

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.

1. 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 level 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 2017/18 budget of approximately £7m if the current year's MTFS savings are delivered in full. Unless the Council is able to adopt additional mitigating measures, this financial pressure is likely to continue into 2018/19 and beyond.

Increasing or providing 100% protection to working age claimants would result in monies having to be found from other sources namely

- i. Cutting services
- ii. Using reserves
- iii. Increasing Council Tax

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

- i. Cutting services would have a negative impact on residents who could potentially suffer from reduced services as a result. A decision to either increase or provide 100% support on council tax will add to the underlying MTFS/budget shortfall.
- ii. The total estimated level of reserves at end of March 2017 is £63m, £48m (76%) of these are restricted or earmarked with only £15m (24%) estimated for general use. This general reserve is held to cover unexpected (one-off) liabilities and risks, it is not to support on-going revenue shortfalls. Funding additional support by way of utilising reserves is not a viable option and goes against financial prudence.
- iii. There are financial pressures being managed in the current 2017/18 financial year associated with delivering the approved savings/budget as a result of sustained reduction in central government funding. Further significant savings are required in 2018/19 and beyond, therefore any increases in council tax support will translate to additional savings being needed to balance the budget.

2. Decrease the overall level of Council Tax Support

If we reduced the level of support (so customers pay more) we could increase the amount of council tax collected by the Council, which will have a positive impact on the Council's budget. However, this is likely to be detrimental to residents that would have to pay a higher amount in council tax and for this reason this option is not recommended.

3. Protecting Additional Vulnerable Groups

In addition to protecting those in receipt of certain disability benefits, other groups were considered for 100% protection within the current funding envelope for CTRS as listed below. The figures below show the additional amount remaining claimants would have to pay if any of the following options were implemented. The below exemplifications are based on current average weekly payment of £8.71 by claimants.

i. Households with children

- This option would leave the remaining claimant paying an average additional amount of £4.91 per week

ii. Households with a child under one

- This option would leave the remaining claimant paying an average additional amount of £3.33 per week

iii. Households with a child under five

- This option would leave the remaining claimant paying an average additional amount of £3.93 per week

*iv. Households with **more than** three children*

- This option would leave the remaining claimant paying an average additional amount of £3.06 per week

v. Households with a lone parent

- This option would leave the remaining claimant paying an average additional amount of £3.49 per week

4. Protecting band A-C properties

This option would leave the remaining claimant paying an average additional amount of £11.75 per week

5. Protecting claimants who are working but on low income.

This option would leave the remaining claimant paying an average additional amount of £5.37 per week

6. Protecting claimants in receipt of Single Person's Discount

This option would leave the remaining claimant paying an average additional amount of £11.53 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.

7. Absorb shortfall from restoring level pre-CTRS level of support

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 £2.3m for 2017/18.

We also 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 increased scheme costs of £0.56m to the Council.

8. Increase council tax

Finally, the Council is allowed to increase council tax by up to 2% only without triggering a referendum which would be costly both in terms of time and financial resources and may not be approved. The freezing of council tax has had the effect of moving Haringey down the league table of highest tax authorities in London. However, in 2017/18 the Council still had the 8th highest council tax in London – any increase will likely move the Council up the table.