

East Surrey Council Tax Reduction Harmonisation

Modelling and recommended consultation proposal

September 2026 | For recommendation

Purpose: to support recommendation of a defined working-age CTR scheme for statutory consultation. The modelling quantifies the principal policy choices and current-caseload impacts. It is not a final expenditure forecast: several additional consultation-draft provisions require a refreshed model before the final scheme is determined.

1. Proposed recommendation

The proposed recommendation is to consult on a scheme based on modelled Option 2, supplemented by the additional rules set out in the consultation draft policy framework. The core proposal provides 100% maximum support, no Council Tax band cap, a £16,000 capital cliff edge with no lower tariff, a 20% excess-income taper, and a flat £10 weekly non-dependant deduction.

For consultation, the draft also proposes a £5 weekly minimum award, an Elmbridge-style Universal Credit change buffer, a self-employed Minimum Income Floor based on 35 hours at the applicable National Minimum Wage after a 12-month start-up period, three-month backdating, and time-limited transitional protection for existing claimants experiencing material losses from harmonisation. These additions are not all included in the headline Option 2 cost below as longitudinal data is required.

2. Options considered

Option	Maximum support	Band cap	Capital limit	Flat NDD	Purpose
1	100%	None	£16,000	£5/week	High-support comparator
2	100%	None	£16,000	£10/week	Proposed core consultation option
3	90%	Band E	£10,000	£5/week	Lower-cost comparator
4	90%	Band E	£10,000	£10/week	Lower-cost comparator + higher NDD
5	90%; 100% selected premium groups	Band E	£10,000	£5/week	Targeted-protection comparator

All five modelled options use a means-tested calculation and 20% taper. The current caseload contains 11,786 working-age households across the five legacy areas. Source extracts are dated 31 July or 19 August 2026 depending on legacy authority.

3. Headline modelled impact

Option	Annual CTR cost	Change v existing	Residual CT billed	Gains	Losses	No change
Existing	£19.188m	—	£4.398m	—	—	—
1	£19.225m	+£36k	£4.361m	2,438 (20.7%)	1,271 (10.8%)	8,077 (68.5%)
2	£18.794m	-£394k	£4.792m	2,020 (17.1%)	1,689 (14.3%)	8,077 (68.5%)
3	£16.694m	-£2.495m	£6.892m	1,307 (11.1%)	10,173 (86.3%)	306 (2.6%)
4	£16.282m	-£2.906m	£7.304m	1,183 (10.0%)	10,297 (87.4%)	306 (2.6%)
5	£17.722m	-£1.466m	£5.864m	1,722 (14.6%)	6,278 (53.3%)	3,786 (32.1%)

Residual Council Tax is the amount that would be billed after CTR, not a guaranteed cashable saving. Collection, arrears, recovery, hardship, write-off, and behavioural responses determine how much additional liability becomes collected income.

4. Option 2 by legacy area

Legacy area	Caseload	Gains	Losses	No change
Elmbridge	2,883	808 (28.0%)	380 (13.2%)	1,695 (58.8%)
Epsom & Ewell	1,879	1,070 (56.9%)	809 (43.1%)	0
Mole Valley	1,779	34 (1.9%)	199 (11.2%)	1,546 (86.9%)
Reigate & Banstead	3,093	89 (2.9%)	110 (3.6%)	2,894 (93.6%)
Tandridge	2,152	19 (0.9%)	191 (8.9%)	1,942 (90.2%)
East Surrey	11,786	2,020 (17.1%)	1,689 (14.3%)	8,077 (68.5%)

Movement is concentrated in Epsom & Ewell, where the scheme architecture changes completely, and in Elmbridge. In Mole Valley, Reigate & Banstead, and Tandridge, most households retain the same award before the effect of the proposed flat NDD.

5. Where Option 2 losses come from

The 1,689 modelled losses divide into two distinct causes. A household is classed as NDD-driven where its Option 2 award before the non-dependant deduction is at least as high as its existing award, but the £10 weekly deduction makes it worse off. Assessment-method losses are already present before the NDD is applied.

Legacy area	Total losses	NDD-driven	Assessment-method
Elmbridge	380	380 (100%)	0
Epsom & Ewell	809	114 (14.1%)	695 (85.9%)
Mole Valley	199	199 (100%)	0
Reigate & Banstead	110	110 (100%)	0
Tandridge	191	191 (100%)	0
East Surrey	1,689	994 (58.9%)	695 (41.1%)

Outside Epsom & Ewell, every current Option 2 loss in the model is caused by the proposed £10 weekly NDD. The 695 non-NDD losses are all within Epsom & Ewell and arise from moving from the current income-banded discount to the taper-based means test.

Epsom & Ewell transition

Epsom & Ewell currently awards fixed reductions of 80%, 65%, 50%, or 40%. The 40% band acts as a substantial floor for qualifying households: support does not taper gradually below 40% while the household remains within that band. Under Option 2, income above the applicable amount reduces support continuously through the 20% taper.

Of the 695 Epsom & Ewell households already worse off before the NDD, 469 (67.5%) are currently in the 40% band, 104 are in the 50% band, 58 in the 65% band, and 64 in the 80% band. This is the clearest identified structural transition issue. The wider Epsom & Ewell loss cohort is also concentrated among working families with children, which will be examined through the Equality Impact Assessment.

6. Additional draft provisions not fully reflected in the headline model

Provision	Current modelling position
£5 minimum award	257 Option 2 households have positive awards below £5/week, worth about £37k a year. Applied in isolation, this would reduce CTR expenditure by a further c.£37k.
Minimum Income Floor	Not modelled. The consultation draft proposes 35 hours at the applicable National Minimum Wage after a 12-month start-up period. This may reduce awards for some self-employed households.
UC change buffer	Not represented as a steady-state cost lever. Its principal effect is on the timing and frequency of recalculation, revised bills, notices, and customer contact.
Transitional protection	Not included in the headline cost. Time-limited protection for material harmonisation losses would increase expenditure relative to core Option 2 during the transition period. Once a final CTR scheme is modelled, transitional protection costing and policy may be established and consultation will request input into these choices.
NDD protections / exemptions	The headline model applies the flat deduction. Consultation on wider protected groups may reduce the number or size of NDD-driven losses.
Backdating and UC claim-date rule	Affects new and retrospective claims rather than the static current-caseload snapshot.



7. Proposed interpretation and recommendation

- Option 2 provides the proposed core for consultation: 100% maximum support, no band cap, a £16,000 capital cliff edge, 20% taper, and a £10 weekly flat NDD.
- The £10 NDD is the source of 994 of the 1,689 current modelled losses. It should therefore be presented transparently as a substantive policy choice, with consultation on exemptions and protected groups.
- The 695 assessment-method losses are concentrated entirely in Epsom & Ewell. They support consideration of time-limited transitional protection, but the consultation draft allows protection to address material harmonisation losses more widely where justified by the refreshed modelling and EIA.
- The £5 minimum award, MIF, UC treatment, UC buffer, backdating rules, and transitional protection should be presented as part of the consultation proposal even though they are not all captured in the current headline cost.

8. Caveats and next steps

- The model is a static snapshot of current claimants. It does not forecast take-up, future claims, caseload churn, or households currently excluded by legacy rules who may become eligible.
- Annual figures are annualised from current awards and are policy-impact estimates, not audited expenditure forecasts.
- The £5 minimum award can be illustrated from the current data, but the MIF, common UC treatment, wider NDD protections, and transitional protection require additional modelling before final approval.
- Equality conclusions should not be drawn from legacy premium flags alone. The draft EIA will use household composition, work status, disability indicators, legacy geography, consultation evidence, and other available equality data.
- Following consultation, the final scheme should be supported by refreshed modelling, a completed Equality Impact Assessment, legal and operational assurance, Collection Fund and preceptor implications, and a documented response to consultation evidence.

The decision sought at this stage is to approve a sufficiently defined draft scheme for consultation, not to determine the final 2027/28 scheme. The final policy can be amended in response to consultation, equality evidence, refreshed modelling, affordability, and implementation evidence.