

East Surrey Council Tax Reduction Scheme

Consultation draft policy framework

September 2026 | For recommendation to consult

Purpose: to define the proposed working-age Council Tax Reduction policy sufficiently for statutory consultation. This is a consultation framework, not the final legal scheme document. Detailed legal drafting, system specification, final modelling, transitional protection rules, and the Equality Impact Assessment will be completed before the final scheme is determined.

1. Status and scope

East Surrey proposes to introduce one working-age Council Tax Reduction (CTR) scheme from 1 April 2027, replacing the five predecessor working-age schemes. The proposed framework is based on modelling of existing schemes and caseloads and incorporates additional administrative and policy rules needed to describe a credible consultation draft.

The pension-age scheme is not altered by this proposal and will continue to follow the nationally prescribed requirements. Statutory eligibility and exclusion rules that the Council cannot lawfully vary will be carried into the final scheme. The consultation will therefore focus on the local working-age choices that East Surrey can determine.

2. Proposed scheme at a glance

Parameter	Draft proposal	How it would operate
Scheme basis	Means-tested	Common applicable-amount calculation with a 20% excess-income taper.
Maximum support	100%	Calculated against the full eligible Council Tax liability.
Council Tax band cap	None	No local property-band restriction is proposed.
Capital limit	£16,000	Capital at or below the limit does not generate tariff income. Above the limit, there is no entitlement.
Lower capital tariff	None	No £6,000 lower threshold and no assumed tariff income between £6,000 and £16,000.
Taper	20%	Support reduces by 20p for each £1 of assessed income above the applicable amount.
Minimum award	£5 per week	Calculated awards below £5 a week are not paid. This will be tested through consultation.
Non-dependant deduction	£10 per week	One flat deduction for each non-dependant, subject to consultation on exemptions and further protected groups.
Self-employed Minimum Income Floor (MIF)	35 hours at NMW	Applied after a proposed 12-month start-up period. The applicable National Minimum Wage (NMW) rate would be used.
Backdating	Up to 3 months	Subject to the claimant meeting the qualifying conditions for the backdated period.

3. How entitlement would be calculated

- Start with the household's eligible Council Tax liability after statutory discounts and reductions. There is no local Council Tax band cap proposed.
- Check capital. A working-age household with capital over £16,000 would not qualify. Capital at or below £16,000 would not create tariff income.
- Determine the household applicable amount using the standard allowances and relevant family, disability, and carer premiums. These amounts would be uprated in line with normal national benefit uprating.
- Assess household income. Where income is no higher than the applicable amount, the household can receive up to 100% support. Where income is higher, support reduces using a 20% taper.
- Apply any non-dependant deduction at £10 per week for each non-dependant, unless an exemption applies.
- Apply the £5 weekly minimum award. Where the remaining calculated CTR is below £5 a week, no ongoing award would be made.
- Apply any agreed transitional protection for an existing claimant whose support materially reduces as a result of harmonisation.

4. Income, Universal Credit, and self-employment

Universal Credit

For Universal Credit households, the consultation draft proposes a default-style calculation using the DWP assessment consistently on both sides of the means test. The household applicable amount would use the DWP Universal Credit maximum amount for the relevant assessment period. Assessed income would use the DWP calculation or estimate of claimant and partner income, together with the Universal Credit award before deductions such as sanctions, advances, or recovery, converted to a weekly amount.

This most closely mirrors the current Elmbridge approach. Mole Valley and Tandridge also use the same core default-style mechanism: the DWP Universal Credit maximum amount informs the applicable amount and DWP income information is used within the means test. Elmbridge adds local operational rules, including the change-of-circumstances buffer proposed below and use of a DWP Minimum Income Floor where it forms part of the UC assessment.

No separate disregard of the Universal Credit housing, capability, carer, disabled-child, or childcare elements is proposed at consultation stage. This keeps the UC maximum amount and UC income assessment internally aligned. The Council would retain the ability to use verified information where DWP data is demonstrably incorrect.

UC change-of-circumstances buffer

The draft scheme proposes to retain the administrative stability currently provided by Elmbridge. A Universal Credit change would not automatically trigger a CTR recalculation where:

- the UC amount used in the CTR assessment changes by less than £100; or
- the relevant UC assessment period began more than 50 days before the Council received notification.

The £100 threshold relates to the change in the UC amount used in the CTR calculation, not a £100 change in the CTR award. A claimant could ask the Council to take the change into account, and the Council could revise the award. The consultation will test whether this balance between responsiveness and fewer small rebills should be retained in the new scheme.

Self-employed claimants and Minimum Income Floor

The consultation draft proposes a Minimum Income Floor (MIF) for established self-employed claimants, designed to mirror the broad Universal Credit approach. After a 12-month start-up period, a claimant whose assessed self-

employed earnings are lower than the MIF would normally be treated as earning the equivalent of 35 hours a week at the applicable National Minimum Wage rate.

The detailed scheme would provide for appropriate exemptions and adjustments, including circumstances in which a claimant is not reasonably expected to work 35 hours, the treatment of tax, National Insurance and pension contributions, and evidence of genuine business activity. The consultation will test the principle and safeguards before the final rule is drafted.

Other income rules

For households not receiving Universal Credit, earnings, other income, childcare costs, disregards, applicable amounts, and relevant premiums would follow a conventional default-style means test. The detailed schedule of rates and disregards will be included in the final legal scheme and updated in the normal way.

5. Claims, effective dates, and temporary absence

Area	Draft approach
New CTR claim	Entitlement normally starts from the date the claim is made or treated as made, subject to Council Tax liability.
Universal Credit claim	Where the Council receives DWP notification of a new UC claim or award, the CTR claim will be treated as made from the UC claim / entitlement start date, where Council Tax liability exists.
Backdating	A working-age claim may be backdated for up to three months where the qualifying conditions are met and the necessary evidence can be established.
Temporary absence	The scheme will follow the common/default temporary-absence rules, including the standard time limits and recognised exceptions. Detailed statutory wording will be carried into the final scheme.
Changes in circumstances	Ordinary changes will take effect under the common scheme rules, subject to the specific UC buffer described above.

6. Non-dependants, minimum award, and protections

Non-dependant deductions

The draft scheme proposes one flat deduction of £10 per week for each non-dependant. This replaces the different legacy income-banded and flat-rate approaches and is intended to reduce the need to establish detailed non-dependant earnings in routine cases.

Standard exemption categories common to existing default-style schemes may be retained, including relevant student and young-person categories and disability-related exemptions. The consultation will specifically ask whether the £10 deduction should be a protected parameter for additional groups, including households affected by disability, caring responsibilities, or other defined circumstances.

Minimum award

A minimum CTR award of £5 per week is proposed. Awards below that amount would not be paid. The modelling indicates that this is primarily an administrative design choice rather than a major financial lever, and the consultation will test whether the administrative simplicity is proportionate to the impact on households with small positive awards.

Transitional protection

The Council proposes time-limited transitional protection for existing claimants who experience a material reduction because of harmonisation. It would not be limited to one legacy area, although the move from Epsom & Ewell's income-banded scheme to a means test is a particularly significant transition.

The consultation draft does not fix the qualifying loss threshold, duration, or erosion formula. These will be developed from detailed modelling, the Equality Impact Assessment, consultation evidence, affordability, and operational feasibility. Protection would manage significant transition rather than preserve legacy schemes indefinitely.

7. Other scheme provisions

Provision	Draft position
Applicable amounts and premiums	Use the standard/default working-age structure with relevant family, disability, and carer amounts, uprated normally.
Passported / very low-income cases	Eligible households at or below the applicable amount can receive 100% support before NDD and minimum-award rules.
Second Adult Rebate	No separate working-age Second Adult Rebate is proposed. Current Mole Valley and Tandridge cases will be impact-tested.
Annual uprating	Nationally linked allowances, premiums, and disregards follow normal benefit uprating. Local parameters are reviewed annually.
Discretionary hardship support	A separate route remains for exceptional hardship. It does not replace proper scheme design or transitional protection for predictable impacts.

8. Reviews and appeals

The final scheme will retain the statutory review and appeal framework. A claimant may ask the Council to reconsider a CTR decision and give reasons. If still dissatisfied, or if the Council does not respond within the statutory period, the claimant may appeal to the Valuation Tribunal. Detailed notices and time limits will be included in the final legal scheme.

9. Matters specifically to be tested through consultation

- the overall scheme: 100% maximum support, no band cap, £16,000 capital limit, and 20% taper;
- the £10 flat NDD and groups that should or could be exempt or protected;
- the £5 weekly minimum award;
- the Elmbridge-style UC change buffer;
- the MIF based on 35 hours at the applicable National Minimum Wage, including the 12-month start-up period and exemptions;
- the principle and design of transitional protection; and
- unintended impacts, alternatives, and safeguards before final approval.

After consultation, East Surrey will consider the consultation evidence alongside refreshed modelling, the Equality Impact Assessment, legal advice, financial and collection implications, and implementation feasibility before determining the final 2027/28 scheme.