

Report to:	Cabinet	Date: 05 November 2025
Subject:	Council Tax Support Scheme 2026	
Report of	Cabinet Member for Finance and Transformation	

Summary

1. Bury Council has reviewed its Working Age Council Tax Support (CTS) scheme to ensure it remains fair, efficient, and sustainable. The current means-tested model delivers strong targeting but is administratively complex and less generous for some working families. Three alternative models were modelled to explore simplification and fairness.
2. The scheme for Pension Age residents is prescribed by central government and cannot be amended by local authorities.
3. For the financial year 2025/26 the authority levied £156,267,570 gross in Council Tax. £13,382,097 (9% of gross levy) is projected to be discounted over the year in order to provide support to residents. Of this figure £7,590,145 (5% of gross levy) is projected to be discounted for support towards working age households.
4. Council Tax is a critical funding stream for the authority in determining budgets for the delivery of council services to residents and growing in its proportion of the council's overall funding.
5. Bury, like most other councils, is under significant financial pressure and when designing the Council Tax Support scheme must take into close consideration the financial impact this may have. For example, a more generous scheme may require additional offsetting of savings whilst a far less generous scheme has the potential to create greater losses to collection than the scheme offsets with support. Therefore, the principle of the proposal is to remain as cost neutral as possible whilst providing more support to those who need it most.
6. It is critical to note that no option for change in a Council Tax Support Scheme can be made or considered without adherence to The Local Government Finance Act 2012 which sets out that billing authorities must consult with the public on any draft scheme for Council Tax Support.
7. Billing authorities must:
 - consult any major precepting authority, and then;
 - publish a draft scheme and then;

- consult those people who have an interest in how the new scheme will operate.
8. The initial implementation of Council Tax Support in 2013 and any major annual changes since have required a public consultation.
 9. Bury's CTS scheme, introduced following abolition of Council Tax Benefit in 2013, remains largely unchanged. It applies a 20 per cent minimum payment, an £8,000 capital limit, and a Council Tax Band B cap (this limits the maximum value a resident can claim support against to that of a Band B property). The scheme also includes a sliding scale of deductions for other adults living in the property - a non-dependant deduction.
 10. Although effective at targeting support, it generates significant administrative workload and can disadvantage working families. The review aims to modernise the scheme in line with national trends toward simplified, income-banded approaches.
 11. Three revised models have been tested:

Option 1: Reduced capital limit (£6k), higher B and C cap, £65 flat non-dependant deduction. Yields large savings (£6.8m) but severe losses for 99% of claimants.

Option 2: Retains £8k capital limit, £40 flat non dependant deduction, up to 100% support. Produces £3.4m savings but reduces generosity and removes support for many families with children.

Option 3: Earnings-only assessment, £8k capital limit, £40 flat deduction, higher income bands. Increases average awards, benefits 88 per cent of claimants, and costs only £65k more than the current scheme.
 12. Option 3 is therefore identified as the most viable reform option based on analysis, however no decisions can be made without full public consultation.

Recommendation(s)

13. That Cabinet approve a consultation to present options to move to a CTS scheme based on the principles of Option 3.
14. That officers prepare the final scheme parameters, conduct a full EIA, and undertake statutory consultation.
15. That Cabinet note that adoption must be by Full Council and that equality compliance, UC alignment, and administrative readiness be confirmed before implementation in 2026/27.

Reasons for recommendation(s)

16. Option 3 is identified as the most viable reform option based on analysis

Alternative options considered and rejected

17. Options 1 and 2

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Background

18. Local Authorities have a legal duty under the Local Government Finance Act 2012 to provide support towards Council Tax for residents on a low income.
19. Bury Council is reviewing how it supports low-income households with their Council Tax. The current Council Tax Support (CTS) scheme for the financial year 2025/26, remains accurate and well-targeted but officers wish to explore what administrative burdens could be reduced for the council whilst maintaining as supportive a scheme as possible within the constraints of budgets, caseload, and demographics.
20. One of the major ways in which councils can simplify their CTS schemes is to move from a fully means-tested scheme, where even small changes can trigger a reassessment and revised Council Tax bill, to a banded scheme where minor income and entitlement changes do not need to be processed.
21. Officers are therefore presenting three options for the scheme redesign, aimed at providing members with sufficient information, analysis and impact to make an informed decision on the option to take forward for public consultation.
22. This analysis is presented with the background paper – Bury Council Tax Support Scheme 2026 Options Analysis.
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Links with the Corporate Priorities:

23. Reduce Child Deprivation – the remodelled scheme aims to provide increased financial support to families on low incomes.

24. Inclusive Economic Growth – through providing greater financial support to families, the scheme enables and supports employment chances for those residents balancing employment with childcare costs.

Equality Impact and Considerations:

25. The analysis assessed households by disability and family composition. Current protections for disabled adults, carers, and lone parents perform well. However, lower-band caps and tight capital limits restrict support for other low-income groups.
26. The recommended approach to take forward to consultation (Option 3) maintains protections and increases awards for families with children, aligning with the Council's Public Sector Equality Duty to advance equality and reduce child poverty.

Environmental Impact and Considerations:

27. Not applicable

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Please see background paper for a full list of risks and mitigations.	

Legal Implications:

28. Under the Trafford ruling (R LL & AU v Trafford MBC 2025), CTS schemes must be formally adopted by Full Council under s.67(2)(aa) Local Government Finance Act 1992. Adoption by Cabinet or delegation would be unlawful.
29. Schemes must also:
- Avoid double-counting income already deducted in Universal Credit.
 - Clearly specify disregards for UC elements (carer, disabled-child, etc.).
 - Evidence compliance with the Equality Act 2010 through an Equality Impact Assessment (EIA).
30. The Local Government Finance Act 2012 sets out that billing authorities must consult with the public on any draft scheme for Council Tax Support. Billing authorities must:
- Consult any major precepting authority, and then;

- publish a draft scheme and then;
- consult those people who have an interest in how the new scheme will operate.

Financial Implications:

31. The current CTS scheme costs \approx £7.57m annually.

- Option 1: £0.77m (£6.8m saving, but largely uncollectable liabilities).
- Option 2: £4.20m (£3.4m saving, but major household losses).
- Option 3: £7.63m (£65k increase; minimal risk to collection).

Appendices:

Bury Council Tax Support Scheme 2026 Options Analysis

Background papers:

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
CTS	Council Tax Support
UC	Universal Credit
DWP	Department for Work and Pensions
Non-Dependant	An adult living in a property who is not the liable person for Council Tax