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UK: One simple change could restore faith in local democracy. But nobody is talking about it

Saturday 16 March 2024, by [CHAKRABORTTY Aditya](#) (Date first published: 1 March 2024).

If council tax was charged at 3% of disposable income, only the richest would pay more. Funny that it hasn't been implemented

This year is only eight weeks old, yet we can already write a brief history of the near future.

In Coventry, victims of sexual violence will no longer get counselling from the city's [one dedicated service](#), because it ran out of money when the local authority slashed its grant. Over in Birmingham, where the great Victorian preacher [George Dawson](#) once promised "everything to everybody", the city's orchestra, theatre and art galleries are scrambling to stay open: their municipal funding will be halved from April and [disappear entirely next year](#). In the former mining town of Mansfield in Nottinghamshire, the Citizens Advice service [is closing](#) for want of council money. Their colleagues in Woking, Surrey, are resorting to [crowdfunding](#), just so they can help locals facing homelessness or suffocating debt. And across the country, from Cornwall to Norfolk, cash-strapped town halls are [switching off street lights](#). Elsewhere, bus routes are cancelled, council houses are rotting in disrepair and local government officers are working out which community centres can be closed and their buildings sold to developers.

This is not some threatened dystopia; it is happening right now, right in front of your nose. I drew all the above examples from this paper or local reporting services. True, they won't make as good a radio phone-in as the latest belch from [Lee Anderson](#). But for most people, the vaporisation of both the services and the public realm they once took for granted will be the defining crisis of British politics in 2024.

Politics and whether the state is working comes down, for most people, most of the time, to the things they see in front of them. Nuclear submarines? Never seen one. Prisons? Hoping to avoid it, thanks. But whether the bins get emptied, the library is open, or your mum gets a care visit or is simply left with a bag of incontinence pads – that is the real stuff of politics, and after a decade of slow decline, and keep calm and carry on, things are finally reaching collapse. Your services are being hollowed out just as your council tax is going up – by 5% in most cases, but [double that in Birmingham](#) and [a few other places](#). It won't be enough: about 10 local authorities are considered to be [on the verge of bankruptcy](#), to join the four that have already gone under.

When the state of our councils does enjoy public debate, the argument soon reaches a fork. Some argue that [Thurrock](#), [Woking](#) and others simply suffered epic mismanagement. Others blame the austerity imposed by David Cameron and George Osborne. Both can be true, and whatever your feelings about Liz Truss and Kwasi Kwarteng, I'm confident the Bullingdon boys will go down as the most ruinous double act to sit on the frontbenches in the past 25 years. But let me suggest a third

explanation: a large part of the collapse of local government is down to the way it is funded. The most direct way to make local government sustainable and to help the state regain some legitimacy is by making council tax – those brown envelopes about to land on our doormats – fairer. Because, as it stands, council tax is the most [unjust, regressive](#) direct tax in the country.

For the past 30 years, local government has been funded through a system put together in an almighty rush after the collapse of the poll tax. It was a bodge job dreamed up by the Thatcherites to keep themselves in power (albeit without their heroine), threatened with [small reform](#) by [New Labour](#) and the [Scottish National party](#), then subjected to punitive austerity by Thatcher's children, Dave and George. In that sequence alone lies the micro-story of what's gone wrong with British politics.

The system's stupidity is obvious: tax bands are still derived from property values in 1991 – which is akin to you paying income tax based on what your job would have earned three decades back. Take two examples from the richest nook in England: Kensington and Chelsea. The property websites show a studio flat there, with the bunk bed hanging right over the kitchenette, on the lowest council-tax band. Down the road is a glorious mansion, priced at nearly £22m, almost 100 times more. Yet even on the top band, its residents would have paid under £3,000 in council tax last year – [not even three times as much](#) as the poor sod in the bunk bed. As inequity goes, that's right up there with King Charles paying [zero in inheritance tax](#).

The result, according to research from Sukhdev Johal, professor of accounting at [Queen Mary University of London](#), is that council tax hits the poorest hardest and the wealthiest least. Johal analysed the official statistics and found that, even after rebates, the bottom 10% households paid more than 8% of their disposable incomes, while the top 10% chipped in less than 2%. So the least well off hand over a grand a year for council services out of their take-home pay, which, using the government's spending data, is likely to leave them with just £236 a week to pay for food, light and heating.

Then Johal asked another question: what if the state raised the same money in council tax but did it more fairly, so that every household in the country paid a 3% share of their disposable income. The result is remarkable: only the wealthiest 20% of households would pay more in council tax. For those at the very top, their bills would go up by about £2,000 (which, according to the stats on spending, is about as much as they typically pay for hotels during holidays). The other 80% would pay the same or less. And those at the bottom would get substantially more money back in their pocket, enough to pay for full school uniforms for three kids with change to spare.

Think about it: one big change to council tax that would make about 70% of the country better off. It would return legitimacy to local government by making the funding palpably fairer. So why does this most obvious inequality get less airtime than rantings about "Islamists" or bullying people who feel they should be another gender?

Somehow, the tax affairs of the very well-off are given more publicity and political attention than the rest of us. I asked the Guardian research department to comb the national newspapers for mentions of "inheritance tax" against "council tax". In most years, inheritance tax ran fairly close to council tax, and in a couple of years it got more mentions. Yet 24m households will pay council tax this spring, while less than 1% of that number – 27,000 estates – paid inheritance tax in the year ending March 2021.

Here is the real "no-go zone" in Britain: the very richest. The people who [own our talk-TV channels](#) and sit on the boards of our academy trusts and who enjoy setting distraction games for the rest of us to play. The obvious stuff that binds most of us together – our schools, our parks, having enough

cash to clothe the kids or to look after our parents - rarely makes the news. Funny that.

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