North Yorkshire Council

Executive

21 January 2024

Joint report of the Chief Executive and Corporate Director Resources

Addendum to Executive Report 21 January 2025

Council Tax Reduction Scheme 2025/2026

1. The Local Government Finance Act 2012 places a requirement that each year the billing authority must consider whether to revise its Council Tax Reduction Scheme. As billing authority, North Yorkshire Council must adopt a Council Tax Reduction Scheme for working age claimants, for the financial year 2025/2026 (the scheme for Pension Age Applicants is set by Central Government).

2. The scheme has been successful over 2024/25 and continues to provide support to the most vulnerable residents of North Yorkshire alongside other support provided through the Household Support Fund, North Yorkshire Local Assistance Fund and Income Maximisation Team. It is recommended therefore that the Council Tax Reduction Scheme for 2025/2026 remains unchanged from the scheme operating in 2024/2025.

3. Members are asked to note though, a minor wording amendment is included within the scheme to clarify the intended treatment of Universal Credit Housing Costs, this is a clarification amendment only and does not change the intended application of the scheme and there will be no impact on the costs of the scheme as a result of the change.

Financial Implications

4. The 2024/2025 Council Tax Reduction Scheme is estimated to cost approximately £40,319k in the current financial year, this is borne by the Collection Fund. Costs are shared between the Council and the Major Precepting Authority in the following proportions:

    - North Yorkshire Council (82%)
    - North Yorkshire Police, Fire and Crime Commissioner (18%)

5. This estimated cost is 5.2% higher than the cost of the scheme in 2023/2024. This is accounted for by the impact of the annual Council Tax increase, the income band increase (based on the September 2023 CPI rate) and marginal net changes in caseload profile. For 2025/2026 the total cost would be dependent on similar factors but if, for example, council tax was to be increased to the maximum level of recent referendum limits (4.99%), it is estimated that the Council Tax Reduction Scheme for 2025/2026 would cost approximately £42,330k.

6. This has been factored into the Council Tax Base calculations contained within the proposed budget.

7. Given the significant cost of the scheme and the on-going financial challenges for the council, a detailed financial modelling exercise will be undertaken during 2025 to determine if any potential amendments can be made to the scheme to reduce the overall costs of future schemes whilst continuing to support those in greatest financial need.

8. The proposed Council Tax Reduction Scheme 2025/2026 is attached at **Annex A.**

Recommendation

9. That the Executive recommends to Council that the Council Tax Reduction Scheme at **Annex A** is approved for 25/26.