

## The Socially Discriminatory Distribution of Poll Tax Levels

Charlie Owen

Thomas Coram Research Unit  
Institute of Education University Of London

**Summary** Two publicly available datasets (Department of the Environment figures on the levels of domestic rates and of poll tax and the 1981 Census) are correlated together to show the socially discriminatory effects of the distribution of poll tax levels, such that those living in more socially disadvantaged areas will, on average, be paying more than those living in socially advantaged areas. The effect is stronger for poll tax than for domestic rates which it replaces.

Central to the calculation of poll tax levels for each local authority is the notion of a Standard Spending Assessment (SSA). This is the Government's assessment of what an authority would have to spend to provide a 'standard level of service', based on certain socio-economic characteristics of the area. The 'Community Charge for Standard Spending' (CCSS) is calculated by summing SSAs over all local authorities: this is the net Total Standard Spending (TSS). From this is subtracted the amount the Government has decided to commit to the Revenue Support Grant (RSG: like the old Rate Support Grant); also subtracted is the total income from the business rate (TBR). The remainder is then divided by the relevant population (ie. those who will be paying).

$$CCSS = \frac{TSS - RSG - TBR}{Population} \quad - (1)$$

For 1990/91 this gives a CCSS of around £278, which has featured so prominently in the press.

The actual poll tax you will be asked to pay will however depend upon the budget of your local authority. The actual poll tax will be the standard charge plus the difference between what the local authority budgets to spend and what the Government says it should spend to provide this mythical 'standard level of service' (averaged over those paying):

Actual Poll Tax = CCSS +  $\frac{\text{Budget} - \text{SSA}}{\text{Population}}$

- (2)

Population

This gives provisional poll taxes ranging between £95 in the Isles of Scilly and £138 in Slough to £537 in Greenwich and £573 in Haringey<sup>1</sup>. (Note: if even the Government think you have to pay £278 per head to get a standard level of service, what kind of service are they getting in Slough and the Isles of Scilly?!).

The figure for the Community Charge for Standard Spending will appear on everyone's poll tax bill, alongside the amount they are actually being asked to pay. 'In this way, councils will be made accountable to those who must pay for their activities', said Chris Patten, Secretary of State for the Environment. I.e. any council asking for well over the CCSS can expect to be out of office fairly quickly.

Councils may choose to provide more than a standard level of service in their areas. This will be reflected in their spending and voters will see the effects on the poll tax bills. On the other hand, as equation (2) shows, poll tax depends not just on the budget, but also on the SSA: if the SSA for any authority seriously underestimates the real cost of providing a standard level of service in that area then the authority might appear to be 'overspending' when in fact they were not. Clearly the Government's 'benchmark for accountability' (Patten) crucially depends on the accuracy of the SSAs. No attempt has been made to define a standard level of service or to cost it: the calculations are essentially historical, modifications of the old Rate Support Grant calculations.

When Patten presented the provisional poll tax levels for each local authority in England on November 7 1989, he said that this would be a 'fairer system' than the domestic rates: 'It is therefore important that the methods used to calculate these

assessments should be fair and right'. By 'fair' I am taking Patten to mean there is no redistributive element to the poll tax. Apart from the budget of your local authority, then, poll tax levels should not depend on where in the country you live - in particular, it should not depend upon the degree of social advantage or disadvantage of the area as this is taken account of in the SSA formula. This "fairness" can be checked by correlating the poll tax levels with standard indicators of the socio-economic status for local authorities, derived from the 1981 Census (Craig, 1985). Correlations with a subset of these indicators are shown in Table 1. It is clear that these correlations are consistently in the direction that people living in more socially disadvantaged areas will be paying higher levels of poll tax than those living in more socially advantaged areas. It is also clear that poll tax is even more socially discriminatory than the old domestic rates system.

The Government says you should use your vote carefully to reduce your poll tax, by voting out overspending councils. Better advice might be to move. In particular, move to an area with few people born in the New Commonwealth or Pakistan, with lots of owner occupiers but few local authority tenants, where dwellings are large but overcrowding is low, where there are many people in professional or managerial occupations but few in unskilled occupations or unemployed, and - most importantly - where people do not use public transport to get to work but do have two or more cars.

#### References

J.Craig (1985). 'A 1981 Socio-Economic Classification of Local and Health Authorities of Great Britain', *OPCS Studies on Medical and Population Subjects, No 48*. London: HMSO.

<sup>1</sup> These figures come from background papers presented to the House of Commons on 1 January 1990. They are still provisional figures. They are based on 1989/90 levels of spending uprated by 4.64% for inflation.

**Table 1: Correlations between some socio-economic characteristics of local authorities and their rates, community charge and proposed community charge.**

	Average Domestic Rates <i>per Adult</i> 1989/90	Provisional Community Charge 1990/91
<b>Demographic Structure</b>		
Proportion of the Resident Population born in		
African or Caribbean New Commonwealth country	0.39	0.31
India, Pakistan or Bangladesh	0.23	0.14
<b>Housing</b>		
Proportion of all Households		
Owner Occupiers	-0.25	-0.44
Local Authority Tenants	0.18	0.48
Dwelling Size - Rooms per Household	-0.31	-0.51
Overcrowded Households - proportion of households living at over 1.5 persons per room	0.52	0.29
<b>Socio-economic Structure</b>		
Proportion of Residents Aged 16 and Over in Employment in		
Professional or Managerial Households	0.45	-0.28
Unskilled Households	-0.25	0.39
Proportion of Employed Using Public Transport to Work	0.40	0.54
Proportion of Households With Two or More Cars (or Vans)	0.14	-0.44
<b>Employment</b>		
Unemployment - Proportion of Economically Active Persons Seeking Work	-0.12	0.33