?

## No

## 15. How will you monitor how this proposal affects different groups, including people with protected characteristics?

We will continue with regular analysis of system reports and use of third party supplier data to monitor the affects on different groups and measure uptake of CTRS. Additional resource has been made available to reduce and maintain CTRS WIP. Feedback via Advice Shop engagement will also be used.

## 16. Sign off by Head of Service

 **Name**

 **Date**

## 17. Publication

Completed and signed IIAs should be sent to:

integratedimpactassessments@edinburgh.gov.uk to be published on the Council website [www.edinburgh.gov.uk/impactassessments](http://www.edinburgh.gov.uk/impactassessments)

**Edinburgh Integration Joint Board/Health and Social Care** sarah.bryson@edinburgh.gov.uk to be published at [www.edinburghhsc.scot/the-ijb/integrated-impact-assessments/](http://www.edinburghhsc.scot/the-ijb/integrated-impact-assessments/)

**Appendix 1 – Impact of 5% Council Tax rise**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Band** | **Current rates** | **Revised including 5% increase** | **Week****Marginal impact of  5% increase** | **Month****Marginal impact of  5% increase** | **Annual****Marginal impact of  5%** **increase** |
| A | £965.13 | £1,013.39 | £0.93 | £4.02 | £48.26 |
| B | £1,125.98 | £1,182.28 | £1.08 | £4.69 | £56.30 |
| C | £1,286.84 | £1,351.18 | £1.24 | £5.36 | £64.34 |
| **D** | **£1,447.69** | **£1,520.07** | **£1.39** | **£6.03** | **£72.38** |
| E | £1,902.10 | £1,997.21 | £1.83 | £7.93 | £95.11 |
| F | £2,352.50 | £2,470.13 | £2.26 | £9.80 | £117.63 |
| G | £2,835.06 | £2,976.81 | £2.73 | £11.81 | £141.75 |
| H | £3,546.84 | £3,724.18 | £3.41 | £14.78 | £177.34 |

|  |
| --- |
| **Appendix 2 – Illustrative impact of 7.5% and 10% rises** |
| **Band** | **Current rates** | **Revised including 7.5% increase** | **Week****Marginal impact of  7.5% increase** | **Month****Marginal impact of  7.5% increase** | **Annual****Marginal impact of  7.5% increase** |
| A | £965.13 | £1,037.51 | £1.39 | £6.03 | £72.38 |
| B | £1,125.98 | £1,210.43 | £1.62 | £7.04 | £84.45 |
| C | £1,286.84 | £1,383.35 | £1.86 | £8.04 | £96.51 |
| **D** | **£1,447.69** | **£1,556.27** | **£2.09** | **£9.05** | **£108.58** |
| E | £1,902.10 | £2,044.76 | £2.74 | £11.89 | £142.66 |
| F | £2,352.50 | £2,528.94 | £3.39 | £14.70 | £176.44 |
| G | £2,835.06 | £3,047.69 | £4.09 | £17.72 | £212.63 |
| H | £3,546.84 | £3,812.85 | £5.12 | £22.17 | £266.01 |
|  |  |  |  |  |  |
| **Band** | **Current rates** | **Revised including 10% increase** | **Week****Marginal impact of  10%** **increase**  | **Month****Marginal impact of  10%** **increase**  | **Annual****Marginal impact of  10% increase** |
| A | £965.13 | £1,061.64 | £1.86 | £8.04 | £96.51 |
| B | £1,125.98 | £1,238.58 | £2.17 | £9.38 | £112.60 |
| C | £1,286.84 | £1,415.52 | £2.47 | £10.72 | £128.68 |
| **D** | **£1,447.69** | **£1,592.46** | **£2.78** | **£12.06** | **£144.77** |
| E | £1,902.10 | £2,092.31 | £3.66 | £15.85 | £190.21 |
| F | £2,352.50 | £2,587.75 | £4.52 | £19.60 | £235.25 |
| G | £2,835.06 | £3,118.57 | £5.45 | £23.63 | £283.51 |
| H | £3,546.84 | £3,901.52 | £6.82 | £29.56 | £354.68 |

**Appendix 3 – overview of Council Tax Reduction Scheme (CTRS)**

CTRS offers means-tested Council Tax reductions of up to 100% to those households who meet the national eligibility criteria, regardless of their Council Tax banding. CTRS support is proportionate and increases in line with increased Council Tax charges. As a result, those in receipt of CTRS receive more assistance when Council Tax rates increase, so in theory they are protected from an increase by the existing CTRS safety net to support those on lower incomes.

There are several initiatives to maximise uptake of CTRS including:

* liaison with internal and external advice-giving agencies, including Local Offices, the Council’s Advice Shop and Citizens’ Advice Bureaux and other similar organisations across the city;
* signposting in Council Tax communications;
* promoting measures to maximise household income through the Welfare Rights Service and other income maximisation techniques;
* simplified dual assessment for Housing Benefit and CTRS;
* promoting DWP sharing data, to simplify CTRS claim process; and
* continuing to use CTRS to identify entitlement to other means-tested payments such as Free Schools Meals and Clothing Grants. These initiatives are designed to raise awareness and uptake of CTRS and related support. In addition, any Council Tax rise may push households on the cusp of qualification into low levels of CTRS support.

**Appendix 4 – Council Tax discount and exemptions**

|  |  |  |  |
| --- | --- | --- | --- |
| **CTAX Band** | **Exemption (no charge)** | **Discount (25%)** | **Disabled Band Reduction (CTAX charged at band immediately below)** |
| **All Students** | **All SMI\*** | **Single Occupier#** | **All but 1 Students** | **All but 1 SMI\*** |
| **A** | 414 | 424 | 12,086 | 129 | 48 | 31 |
| **B** | 1,572 | 785 | 24,177 | 768 | 100 | 85 |
| **C** | 1,735 | 637 | 19,022 | 857 | 147 | 160 |
| **D** | 1,802 | 353 | 14,985 | 824 | 130 | 162 |
| **E** | 2,025 | 201 | 12,344 | 670 | 165 | 254 |
| **F** | 640 | 76 | 6,447 | 208 | 132 | 225 |
| **G** | 189 | 74 | 4,274 | 128 | 151 | 186 |
| **H** | 9 | 8 | 578 | 13 | 16 | 33 |
| **Total** | **8,386** | **2,558** | **93,913** | **3,597** | **889** | **1,136** |

#The current number of council tax discounts for single households (93,913) is slightly above the census data.

**Appendix 5 – CTRS Caseload Pensions data**

|  |  |
| --- | --- |
| **Income below Applicable Amount (AA)** | **Count of Group** |
| income 'almost' on or above | 2276 |
| Income more than £18 Below AA | 305 |
| Income more than £50 Below AA | 457 |
| More than £100 below AA | 208 |
| **Count of number below AA** | **970** |
| CTRS Caseload (Pension Age) | 9218 |

Data shows numbers of pension age claimants that potentially, could qualify for CTRS or an increased award of CTRS.