

# Britain's council tax burdens

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Tom Ryan

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## Introduction

Council tax is paid by the occupiers of residential property to a local authority. It was introduced in 1993 to replace the community charge – or ‘poll tax’, which in turn replaced domestic rates – and has proven to be very unpopular.<sup>1</sup> Domestic rates have not been replaced in Northern Ireland.

Council tax is organised according to ‘bands’, which determine how much a household pays. Local authorities set local rates and retain all of the revenue to support their budget, but valuation bands are set centrally based on property valuations that were made in 1991 in England and 2001 in Wales.<sup>2</sup>

Assessment is designed to account for a number of attributes such as value, size, character and use, and layout. In theory, bills are therefore linked to the value of your property. However, while house prices have risen faster in some areas than others, council tax in England generally has more than doubled in the last 20 years.<sup>3</sup> Consequently, council tax payments have grown relative to both property prices and indeed income in poorer areas.

Previous research has identified that areas with less expensive properties can proportionally face much higher bills.<sup>4</sup> The following research compares average band D council tax for the year 2021-22 against house prices and median gross income in 363 local authority areas of Great Britain, demonstrating the ratio of council tax to average residential property prices and earnings.

## Key findings

- **Hyndburn** now charges the highest average council tax relative to average house price in the country. Band D council tax is **£2,011** per year, which represents 2.18 per cent of the average home price of **£92,173**.
- Conversely, **Westminster** has an average house price of **£1,000,560**, but pays **£829** per year in council tax on average, or **0.08 per cent**.
- **93** local authorities charge over **one per cent** of the average house price in council tax, which includes every council tax area in the **North East** – but none in the **South East**.
- **Blackpool** has the lowest gross median earnings in the UK at **£19,808** per year, but charges **£1,998** per year in council tax on average – **ten per cent** of the average salary.
- **Islington** has the highest gross median earnings in the UK at **£41,329** per year, but charges **£1,640** in council tax on average. The London borough has the **15th cheapest** council tax in England.
- **Five** local authorities charged over **ten per cent** of the average yearly salary for their area in council tax. These were Nottingham, Teignbridge, Blackpool, North Devon and South Hams.
- **Seven of the top ten local authorities whose council tax was the highest relative to median gross salary** increased their council tax in 2021-22 by more than the English average (4.45 per cent).

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<sup>1</sup> TaxPayers' Alliance, *Town Hall Rich List 2021: 2,802 staff received more than £100,000 despite deeply unpopular council tax rises*, 7 April 2021, [www.taxpayersalliance.com/town\\_hall\\_rich\\_list\\_2021\\_2\\_802\\_staff\\_received\\_more\\_than\\_100\\_000\\_despite\\_deeply\\_unpopular\\_council\\_tax\\_rises](http://www.taxpayersalliance.com/town_hall_rich_list_2021_2_802_staff_received_more_than_100_000_despite_deeply_unpopular_council_tax_rises), (accessed 28 May 2021).

<sup>2</sup> Valuation Office Agency, *How domestic properties are assessed for Council Tax bands*, 22 January 2016, [www.gov.uk/guidance/understand-how-council-tax-bands-are-assessed](http://www.gov.uk/guidance/understand-how-council-tax-bands-are-assessed), (accessed 28 May 2021).

<sup>3</sup> Ministry of Housing, Communities and Local Government, *Band D Council Tax figures 1993 onwards: Area CT*, 25 March 2021, [www.gov.uk/government/statistical-data-sets/live-tables-on-council-tax](http://www.gov.uk/government/statistical-data-sets/live-tables-on-council-tax), (accessed 28 May 2021).

<sup>4</sup> Ferguson, K., *Max Tax: Northern 'Red Wall' seats hit by council tax rates up to 24 TIMES higher than London*, The Sun, 24 February 2021.

**Table 1: ten highest charging local authorities (by council tax as a percentage of house price), 2021-22**

Local authority	Region	Median annual pay – gross, (£), 2020	Average house price, (£), (Feb 2021)	Band D council tax by area (£)	Council tax as % of average house price	Council tax as % of median annual gross pay
Hyndburn	North West	22,459	92,173	2,011	2.18	8.95
Burnley	North West	22,647	95,372	2,074	2.18	9.16
Blaenau Gwent	Wales	x	108,049	2,078	1.92	x
County Durham	North East	23,877	112,722	2,138	1.9	8.96
Hartlepool	North East	22,651	115,438	2,099	1.82	9.27
Blackpool	North West	19,808	114,869	1,998	1.74	10.09
Pendle	North West	x	123,883	2,129	1.72	x
Middlesbrough	North East	22,171	126,079	2,104	1.67	9.49
Kingston-upon-Hull	Yorkshire and The Humber	20,857	114,717	1,829	1.59	8.77
Barrow-in-Furness	North West	29,402	127,734	2,023	1.58	6.88

**Table 2: ten lowest charging local authorities (by council tax as a percentage of house price), 2021-22**

Local authority	Region	Median annual pay – gross, (£), 2020	Average house price, (£), (Feb 2021)	Band D council tax by area (£)	Council tax as % of average house price	Council tax as % of median annual gross pay
Westminster	London	41,029	1,000,560	829	0.08	2.02
Kensington & Chelsea	London	x	1,220,511	1,331	0.11	x
Wandsworth	London	41,100	617,220	845	0.14	2.06
City of London	London	x	675,309	1,049	0.16	x
Hammersmith & Fulham	London	37,204	659,865	1,196	0.18	3.21
Camden	London	34,525	822,936	1,720	0.21	4.98
Islington	London	41,329	700,791	1,640	0.23	3.97
Hackney	London	32,241	585,760	1,602	0.27	4.97
Southwark	London	33,682	545,091	1,528	0.28	4.54
Windsor & Maidenhead	South East	35,938	524,607	1,473	0.28	4.1

**Table 3: lowest and highest charging local authorities in each region (by council tax as a percentage of house price), 2021-22**

Local authority	Region	Median annual pay – gross, (£), 2020	Average house price, (£), (Feb 2021)	Band D council tax by area (£)	Council tax as % of average house price	Council tax as % of median annual gross pay
Harborough	East Midlands	29,693	326,849	1,957	0.6	6.59
Bolsover	East Midlands	21,325	148,834	2,040	1.37	9.57
St Albans	East of England	x	554,595	1,918	0.35	x
Great Yarmouth	East of England	20,944	188,096	1,940	1.03	9.26
Westminster	London	41,029	1,000,560	829	0.08	2.02
Barking & Dagenham	London	26,913	323,954	1,713	0.53	6.36
North Tyneside	North East	24,792	175,829	1,941	1.1	7.66
County Durham	North East	23,877	112,722	2,138	1.9	8.96
Trafford	North West	26,890	328,188	1,721	0.52	6.4
Hyndburn	North West	22,459	92,173	2,011	2.18	8.95
City of Edinburgh	Scotland	28,829	280,940	1,339	0.48	4.64
East Ayrshire	Scotland	25,234	105,003	1,375	1.31	5.45
Windsor & Maidenhead	South East	35,938	524,607	1,473	0.28	4.1
Hastings	South East	21,908	240,319	2,133	0.89	9.73
Cotswold	South West	26,790	404,108	1,902	0.47	7.1
Plymouth	South West	22,188	183,986	1,980	1.08	8.92
Monmouth-shire	Wales	30,250	302,780	1,786	0.59	5.9
Blaenau Gwent	Wales	x	108,049	2,078	1.92	x
Stratford-on-Avon	West Midlands	28,004	345,299	2,001	0.58	7.14
Stoke-on-Trent	West Midlands	23,677	124,839	1,743	1.4	7.36
York	Yorkshire and The Humber	24,154	273,341	1,810	0.66	7.49
Kingston-upon-Hull	Yorkshire and The Humber	20,857	114,717	1,829	1.59	8.77

[Click here to see a council-by-council breakdown](#)

## Methodology

This research note was created using statistics from several government organisations.

Median gross salary is based on data from the ONS Annual Survey of Hours and Earnings (ASHE).<sup>5</sup> This data relates to the year 2020. ASHE results for 2021 will not be published until later in the year.

Average house price is based on data from the UK House Price index published by HM Land Registry. This data relates to February 2021.<sup>6</sup>

Average council tax by area in England is based on data from the Ministry of Housing, Communities and Local Government's (MHCLG) live record of Band D council tax, and relates to the period 2021-22.<sup>7</sup> Band D council tax is the average council tax level and is used for comparisons in different areas and over time. The data for Scotland<sup>8</sup> and Wales<sup>9</sup> is taken from respective government sources and also covers the period 2021-22.

Three local authorities in England – North Northamptonshire, West Northamptonshire and the Isles of Scilly – only have council tax data and no information on median gross salary or house prices. The 24 county councils in England have not been included. This is because council tax data has been reported on an area basis – rather than local authority – in the MHCLG tables. This avoids double counting of council tax payments.

Some local authority names have been standardised to make comparisons simpler. For instance, since 'Durham UA' and 'County Durham' account for the same area, the area name has taken priority.

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<sup>5</sup> Office for National Statistics, *Earnings and hours worked, place of residence by local authority: AHSE Table 8: table 8.7a*, 3 November 2020,

[www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofresidencebylocalauthorityshetable8](http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofresidencebylocalauthorityshetable8), (accessed 21 May 2021).

<sup>6</sup> HM Land Registry, *UK House Price Index: data downloads February 2021*, 21 April 2021, [www.gov.uk/government/statistical-data-sets/uk-house-price-index-data-downloads-february-2021#download-the-data](http://www.gov.uk/government/statistical-data-sets/uk-house-price-index-data-downloads-february-2021#download-the-data), (accessed 14 May 2021).

<sup>7</sup> Ministry of Housing, Communities and Local Government, *Band D Council Tax figures 1993 onwards: Area CT*, 25 March 2021, [www.gov.uk/government/statistical-data-sets/live-tables-on-council-tax](http://www.gov.uk/government/statistical-data-sets/live-tables-on-council-tax), (accessed 28 May 2021).

<sup>8</sup> Scottish Government, *Council Tax by band 2021-22*, 1 April 2021, [www.gov.scot/binaries/content/documents/govscot/publications/statistics/2019/04/council-tax-datasets/documents/average-council-tax-per-dwelling/council-tax-by-band-2021-22/council-tax-by-band-2021-22/govscot%3Adocument/Council%2BTax%2Bby%2Bband%2B%2B2021-22.xlsx](http://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2019/04/council-tax-datasets/documents/average-council-tax-per-dwelling/council-tax-by-band-2021-22/council-tax-by-band-2021-22/govscot%3Adocument/Council%2BTax%2Bby%2Bband%2B%2B2021-22.xlsx), (accessed 28 May 2021).

<sup>9</sup> StatsWales, *Average band D council tax, by billing authority, 2021*, <https://statswales.gov.wales/Catalogue/Local-Government/Finance/Council-Tax/Levels/averagebanddcounciltax-by-billingauthority>, (accessed 28 May 2021).