

West Surrey DRAFT Council Tax Reduction Scheme

Consultation draft policy framework

September 2026 | For decision 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, refreshed modelling, transitional protection rules, and the final Equality Impact Assessment will be completed before the final scheme is determined.

1. Status and scope

West Surrey proposes to introduce one working-age Council Tax Reduction (CTR) scheme from 1 April 2027, replacing the six 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 consultation draft.

The pension-age scheme is not altered by this proposal and will continue to follow 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 available to West Surrey.

2. Proposed scheme at a glance

Parameter	Draft proposal	How it would operate
Scheme basis	Means-tested	A common applicable-amount calculation with a 20% excess-income taper.
Maximum support	85%	An otherwise fully eligible household could receive up to 85% of the Council Tax liability eligible for support. No separate 100% protected-group maximum is proposed at consultation stage.
Council Tax band cap	Band D	For properties in Bands E-H, CTR would be calculated using no more than the equivalent Band D liability.
Capital limit	£6,000	Capital above £6,000 would end entitlement.
Lower capital tariff	None	No tariff-income calculation is proposed below the £6,000 limit.
Taper	20%	Support reduces by 20p for each £1 of assessed income above the applicable amount.
Minimum award	None	No minimum weekly award threshold is proposed.
Non-dependant deduction	£10 per week	One flat deduction for each non-dependant. No additional local protected categories are proposed at consultation stage.
Self-employed Minimum Income Floor	35 hours at NMW	Applied after a proposed 12-month start-up period using the applicable National Minimum Wage rate.
Backdating	Up to 3 months	Subject to the qualifying conditions being met for the backdated period.

Parameter	Draft proposal	How it would operate
Second Adult Rebate	None	No separate working-age Second Adult Rebate is proposed.

3. How entitlement would be calculated

- Start with the household's eligible Council Tax liability after statutory discounts and reductions. For properties in Bands E-H, the amount eligible for CTR would be capped at the equivalent Band D liability.
- Check capital. A working-age household with capital above £6,000 would not qualify. No tariff income would be assumed for capital at or below £6,000.
- Determine the household applicable amount using the common working-age structure, including the appropriate personal allowances and relevant family, disability, caring, and other applicable premiums. These amounts would be uprated in line with the final scheme rules.
- Assess household income. Where income is no higher than the applicable amount, the household can receive up to 85% support on the eligible Council Tax amount. Where income is higher, support reduces using a 20% taper.
- Apply the £10 weekly non-dependant deduction for each non-dependant, subject to any categories the final legal scheme must exclude.
- Apply any agreed transitional protection where the household falls within an objectively defined protected class arising from structural harmonisation. Transitional protection would be limited to existing claims, not new claims from April 2027.

No minimum award threshold is proposed. A positive calculated award would therefore not cease solely because it falls below a specified weekly amount.

4. Maximum support and Council Tax Band D cap

The 85% maximum and Band D cap are separate provisions and can operate together.

For a household in Bands A-D whose income would otherwise qualify it for maximum support, CTR would meet up to 85% of the eligible Council Tax liability. The household would therefore retain a minimum liability equivalent to 15% before any other deductions or means-test reduction.

For a household in Bands E-H, the maximum CTR would instead be limited to 85% of the equivalent Band D liability. The household would therefore be responsible for the 15% minimum contribution on the Band D amount plus the whole difference between the Band D liability and the actual higher-band liability.

The amount payable can therefore exceed 15% of the household's actual Council Tax bill where the property is above Band D. Consultation material and supporting modelling will explain these effects separately so that the impact of the maximum-support rule is not confused with the additional effect of the Band D cap.

5. Income, Universal Credit, and self-employment

Universal Credit

For Universal Credit households, the consultation draft proposes a common default-style means-tested calculation using DWP information consistently across West Surrey. The household applicable amount would reflect the relevant

household circumstances and the Universal Credit information available to the Council. Assessed income would use the appropriate DWP income and UC information, subject to the detailed rules to be set out in the final scheme.

The Council would retain the ability to use verified information where DWP information is demonstrably incorrect or incomplete.

UC change-of-circumstances buffer

The draft scheme proposes an administrative stability mechanism through which 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 would be able to ask the Council to take the change into account, and the Council would retain the ability to revise the award where appropriate.

The consultation will test whether this represents an appropriate balance between accurate and responsive awards and reducing repeated small recalculations, revised bills, notices, and customer contact.

Self-employed claimants and Minimum Income Floor

The consultation draft proposes a Minimum Income Floor for established self-employed claimants. No Minimum Income Floor would normally apply during the first 12 months of a new self-employed business.

After that start-up period, where assessed earnings remain below the relevant level, the claimant would normally be treated as earning the equivalent of 35 hours per week at the applicable National Minimum Wage.

The detailed final scheme would specify appropriate exceptions 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 the evidence required to establish genuine self-employment.

Other income rules

For households not receiving Universal Credit, earnings, other income, childcare costs, disregards, applicable amounts, premiums, and other income rules would follow a common means-tested structure. The detailed schedules of allowances, premiums, disregards, and rates will form part of the final legal scheme and will be uprated as appropriate.

6. Claims, effective dates, and changes in circumstances

Area	Draft approach
New CTR claim	Entitlement would normally begin from the date the claim is made or treated as made, subject to Council Tax liability and the final scheme rules.
Backdating	A working-age claim could be backdated for up to three months where the qualifying conditions are met and entitlement can be established for the relevant period.
Changes in circumstances	Ordinary changes would take effect under the common scheme rules, subject to the specific Universal Credit change buffer.
Temporary absence	The final scheme will specify the common rules and relevant statutory/default exceptions.

7. Non-dependants

The proposed scheme applies one flat deduction of £10 per week for each non-dependant. This would replace the different legacy arrangements and removes the need to operate different local deduction scales across the new authority.

No additional locally defined protected groups or exemptions from the £10 deduction are proposed at consultation stage. Any categories that the final legal scheme is required to exclude will be specified during detailed drafting.

The consultation will test the principle and level of the £10 deduction and whether respondents identify circumstances which require further consideration before the final scheme is determined.

8. Capital

The proposed upper capital limit is £6,000. A claimant with capital above that amount would not qualify for working-age CTR.

The proposed West Surrey approach creates a single eligibility threshold:

- capital at or below £6,000 does not reduce entitlement through tariff income;
- capital above £6,000 ends entitlement.

The consultation and Equality Impact Assessment will consider the impact of this cliff edge on existing claimants whose current schemes permit higher levels of capital.

9. Second Adult Rebate

No separate working-age Second Adult Rebate is proposed. The new scheme would therefore provide working-age support through the claimant's main CTR entitlement rather than maintaining an alternative award calculated by reference to the income of another adult in the property.

Any current working-age Second Adult Rebate cases identifiable in the predecessor schemes should be reviewed as part of implementation and final impact assessment.

10. Transitional protection

The Council proposes to include time-limited transitional protection for an objectively defined class or classes of existing claimants affected by structural harmonisation.

The proposal is not to provide transitional protection if a household receives less support under the 85% maximum. A reduction arising directly from the decision to set maximum support at 85% is an intended feature of the proposed common scheme and would apply across the relevant working-age caseload.

Instead, transitional protection is intended to address a materially different issue: households whose treatment changes because the method by which their entitlement is assessed changes as part of harmonisation. The clearest identified example is the movement of existing households from an income-banded assessment to the common taper-based means test.

The final scheme will therefore need to define the protected class objectively by reference to the relevant pre-existing scheme characteristics and transition, rather than simply by whether an individual household experiences a financial loss.

The consultation draft does not fix:

- the final class definition;
- the qualifying circumstances;
- the duration of protection;
- the rate at which protection would reduce;
- treatment following subsequent changes of circumstances.

These matters will be developed through refreshed modelling, legal advice, the Equality Impact Assessment, consultation evidence, affordability, and operational feasibility. Transitional protection is intended to manage a defined structural transition. It is not intended to preserve legacy schemes indefinitely or operate as a general hardship fund.

11. Other scheme provisions

Provision	Draft position
Applicable amounts and premiums	Use a common working-age means-tested structure, with normally uprated allowances and relevant premiums.
Passported / very low-income cases	Eligible households at or below their applicable amount can receive up to 85% support, subject to the Band D cap and NDD rules.
Minimum award	None. Any positive calculated entitlement remains payable.
Second Adult Rebate	No separate working-age provision.
Annual uprating	Nationally linked allowances, premiums, and disregards would normally follow relevant benefit uprating. Local parameters would be reviewed annually.
Discretionary hardship support	A separate discretionary route may continue for exceptional individual hardship. It does not replace appropriate scheme design or class-based transitional protection.

12. Reviews and appeals

The final scheme will retain the statutory review and appeal framework. A claimant will be able to ask the Council to reconsider a CTR decision and provide reasons for the decision.

Where the statutory conditions are met, a claimant may appeal to the Valuation Tribunal. The final legal scheme will specify the detailed notice, review, evidence, and appeal arrangements.

13. Matters specifically to be tested through consultation

- the overall proposal for a means-tested CTR scheme with a 20% taper;
- a maximum award of 85%;
- the Band D cap;

- the £6,000 capital limit;
- the £10 per week non-dependant deduction;
- whether any circumstances require additional consideration in relation to the non-dependant deduction;
- the Universal Credit change buffer;
- the Minimum Income Floor based on 35 hours at the applicable National Minimum Wage following a 12-month start-up period;
- up to three months' backdating;
- the principle and design of class-based transitional protection for structural harmonisation;
- the removal of working-age Second Adult Rebate;
- unintended effects, alternative approaches, and potential safeguards.

The consultation will explain the financial and household impacts of the proposal, including the distinction between reduced CTR expenditure and Council Tax that is subsequently collected.

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

The decision at consultation stage is whether to consult on a sufficiently defined proposed scheme. It is not the final decision on the 2027/28 scheme. The final policy may be amended in response to consultation, equality evidence, refreshed modelling, affordability, collection evidence, legal advice, and implementation considerations.