Does Council Tax Valuation Band Predict that a Household Receives Means-tested Benefits?
Norman Beale and Gordon Taylor

Abstract

Background
There are no simple means of predicting which UK households are supported by state benefits and how these homes are distributed. The aim of the study was to test the hypothesis that means-tested benefits are more likely to support households in the lower council tax bands.

Method
This is a cross-sectional study incorporating Local Authority benefit statistics and data on Council Tax Valuation Bands in three North Wiltshire communities. The distributions of means-tested benefits in post-code areas were compared with the spectra of council tax valuation bands in those areas and aggregated for the three communities.

Results
In each community means-tested benefits were many times more likely to be supporting households from council tax bands A and B.

Conclusions
It is possible to predict, from knowing the council tax band of any household, the likelihood of its being in receipt of state benefits and therefore, in communal terms, the relative deprivation or affluence of any area or region.

Introduction
The UK Council Tax was introduced in 1992 after the political debacle that saw the end of the Community Charge – the so-called ‘poll tax’. Council Tax is a property tax related to the ‘open market value’ of premises as estimated at 1 April 1991 (Local Government Finance Act, 1992). There has been a recent major review of the way in which the tax functions (Balance of funding review, 2004) and since it is shown to be a tax that is easy to collect and with a predictable yield, it seems very unlikely that it will be replaced. Since value of our homes correlates well with size and amenities we might expect that Council Tax Valuation Band (CTVB) will predict, to some extent, the socio-economic status of households. We were able to show, in an earlier study (Beale, Baker, Straker-Cook, 2000), that CTVB does, indeed, correlate with home-ownership and with access to private motor vehicles, two of the components of the well-known and well-validated socio-economic measure, Townsend Index (Townsend, Phillimore, Beattie, 1988). These findings have led us to consider other ways of testing for associations between CTVB and
relative affluence. This is a field in which there are no prior reports in the literature except for that of Jones (Jones, 1995) whose study was confined to the distribution of Council Tax Benefit in one community. The paucity of research seems surprising for the precise location of deprivation in any community is extremely important in social science, particularly in the context of resource allocation and investment.

The aim of this study is to test the hypothesis that households in receipt of means-tested state benefits (what we might term ‘benefit-dependent households’) are predicted by CTVB, specifically that the lower the band (the more modest the home) the higher the chance of benefits allocation.

Method

Benefits data were obtained from North Wiltshire District Council. These data record, for each postcode, the total number of households in receipt of one or more of the means-tested state benefits such as income support. We separately investigated three well-circumscribed different communities in North Wiltshire – Calne (SN11), Corsham (SN13) and Malmesbury (SN16).

We renamed postcode areas as ‘neighbourhood zones’ for it was sometimes necessary to aggregate two or more postcode areas using geographical contiguity so that a minimum of 20 households per ‘zone’ was achieved (mathematically mandatory). We then linked, for ‘zone’, the number of benefit-dependent households and the CTVB spectrum (see Table 1 for a sample data file).

Table 1 Sample data collection matrix.

<table>
<thead>
<tr>
<th>Neighbourhood zone</th>
<th>CTVB</th>
<th>No. homes</th>
<th>No. adults</th>
<th>HIRB (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone 1</td>
<td>A</td>
<td>26 32 20 0 0 0 0 0 0</td>
<td>78 144 18</td>
<td></td>
</tr>
<tr>
<td>Zone 2</td>
<td>B</td>
<td>0 2 29 3 0 0 0 0 0 0</td>
<td>34 71 1</td>
<td></td>
</tr>
<tr>
<td>Zone 3</td>
<td>C</td>
<td>0 0 13 0 9 0 0 0 0 0</td>
<td>24 49 4</td>
<td></td>
</tr>
<tr>
<td>Zone 4</td>
<td>D</td>
<td>0 0 0 19 7 0 0 0 0 0</td>
<td>26 42 0</td>
<td></td>
</tr>
<tr>
<td>Zone 5</td>
<td>E</td>
<td>0 25 22 11 6 0 0 0 0</td>
<td>64 145 3</td>
<td></td>
</tr>
<tr>
<td>Zone 6</td>
<td>F</td>
<td>9 0 7 3 1 2 0 0 0 0</td>
<td>25 44 7</td>
<td></td>
</tr>
<tr>
<td>Zone 7</td>
<td>G</td>
<td>40 3 0 0 0 0 0 0 0 0</td>
<td>43 80 19</td>
<td></td>
</tr>
<tr>
<td>Zone 8</td>
<td>H</td>
<td>0 1 0 5 5 6 17 0 0 0</td>
<td>34 39 0</td>
<td></td>
</tr>
</tbody>
</table>

(* ) – Homes in receipt of benefits

The spectrum of CTVBs per zone was obtained from the Valuation Office website (www.voa.gov.uk), again aggregating postcode areas as necessary. The
number of adults per zone was retrieved from published Electoral Rolls for the three study communities.

**Statistics**

Using SPSS 11.0.1, analyses estimated, for each study community, the effect of council tax banding on the overall proportion of properties receiving benefit. We used a weighted logistic regression model with the proportion of benefit-dependent properties as outcome and council tax band as independent predictor, after weighting by the total number of properties. The model was fitted without an intercept as if there were no properties receiving benefits so that the model should pass through the origin.

**Results**

There were 132 zones in Malmesbury postcode area, SN16; 144 in Corsham area, SN13; and 176 in Calne area, SN11. Means of adults per household were 1.26, 1.31 and 1.57 respectively, Calne households being significantly larger than those in Corsham and Malmesbury (p< 0.001 by analysis of variance). The three study communities were different in distribution of CTVBs: bands ‘A’ and ‘B’ comprised 41% of the total in Calne, 35% in Corsham, but only 19% of the total in Malmesbury. At the other end of the spectrum - only 9%, Calne; and 11%, Corsham - were households in bands ‘F, G, H’ whereas in Malmesbury the equivalent figure was 25% (see Table 2). Calne and Corsham were statistically indifferent but both were significantly less affluent than Malmesbury (p< 0.001 – Chi square test, 7 degrees of freedom).

<table>
<thead>
<tr>
<th>TABLE 2</th>
<th>The distribution (percentages) of CTVBs in the three different communities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMUNITY</td>
<td>CTVB</td>
</tr>
<tr>
<td>Malmesbury SN16</td>
<td></td>
</tr>
<tr>
<td>Corsham SN13</td>
<td></td>
</tr>
<tr>
<td>Calne SN11</td>
<td></td>
</tr>
</tbody>
</table>

The overall averages for benefit-dependent households were 15.3% for Calne, 13.0% for Corsham and 12.9% for Malmesbury: these differences were not significantly different. However, the distributions of benefit-dependent households were highly significantly (P < 0.001, regression analyses) skewed towards the lower end of the CTVB spectrum in each of the three communities (see Table 3 where CTVBs E and above are aggregated, as they were in the analyses, to avoid small numbers).
Table 3 Distribution of benefit-dependent households (percent) by CTVB (95% confidence intervals in parentheses).

<table>
<thead>
<tr>
<th>COMMUNITY</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E+</th>
</tr>
</thead>
<tbody>
<tr>
<td>MALMESBURY SN16</td>
<td>61 (50,73)</td>
<td>15 (3,28)</td>
<td>15 (7,22)</td>
<td>0.8 (0,9)</td>
<td>0.6 (0,4)</td>
</tr>
<tr>
<td>CORSHAM SN13</td>
<td>41 (35,47)</td>
<td>17 (12,22)</td>
<td>6.5 (1,11)</td>
<td>2.0 (0,6)</td>
<td>0.2 (0,5)</td>
</tr>
<tr>
<td>CALNE SN11</td>
<td>37 (32, 41)</td>
<td>11 (8,14)</td>
<td>4.0 (0,8)</td>
<td>1.5 (0,8)</td>
<td>4.0 (0,9)</td>
</tr>
</tbody>
</table>

**Discussion**

This is a very modest study performed in one region of the UK and it is dangerous to extrapolate the findings without due caution. There is also a complete lack of precedence in this field. Nevertheless the striking similarity of the results in each of the study areas corroborates the common conclusion, viz. that there is a striking trend for benefit-dependent homes being those in the lower CTVBs, particularly Band ‘A’.

The distribution of wealth in the UK is far from equitable and very recent reports (Palmer, North, Carr, Kenway, 2003) suggest that the situation is deteriorating. Such inequality has massive implications for health, education and community lifestyle. On the evidence of this study Council Tax Band predicts the likelihood of a household being dependent on means-tested benefits. Council Tax Band is therefore a marker of poverty at household level. By simple aggregation it becomes possible to ascertain the relative affluence of different households, postcode areas, enumerations districts, communities and regions. Information such as this must surely be invaluable in health care planning. Resource allocation should not be a black art.

**Conclusions**

CTVB is a consistent predictor that a household will be in receipt of one or more means-tested benefits: specifically that homes in CTVBs ‘A’ and ‘B’ will be eight times more likely to be ‘benefit-dependent’ than their counterparts in bands ‘C’ and above.

**COMPETING INTERESTS**

None

**AUTHOR’S CONTRIBUTIONS**

NB conceived, devised and performed the study and wrote the paper. GT devised and performed the statistical analyses and contributed to the paper.
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References


www.voa.gov.uk/council_tax/index.htm

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