

Appendix D – Breakdown of Options Considered

We have considered a number of options for the overall scheme. Some of these were proposed by respondents to the consultation for the 2013/14 scheme. These options are listed below with a short summary indicating why it is felt they are not appropriate.

Increase the overall % level of Council Tax Support

The Council recognises that this option would reduce the financial burden for those in receipt of Council Tax Support. However, if we increased the % of support (so customers pay less) this would need to be funded by the Council and there is already a projected shortfall in the Council's budget for 2015/16 of approximately £15m. Unless the Council is able to adopt additional mitigating measures, this financial pressure is likely to continue into 2016/17.

The projected shortfall if Haringey were to fully absorb the cost of providing maximum entitlement to a Council Tax reduction (therefore allowing affected claimants to receive 100% support) would be an estimated £3m for 2016/17.

We modelled financial data looking at a level of 85% support (by way of an increase from the current 80.2% support). This would result in an additional cost of £ 1.0m to the Council.

Increasing or removing the percentage of support would result in monies having to be found from other sources namely

- 1) Cutting services
- 2) Using reserves
- 3) Increasing Council Tax

These options were not considered viable for the reasons set out below.

First, cutting services would have a negative impact on residents who could potentially suffer from reduced services as a result. As highlighted above, the Council is already projecting an underlying budget pressure of £15m for 2015/16, which is likely to impact upon the budget position for 2016/17.

Second, whilst the total estimated level of reserves at end of March 2015 (as per annual statement 14-15) is £109m, 77% of these are restricted or earmarked with only £25m (23%) estimated for the general reserve. This general reserve is held to cover unexpected liabilities and risks not to support on-going revenue shortfalls. Funding additional support by way of utilising reserves is not considered a viable option and is not in line with the demands of financial prudence.

There are already financial risks being seen in the current 2015/16 financial year, associated with delivering the significant savings programme necessary following the loss of central government grant. Further savings are scheduled for 2016/17, and given the current year position this presents an on-going risk.

Third, the Council can only increase Council Tax up to 2% without triggering a referendum which would be costly both in terms of time and financial resources. Also, by freezing Council Tax the Council also remains eligible for the Council Tax freeze grant. However, the impact of increasing Council Tax by 2% has been modelled and would only net circa £0.6m, which is not enough to cover the shortfall. Additionally, if the Council increased its Council Tax by 2% it would have one of the highest Council Tax in London.

Decrease the overall % level of Council Tax Support

If we decreased the % of support (so customers pay more) we could increase the amount potentially collected by the Council by way of Council Tax, having a positive impact on the Council's budget. However this could have a significantly detrimental impact on customers who would have to pay a higher amount towards their Council Tax and for this reason this option is not recommended.

Protecting Certain Vulnerable Groups

In addition to protecting those in receipt of certain disability benefits, other options have been considered as listed below. We have taken the average amount people currently have to pay as £4.29 per week. The figures below show the additional amount remaining claimants would have to pay if any of the options were implemented.

- *Households with children*
 - This option would leave the remaining claimant paying an average additional amount of £6.41 per week
- *Households with a child under one*
 - This option would leave the remaining claimant paying an average additional amount of £0.47 per week
- *Households with a child under five*
 - This option would leave the remaining claimant paying an average additional amount of £1.67 per week
- *Households with **more than** three children*
 - This option would leave the remaining claimant paying an average additional amount of £0.35 per week
- *Households with a lone parent*
 - This option would leave the remaining claimant paying an average additional amount of £2.57 per week

Protecting band A-C properties

This option would leave the remaining claimant paying an average additional amount of £10.89 per week

Protecting claimants on current maximum entitlement

This is no longer relevant as, with the exception of those in receipt of certain disability benefits, 100% entitlement for a Council Tax reduction has ceased to exist since the introduction of the Scheme.

Protecting claimants who are working but on low income.

This option would leave the remaining claimant paying an average additional amount of £2.85 per week

Protecting claimants in receipt of Single Person's Discount

This option would leave the remaining claimant paying an average additional amount of £3.81 per week

The above options are all not recommended as providing additional support for some groups will need to be funded by the Council or by other claimants paying more, this is not viable for the reasons set out above.