

# Bury Council Tax Support Scheme 2026 Options Analysis

## Summary: Council Tax Support scheme review

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.

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. Banded schemes are less administration-heavy, and when bands are designed well:

- Reduces the administrative burden regarding changes to entitlement
- Are easier for residents to understand
- Provides more certainty over what they need to pay throughout the year
- Assists with the collection of Council Tax
- Reduces the administrative burden created by resident contact.

A key feature of Bury's CTS scheme is its Council Tax Band B cap, which limits support to Council Tax Band B properties. This means residents in higher-band dwellings receive no additional help beyond that level, unless they fall within a protected group. As an example, a resident living in a Band D property would only receive support up to the level of a Band B property. While around a third of schemes nationally apply a band cap, most commonly at Band D, Bury's lower cap reflects its local tax base, where most properties fall within Bands A and B. Protections remain in place for disabled residents, carers, and lone parents to prevent hardship in higher-band homes.

Three income-banded designs were tested against the current scheme, with some significant changes presented by some, notably Option 1, which we recommend is discounted from consideration.

The three options offer a different balance of priorities:

- **Option 1** is designed as an extremely 'simple' scheme. It reduces capital limits to £6,000 and does so while considering both earned and unearned

income in its calculations. Option 1 models a flat rate non-dependant deduction of £65. Crucially, Option 1 considers the impact of raising the Council Tax Band cap from a Band B to a Band C. Option 1 also considers the impact of a 37% minimum contribution to Council Tax liabilities.

- **Option 2** reverts to Bury's current capital threshold of £8,000, considers all income in eligibility calculations, and models a lower non-dependent flat rate of £40. Option 2 also models a maximum 100% support scheme for those with no earned income.
- **Option 3** presents an earnings only scheme with 20% minimum contribution from all claimants alongside flat rate non-dependant deductions.

Across all options, the direction of change is towards simplification and improved predictability. However, each comes with trade-offs between fairness, administrative efficiency, and cost.

The analysis indicates that while there are options in terms of scheme design, Bury's current scheme appears to be delivering well for its residents. There are administrative savings to be made in abandoning the use of tariff income as the notional income margin is negligible.

All but one option present potential savings. The option presenting the most savings would push considerable burden onto low-income households in Bury and are likely to be counterintuitive in terms of collection rates, recovery costs, relationships with residents, and potential harm, particularly for households with children.

Option 3 presents the most reasonable prospects for CTS scheme revision as most residents retain their CTS award. However, even this scheme come with costs to some residents, which we explore further in this report.

Additionally, as Option 3 is a more 'generous' scheme, in that the majority of claimants will receive more CTS, this increased generosity presents risk for the council in terms of increased future spending. More generous scheme by their nature bring more people into entitlement and may attract more applicants as a result. It is not possible to model the extent of this potential future expenditure as data on the income and earnings of all Bury's residents is not available.

To support Bury Council's obligations under equality legislation and the Public Sector Equality Duty, this analysis considers the impact by household group paying particular attention to households with children and disabled households, in line with Bury Council's wider commitments towards reducing child poverty and protecting vulnerable groups.

## Background and rationale for review

Bury Council has operated its current Council Tax CTS scheme since 2017, following earlier versions introduced after Council Tax Benefit was abolished in 2013. Since then, the scheme has remained broadly unchanged apart from routine annual updates.

In recent years, the increasing financial pressures facing many households and subsequent challenges to collecting vital council income, has seen many CTS schemes migrating towards higher rates of generosity while aiming to achieve lower levels of complexity.

Bury Council's CTS review ensures CTS policymaking continues to be well-informed and the scheme fit for purpose.

## Purpose and priorities of the review

The purpose of the review is to design a scheme that remains fair, efficient, and financially sustainable while being easier to administer and understand. The review uses current caseload data to understand the direct impacts of any changes on current Bury residents claiming CTS.

# Current CTS Scheme Overview

Bury currently operates a fully means-tested Council Tax Support (CTS) scheme for working-age residents. The scheme is based on individual household assessments that considers income, savings, household composition, and specific premiums for vulnerable groups.

Council Tax Support for pension age residents follows prescribed rules and is not subject to local scheme design.

## Key Scheme Parameters

Feature	Description
<b>Scheme Type</b>	Means-tested (not income-banded). Entitlement is calculated in line with traditional benefit rules rather than simplified income bands.
<b>Protected Groups / Premiums</b>	Includes specific premiums for <b>lone parents, disabled adults, disabled children, carers</b> , and those in receipt of certain <b>Armed Forces</b> -related benefits, providing higher allowances for these households.
<b>Maximum Council Tax Band Eligible</b>	Support is capped at <b>Band B</b> , meaning households in higher-value properties receive CTS only up to that band.
<b>Capital Limits</b>	The <b>upper capital limit</b> is <b>£8,000</b> , above which no CTR is awarded. A <b>lower capital (tariff) limit</b> of <b>£6,000</b> applies, meaning savings between £6,000 and £8,000 are treated as generating notional income, reducing entitlement.
<b>Maximum Support</b>	The <b>maximum reduction</b> for working-age claimants is <b>80%</b> of their Council Tax liability, ensuring that all claimants pay at least 20% of their bill.
<b>Taper Rate</b>	A <b>20% taper</b> is applied — for every £1 of income above applicable allowances, CTS entitlement reduces by 20 pence.
<b>Universal Credit Alignment</b>	The scheme <b>uses Universal Credit (UC) income</b> in its assessment and applies disregards for several UC elements: Housing, Limited Capability for Work, Carer, Disabled Child, and

	Childcare elements. This helps maintain fairness for working families and disabled residents.
<b>Non-dependent Deductions</b>	The scheme applies a <b>variable non-dependent deduction model</b> based on the non-dependent's gross income, with <b>four income ranges</b> . Deductions increase with income: <ul style="list-style-type: none"> <li>– £0 for incomes up to £1,022.66/month</li> <li>– £21.67 for £1,022.66–£2,006.32</li> <li>– £44.20 for £2,006.32–£2,500.31</li> <li>– £55.47 for £2,500.31+</li> </ul>
<b>Flat-rate Non-dependent Deductions</b>	Not used — deductions are income-based, not fixed.
<b>Earnings-only Assessment</b>	Not applied — all relevant income types are included in the means test.

## Summary Insight

Bury's current CTS scheme follows a traditional means-tested model designed to target support precisely but with significant administrative complexity. It retains protections for vulnerable groups and alignment with key Universal Credit elements, but the 20% minimum payment and tight capital limit (£8,000) can limit support for low-income households with modest savings.

The income-based non-dependent deduction structure adds further means-testing detail, and whilst providing fairness relative to household income levels, has historically proven difficult to understand for many residents.

Overall, the current scheme offers robust targeting and policy continuity, though it is more complex to administer, more difficult for residents to understand and less flexible than simplified income-banded alternatives.

## Comparison of Bury's Current CTR Scheme with Typical Greater Manchester Practice

Feature	Bury (Current Scheme)	Typical Greater Manchester Schemes	Comment / Assessment
<b>Scheme Type</b>	Means-tested	Predominantly income-banded (or hybrid)	Bury retains the older, more complex means-tested model used before income-banding became common.
<b>Protected Groups / Premiums</b>	Lone parent, disability, disabled child, and carer premiums	Most income-banded schemes have removed individual premiums but offer protection via simplified "vulnerable" bands or higher discounts.	Bury's detailed premiums give precision but add complexity.
<b>Maximum Council Tax Band Eligible</b>	Band B	Band D or unrestricted	Bury's Band B cap is stricter than most GM authorities, limiting support for households in higher-value homes.
<b>Maximum Support for Working-age Claimants</b>	80%	85–100% (varies)	Bury's 20% minimum payment is less generous than the GM average, where several councils offer 90–100% support.
<b>Capital Limits</b>	£6,000 lower, £8,000 upper	£6,000 lower, £16,000 upper	Bury's upper limit is more restrictive, excluding low-income households with modest savings.
<b>Taper Rate</b>	20%	Typically 15–25%	Comparable with peers.

<b>Earnings-only Assessment</b>	No	Often “Yes” in income-banded schemes	Bury’s model includes all income types, increasing administrative effort.
<b>Universal Credit Alignment</b>	Yes – UC income used, with element disregards (Housing, Carer, Disabled Child, Childcare, Capability)	Yes – UC alignment standard	Consistent with regional practice.
<b>Non-dependent Deductions</b>	Variable (4-band income-based)	Mostly flat-rate or simplified	Bury’s model is more detailed, increasing accuracy but adding complexity.
<b>Flat-rate Non-dependent Discount</b>	Not used	Common in income-banded models	Bury’s case-by-case approach is more administratively demanding.
<b>Review and Uprating Frequency</b>	Annual	Annual	In line with peers.

# Performance of Bury's Current Council Tax Support Scheme

Bury Council's current CTS scheme is a means-tested model that provides support to 7,485 working age residents. The scheme delivers a weighted average discount of 73.8 per cent, equating to an average of roughly three-quarters of Council Tax liability being met through CTR awards.

While this confirms broad coverage and strong targeting for the lowest-income households, the underlying data shows the scheme's complexity and uneven outcomes across different household types and income groups. The scheme generates a high administrative burden and creates sharper financial pressure on certain working families, particularly those with children.

## Distribution of Support

### By level of discount

- There are 722 distinct discount levels in the current caseload, reflecting the fine-grained calculations of the means-tested design.
- Around 82.7 per cent of all claimants (6,192 residents) receive support at or around the 80 per cent maximum award for working-age households.

This profile illustrates a scheme heavily concentrated at the maximum level of working-age support, but still requiring full income verification and recalculation for all claimants when Universal Credit or earnings change.

## Household Composition

Household type	Average CTS (£/month)	Average Council Tax paid (£/month)
Single	£83.34	£26.49
Single with children	£82.97	£32.16
Couple (no children)	£105.35	£38.72
Couple with children	£96.89	£49.41

The data shows that families with children contribute the most towards Council Tax, even though their CTS awards are broadly comparable to single households. Couples with children pay on average £49 per month after reductions, almost double the payment for single households.

This points to limited generosity for working families, driven by the 20 per cent minimum payment rule, the withdrawal of CTS as income rises, the Band B cap, and the interaction between CTS and Universal Credit tapers.

## Disability and Protected Groups

Household disability status	Average CTS (£/month)	Average Council Tax paid (£/month)
Not disabled	£83.23	£33.32
Adults with disability	£91.10	£27.87
Children with disability	£107.02	£26.74

The scheme performs well in protecting households affected by disability, with average CTS awards approximately 10–25 per cent higher than for non-disabled households. This reflects the presence of disability, carer, and disabled child premiums, as well as the alignment with Universal Credit disregards.

On average, disabled households pay £6–£7 less Council Tax per month than non-disabled households, indicating that the protective elements of the current design are functioning as intended.

## Income Responsiveness

The “average CTS by earned income group” dataset confirms that support falls sharply as income increases. Claimants with no earned income receive an average of £89 per month, compared with only £29 per month among those earning £750–£1,000 per month.

This sharp taper confirms that the 20 per cent withdrawal rate, combined with Universal Credit reductions, results in very high effective marginal deduction rates. While precise work-incentive modelling is outside the scope of this dataset, the pattern mirrors known issues with means-tested CTS schemes nationally, where in-work households gain little net benefit from modest earnings increases.

## Administrative Implications

The scheme's structure creates significant administrative overhead:

- **Granular award levels:** The existence of 722 unique discount percentages necessitates continual recalculation whenever a claimant's income, UC award, or household composition changes. Bury received c100,000 DWP Update tasks in 2024/25.
- **Frequent reassessments:** Because the scheme relies on detailed means tests, almost all UC-linked claimants experience monthly or quarterly recalculations, generating additional correspondence and staff workload.
- **Complex disregard structure:** The presence of multiple premiums (lone parent, disability, carer, child) and income-based non-dependent deductions requires manual checks or system rules that are difficult to automate.
- **Customer understanding:** Residents often find award notices difficult to interpret, which increases inbound queries and delays in payment adjustment. The council received over 13,000 calls relating to Council Tax Support and Benefits in 2024/25 and receive around 17,000 CTS related incoming pieces of written contact or work from residents over the year. Operationally, this positions Bury's current scheme as accurate but administratively heavy; a design optimised for precision but at the expense of clarity and efficiency.

## Strengths

- **Strong targeting:** The scheme directs the highest support to those with lowest incomes and to households with disabilities.
- **Policy alignment:** Integration with Universal Credit and the use of DWP disregards ensure consistency across welfare systems.
- **Continuity:** The means-tested model is well-understood internally and produces consistent outcomes year-on-year.

## Weaknesses

- **Administrative inefficiency:** Managing 722 discount levels and multiple deduction rules require substantial staff time and system resources.
- **Limited simplicity for residents:** Award notices are complex, and frequent UC changes lead to confusion and recalculation cycles.
- **Weaker support for families:** Couples with children pay nearly twice as much Council Tax per month as single adults despite similar incomes, which may contribute to differential arrears outcomes.
- **Restrictive parameters:**
  - The Band B cap limits support for larger or mid-value homes.
  - The £8,000 capital ceiling excludes households with modest savings.
  - The 20 per cent minimum payment affects over four-fifths of claimants and increases arrears risk among low-income working-age households.

## Summary

Bury's existing CTS scheme provides comprehensive but highly detailed support, with clear protection for disabled residents and good alignment with national welfare rules. However, the data confirms that it is administratively burdensome, less generous for working families, and poorly adapted to Universal Credit's volatility.

In practice, the scheme prioritises accuracy and control over simplicity and stability. While effective at ensuring fairness between disabled and non-disabled claimants, it imposes disproportionate administrative effort for the level of financial precision achieved.

The evidence suggests that a move toward an income-banded model could substantially reduce administrative load and resident confusion, without undermining the equity outcomes currently delivered.

# Current caseload summary

The working-age CTS caseload represents the group most affected by any future reform.

## Headline Insight

Bury's CTS scheme supports 7,485 households, providing £7.6 million in annual reductions — covering almost three-quarters of eligible Council Tax.

Around two-thirds of claimants are working-age and one-third pension-age. About 1,900 households receive full support, while the remainder pay a partial contribution based on income and household composition.

Non-dependent deductions total £173,300, applied across approximately 7% of cases, reducing overall scheme cost by just over 2%.

Total CTS households	12,000
Working-age households	≈7,550
Pension-age households	≈4,450
Total Council Tax (CTS households)	£12.8 million
Council Tax eligible for CTS	£10.4 million
Council Tax net of CTS	£2.8 million
Average CTS discount	73.8%
Households receiving maximum discount	1,905
Council Tax Support (gross)	£7.8 million
Non-dependent deductions	£173,300 (≈550 households)
Council Tax Support (net)	£7.6 million

## Future direction

Through this review, officers aim to ensure that the CTS scheme remains fit for purpose in a changing welfare and economic environment.

The Council's objective is to design a scheme that:

- reduces administrative effort where possible,
- strengthens work incentives, and
- ensures the sustainable use of public resources.

In doing so, Bury Council seeks to retain the strengths of its existing approach while addressing the operational and fairness challenges that have emerged since 2017.

## Who may be falling through the gaps?

While the scheme performs well in its support of disabled people, lone parents, and carers, the relatively low Council Tax Band cap could be limiting support and potentially driving higher Council Tax arrears for those in higher bands. The exemptions to the band cap are clearly working as 9% of the caseload represent Council Tax Bands C and above.

However, the exemptions cover disability, lone parents with children under 5, carers and those in receipt of certain Armed forces-related benefits only and exclude those living on very low incomes.

# Description of Options

This modelling presents three variations of Bury's current income-banded Council Tax Support (CTS) scheme for working-age residents. Each option adjusts key parameters, such as capital limits, income treatment, and non-dependant deductions, to test how different configurations might improve fairness, administrative efficiency, and sustainability.

While all three options retain Bury's income-banded structure, they explore alternative ways of balancing support for low-income households, work incentives, and overall scheme cost. Some models expand eligibility through higher capital limits or the removal of minimum contributions, while others tighten thresholds or introduce higher flat-rate deductions to improve cost control.

Each option has been modelled and compared against the current scheme to assess distributional impact, fiscal variation, and administrative implications.

The detailed parameters for each option are set out in Appendix A: Option Parameters.

## Scheme costs

Scheme	Approximate Annual Cost (Total CTR)
<b>Option 1 – Reduced capital threshold, Band C cap, flat rate non-dependant deductions of £65, lower income thresholds</b>	£0.772m
<b>Option 2 – Retained capital threshold, flat rate non-dependant deduction of £40, and up to 100% maximum awards</b>	£4.199m
<b>Option 3 – Earning only, retained capital threshold, flat rate non-dependant deductions of £40, higher income thresholds</b>	£7.634m
<b>Maintain current scheme</b>	£7.568m

(Figures rounded to the nearest £25 for presentation; based on the cost modelling dataset for September 2025.)

The options producing savings for Bury Council, Options 1 and 2, do so primarily through lowering the income thresholds, meaning only applicants with **extremely** low incomes for their circumstances would qualify.

Option 1, and 2 are also 'all income' schemes, meaning both earned and unearned income is considered in assessments. When lowering income thresholds at the same time as taking all income into account, the result is fewer applicants qualify for support.

Option 1 is a clear outlier as it combines relatively high flat rate non-dependant deductions at £65 per week, whilst simultaneously taking all income into account within very low-income thresholds.

While there are scheme options here that have potential to deliver savings to the council, decisions on which scheme to adopt must consider the increased cost of collection and recovery, and the impact on residents of large Council Tax increases.

# Option 1

## *Distributional impact (compared with current scheme)*

Group	Better Off / No Change	Worse Off	Losing > £25/month	Commentary
All	14 (0.18%)	7,471 (99.8%)	6,324 (84.4%)	Almost all claimants would be impacted negatively by this scheme. The vast majority would also lose more than £25 per month. 53% of claimants would lose more than £75 per month. As such, no further breakdown for this option is needed as almost all claimants are worse off.

## What the data shows (Option 1 vs. current scheme)

<b>Strengths</b>	<ul style="list-style-type: none"> <li>- An enormous saving to the council of £6.8m per year</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>- The CTS scheme would be reduced to supporting only 1,092 households</li> <li>- Full Council Tax liability would be uncollectable from the vast majority of claimants losing their CTS</li> </ul>
<b>Who is at risk?</b>	<ul style="list-style-type: none"> <li>- All residents losing eligibility to CTS</li> </ul>
<b>Who is better protected?</b>	<ul style="list-style-type: none"> <li>- 1,092 households would retain their CTS award, but the average would plummet to 13%</li> </ul>
<b>Is Option 1 better or worse than the current scheme?</b>	<ul style="list-style-type: none"> <li>- Worse.</li> </ul>
<b>Administrative and behavioural impacts</b>	<ul style="list-style-type: none"> <li>- The council is almost certainly not going to collect or recover Council Tax liabilities as a result of this scheme proposal.</li> </ul>

<b>Mitigations and implementation safeguards</b>	<ul style="list-style-type: none"> <li>- None that would mitigate the scale of impact of this scheme.</li> </ul>
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Option 1 represents a highly simplified model based on an local authority's current scheme. While it demonstrates the potential financial savings achievable through a more restrictive approach, the modelling indicates significant trade-offs in terms of equity, collection performance, and resident impact. The estimated £6.8 million annual saving would largely be transferred to low-income households as additional Council Tax liability, increasing financial pressure on those least able to pay.

Given these findings, Option 1 illustrates the risks of excessive simplification within CTS design and highlights the need for a balanced approach that protects vulnerable residents while maintaining affordability for the Council. The significant risks of pushing low income and financially vulnerable households into debt and poverty which contradicts the council's intent and ambition regarding the Let's 2030 strategy mean it is therefore not recommended for adoption at this stage but serves as a useful benchmark to understand the implications of a more restrictive scheme.

## Option 2

*Distributional Impact (Compared with Current Scheme)*

Group	Better Off / No Change	Worse Off	Losing > £25/month	Commentary
All	1,018 (13.6%)	6,467 (86.4%)	3,374 (45%)	
Lone parents (2,115)	13 (0.6%)	2,102 (99.4%)	1,943 (91.8%)	Lone parents are impacted significantly.

**Option 2** delivers Bury's current capital threshold of £8,000, considers all income in eligibility calculations, and models a lower non-dependent flat rate of £40. Option 2 also models a maximum 100% support scheme for those with no earned income.

However, Option 2 also reduces income thresholds in the income bands to a maximum of £700 per month across all household types, meaning those with income over £700 per month are excluded.

### What the data shows (Option 2 vs. current scheme)

<b>Strengths</b>	<ul style="list-style-type: none"> <li>- A £3.4m saving to the council</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>- The average CTR award would be reduced to 46%</li> <li>- The CTR caseload would reduce to 4,464 meaning 3,016 households would lose eligibility</li> <li>- Families with children would see the greatest losses by losing their eligibility to CTR entirely as a result of the lower income thresholds</li> </ul>
<b>Who is at risk?</b>	<ul style="list-style-type: none"> <li>- All residents losing eligibility to CTR</li> <li>- Families with children in particular</li> </ul>
<b>Who is better protected?</b>	<ul style="list-style-type: none"> <li>- 1,092 households would retain their CTR award, but the average would plummet to 13%</li> </ul>

<b>Is Option 1 better or worse than the current scheme?</b>	<ul style="list-style-type: none"> <li>- Worse.</li> </ul>
<b>Administrative and behavioural impacts</b>	<ul style="list-style-type: none"> <li>- The council is almost certainly not going to collect or recover Council Tax liabilities as a result of this scheme proposal.</li> </ul>
<b>Mitigations and implementation safeguards</b>	<ul style="list-style-type: none"> <li>- None that would mitigate the scale of impact of this scheme.</li> </ul>

This option also presents significant trade-offs between affordability to the council and affordability for residents. Option 2 is less of a blunt instrument than Option 1 and would offer savings to the council of £3.4 million a year based on the current caseload modelling.

However, as with Option 1, reducing scheme generosity to any extent must be considered alongside the significant risks of pushing low income and financially vulnerable households into debt and poverty which contradicts the council's intent and ambition regarding the Let's 2030 strategy, the impact of potential lower collection rates, increased recovery activity, and damage to relationships with arguably the most vulnerable resident groups.

## Option 3

*Distributional impact (compared with current scheme)*

Group	Better Off / No Change	Worse Off	Losing > £25/month	Commentary
All	6,605 (88%)	880 (12%)	500 (6.7%)	
Lone parents (2115)	1,868 (88%)	247 (12%)	85 (4%)	

**Option 3** presents a 20% minimum contribution from all claimants, assesses only earned income and considers higher income thresholds. In addition, Option 3 models a flat non-dependent deduction of £40.

Option 3 is a more generous CTS scheme for Bury's residents. 88% of current claimants would be better off, the average CTS award would increase from 74% to 79%, and this scheme would mean only 16 claimants would lose eligibility based on their current financial circumstances.

More progressive schemes come with future financial risk that must be considered. Implementing a more generous scheme may attract more applicants and would bring more people into eligibility. It is not possible to model future expenditure as data on the earnings of all Bury residents is not available and this modelling has been conducted based on the current CTS caseload.

In terms of cost increases we can model, the scheme would cost the council £65.3k more to deliver than its current scheme. This increase does not take potential future overall Council Tax increases into account, as it is based on current liabilities.

Whilst future expenditure is stated as a potential risk in this report, this increase in eligibility and generosity could well be perceived as welcomed. More generous CTS schemes provide greater financial support for residents on low incomes and the benefits of doing so can be significant when addressing local poverty in anti-poverty strategies and child poverty strategies.

Option 3 is more generous because it limits the assessment of income to earnings only, excluding unearned income such as benefits. This means that working families who receive Universal Credit or other forms of income support are not penalised twice for the same income stream. By disregarding these elements, more of a

household's earnings fall within the income thresholds for support, increasing their Council Tax Reduction entitlement.

In practice, this design change expands eligibility and raises average award levels. The modelling shows that under Option 3, 88% of current claimants are better off or see no change, and the average award increases from 74% to 79%. Only 16 households lose entitlement entirely.

For Bury specifically, this approach benefits families because the borough's demographic profile includes:

- A relatively high proportion of working-age households with children, and
- A significant number of low-income working families whose earnings are supplemented by Universal Credit.

Under an earnings-only model, these families retain more support because their Universal Credit, child benefit, or other unearned income is disregarded. This reduces the effective taper that currently withdraws support as total income rises, allowing families to keep more of their CTR as they move into or progress in work.

Therefore, this additional cost may be considered value for money when we consider the gains, potential higher collection of lower amounts of Council Tax and contribution towards poverty and employment strategies.

## What the data shows (Option 3 vs. current scheme)

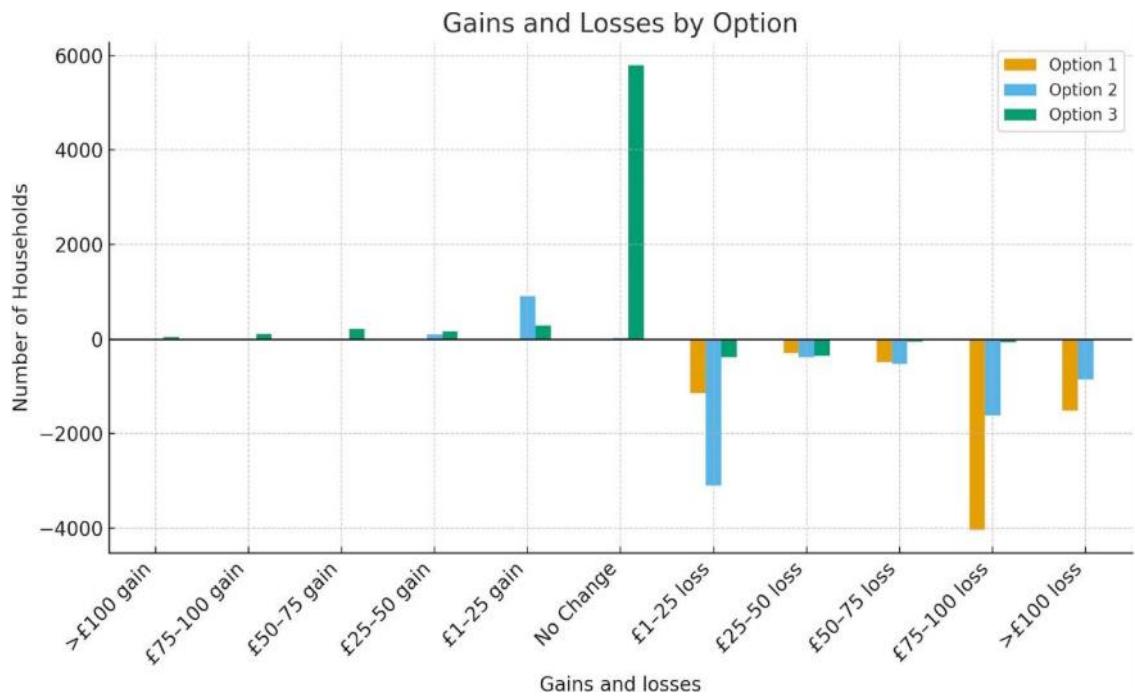
<b>Strengths</b>	<ul style="list-style-type: none"> <li>- The average CTS award would increase to 79% up from 74% now</li> <li>- 98.3% of the current caseload would receive the maximum 80% CTR</li> <li>- Only 16 household would lose eligibility to CTR</li> <li>- This Option is the only one to deliver a net benefit to the caseload</li> <li>- Flat rate non-dependent deductions are easier to administer as they require less verification and administration</li> <li>- Option 5 presents gains for all families with children</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>- The introduction of a flat rate non-dependent deduction would not take individual non-dependent circumstances into account</li> </ul>
<b>Who is at risk?</b>	<ul style="list-style-type: none"> <li>- Households with multiple non-dependents</li> </ul>
<b>Who is better protected?</b>	<ul style="list-style-type: none"> <li>- Families with children</li> <li>- All groups see a net gain</li> </ul>
<b>Is Option 3 better or worse than the current scheme?</b>	<ul style="list-style-type: none"> <li>- Better. The scheme provides greater support for families with children while increasing the average award overall.</li> </ul>
<b>Administrative and behavioural impacts</b>	<ul style="list-style-type: none"> <li>- More generous schemes are linked to higher collection rates</li> <li>- Efficiencies will be realised through the reduction in processing work and subsequent contact, and therefore enable capacity building in key areas such as collection and welfare.</li> </ul>
<b>Mitigations and implementation safeguards</b>	<ul style="list-style-type: none"> <li>- There are few mitigations other than considering lower flat rate non-dependent deductions.</li> </ul>

## Comparative Assessment of CTS Options

A side-by-side comparison of the options provides an at-a-glance overview of wins and losses by amount, and by household types.

Overall Loss and Gain Distribution (All Options) Gains and losses	Option 1	Option 2	Option 3
<b>&gt;£100 gain</b>	0	0	42
<b>£75–100 gain</b>	0	2	112
<b>£50–75 gain</b>	0	1	214
<b>£25–50 gain</b>	2	94	158
<b>£1–25 gain</b>	2	904	291
<b>No Change</b>	10	17	5,788
<b>£1–25 loss</b>	1,147	3,093	380
<b>£25–50 loss</b>	294	381	359
<b>£50–75 loss</b>	489	528	50
<b>£75–100 loss</b>	4,034	1,612	64
<b>&gt;£100 loss</b>	1507	853	27

<b>Total</b>	7,485	7,485	7,485
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Across different groups, losses and gain vary with Option 3 providing the greatest overall gains.

Group	Option 1		Option 2		Option 3	
	Loss	Gain	Loss	Gain	Loss	Gain
<b>In Work</b>	3,346	1	3,293	5	309	686
<b>Not in work</b>	4,130	0	3,183	0	572	154
<b>Singles</b>	4,078	0	3,159	0	442	3,339
<b>Couples</b>	546	0	476	0	122	352

<b>Couple with Children</b>	1,197	1	1,188	1	130	868
<b>Single with Children</b>	1,655	4	1,653	4	187	1,215

Below is a comparative summary of the three CTS options rated across three key dimensions: progressiveness, household impact, and administrative savings. Ratings are on a 1–5 scale (1 = least favourable, 5 = most favourable) with brief commentary under each measure.

<b>Option</b>	<b>Description (in brief)</b>	<b>Progressiveness</b>	<b>Household Impact</b>	<b>Administrative Savings</b>
<b>Option 1</b>	<ul style="list-style-type: none"> <li>· Income banded</li> <li>· Band C cap</li> <li>· All income</li> <li>· 37% minimum contribution</li> <li>· Flat rate non-dep deductions</li> <li>· Low income bands</li> </ul>	<p><b>1/5</b> – 99.8% of claimants would be worse off</p> <p>Almost all families with children would be made worse off with 83% being more than £75 a month worse off</p>	<p><b>1/5</b> – 99.8% of claimants would be worse off</p> <p>83% of families with children would be worse off by £75 or more each month</p>	<p><b>2/5</b> – a lower caseload would require less administration to process claims but this administration would be shifted to collection, debt recovery, and customer services.</p>

<b>Option 2</b>	<ul style="list-style-type: none"> <li>Income banded</li> <li>Band B cap</li> <li>All income</li> <li>Flat rate non-dep deductions</li> <li>100% maximum award</li> <li>Low income bands</li> </ul>	<p><b>1/5</b> – This scheme would disproportionately affect families with children. While 86.4% of all claimants would be worse off, this percentage increases to 99.4% for families with children. Conversely 77.5% of single claimants would be made worse off.</p>	<p><b>2/5</b> – Greater financial increases for families with children with less impact on those households without children.</p>	<p><b>2/5</b> – As with Option 1, a lower caseload would mean fewer claims to process. But these savings are likely to be offset by lower collection rates, higher customer contact, and higher collection and recovery costs.</p>
<b>Option 3</b>	<ul style="list-style-type: none"> <li>Income banded</li> <li>20% minimum contribution</li> <li>Earnings only</li> <li>Flat rate non-dep deductions</li> <li>Higher income bands</li> </ul>	<p><b>5/5</b> – almost all current claimants would be better off or would see no change.</p> <p>16.7% of families with two children would be better off, and 15.5% of families with one child would see increased support.</p>	<p><b>4/5</b> – Very few large losses. The highest earning 11% of the current caseload would see an average decrease in support of £35.21 per month with the lowest earning 11% seeing an average increase of £45.94 per month.</p>	<p><b>3/5</b> – Earning only schemes can provide administrative savings, as can flat rate non-dependent deductions.</p> <p>The council is likely to see lower increases in collection and recovery activity and lower customer contact.</p>

## Summary Commentary

- **Most Progressive:** Option 3 scores highest for progressiveness, with lower income households benefitting more from the scheme design and earnings only assessments.
- **Best for Households:** Option 3 also performs best for impact on households with almost all households retaining or increasing their current award.
- **Best for Administration:** Options 1 and 2 may technically reduce CTS assessment administration. But this saving would be off set by increased collection and recovery activity and higher front line contact.
- **Overall Balance:** Option 3 appears the most balanced model—moderately progressive, low household disruption, and administratively manageable.

Option 3 presents the only scheme to increase its generosity and progressivity. This scheme will provide administrative savings, and is also less likely to increase administrative burdens elsewhere in the collection and recovery process. Furthermore the scheme provides equity for families whilst its increased simplicity will ensure it is easier for residents to understand.

## Appendix A: Option parameters

### Option 1 Parameters

Parameter Name	Option 1 Value
CTS Type	Income banded

<b>Protected Groups</b>	Disability premium Lone parent premium Disabled child premium Carer premium Armed Forces related benefits
<b>Maximum Council Tax Band</b>	Band C
<b>Capital Maximum (£)</b>	£6,000
<b>Lower Capital Limit (£)</b>	£0
<b>Maximum Amount (%)</b>	63%
<b>Taper (%)</b>	20%
<b>Earnings Only</b>	No
<b>Universal Credit Income</b>	Yes
<b>Use Existing Non-dependant Model</b>	No
<b>Use Flat Non-dependant Discount</b>	Yes
<b>Non-dependant Discount (£/month)</b>	£65

#### Option 1 Income Band Table

Discount (%)	Single	Single +1 Child	Single +2 Child	Single +3+ Child	Couple	Couple +1 Child	Couple +2 Child	Couple +3+ Child
63	0	0	0	0	0	0	0	0
48	99	190	290	290	170	261	358	358
33	147	238	350	350	215	309	447	447
10	198	311	447	447	276	389	529	529
0	222	338	480	480	297	416	566	566

## Option 2 Parameters

Parameter Name	Option 2 Value
<b>CTS Type</b>	Income banded
<b>Protected Groups</b>	Disability premium Lone parent premium Disabled child premium Carer premium
<b>Maximum Council Tax Band</b>	Band B
<b>Capital Maximum (£)</b>	£8,000
<b>Lower Capital Limit (£)</b>	£6,000
<b>Maximum Amount (%)</b>	100%
<b>Taper (%)</b>	20%
<b>Earnings Only</b>	No
<b>Universal Credit Income</b>	Yes
<b>Use Existing Non-dependant Model</b>	No
<b>Use Flat Non-dependant Discount</b>	Yes
<b>Non-dependant Discount (£/month)</b>	£40

## Option 2 Income Band Table

Discount (%)	Single	Single +1 Child	Single +2 Child	Single +3+ Child	Couple	Couple +1 Child	Couple +2 Child	Couple +3+ Child
100	0	0	0	0	0	0	0	0
75	500	500	500	500	500	500	500	500
50	575	575	575	575	575	575	575	575

25	650	650	650	650	650	650	650	650
0	700	700	700	700	700	700	700	700

### Option 3 Parameters

Parameter Name	Option 3 Value
<b>CTS Type</b>	Income banded
<b>Protected Groups</b>	Disability premium Lone parent premium Disabled child premium Carer premium
<b>Maximum Council Tax Band</b>	Band B
<b>Capital Maximum (£)</b>	£8,000
<b>Lower Capital Limit (£)</b>	£6,000
<b>Maximum Amount (%)</b>	80%
<b>Taper (%)</b>	20%
<b>Earnings Only</b>	Yes
<b>Universal Credit Income</b>	No
<b>Use Existing Non-dependant Model</b>	No
<b>Use Flat Non-dependant Discount</b>	Yes
<b>Non-dependant Discount (£/month)</b>	£40

### Option 3 Income Band Table

Discount (%)	Single	Single +1 Child	Single +2 Child	Single +3+ Child	Couple	Couple +1 Child	Couple +2 Child	Couple +3+ Child

80	0	0	0	0	0	0	0	0
60	1	200	300	300	100	200	300	300
40	500	700	800	800	600	700	800	800
20	900	1100	1200	1200	1000	1100	1200	1200
10	1400	1600	1800	1800	1500	1700	1800	1800
0	2000	2200	2300	2300	2100	2200	2300	2300

## Appendix B Trafford ruling

Based on the High Court judgment in *R (LL and AU) v Trafford MBC [2025] EWHC 2380 (Admin)*, there are two principal legal findings that are directly relevant to any proposed Council Tax Support (CTS) scheme:

### Legal adoption process (Ground 1)

The Trafford ruling confirmed that:

- Only Full Council can lawfully adopt or revise a CTS scheme under Section 67(2)(aa) of the Local Government Finance Act 1992.
- Delegating approval to an Executive Committee or officer (even “in consultation with” the portfolio holder) is unlawful.
- The scheme itself must be formally approved by Full Council, not merely noted or referenced as part of the wider budget papers.

Implications:

If any of the options (1–5) were to be adopted by Cabinet, Executive, or via delegated authority to the Section 151 Officer, this would breach the Trafford ruling.

Adoption must be explicit and minuted at Full Council, including the final income bands, disregards, and parameters.

### **Design flaw and discrimination (Ground 2)**

The Court also found the Trafford scheme irrational and discriminatory because:

- It double-counted certain income, notably occupational pensions, and Carer's Allowance, that had already reduced Universal Credit entitlement.
- This meant disabled applicants and carers were treated less favourably than others with identical actual income, breaching:
  - The Public Sector Equality Duty (s.149 Equality Act 2010), and
  - Sections 15 and 19A of the Equality Act (direct and associative disability discrimination).

### **Implication for the proposed scheme:**

To comply with the ruling, Bury's CTS model must:

- Avoid double counting any income already deducted in the UC calculation (e.g., occupational pensions, contributory ESA, Carer's Allowance).
- Clearly disregard UC elements such as housing, carer, limited capability for work, and disabled child components.
- Demonstrate, through an Equality Impact Assessment, that disabled people and carers are not put at a disadvantage by the banding or capital rules.

To remain compliant post-Trafford:

1. **Full Council approval** – with clear minute adopting the *final scheme* and all income bands.
2. **Explicit income disregards** – align with DWP UC rules and ensure that occupational pensions, carers' allowance, and contributory ESA are not double-counted.
3. **Equality Impact Assessment** – specifically test disabled households and carers for adverse impact.
4. **Avoid reliance on discretionary hardship relief** as the primary correction mechanism; it must only handle exceptional cases.

### **Conclusion**

If properly adopted by Full Council and designed with clear statements about avoiding double-counting, all options would comply with the Trafford ruling.

## Appendix C Other considerations

### **Work incentives and behavioural impact**

CTS schemes continue to shape work incentives for low-income households. The interaction between CTS withdrawal, Universal Credit tapering and other deductions can significantly affect the net benefit of increasing working hours. With the Universal Credit earnings taper set at 55 per cent, poorly aligned CTS bands can create high marginal deduction rates that discourage progression in work. Simplified income bands and smooth transitions reduce these effects and make part-time or variable-hour work more viable. In a cooling labour market with rising economic inactivity, supporting steady work progression through scheme design remains important.

### **Changes to government benefits and allowances**

Welfare reforms and uprating decisions directly influence CTS caseloads and costs. Working-age benefits were uprated for 2025–26 in line with inflation, but the freeze on Local Housing Allowance rates continues to limit rent support and increase pressure on household finances.

From April 2026, the Universal Credit Act 2025 will increase the standard allowance while revising the structure of health- and disability-related additions. These changes may alter income levels for some households, particularly disabled applicants, and carers. Councils will need to review CTS premiums, income thresholds, and disregards to ensure consistency with new DWP rules and to prevent unintended financial losses for vulnerable residents.

Aligning CTS treatment of income and capital with DWP systems remains good practice for administrative simplicity and transparency.

### **Interaction with other discretionary schemes**

CTS operates within a wider network of local financial support, including Discretionary Housing Payments, Local Welfare Provision, and hardship funds. If CTS design increases household Council Tax liability, demand for these discretionary schemes is likely to rise. Coordinating assessment, referral and funding across these support streams reduces duplication and helps ensure residents do not

fall through gaps. A single access point or “front door” approach can improve efficiency and claimant experience.

### **Administrative costs and delivery considerations**

Changes to CTS parameters have operational implications for revenues and benefits teams. Frequent Universal Credit updates, non-standard income assessments and software reconfiguration all carry cost and capacity pressures. Schemes that mirror UC definitions, minimise micro-banding, and automate data updates reduce the administrative burden.

### **Council Tax arrears and enforcement**

The design of CTS schemes has a direct impact on arrears. Requiring small minimum payments from low-income households tends to increase debt and enforcement activity, with associated social and administrative costs. Early engagement, hardship relief, and flexible payment arrangements can mitigate these risks. The Government’s review of Council Tax administration and enforcement is expected to promote earlier support and greater proportionality; CTS schemes that minimise uncollectable balances will align with this direction.

### **Links to housing benefit and housing costs**

For pension-age applicants, CTS continues to align closely with Housing Benefit. For working-age households, separation of rent and Council Tax support under Universal Credit can cause confusion and budgeting challenges. The continued freeze in Local Housing Allowance rates adds further strain, as rent shortfalls increase. Linking CTS and housing data helps councils identify households at risk of arrears and target support more effectively.

### **Summary**

- Simplified, well-aligned CTS schemes strengthen work incentives and reduce churn.
- The 2026 Universal Credit changes and ongoing LHA freeze will increase financial pressure on low-income households and may raise CTS demand.
- Rising long-term sickness and disability necessitate protections for vulnerable applicants.
- Reducing small minimum payments and improving early intervention will help prevent arrears.

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