

Attitudes to Local Tax and Spending

Carl Emmerson
John Hall
Lindsay Brook

Institute for Fiscal Studies
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Copy-edited by Judith Payne

The Institute for Fiscal Studies
7 Ridgmount Street
London WC1E 7AE

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Lindsay Brook is a Research Director at Social and Community Planning Research (SCPR). Carl Emmerson is a Research Economist and John Hall is a Senior Research Economist at IFS.

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Executive summary

A central plank of the recently elected Labour government's programme is a radical decentralisation of powers from Whitehall and Westminster to the nations, regions and local communities that make up the UK. Already, the principle of devolving powers to a Scottish Parliament and a Welsh Assembly has been approved by referendums. Over the next few years, attention is likely to shift towards the establishment of a new strategic authority in London and, perhaps, the establishment of Regional Chambers, initially probably in areas such as the north-east and the south-west. As part of this decentralisation package, local authorities may gradually regain some of their former autonomy to make decisions on spending and taxation. This Commentary presents new evidence on the extent to which there is a popular demand for less central control over local councils and for an end to council tax capping, and on attitudes towards changes to locally financed spending on a range of important local services such as schools and the police, whether out of self-interest or in the interests of the area as a whole.

The research draws on a module of questions concerning attitudes towards local taxation and spending fielded on the 1996 British Social Attitudes (BSA) survey. The BSA surveys were conceived by Social and Community Planning Research (SCPR) and are carried out annually among representative samples of adults in Britain. Their purpose is to monitor the public's changing attitudes towards a wide range of social, political, economic and moral issues.

The research shows that there is little popular demand for reduced central control over local councils generally. However, the public continues to believe that local councils, and not central government, should have the final say over the setting of local tax rates. This is especially true of those living in Scotland and Wales, although support for local tax-setting powers is lower in London than elsewhere. Conservative supporters are more prone than others to favour increased centralisation. This is perhaps hardly surprising, since the survey was carried out at a time when the Conservative Party had held power nationally for 17 years but was in control of very few local councils.

The 1996 BSA survey also provides evidence that increases in local spending are far less popular than higher spending nationally, with a majority of respondents content, as in earlier years, with the current levels of local spending and taxation overall. However, the reliability of this sort of survey evidence on the public's apparent willingness to support higher spending and higher levels of taxation has often been called into question. Since the extent and depth of public support for higher or lower local spending are likely to derive from an amalgam of self-interest and some notion of the public good, and it is difficult to determine accurately how individuals weigh the two considerations, we present new evidence on whether respondents perceive changes in local spending as being either in their own best interests or in the best interests of their local area. It seems likely that individuals will be more likely to support higher local spending if they perceive that such spending would bring direct personal benefits as well as being good for the local area as a whole. We find a far greater degree of consonance between perceptions of self-interest and notions of the general good in attitudes towards spending on services

such as the police and street cleaning, which benefit the area generally, than on services that are more targeted at specific individuals, such as local schools.

We also investigate how attitudes towards local spending vary between seven important local services. Around one-third of the public perceive higher spending on schools, policing and services for the elderly as being in their own best interests, whilst a slightly larger proportion of respondents think higher spending on these services would be in the best interests of their local area as a whole. Whilst one in five perceive that a package of lowering local tax bills by cutting the provision of social housing or services for children, such as free nursery places, would be in their own best interests, one in ten think lower spending on leisure services would also be best for their local area as a whole.

This report examines the impact of certain individual characteristics such as age and income on these two key aspects of support for higher spending, whilst holding all other individual characteristics constant. The popularity of higher spending on certain services varies between different groups of individuals in ways that one might expect. Those with young children, for example, are more likely to support higher spending on local schools, since they are more likely to see it both in their own interests and in the interests of the area as a whole. By contrast, owner-occupiers appear less willing to support higher spending on local housing provision than other groups. The increase in owner-occupation over the last two decades may therefore have made it easier for the government to cut the budget for social housing in times of fiscal restraint.¹

We also find evidence that support for higher spending may be sensitive to the rise in an individual's tax bill required to pay for increased provision. Individuals who would face a greater share of the burden of higher spending on a given local service are noticeably less prepared to view higher spending on that service as being either in their own interests or in those of the local area as a whole.

The Commentary concludes that, whilst the majority are content with existing levels of central control over local authority discretion in the provision of services in general, most people would support the removal of capping controls from local councils. We do not find any evidence to suggest there would be substantial support for higher local spending if capping restrictions were removed, as long as the burden of higher spending fell on local tax bills.

¹Future work will investigate whether owner-occupiers have different views from other groups towards state provision of housing because of their housing status, or whether they were more hostile to state provision anyway.

1. Introduction

The new Labour government has proposed a radical decentralisation of powers from Whitehall and Westminster over the next few years. Proposals for devolving powers from Westminster to a Scottish Parliament and Welsh Assembly have already been backed in referendums. Later on, attention may well shift towards decentralising further powers to existing local authorities. The Labour manifesto at the recent general election committed the party to abolish 'crude council tax capping' and to consider reforms to the local tax base. It also pledged that, 'following a referendum to confirm popular demand', a directly elected strategic authority and mayor would be introduced in London. Combined with proposals to relax the use of compulsory competitive tendering for local services and to allow local education authorities to have some influence over the managing of grant maintained schools, these measures will, if enacted, represent a radical reversal of the centralising trend seen between 1979 and 1997.

This package of reforms raises several important questions, such as why a developed democracy such as the UK should need to undergo such radical constitutional reform, especially given the large proportion of the new government's parliamentary time that these changes are likely to require. Most important, perhaps, is the question of whether the public would support increased decentralisation, not just in Scotland and Wales but also within England. We examine public attitudes towards local government spending and taxation, and assess whether these attitudes appear to be coloured by the actual quality of provision in the local area, by the use of private sector alternatives and by the amount by which local taxes would have to be increased. In particular, we ask:

- Is there any evidence of public demand for greater local autonomy over spending and tax decisions?
- Given greater autonomy, is it likely that councils would face pressure for higher local spending from their electors, even if this led to increases in their own local tax bills?
- For which local services is there likely to be pressure for changes to the spending decisions that are currently being made, whether because respondents feel it would be in their own interests or in the best interests of the area as a whole?

This research builds on a growing empirical literature that has looked at both attitudes towards public spending and taxation in general and attitudes towards local government spending in particular.² Brook, Hall and Preston (1996) looked at support for changes to national spending programmes such as health and defence using a similar methodology to that adopted here. They found evidence that support for additional spending was significantly reduced once the incidence and size of any resultant change in household tax bills were made explicit. A majority of respondents continued to support additional spending on education and health, seeing it as both in their own interests and in the interests of the nation as a whole. By contrast, most respondents were found to be in

²See, for example, McDowell (1991) who examined priorities for public spending and attitudes towards tax reform in the Republic of Ireland.

favour of cuts in spending on defence and culture and the arts once the resultant reduction in taxation was made explicit to them.

We present findings from an analysis of the responses of over 1,200 individuals to the 1996 British Social Attitudes (BSA) survey, a randomly selected third of an annual survey of around 3,500 adults. The BSA survey, carried out by Social and Community Planning Research (SCPR), is designed to investigate attitudes to a range of social, political, economic and ethical issues. It also collects a considerable amount of demographic and other classificatory information at individual and household levels. In 1996, we designed and fielded a new module of questions which asked about attitudes towards local tax and about spending priorities. The results are presented here.

We begin by describing the policy background to the decentralisation proposals of the newly elected Labour government (Section 2) and the data and methodology that we use in our study (Section 3). We then present evidence on whether the public is likely to support any relaxation of central controls over local authorities or the present capping policy (Section 4). We investigate the factors associated with two of the key determinants of support for higher local spending on each of seven local spending items — whether respondents think this would directly benefit themselves and whether they think this would be best for their own local area. We conclude by discussing the implications of our research for public policy (Section 9).

2. The policy background

Present plans to decentralise power to elected local and regional bodies represent a significant reversal of the centralising policies of successive Conservative governments, under which there was a significant transfer of power away from local authorities. This reduction in local autonomy took a number of forms. Responsibilities for services such as transport in the London area and post-16 education nationally were transferred from local authorities to central government. Responsibility for other services, such as economic development in certain urban areas, was transferred to local agencies appointed by central government. Schools were allowed to 'opt out' of local authority control by becoming grant maintained. The influence of local authorities over how local services are delivered was reduced through reforms such as the introduction of the National Curriculum in schools and compulsory competitive tendering (CCT) for a range of local government services such as refuse collection. These reforms are summarised in Box 2.1. Most important of all, perhaps, was the introduction of more direct measures to control how local authorities allocated their resources, such as expenditure limits or 'caps' on local spending, and restrictions to the local tax base, accomplished by the 'nationalisation' of non-domestic rates in 1990.

The introduction of the 1984 Rates Act enabled central government to set limits, or caps, on the tax-financed spending of selected local authorities for the first time. Similar 'expenditure limitation' policies have been introduced in many states in the US in recent decades as a result of a series of state-wide referendums. In the UK, the capping legislation was used to place limits on the spending of around 5 per cent of local authorities each year from 1985–86 to 1990–91. Emmerson, Hall and Ridge (1998) found evidence that the growth of spending amongst capped local authorities was 7 to 8 per cent lower than amongst those not designated for capping.

Since 1991, capping has arguably become the single most important influence on the local budgetary process. Although originally used as a selective device, applying to only a handful of councils each year, caps now apply, in principle, to all local authorities. Whilst few authorities are formally capped each year, around 75 per cent effectively 'cap themselves' by setting their budgets at the pre-announced cap. The capping limits set by the previous Conservative government for 1997–98 have been enforced by the new Labour administration, although it has pledged that, in the longer run, 'crude and universal council tax capping should go' (Labour Party, 1997).

Although public support for a Scottish Parliament and a Welsh Assembly has been tested in referendums, little empirical evidence exists on the extent of public support for any further decentralisation of powers to elected local authorities. Whilst commentators often make a presumption in favour of the principle of subsidiarity —that it is desirable for services to be provided by the most decentralised tier of government feasible — individuals may also be reassured by the existence of national standards.

Box 2.1. Reforms to central/local relations under Conservative governments, 1979–97

Responsibilities transferred from local to central government. These included

- transport services in the London area (1985);
- polytechnics (1989) and further (post-16) education (1993);
- planning and development powers in certain urban areas (1981);
- water supply and sewerage treatment in Scotland (1995).

Conversely, responsibility for community care services was transferred from the National Health Service to local councils in April 1992.

Responsibilities transferred to other local bodies. These included the following:

- Schools were allowed to ‘opt out’ of local authority control (1990).
- Eighty-five per cent of education budgets have been devolved to local education authority (LEA) schools since 1990.
- Government programmes for estate modernisation have been funded through Housing Action Trusts (1988).

More central intervention in the way in which services are to be delivered.

Central government introduced a number of policies that reduced local autonomy in how local services are delivered. Examples include the following:

- A National Curriculum for local authority schools was introduced (1988);
- The range of local services that are subject to compulsory competitive tendering has been progressively increased.
- ‘Failing’ local schools can be visited by centrally appointed ‘hit squads’ as in the case of Hackney Downs (1996).

Increased intervention in the determination of individual service spending levels.

As well as restrictions on overall local spending, certain policies have restricted local autonomy over spending on individual services:

- the increased use of specific rather than block grants;
- the possibility of schools opting out of LEA control which has restricted the freedom of local councils to vary funds between the education budget and other service priorities;
- the ring-fencing of the Housing Revenue Account in 1990 so that councils were no longer able to subsidise rent levels from local tax revenues, or vice versa.

Major changes in the structure of local government.

Changes to the structure of local government that have occurred over the period may have restricted local autonomy, especially to the extent that these reforms were perceived as ‘punishing’ uncooperative local authorities. Examples include:

- abolition of the metropolitan county councils and the Greater London Council (GLC) in 1986;
- abolition of the Inner London Education Authority (ILEA) in 1990;
- the ‘case-by-case’ review of the structure of local government within England and the abolition of upper-tier authorities in Scotland and Wales (1995).

A natural consequence of any meaningful devolution of power is greater diversity in the level of service provision. However, there exists little evidence as to whether people regard existing differences in the quality of local public services between areas as necessarily being desirable. For example, support for the principles behind a National Curriculum, which ensures that children are taught the same topics, wherever they happen to go to school, may reflect a view that any variation across the country, in terms of either the type or the quality of education provided, is undesirable. Indeed, individuals may care about the quality of public services but not about which tier of government pays for or delivers them. In any event, an individual's attitudes towards decentralisation and the provision of local services are likely to be influenced by their own experience of services provided in their area, by how efficiently they believe they are being delivered and maybe also by their perceptions of services provided by other councils. The degree of satisfaction with existing levels of provision, and perceptions of the effectiveness of the local council in delivering service improvements if budgets were increased, are likely to influence the willingness of individuals to support higher (or lower) spending on local services.

Local authorities already differ in both the amounts they spend on each service and the quality of service they provide. In 1996–97, the London borough of Tower Hamlets spent £1,476.08 per person, whilst nearby Richmond-upon-Thames spent just £674.81

Box 2.2. Reasons for variation in the cost of provision of local services

- **Demographics.** Most local authority spending is targeted at two age-groups — the young and the elderly — and neither group is evenly spread across local authorities. Whilst the over-80s, who take a disproportionate share of social services budgets, make up less than 2 per cent of the population in East Kilbride, they represent almost 10 per cent of the Rother population.^a
- **Socio-economic needs.** Certain individuals place greater demands on local services than others. A common standard of educational provision, for example, may be more costly in economically disadvantaged areas. In 1993, the proportion of children whose parents were benefit claimants was 68 per cent in Tower Hamlets compared with 11 per cent in nearby Richmond.^b
- **Input costs.** Labour costs vary across the country, so the price of the inputs to provide a level of service will differ from authority to authority. For example, London boroughs may have to pay their employees higher wages than other authorities do to reflect higher private sector wages and living costs in the capital.
- **Efficiency.** Local authorities are likely to differ in terms of the efficiency with which they deliver their services, and thus the level of spending required to achieve a particular standard of provision. There is a shortage of widely accepted indicators of the relative efficiency of individual local authorities.
- **Service quality.** Service standards differ between local areas, reflecting different priorities and budgetary decisions. In 1994–95, primary class sizes in London varied between less than 17 pupils per teacher in Kensington & Chelsea to nearly 25 in Bromley.^c

^aDemographic information made available by the National Online Manpower Information System (NOMIS), University of Durham.

^bSociety of County Treasurers, 1995.

^cCIPFA, 1994b.

per person (CIPFA, 1996). However, comparing the spending of one council with that of another may be misleading because differences in spending do not necessarily correspond to variations in the quality of services provided. The costs of provision will be influenced by such factors as local demographic and socio-economic conditions, efficiency of delivery, service standards and local wage rates. These factors are described in greater detail in Box 2.2. Any increase in local autonomy would almost certainly lead to greater diversity in the standard of public service provision between different local authorities.

3. Data and methodology

We exploit information from the British Social Attitudes survey to investigate public support for decentralisation and attitudes towards local tax and spending. The BSA survey, a large-scale nationally representative survey of around three-and-a-half thousand adults living in households in Great Britain, has been conducted annually since 1983. In some years, the survey has examined attitudes towards central control over local authorities, capping and local tax and spending.

In addition, the 1996 BSA survey contained a specially developed module of questions, given to a randomly selected third of the sample, designed to examine attitudes towards local tax and spending decisions in more detail. Respondents were asked about their attitudes towards spending on seven specific local programmes — local schools, local police, services for the elderly, services for children, street cleaning and refuse collection, local housing, and leisure services. Following the methodology already employed by Brook, Hall and Preston (1996) to examine attitudes to national programmes, the size and incidence of any resulting change in taxation were made explicit.

Public support for changes to levels of spending on particular local programmes is likely to result from two key considerations — whether individuals believe they would directly benefit from such changes, and whether they believe such changes would be in the best interests of their local area. Perceptions of self-interest will be influenced by expectations concerning the likely pattern of benefits to the household of any additional spending. Perceptions of the best interests of their local area are likely to be influenced by a broader range of considerations, including moral, political and religious beliefs. Different individuals may, of course, weigh these two considerations very differently in determining their overall level of support for higher spending on local services.

The success of existing survey evidence in eliciting truthful responses as to how respondents weigh the competing claims of their own interests against those of the area or nation generally has, in the past, been called into question. We therefore did not ask respondents which changes in local spending they would *support*. Such ‘cost-free’ questions are all prone to social desirability biases (see Jowell and Park (1996)) and, while there is no certain way of eliminating such biases entirely, we felt that our new approach could go a considerable way to reducing them.

We first asked whether respondents thought that increases or reductions in spending on each of the seven programmes, when accompanied by changes in their own local tax bills, would be best for people in their area generally. We then asked whether such changes in spending on each of the seven services would be in the best interests of their own household. All the same, there was no way of telling how individual respondents might weigh the interests of their area against self-interest. However, we are still able to draw some inferences about core levels of support in those areas where respondents perceive a consonance between their own personal interests and those of the area more generally.

The increase or reduction in the amount of taxation that would have to be paid by the respondent's household for any increase or reduction in local spending was made explicit.³ For half of the sample, the tax consequences of varying spending levels were presented in terms of an increase or reduction of 10 per cent in their council tax bill, whilst the other half were told it would be a flat-rate local charge or refund of £25 for each adult in the household.⁴ This allows us to obtain variation in the tax price paid by households that face similar circumstances.

We combined information on individuals interviewed in the BSA survey with information on the level of spending and quality of service provided by their local authorities. This combined dataset will allow an important comparison to be made that is often not possible with nationally provided services — namely, whether variations in standards of service provision affect individuals' attitudes towards spending and taxes. In order to draw useful insights from our results, not only do the individuals in the sample have to be representative of the population as a whole, but they also need to be drawn from a broadly representative group of local authorities. The sample included residents in 149 out of the 459 local authority areas in Great Britain and 43 out of the 55 shire counties (and Scottish regions).⁵ We found no evidence that the characteristics of the local authorities represented in the sample differed significantly from those not selected.⁶

In the next two sections, we use evidence from the BSA survey to investigate the extent of public support for reduced central control over local authority activities and for any relaxation of the present capping arrangements, and trends in the direction of attitudes over time. We then go on to examine what drives attitudes to local spending.

³Further details of the precise questions in the 1996 BSA survey are given in Table B.2 in Appendix B.

⁴In 1996–97, a rise of 10 per cent in average council tax bills would result in an increase in local tax bills of roughly £25 per adult, so the two are (more or less) fiscally equivalent. Clearly, the given tax changes would represent much larger percentage variations for some services than for others, but we retained the same cash amount for each to avoid overburdening respondents.

⁵Further details of the local authority areas and types included in the sample are given in Tables C.2 and C.4 in Appendix C.

⁶A comparison of selected spending and quality indicators between those councils included in the sample and those left out is given in Table C.3 in Appendix C.

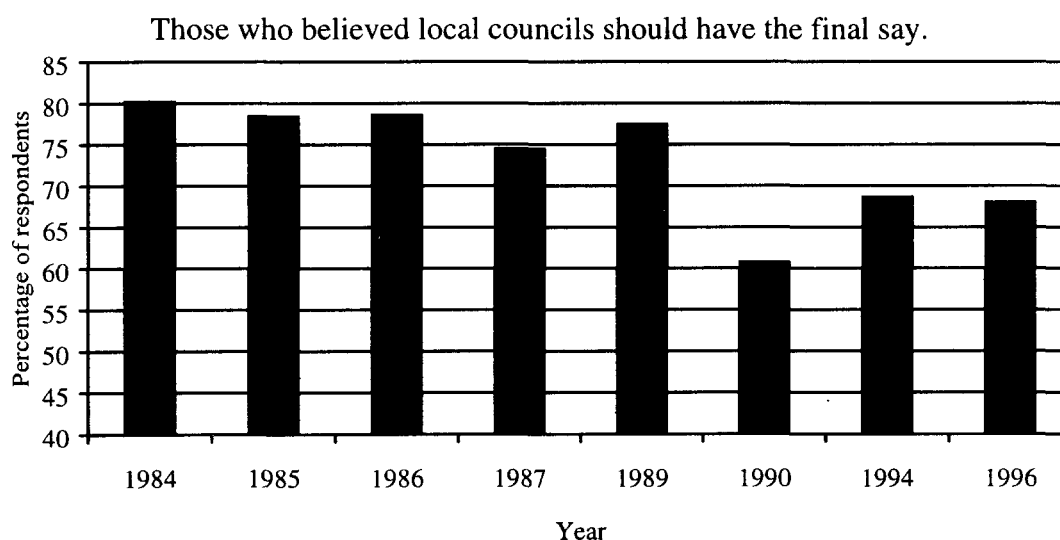
4. Evidence on support for decentralisation

Capping is now arguably the most important influence on the local budgetary process, with over 75 per cent of local authorities effectively 'capping themselves' by setting their budgets at the centrally determined cap. Indeed, aggregate local spending is now only 0.3 per cent below the level that would occur if every local council spent the maximum permissible (CIPFA, 1996).

For a number of years, respondents to BSA surveys have been asked whether local tax rates 'should be up to the local council to decide, or should central government have the final say'.⁷ Figure 4.1 shows that a majority of respondents have supported local determination in each year that the question has been asked, although, as Young and Rao (1995) commented, 'Support for the local determination plummeted at the height of the rows about the poll tax in 1990 and has, as yet, not recovered fully to its former level'. This may reflect the unusual degree of turbulence in relations between central and local government at the time of the introduction of the ill-fated community charge (Besley, Preston and Ridge, 1997). Support for local determination has partially recovered since, but is still well below the level observed in the mid-1980s. Our results are broadly comparable with those reported in LGA (1997), where just over 70 per cent of those who responded agreed that a local council should be free 'to set the council tax at the level it feels it needs to deliver good local services', although the phrasing of the question may have coloured the pattern of the responses.

The recent referendums for the Scottish Parliament and Welsh Assembly, and the proposed referendums for the creation of a strategic authority and mayor for London

Figure 4.1. Who should set the level of the local taxes?

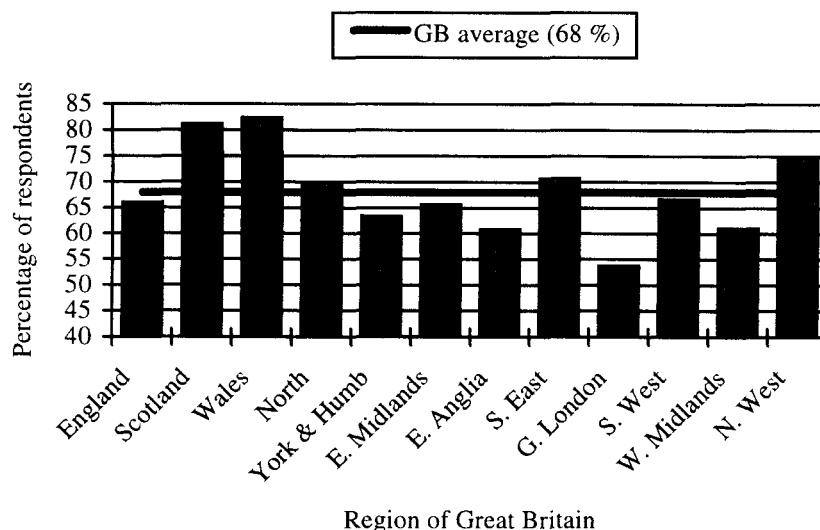


⁷Note that local taxes included non-domestic rates prior to April 1990; again, precise details of the question asked are given in Table B.2 in Appendix B.

next year, have given a strong regional dimension to public debates about devolution. The government has stated that it sees a directly elected mayor and assembly for London as ‘essential to preserve and enhance London’s competitiveness, to tackle London’s problems and to speak up for Londoners and their interests’ (DETR, 1997). Any regional variations amongst BSA respondents in support for decentralisation of powers to local authorities may yield insights into the likely response to future proposals to establish a regional tier of government within England. There is relatively little empirical evidence to suggest a significant variation in attitudes towards national tax and spending across regions. Indeed, Curtice (1996) found only very small variations in demand for increases in ‘front-line’ national spending areas between regions of Britain. However, in 1996 we found that in Scotland and Wales, a significantly larger percentage of respondents than in any other region (over 80 per cent in both cases) wanted levels to be set locally, as shown in Figure 4.2. It will be interesting to see whether this will still hold true once controls over Scottish local authorities are largely exercised by Edinburgh rather than by Whitehall. A much lower level of support for local tax-setting was found in Greater London (54 per cent) than anywhere else in Britain.

Although spending limits have applied to all local authorities in principle since April 1991, some councils have consistently chosen to budget below the cap limit. We found that support for the removal of capping arrangements was far lower in these areas than in those where the council had set its budget at the centrally determined cap. Whilst only 40 per cent of those living in areas where the local council⁸ had consistently budgeted below its cap limit in all three years prior to the survey opposed capping, this was true of nearly 70 per cent of those living in areas more affected by the capping policy.⁹

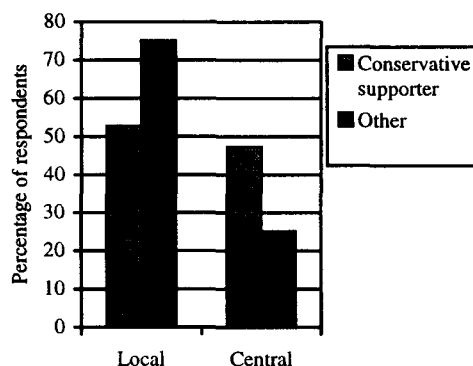
Figure 4.2. How the desire for *local* setting of local taxes varies across Great Britain, 1996



⁸This comparison is between major service-providing authorities such as London boroughs, metropolitan districts and shire county authorities.

⁹Whilst highly significant, this result must be treated with caution due to a low sample size of 27.

Figure 4.3. Variation of preferences between Conservative and other supporters for which tier of government should set local taxes

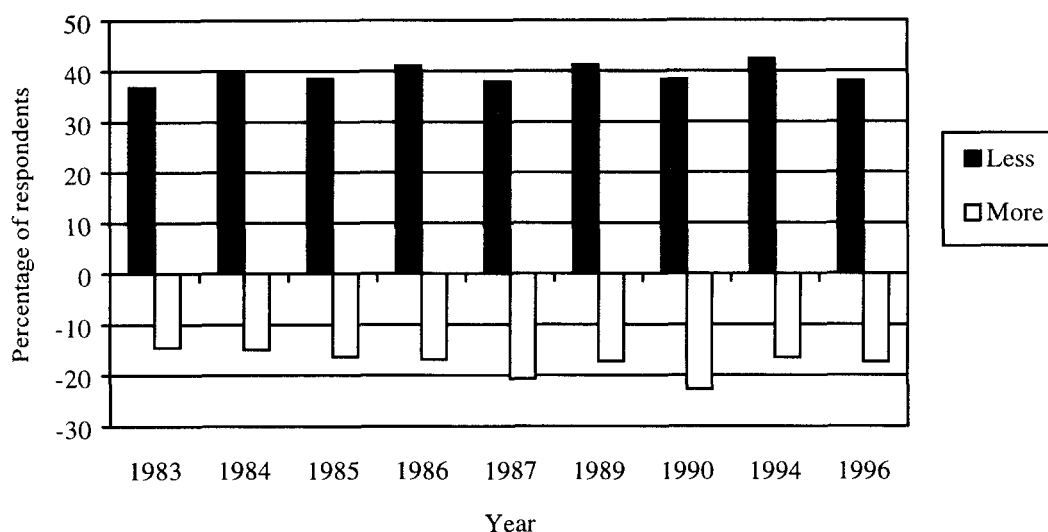


Young (1985) found that 'Few people of any political persuasion (even committed Conservatives) supported further inroads by central government into local government affairs, whether in general or in respect of rate controls'. We find a consistent result in 1996, as shown in Figure 4.3. This compares the responses given by Conservative and non-Conservative supporters as to whether central or local government should have the final say in deciding local tax rates. Conservative supporters are significantly more likely to support central control than are other respondents, although even amongst Conservative supporters there was a majority in favour of local setting. By contrast, three out of four non-Conservatives preferred local tax rates to be set by their local council.

Public support for a general programme of decentralisation of power from national government will be closely related to people's perceptions of how they are best represented by government. For a number of years, BSA respondents have been asked whether they believe that central government should exert more or less control over local authorities than at present. Although there has never been a majority of respondents in support of less central control, a majority do think that councils should have the final say over local tax levels. Figure 4.4 shows that there has been no clear trend in these attitudes over time, despite the background of increasing central control over the period. Had there been a groundswell of opposition to central government interference, we might have expected to see the proportions saying 'less control' to grow steadily through the 1980s and 1990s. As it turns out, however, this figure has remained remarkably constant.

There are many possible reasons why people might prefer local authorities to have the final say over the level of local taxes. Two of the most important are likely to be the extent to which individuals either support local democracy in principle or support local determination as a practical means of implementing their own spending preferences. We certainly find that those supporting decentralisation of powers to local councils generally are more likely to support a return to local freedom in setting local tax levels. Thus, whilst over 80 per cent of those who want less central control also support local tax determination, this is true of only 35 per cent of those supporting greater central controls over local councils. There is also some evidence that individuals who prefer lower local spending are more supportive of the capping powers. While over 40 per cent of those

Figure 4.4. Desired level of central government control over local councils



who would prefer lower local spending generally support the capping arrangements, this is true of only 30 per cent of those who do not support lower local spending.

Support for increased central control over local councils appears to be associated with support for particular political parties and readership of certain newspapers. Conservative supporters are more likely to favour increased central control than others, in addition to being more inclined to favour central government having the final say over local tax rates. Preston and Ridge (1995) found that the readers of tabloid newspapers were particularly hostile to higher local authority spending. They suggest that 'the political leanings of these papers are often thought to manifest themselves in a negative portrayal of certain local councils'. Consistent with this result, we find that only 30 per cent of readers of tabloid newspapers¹⁰ wanted less centralisation, contrasting with 40 per cent of the rest of the sample.

Whilst we have not found any evidence of widespread public support for reducing central controls over local councils in general, the removal of the present capping arrangements does attract majority support. If capping restrictions were lifted, this would leave councils free to increase spending on local services, although the present local finance system means that every extra pound in local spending leads to an extra pound on local tax bills. Since the government is responsible for overall levels of public spending, it is likely to show a keen interest in the impact of any relaxation of capping controls on local spending decisions. We therefore present evidence in Section 5 as to whether the public would be likely to support higher spending on local services overall, even if local taxes had to rise. We also examine whether respondents viewed changes to individual spending programmes as being either in their own best interests or in the interests of their local area, once the consequences for local tax bills were made explicit.

¹⁰We included the *Mirror*, the *Sun* and the *Daily Star* as tabloid newspapers. An almost identical result was found if readers of the *Express* and the *Mail* were included as tabloid readers.

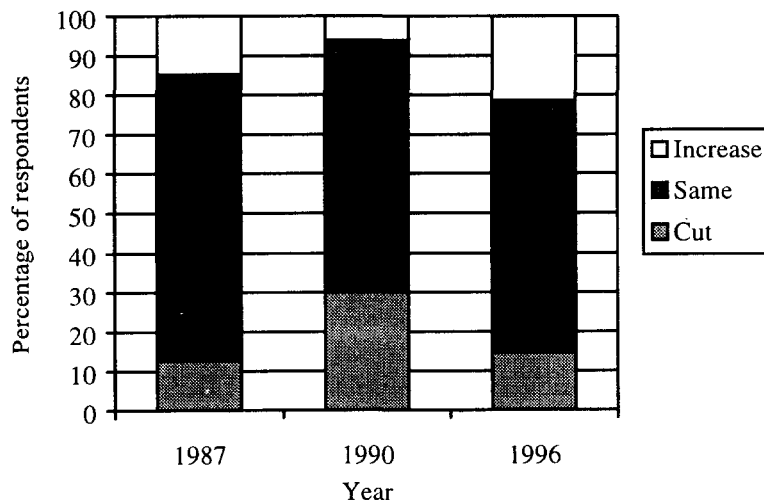
5. Attitudes towards local tax and spending

We investigate attitudes towards local taxes and spending at two levels. First, we examine responses to a general question concerning the overall level of local spending and taxation which has appeared in a number of BSA surveys. Then we consider attitudes towards seven individual spending programmes, where the size and incidence of the changes to local tax bills that result from higher or lower local spending have been made explicit.

In 1996, as in previous years, the majority of respondents were broadly content with existing levels of local taxation and spending in general, as shown in Figure 5.1. A much higher proportion of respondents in 1990 preferred to see cuts in local services than did in either 1987 or 1996. This could reflect general discontent with local authorities during the introduction of the community charge (poll tax) and large increases in local tax bills that year caused mainly by an increase in the proportion of local spending financed through local domestic taxes.

The degree of contentment with the current standards of local service provision is in sharp contrast to the responses to a 1995 question concerning services (health, education and social security) provided nationally. Whilst only 21 per cent of the public supported higher spending at the local level, if local taxes would have to be increased to pay for it, 63 per cent supported higher spending at the national level. This difference may signify a broad measure of satisfaction with the existing standard of local service provision, perhaps because local authorities are better able to respond to variations in needs and preferences between spending areas. Alternatively, it could simply reflect a change in attitudes towards public spending and taxation during the year between the two surveys. This seems unlikely, however, since the responses to other questions concerning attitudes towards public spending and taxation did not differ significantly between the two years. It is likely, therefore, that at least some of this divergence in support for higher spending

Figure 5.1. Desired level of local taxation and spending



at the national and local levels reflects more general attitudes towards the relative roles of local and central government. These might include:

- support for higher-quality public services nationally but not for greater diversity in the standard of service provision between local areas;
- a preference for higher spending to be financed out of national taxes, such as income tax or VAT, rather than from higher local taxes;
- confusion as to whether national or local government is responsible for the provision of front-line services such as education and the police.

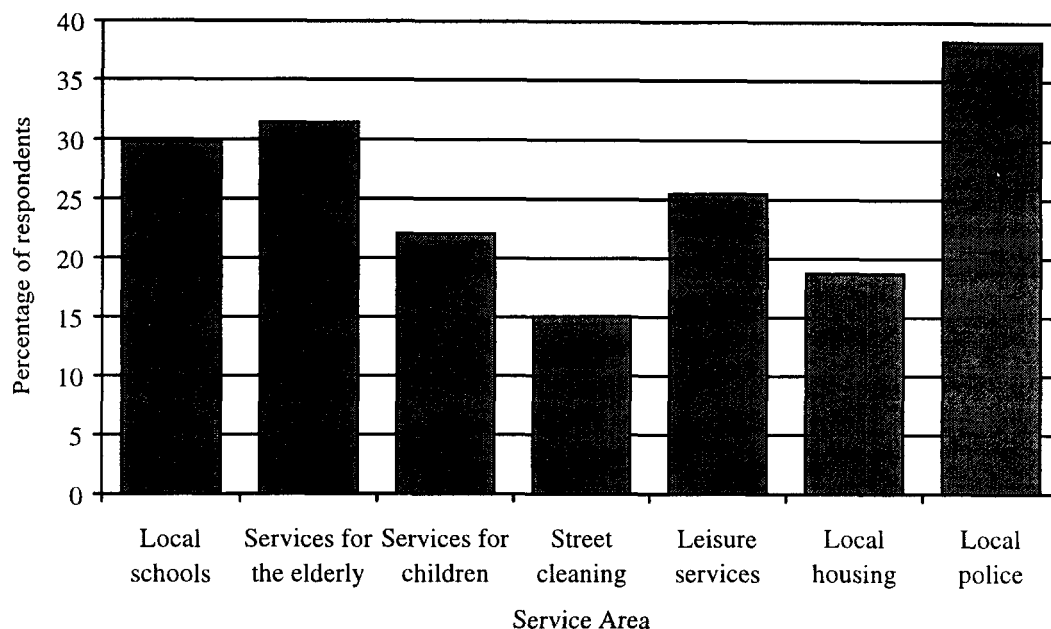
Given the lack of evidence of popular support for higher or lower local spending generally, we investigated individual attitudes towards seven individual local spending programmes. Individual support for a particular local spending programme is likely to result from a combination of the respondent's self-interest and the respondent's perception of what would be in the best interests of the local area generally. We therefore begin by examining the support for higher or lower local spending that would occur if individuals were either purely self-interested or were driven solely by their perceptions of the public good.

In order to determine whether a given individual would actually support higher or lower spending on a particular local service, we would need to know how an individual weighs their own interests relative to the interests of the local area generally. Unfortunately, there are grounds for doubting whether survey evidence is generally successful in eliciting truthful responses to questions concerning whether perceptions of the general good actually translate into support, especially when this conflicts with considerations of naked self-interest. We do not, therefore, attempt to measure the extent to which an individual's support is determined by their own self-interest. We can, however, still generate some insights into the likely extent of public support for changes to individual local spending programmes by considering the degree of consonance that exists between perceptions of self-interest and of the local area more generally.

Changes in local spending that individuals perceive are in their own best interests

We begin by examining the pattern of changes to spending on the seven individual local spending programmes that individuals would be likely to support if they were driven solely by self-interest. Figure 5.2 shows that whilst only a minority of respondents see higher spending on any individual programme as being in their own interests, there is considerable variation in support between the seven areas. Evidence from the LGA (1997) found that not only did more respondents consider law and order to be 'important to' themselves but also more prioritised working to reduce crime than for any other local council function. Whereas nearly 40 per cent believe that they themselves would benefit from an increase in spending on the local police, only around 15 per cent say the same about higher spending on street cleaning. Of course, not all of this variation may reflect genuine differences in perceived household benefits from higher spending on each service: a given tax increase will lead to a much greater proportionate increase in the

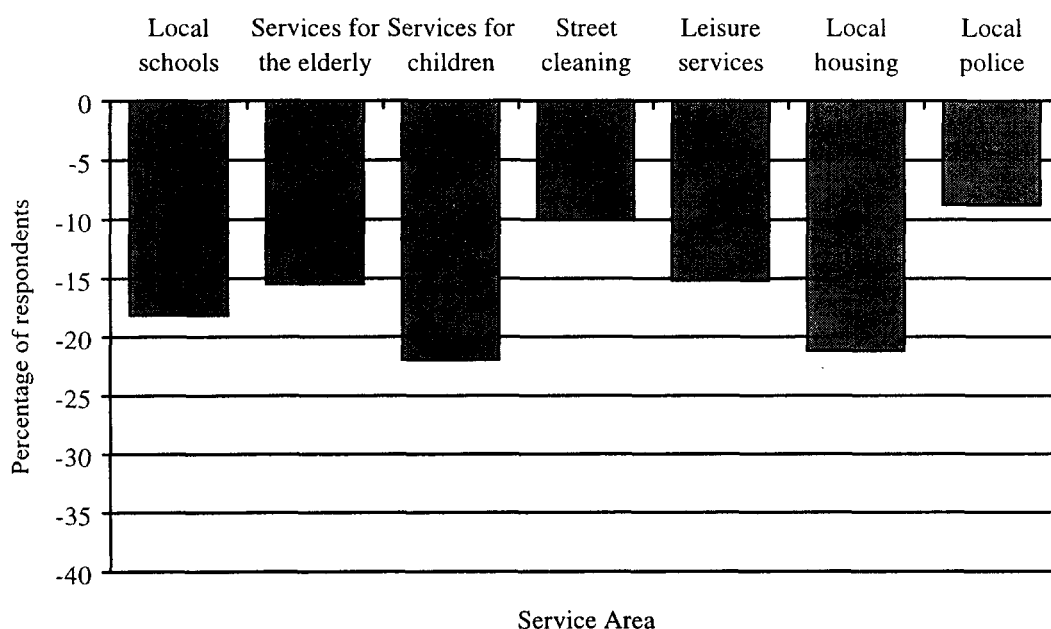
Figure 5.2. On which services do people see increased spending and taxation as best for themselves and their households?



budget for street cleaning than for the major strategic services such as local police or schools.

We do not find strong evidence that respondents see themselves as benefiting from lower spending on any of the seven local service programmes, as shown in Figure 5.3. More households perceive cuts in spending on services for children, local housing and

Figure 5.3. On which services do people see decreased spending and taxation as best for themselves and their households?



local schools as being in their own interests than for cuts to other services. These tend to be the spending areas where the benefits from spending are most concentrated in certain groups, such as those with children and those who are not owner-occupiers.¹¹ Fewer respondents perceive a direct benefit to themselves from reduced spending on services such as street cleaning and local police, which are provided to the population at large and from which most people, if not all, benefit.

We can compare these responses to questions concerning local spending on the police and education with responses to the 1995 BSA survey questions on these two programmes nationally. An almost identical percentage of respondents were found to perceive a direct benefit from higher spending on 'local police' (38 per cent) as on the police nationally (39 per cent). By contrast, whilst 52 per cent thought they would benefit directly from higher spending on education nationally, only 30 per cent thought this was true of higher spending on 'local schools'.¹²

Given that responses to other similar questions asked in both 1995 and 1996 did not change significantly between the years, we could interpret this apparent difference in a number of ways. First, the national education budget covers higher education, training and careers support as well as the funding of local schools. However, only 24 per cent of respondents chose university spending as one of their top two priorities within the overall education budget, compared with around 50 per cent choosing both primary and secondary schools. Second, respondents may differentiate between local schools and education nationally because they feel that their own local schools offer a better or worse standard of education than schools in other areas. Third, respondents may feel that the same quality of education should be available nation-wide and that the quality should not vary according to local circumstances. Fourth, and perhaps most important, respondents may prefer to pay for extra spending on education through higher national taxes rather than through higher local taxes. Fifth, education nationally may focus attention on national benefits such as a well-educated work-force, whereas local schools may be more associated with benefits received by individual children.

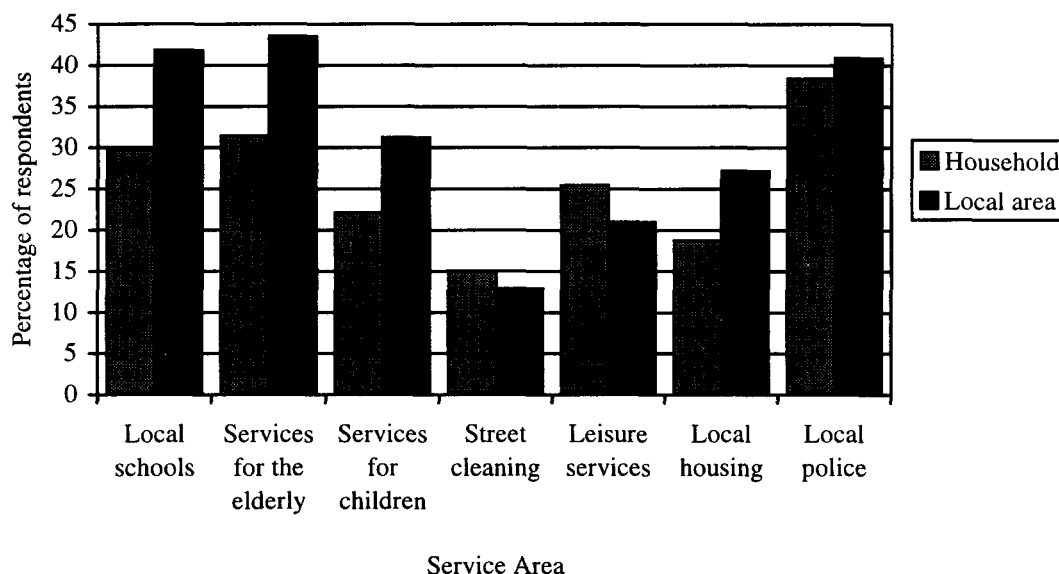
The very small minorities of the public who perceive any direct benefit to themselves from reductions in spending (and taxation) on any of the seven local programmes contrast markedly with evidence from the 1995 BSA survey that a substantial majority of the public think that lower spending on defence and on culture and the arts nationally would be 'best for themselves and their households' (Brook, Hall and Preston, 1996).

Changes in spending perceived as being in the best interests of the area as a whole

We now turn to consider which changes to local tax and spending decisions respondents thought were in the best interests of their local area as a whole — the second key

¹¹The influence of these factors on the demand for local spending is investigated using multivariate analysis in Section 8.

Figure 5.4. Comparison of spending and taxation increases seen as best for household to those that are seen as best for the area as a whole



dimension of support for changes to local spending. Broadly similar proportions of respondents saw higher spending on each of the seven local spending programmes as being in the interest of the area as a whole as in the interests of their own households, as shown in Figure 5.4. The greatest divergences were for local schools, local housing and services for the elderly and children, where the direct beneficiaries of higher spending are most easily identified. There was very little variation in the proportions viewing higher spending in their own interest and in the interest of the area as a whole for spending on local police, street cleaning and leisure services. These services provide benefits that are broadly spread across the local population and have characteristics of what economists refer to as ‘public goods’.

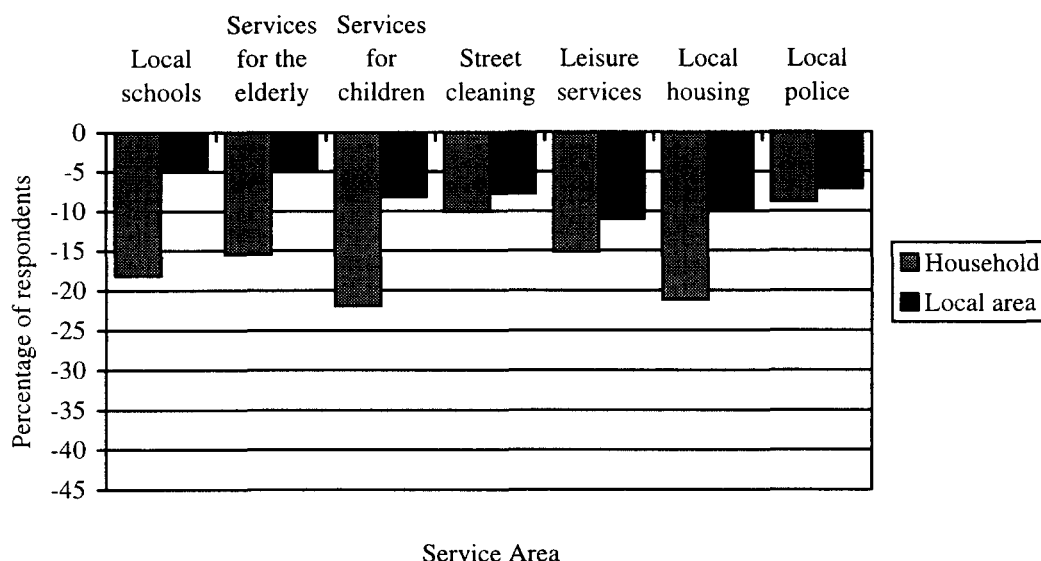
A similar pattern is found when we compare the proportions of those supporting lower spending, as can be seen from Figure 5.5. Again, very similar proportions see reduced spending on these three ‘public goods’ services as being of benefit to their household *and* in the best interests of the area as a whole. However, the proportions seeing spending cuts as being in the interests of the area of the whole are very small for all of the seven services. The highest support for cuts is just 11 per cent for leisure services, and the lowest being under 5 per cent of respondents for both services for the elderly and local schools.

What can we infer about support for higher local spending?

Having looked at the two key dimensions of support — self-interest and the interests of the local area as a whole — separately, we can consider what this tells us about the likely

¹²The proportions seeing lower spending on education nationally and reduced spending on ‘local schools’ being in their household’s interests were very similar.

Figure 5.5. Comparison of spending and taxation decreases seen as best for household to those that are seen as best for the area as a whole



extent of actual support for higher local spending on each programme. Not only would similar proportions of respondents support higher spending on each local service if they acted purely out of self-interest as if driven solely by the interests of the area as a whole, but it is often the *same individuals* in each case. Table 5.1 shows the correlation between responses to the questions on which changes individuals perceived as being in their own interest and which were perceived to be in the interests of the area as a whole. We find that there is a close correspondence at the individual level between support for changes in local spending out of self-interest and out of the interests of the area as a whole. This association is strongest in the case of local police services and street cleaning, which are closest to being ‘public goods’, and weakest in the case of spending on local schools, from which some households may not receive any direct benefit at all.

We can use this information to give us some insights into the likely degree of support for higher or lower spending on each local programme. If a respondent states that higher (lower) spending is both in their own interest and in the interests of the area as a whole,

Table 5.1. Relationship between changes in local spending and taxation being beneficial for the respondent and for the area as a whole^a

Service area	Correlation between responses
Local schools	0.5952
Services for the elderly	0.6223
Services for children	0.6474
Street cleaning	0.8425
Leisure services	0.7817
Local housing	0.6392
Local police	0.9143

^aFigures quoted are gamma statistics which can be used to measure patterns of association between ordered discrete variables — a perfect consonance would be indicated by a gamma statistic of 1.

we can infer that they would support higher (lower) local spending on that service, however they weighed the importance of self-interest as against the public good. We call this 'hard support'.

If respondents view higher (lower) spending as being in either their own interests or those of the area generally, but not both, inferring actual support is more difficult since we do not know how individuals weigh these two considerations. As long as individuals give a positive weight to both self-interest and the public good, we might expect this to transfer into some level of (perhaps weaker) support for higher (lower) spending. We call this 'soft support'.

If respondents perceive no benefit to themselves or the area in changing the existing level of spending, we can infer they would not support such a change. Finally, in the small number of cases where an individual perceived that higher spending would be in their own interest, but lower spending would be in the interests of the local area (or vice versa), we cannot draw any inferences about which spending changes respondents would actually support.

Table 5.2 shows all potential combinations of responses to the two sets of questions (the interests of the individual and their household and what they see as being best for the area as a whole), and what we can infer about whether the respondent is therefore likely to support higher or lower spending. On the basis of this approach, we can estimate the extent of 'hard support' for higher or lower spending on each local service. Figure 5.6 illustrates the potential support for higher local spending on each service. Since more respondents thought increased spending on 'local police' was in their own interests than any other local service, and most of these respondents also thought higher police spending was in the interests of their local area, we infer that there is likely to be more 'hard support' for higher police spending than for any of the other six services. However, we infer a similar level of combined 'hard' and 'soft' support for local schools and

Table 5.2. Inferred support for local spending

		Best interests of household		
		Cut spending	Same	Increase spending
Best interest of area as a whole	Cut	<i>Cut</i>	<i>Possible cut</i>	?
	Same	<i>Possible cut</i>	<i>Same</i>	<i>Possible increase</i>
	Increase	?	<i>Possible increase</i>	<i>Increase</i>

services for the elderly as for local police — around 45 per cent in all three cases. Whether this apparent support for higher spending would materialise in practice depends on the extent to which individuals look beyond their narrow self-interest in determining their demands for local spending. Increased spending on street cleaning was found to have less 'hard' and 'soft' support than any of the other services — the vast majority of respondents thought existing levels of spending were in the interests of both themselves and their local areas.

Figure 5.7 shows the potential support for reductions in spending on each local service. We find that 'hard support' for spending cuts is below 7 per cent for all the seven local

Figure 5.6. Potential levels of support for increases in local spending

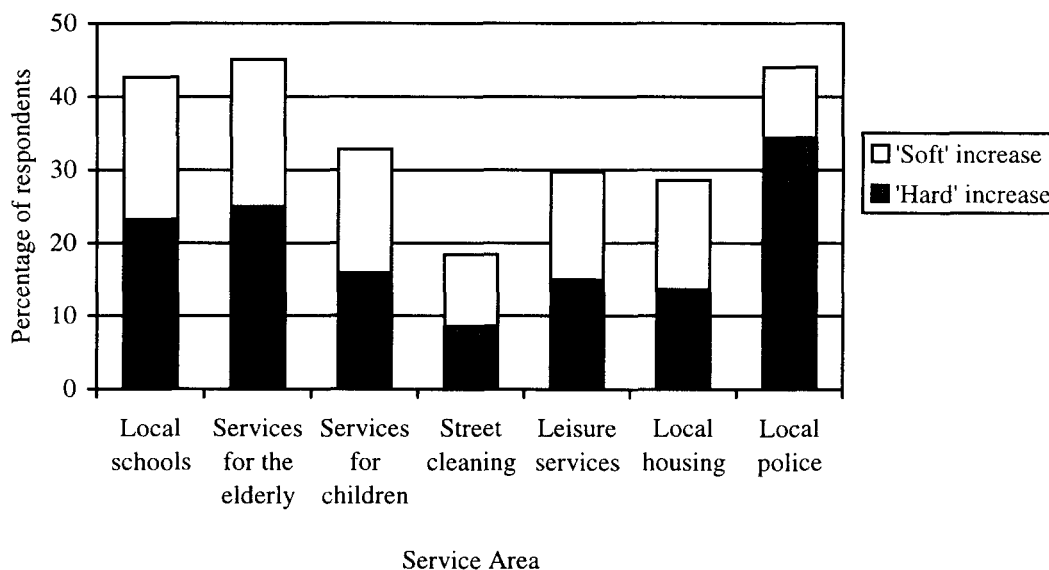
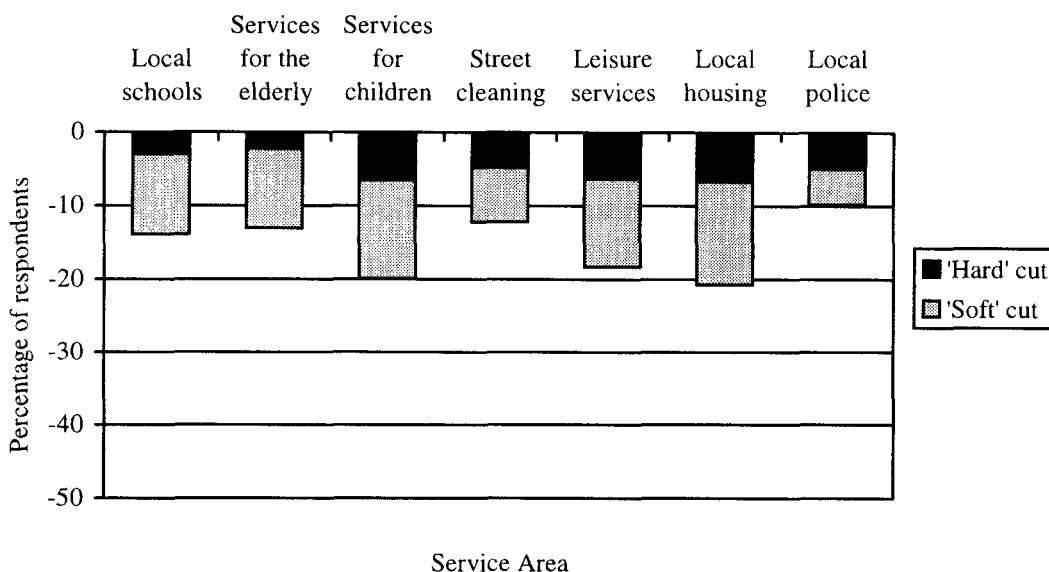


Figure 5.7. Potential levels of support for decreases in local spending



services. Combined 'hard' and 'soft' support for spending cuts is greatest for local housing, though still only representing 21 per cent of respondents. Averaging over the seven spending areas, these figures appear consistent with responses to our initial general question, which asked whether individuals would choose higher or lower local spending overall. In response to this question, 21 per cent claimed to support higher local spending overall and 14 per cent supported lower local spending.

6. What drives attitudes towards local spending?

We have considered evidence on whether individuals perceive changes to existing local spending programmes to be in their own interests or those of the area as a whole, and drawn some inferences concerning the likely extent of public support for higher or lower local spending. A more interesting question, in many ways, is the distribution of support for higher spending amongst different groups in the population, since this may provide useful insights into the impact that future changes in demographic patterns, economic conditions and private sector provision might have on both the demands placed on public services and the willingness of future taxpayers to pay for them. To shed light on these issues, we first examine which types of individuals appear more likely to see a personal interest in higher local spending. We then go on to describe the factors that appear to influence individual perceptions of the best interests of the local area as a whole.

Economic theory suggests that the amount that an individual spends on goods such as restaurant meals or foreign holidays will depend on the price they have to pay for the goods, on their income and on the benefits that the individual expects to derive from consuming them. Similarly, individual demands for spending on local services driven purely through self-interest are likely to be influenced by individual characteristics of respondents (which determine whether they are likely to derive any direct benefit from higher local spending on each service) and the burden of the resulting higher taxes that they would be required to pay. In this section, we therefore model the two key dimensions of support for higher local spending on each service as depending on those characteristics that affect the individual's desired level of local spending (such as the likelihood of benefiting directly from service improvements), on the size of any resulting increase in local taxes and on indicators that reflect the actual level of provision in their locality.

Pattern of benefits from the service

The likelihood and extent of any direct household benefit from higher spending on any local service are likely to be heavily influenced by a household's composition, its socio-economic characteristics and access to alternative private forms of provision.

- **Household size and composition.** Households containing children are more likely to derive benefits from higher spending on schools or services for children, whereas those that currently contain elderly individuals are more likely to benefit from higher spending on services for the elderly, such as home helps and old people's homes. Households whose members are more likely to make use of such services in the near future may consider this when responding.
- **Household income.** Just as richer households typically consume different types and quantities of private goods such as cars or clothing than poorer households, they may also demand different types and standards of local service provision. Different

services are likely to have different income elasticities so, as incomes grow, the use made of local services is likely to rise more quickly (or fall more slowly) for some services than for others.¹³ Poorer individuals may be more likely to benefit from increased provision (or better standard) of social rented housing. Richer individuals could prefer increased provision of leisure services, for example, which they may have more time, inclination or money to enjoy.

- **Other socio-economic influences.** Other factors associated with employment and lifestyle are likely to influence the likely household benefit from improvements to local public services. Those working in the local public sector may expect to benefit directly from higher local authority spending through increased job security or better working conditions. Those with personal experience of post-compulsory education could make differential use of local services, either as a result of their education itself or because their expected lifetime income is likely to be higher than that of others.
- **Potential use of private sector alternatives.** The expected benefits of higher local spending might differ between those who have already purchased private alternatives to public provision, such as schooling, housing or leisure services, and those who rely solely on state provision. The reason why individuals have purchased these services privately is likely to be important. Some individuals who prefer higher quality to that currently offered by the public sector may see improvements in public provision as allowing them to save the cost of purchasing services privately. By contrast, those who would consume such services privately anyway are unlikely to benefit directly from higher public spending and are more likely to be more hostile to paying higher local taxes.
- **Value-driven or behavioural factors.** One might also consider that a range of value-driven or cultural variables, such as political affiliation and newspaper readership, might influence attitudes towards local tax and spending choices. This might occur either as an independent determinant of attitudes or as a medium through which the impact of individual characteristics manifests itself. In other words, a person may either be influenced by the views of the newspapers that they read, or could choose to purchase newspapers that broadly reflect their views, or some combination of the two.

Cost to the household of higher spending

Just as a household's demand for a private good such as a foreign holiday is likely to fall as the price rises, we would expect individuals to be less likely to support higher local spending as their share of the additional tax burden increases. A household's willingness to pay higher taxes to finance improvements in local services is likely to depend both on the size of the additional tax burden and the household's own disposable income. We calculated the respondent's perception of how much any additional local spending would cost their own household, using either £25 per adult in the household or the

¹³The income elasticity of demand for a good measures the percentage change in demand for the good that results from a 1 per cent increase in income. As an individual's income rises, they will spend a smaller percentage of their income on certain products, such as food, and a larger proportion on others, such as jewellery.

respondent's answer to an earlier question asking how much a 10 per cent increase in council tax bills would cost their household (depending on which version of the question they were asked).

Existing level of service provision

The change in local spending that an individual perceives as being in their own interest will also depend on how their ideal level of provision (which depends on the household characteristics discussed above) compares with existing levels of service provision.

Interests of the area as a whole

In addition to looking at the factors that determine self-interest, we model separately the impact of a similar set of household characteristics on the changes in local spending and taxation that individuals would state as being in the interests of their area as a whole. It must be noted that, if individuals place a high value on services, such as education or care for the elderly, that their own household may not benefit from directly, then what is seen as best for the area as a whole might actually leave the respondent financially worse off.

Economic theory suggests that an individual's perceptions about what is best for their local area as a whole are likely to depend on how they weigh the competing interests of different groups within the community. Some individuals might care only about providing for the very poorest in society, leaving those who are not actually on the breadline to fend for themselves. Others faced with these sorts of choices might give more priority to providing opportunities for the young than to providing comfortable conditions for the elderly.

In general, we might expect that individual circumstances would be less powerful in explaining which spending changes are viewed as being in the interests of the local area than they are in explaining those that are of direct personal benefit. Respondents' life experiences to date may bear an influence over which groups they feel a particular hostility or affinity toward. Information on the respondent's age and educational qualifications may capture some of these influences. In addition, more general values — whether religious, moral or political — are likely to play an important role.

7. Empirical specification

We operationalise the model of individual support for higher local spending described in Section 6 using a sample of 1,200 observations from the 1996 BSA survey and the multivariate empirical specification

$$S_{ij} = \lambda_{ij} R_{ij} + (1 - \lambda_{ij}) A_{ij}$$

where S_{ij} is a discrete variable representing individual i 's support for higher or lower spending on service j , R_{ij} is the respondent's perception of what is best for themselves and A_{ij} is the respondent's perception of what is good for the area. λ represents the weighting the individual puts on their own self-interest when considering their overall support for higher or lower local public spending. The extent to which individuals weigh their own interests against those of the area generally may vary significantly between individuals. We model the changes to service spending that respondents perceive as being in their own interests (R_{ij}) and in the interests of the area as a whole (A_{ij}) as

$$R_{ij} = F_1 (\alpha_1 + \beta_1 X_i + \phi_1 Z_i + \varphi_1 T_{ik} + \gamma_1 E_{jk})$$

$$A_{ij} = F_2 (\alpha_2 + \beta_2 X_i + \phi_2 Z_i + \varphi_2 T_{ik} + \gamma_2 E_{jk})$$

where X_i is a vector of the household characteristics of individual i , T_{ik} is the respondent's perception of the changes in local taxes their household would face if higher or lower spending were chosen, E_{jk} is an indicator of the existing level of provision of service j in local area k , and Z_i is a vector of value-driven or behavioural attributes of the respondent.

This approach allows us to look directly at the influence of a range of relevant characteristics (such as income or age) on each of the two key components of support for local spending, holding all other characteristics constant. Thus, for example, we can investigate whether household income influences perceptions of whether the household would benefit directly from higher spending on services for the elderly, once we have taken account of the typically lower incomes of those elderly people most likely to benefit directly from improved service provision.

In addition to socio-economic and demographic information, the BSA survey collects a range of information that may indicate the respondent's overall values and beliefs, such as political preferences, newspaper readership and a certain amount of behavioural data, such as choice of the private sector for services such as health care and education. These in turn may have a bearing on the two dimensions of demand for additional spending. The inclusion of these value-driven or behavioural characteristics in our analysis is not uncontroversial. As well as having an independent impact on spending choices, these behavioural factors may also reflect underlying attitudes towards public sector spending. To alleviate concerns that treating these as explanatory factors affecting spending choices

would lead to bias in our results,¹⁴ we report one set of results containing these influences and another excluding them from the analysis.

Ideally, $E_{j,k}$ would be a single indicator that captured a generally accepted and uncontroversial indicator of the existing quality of service j in local authority k . Unfortunately, accurate and uncontroversial measures of local service standards are seldom available. We therefore use information on local spending (a highly imperfect indicator of service quality) supplemented by a range of possible indicators of service quality. Since these indicators tend to be highly correlated, it is difficult to identify the precise impact of each separate measure on spending preferences. We therefore use a technique known as principal component analysis to identify a single indicator that, as far as possible, combines the various sources of information on local service provision available.

¹⁴Technically, this is referred to as endogeneity bias. Future work will use instrumental variable techniques to investigate the importance of this issue.

8. Empirical results: determinants of support for changes to local spending

In this section, we report the results from our analysis of which characteristics appear to drive the two key components of individual support for changes in spending on each of the seven local services. We use a multivariate technique known as ordered probit estimation. Four separate ordered probits were performed for each of the seven types of spending — two for whether changes in spending were seen as in the respondent’s own interests and two for whether they were seen as in the interests of the area as a whole. Tables A.1 and A.3 in Appendix A show the results for each estimation, including only those household characteristics that we may reasonably assume to be exogenous (such as age and income). Tables A.2 and A.4 in Appendix A show a second set of results for each component of support, which includes potentially endogenous characteristics such as political preferences, newspaper readership and use of private sector alternatives to public services.

As explained in Section 3, we did not ask directly about support for higher or lower local spending. None the less, we can use results from the questions that we did ask on self-interest and public interest to make some inferences about what individual characteristics are associated with support for increased spending. If certain individual characteristics are associated with an increased probability of higher spending being seen to benefit both the respondent and the local area, we can infer that they are associated with an increased likelihood of supporting higher spending.¹⁵ In addition, we infer that characteristics found to influence significantly one of the two dimensions of support, but have no significant impact on the other dimension, also influence support in this way.¹⁶

Household composition

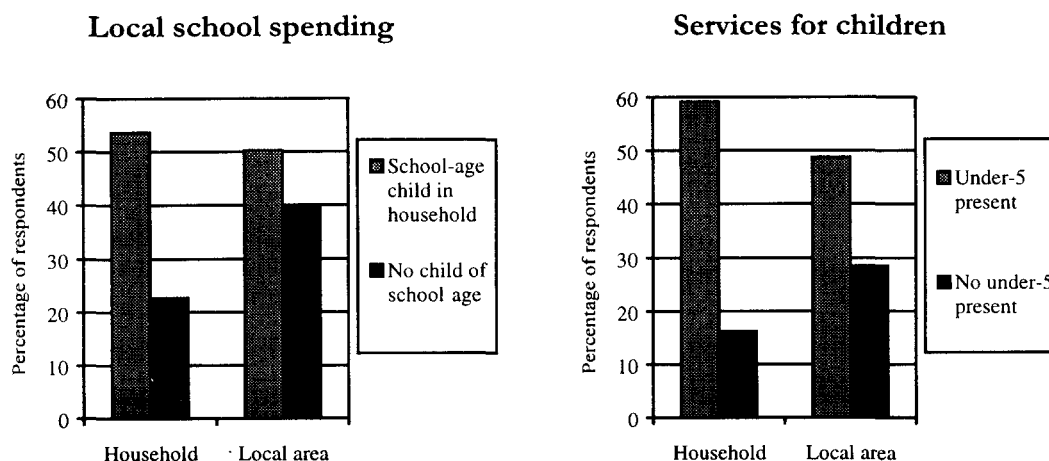
We find that the presence of children of school age in the household is associated with an increased likelihood of perceiving a direct benefit from spending on local schools, leisure services and local housing, and lower support for spending on the police, although the result is significant at the 5 per cent level only in the case of schools. This factor is found to have a similar, though less significant, impact on perceptions of the interests of the local area. This suggests that the presence of school-age children in the household is positively related to actual support for additional spending on local schools, leisure services and local housing and negatively related to support for additional spending on local police.

There is a positive and highly significant relationship between the presence of young children in the household and each element of support for services for children. This

¹⁵The only additional assumption that needs to be made to our model in order to make this inference is that $\partial\lambda_{ij}/\partial x_{ij}$ should be relatively small.

¹⁶To obtain this result, we only need to assume that individual support is not driven purely by self-interest or purely by the interests of the area as a whole.

Figure 8.1. Support for higher spending on local schools and services for children, by whether a child of the relevant age is present in the household



confirms the pattern observed in a simple comparison of households with and without children of the relevant ages, as shown in Figure 8.1. Households that contain children are more likely to expect benefits both to themselves and to the area generally from higher spending on local schools and services for children, although this pattern is far stronger when considering the household's own interests.

Respondents aged between 40 and 65 appear more likely than younger respondents to support increased spending on three of the seven services. They were significantly more likely to perceive a direct interest in higher spending on the elderly, street cleaning and the local police, and more likely (although not significantly so in the case of street cleaning) to see this as being good for the local area. Households that contained someone aged 65 or over are also found to be more likely to support higher spending on services for the elderly, street cleaning and the local police when asked about their own interests and also those of the area as a whole. A simple comparison between the attitudes of households that do or do not contain someone aged 65 or over, as in Figure 8.2, shows that the former are more likely to perceive a direct benefit from increased spending on services for the elderly but no more likely to see it as in the interests of the area as a whole. This result is supported by evidence from the multivariate analysis.

Households containing someone aged 65 or over appear to be less likely to support additional spending on local housing since they are significantly less likely to see it as being in either their own interests or those of the local area. In terms of their own interests, people aged 65 or over may feel more secure in their current housing than younger generations, either because they are more likely to have paid off their mortgage or because they have security of tenure in the social housing sector. Spending on leisure services is also less likely to attract support amongst this group, with lower proportions of respondents thinking higher spending would be good for either themselves or the area, although only significantly so in the former case.

Figure 8.2. Support for higher spending on services for the elderly, by whether someone aged 65 or over is present in the household



Cost to the household of higher spending

We found a negative link between the size of the increase in local taxes that respondents thought it would cost them to pay for improved local services and their apparent willingness to support higher spending. Respondents who expected to face a larger increase in their own local tax bills were less likely to view higher spending as being in either their own interests or those of their area. This was the case for every single one of the seven spending programmes. In respect of self-interest, this result was significant at the 5 per cent level for local schools and services for children and at the 10 per cent level for leisure and street cleaning. Moreover, when respondents were asked about the interests of the area as a whole, the results were significant at the 5 per cent level for local schools, services for children and street cleaning and significant at the 10 per cent level for local police and services for the elderly.

Socio-economic influences

Household income appears to be positively related to support for higher spending on local schools, local police and leisure services, significantly so in both cases for local police. By contrast, richer households appear less willing to support higher spending on local housing, being significantly less likely to see such spending as of benefit to either themselves or the area generally. Richer households are significantly more likely to view higher spending on services for the elderly as good for the area but less likely (though not significantly so) to see it in their own interests. One explanation for this is that richer households have more access to private care and, without information on this, we are unable to conclude anything about patterns of support.

Manual workers appear more likely to support higher spending on services for children than other groups. They are more likely to perceive a direct benefit to themselves, possibly because they are more likely to work inflexible hours, which can make caring for a child more difficult than with other types of employment; however, they are not significantly more likely to view such spending as good for their area generally.

Educational background

Respondents with degrees are more likely to support higher spending on local schools, services for children and street cleaning — significantly so for both dimensions of support in the case of local schools. Part of the explanation may lie in attitudinal changes associated with experience of university life. Another explanation is simply that those with degrees may expect to earn more over the course of their lifetimes than others and therefore exhibit similar views to those who currently have high incomes. By contrast, those with no qualifications were found to be less likely to support additional spending on local schools and also services for children — these attitudinal differences may again reflect different life experiences or lower expected lifetime earnings.

Those with degrees, like those on high incomes, were more likely to see higher spending on services for the elderly as in the interests of the local area but not themselves. This may simply reflect, as for high incomes, differential access to private provision of care services. These people were also more likely to perceive a direct benefit from higher spending on leisure services but, unlike those on higher incomes, were less likely to view increased spending on leisure services as being good for the area.

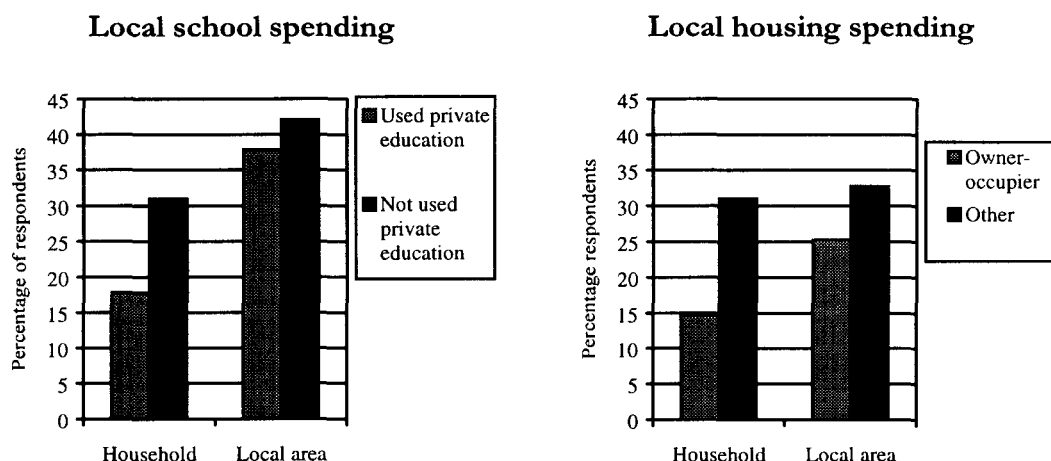
Use of private sector alternatives

There is a small existing body of evidence to suggest that those who purchase private alternatives to public services are less likely to support improvements in the quality of state provision. Taylor-Gooby (1987) found that ‘those who have access to private medicine — especially through personal contract rather than as a perquisite of employment — are much less likely to make the NHS their highest priority for state spending’. Calnan, Cant and Gabe (1993) and Besley, Hall and Preston (1996) found similar results.

Figure 8.3 shows that those who have educated at least one child privately are less likely to support higher spending on local schools, either for themselves or for their local area. Similarly, owner-occupiers are less likely to view additional spending on local housing as being in either their own or the local area’s interests. The evidence from our multivariate model suggests that owner-occupiers do indeed appear less likely than others to support higher spending on social housing (as being good either for themselves or for the area), even after taking account of the different socio-economic characteristics of owner-occupiers from other groups. This leaves open the question of whether owner-occupiers are less likely to support higher spending on housing *as a result* of buying their own homes, or whether they would have been less likely to support higher spending on social housing anyway. This could occur if those who were less favourably disposed to social housing in the first place were more likely to buy their own homes.

Whilst a simple comparison of those who have used private education with those solely reliant on state schools suggests that the latter group is more likely to perceive a direct and general interest in higher spending on local schools, these results are far less convincing once we take account of other differences in household characteristics

Figure 8.3. Association between private sector usage and demand for public substitutes



between the two groups. Whilst those respondents who have used the private sector are indeed less likely to view increases in spending on local schools as in either their own interests or those of their area, neither result is significant at even the 10 per cent level.

Value-driven or behavioural influences

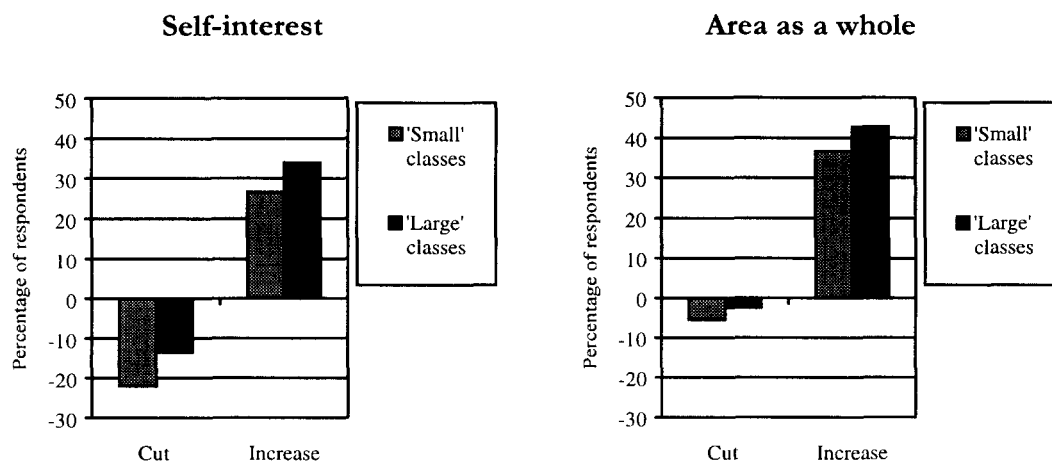
Those who support the Conservative Party appear significantly less likely to support higher spending on local housing, being less inclined to view such spending as good for either themselves or the local area. By contrast, they appear more likely to support higher spending on the police. Conservatives were less likely to view higher spending on either local schools or services for the elderly as being good for their local area.

Individuals who read broadsheet newspapers appeared more inclined to support reduced spending on street cleaning, local housing and local police, although this was only significant with respect to household benefit from lower spending on street cleaning. As with the use of private sector alternatives, it is impossible to say whether newspaper readership or political preferences contribute to forming judgements on spending policies, or whether individuals select their newspaper and political party because these tend to reflect views they already hold on such matters.

Existing standards of service provision

A simple comparison of how support for higher spending on local schools varies between areas suggests that respondents in areas with larger class sizes at the primary level are more likely to see higher spending on local schools as being good for both themselves and their local area. We ranked local authorities by average class size in primary schools and compared the support for changes in spending amongst respondents living in the 25 per cent of areas with the smallest class sizes with that

Figure 8.4. Variation in support for additional spending with 'quality' of service provision



amongst those in the 25 per cent of areas with the largest class sizes. Figure 8.4 shows that people in areas with larger class sizes are less likely to think that lower spending is in either their own interests or (although not significantly so) the interests of their local area. However, this result no longer held once we controlled for the impact of the other characteristics of respondents, such as the presence of children in the household. In other words, we did not find any convincing evidence to suggest that existing class sizes influence support for spending on local schools.

Individuals living in areas that already have high levels of police staffing appeared less inclined than others to support spending increases. However, once we took account of whether the respondent lived in Greater London — Londoners being less likely to want increases in local police spending than those living outside the capital — this finding no longer held good. A large proportion (12 per cent) of respondents to the BSA survey live in the area covered by the Metropolitan Police, which has higher levels of both spending and police staffing per capita than anywhere else in the country. Whilst this evidence is consistent with areas that already have high levels of police spending being more reluctant to support increases in police spending, it may simply reflect factors that are peculiar to the capital.

There are several reasons why attitudes towards police spending may be different in London from elsewhere. First, in addition to being the police force for London, the Metropolitan Police has responsibility for national police issues such as preventing terrorism, so respondents may feel that any increases in spending should be financed from general and not local taxation. Second, the Metropolitan Police is the only police force in our sample that does not have local electoral accountability of any kind. Third, attitudes to 'local police' could depend on perceptions of how 'local' the police force is, with the Metropolitan Police covering by far the largest population. Fourth, public perceptions of the police could be an important factor in support for additional spending and could vary between regions of the country. However, evidence from the 1996 BSA

survey on levels of trust in the police indicates that there is no significant difference between respondents in London and respondents elsewhere.

Households in London appear more likely to support increases in spending on local housing, seeing it as both good for themselves and good for their local area (though not significantly so in the former case). A possible explanation of this is that attitudes are partially shaped by such factors as housing waiting-lists and the number of individuals living without permanent shelter, both of which tend to be bigger in the capital but for which we did not have accurate information.

Across all the seven spending areas, very few of the 'quality-of-service' indicators had a significant impact on perceptions of the benefits of higher or lower spending. This could simply reflect problems associated with the lack of generally accepted and uncontroversial measures of service quality. Alternatively, it may be that a relationship between existing service quality and support for higher spending would not exist, even if perfect measures of service quality were available. Some of the existing variations in service quality between local areas could simply reflect different needs and preferences in different local areas. These are likely to be reflected in local voting decisions. Alternatively, if individuals take existing patterns of local service provision and council tax bills into account when deciding where to live, they would be likely to move to those areas where the local council's priorities are similar to their own (Tiebout, 1956).

It is possible that the capping arrangements in force since the mid-1980s have distorted the relationship between the preferences of local communities and local spending decisions. Respondents are more likely to see a direct interest in higher spending on services for the elderly in those areas where the relevant council budgeted 'at cap' in the previous year. There was also some (although not significant) evidence that respondents in 'capped' authorities were more likely to perceive a direct benefit from increases in spending on local schools. In contrast, there was no evidence to suggest additional pressure exists to increase spending on leisure services in those councils where the budget had been particularly constrained.

These findings may reflect a differential impact of the capping arrangements on individual local services, either because capped councils cut some services more than others or because capping has, in recent years, affected the councils that provide certain types of services more than others. Emmerson, Hall and Ridge (1998) found that the education and personal social services budgets were both heavily affected by capping. We also find that, among councils included in the BSA sample, not only are those responsible for major services such as education more likely to have been capped in the year of the survey than the councils that provide leisure services; they are also more likely to have been capped continuously in the three years prior to the survey. Thus any deterioration in service quality is more likely to occur some time *after* successive years of capping, once councils have exhausted efficiency savings or run down reserves. This time lag could provide an explanation of our results.

9. Conclusions

The Labour government has pledged itself to a radical programme of decentralising power within the UK. Yet there has been very little research into public support for (or opposition to) increased local autonomy over taxation and public spending decisions. We have found that, whilst a majority of the public would support their council being able to set the level of local taxes, there is no great majority in favour of a relaxation of central control over local authorities more generally. Significant regional differences were found in support for local councils having the final say over levels of local taxes, from over 80 per cent in Scotland and Wales to just over 50 per cent in London. Since the Scottish Parliament will in future set the capping limits for Scottish local authorities, it will be interesting if this results in a reduction in desire for more localised setting in Scotland. Our results may also have implications for the May 1998 referendum on a London-wide authority. The much lower enthusiasm for localised tax-setting we find in London compared with other regions indicates that there may be little popular support for any London-based authority that had significant revenue-raising powers.

Unlike public attitudes towards *national* tax and spending, we find only a minority of the public in favour of higher spending on local services overall, if this were to be financed through additional local taxes. Notably, for none of the seven local services did a majority of respondents say that higher spending would either benefit their household directly or be good for the area as a whole. Whilst the proportion who viewed higher spending on local police as being in their household's interests was at a similar level to that found nationally, there was a much lower level stating that their household benefited from higher spending on 'local schools' than Brook, Hall and Preston (1996) found for 'education nationally'. Actual support for higher local spending appears to be highest in respect of the police and lowest for street cleaning and refuse collection.

The combination of popular support for a return to local freedom over setting local tax rates and no significant evidence of support for additional local spending has implications for the present government's plans to abolish 'crude council tax capping'. As long as local authorities represent the wishes of their electorates, we have no evidence to suggest that the removal of these direct controls on councils' revenue-raising powers would lead to significantly higher levels of local spending and taxation in aggregate.

Appendix A. Results

Tables A.1 and A.2 show the results from each of the seven ordered probits. Table A.1 shows the influence of all the factors assumed to be exogenous on the demand for additional spending for each of the seven different local services, when the respondent is asked for the benefit to themselves and their own household. Table A.2 shows the results from including the potentially endogenous variables such as newspaper readership and political affiliation and also the indicators of the current local authority service level. Precise definitions of each of the explanatory variables are given in Table B.1 in Appendix B. Table B.2 in Appendix B describes the questions from the BSA survey that are used to derive the dependent variables. The coefficients indicate whether a factor is positively or negatively related to the demand for additional spending on that spending area. Z-statistics are shown in parentheses below the coefficients. Dark shading represents significance at the 5 per cent level; lighter shading represents significance at the 10 per cent level.

Tables A.3 and A.4 replicate the results when the dependent variable is individual perceptions of the interests of the area as a whole.

Table A.1. Multivariate results: respondent's household's interests

Variable	Service area						
	Local schools	Services for the elderly	Services for children	Street cleaning	Leisure services	Local housing	Local police
Income	0.049 (0.86)	-0.077 (1.39)	-0.008 (0.14)	0.066 (1.11)	0.124 (2.21)	-0.251 (4.48)	0.135 (2.37)
Tax price	-0.121 (2.33)	-0.029 (0.57)	-0.136 (2.61)	-0.091 (1.66)	-0.089 (1.73)	-0.024 (0.47)	-0.083 (1.60)
Child aged 0 to 4	0.875 (6.61)	-0.042 (0.35)	1.381 (9.01)	-0.162 (1.23)	-0.120 (0.98)	-0.022 (0.18)	-0.066 (0.54)
Child aged 5 to 16	0.696 (5.82)	0.058 (0.60)	0.043 (0.44)	-0.067 (0.65)	0.156 (1.60)	0.141 (1.45)	-0.163 (1.66)
Respondent aged 40 to 65	0.007 (0.08)	0.317 (3.63)	-0.114 (0.30)	-0.244 (2.58)	-0.078 (0.89)	-0.029 (0.33)	0.220 (2.48)
Household member 65 or over	-0.019 (0.17)	0.663 (5.43)	-0.026 (0.23)	0.212 (1.78)	-0.170 (1.54)	-0.243 (2.20)	0.336 (3.00)
Manual worker	0.127 (1.47)	0.097 (1.15)	0.245 (2.84)	0.058 (0.64)	-0.043 (0.51)	0.136 (1.60)	-0.097 (1.13)
Degree	0.285 (2.37)	-0.092 (0.79)	0.101 (0.85)	0.168 (1.32)	0.145 (1.22)	0.060 (0.51)	0.015 (0.13)
No qualifications	-0.276 (2.80)	0.029 (0.30)	-0.265 (2.69)	-0.155 (1.48)	-0.147 (1.51)	0.038 (0.39)	0.098 (0.99)
London	-0.152 (1.27)	-0.005 (0.05)	0.171 (1.43)	-0.112 (0.88)	0.023 (0.19)	0.107 (0.90)	-0.314 (2.65)

Table A.2. Multivariate results: respondent's household's interests, including potentially endogenous variables

Variable	Service area						
	Local schools	Services for the elderly	Services for children	Street cleaning	Leisure services	Local housing	Local police
Income	0.054 (0.87)	-0.040 (0.61)	-0.006 (0.10)	0.121 (1.85)	0.119 (1.93)	0.154 (2.12)	0.161 (2.54)
Tax price	-0.106 (1.89)	-0.040 (0.64)	-0.133 (2.27)	-0.133 (2.31)	-0.083 (1.54)	0.008 (0.13)	-0.111 (1.92)
Child aged 0 to 4	0.772 (5.43)	-0.079 (0.56)	1.206 (8.14)	-0.172 (1.24)	-0.081 (0.62)	-0.050 (0.34)	0.002 (0.01)
Child aged 5 to 16	0.715 (6.41)	0.113 (1.00)	0.015 (0.14)	-0.092 (0.82)	0.124 (1.18)	0.100 (0.86)	-0.016 (1.50)
Respondent aged 40 to 65	0.038 (0.40)	0.318 (3.10)	-0.092 (0.94)	0.246 (2.45)	0.016 (0.17)	0.063 (0.59)	0.223 (2.32)
Household member 65 or over	0.031 (0.25)	0.647 (4.92)	-0.020 (0.16)	0.242 (1.88)	-0.097 (0.81)	-0.113 (0.85)	0.308 (2.48)
Manual worker	0.080 (0.86)	0.083 (0.83)	0.208 (2.17)	0.062 (0.64)	-0.073 (0.79)	0.062 (0.61)	-0.059 (0.63)
Degree	0.313 (2.77)	-0.112 (0.78)	0.011 (0.08)	0.196 (1.36)	0.138 (1.02)	0.216 (1.41)	0.082 (0.59)
No qualifications	0.308 (2.84)	0.064 (0.54)	-0.266 (2.39)	-0.192 (1.69)	-0.198 (1.86)	-0.069 (0.59)	0.168 (1.53)
London	0.331 (2.08)	0.049 (0.34)	-0.008 (0.06)	-0.176 (1.29)	0.070 (0.56)	0.028 (0.19)	-0.220 (0.74)
Child privately educated	-0.194 (1.26)	n/a	-0.210 (1.31)	n/a	n/a	n/a	n/a
Owner-occupier	n/a	n/a	n/a	n/a	n/a	0.525 (4.80)	n/a
Conservative supporter	-0.136 (1.50)	-0.048 (0.51)	-0.077 (0.42)	-0.067 (0.71)	-0.042 (0.47)	0.285 (2.86)	0.227 (2.48)
Broadsheet newspaper	-0.097 (0.69)	-0.083 (0.58)	0.040 (0.28)	-0.281 (1.89)	-0.121 (0.88)	-0.188 (1.22)	-0.197 (1.41)
Service provider capped in 1995	0.079 (0.62)	0.252 (2.02)	0.126 (1.01)	0.010 (0.11)	-0.149 (1.54)	0.077 (0.72)	-0.014 (0.11)
Quality-of-service-provision indicator	0.084 (1.47)	0.021 (0.36)	0.123 (2.20)	0.031 (1.75)	0.023 (0.47)	0.009 (0.16)	-0.022 (0.22)

Table A.3. Multivariate results: local area interests

Variable	Service area						
	Local schools	Services for the elderly	Services for children	Street cleaning	Leisure services	Local housing	Local police
Income	0.189 (3.20)	0.129 (2.23)	0.084 (1.45)	-0.016 (0.25)	0.044 (0.77)	-0.145 (2.53)	0.180 (3.12)
Tax price	-0.109 (2.03)	-0.099 (1.88)	-0.106 (2.00)	-0.133 (2.32)	-0.047 (0.88)	-0.086 (1.64)	-0.101 (1.91)
Child aged 0 to 4	0.215 (1.65)	-0.234 (1.87)	0.349 (2.75)	-0.199 (1.43)	-0.026 (0.21)	-0.062 (0.51)	-0.168 (1.36)
Child aged 5 to 16	0.134 (1.30)	-0.063 (0.63)	-0.025 (0.25)	0.039 (0.35)	0.102 (1.02)	0.108 (1.09)	-0.109 (1.10)
Respondent aged 40 to 65	-0.089 (0.97)	0.280 (3.06)	-0.134 (1.49)	0.040 (0.40)	-0.061 (0.67)	0.013 (0.14)	0.194 (2.16)
Household member 65 or over	-0.147 (1.27)	0.147 (1.29)	-0.158 (1.40)	0.133 (1.06)	-0.149 (1.22)	-0.281 (2.50)	0.390 (3.43)
Manual worker	-0.020 (0.22)	0.073 (0.83)	0.100 (1.15)	0.040 (0.41)	-0.128 (1.44)	0.053 (0.61)	-0.167 (1.92)
Degree	0.394 (3.07)	0.217 (1.74)	0.330 (2.69)	0.000 (0.00)	-0.149 (1.22)	0.128 (1.07)	-0.201 (1.66)
No qualifications	-0.265 (2.59)	-0.055 (0.55)	-0.183 (1.84)	-0.027 (0.24)	-0.052 (0.51)	-0.054 (0.54)	0.179 (1.78)
London	0.003 (0.02)	0.053 (0.42)	0.044 (0.36)	0.086 (0.63)	0.078 (0.63)	0.308 (2.50)	-0.300 (2.49)

Table A.4. Multivariate results: local area interests, including potentially endogenous variables

Variable	Service area						
	Local schools	Services for the elderly	Services for children	Street cleaning	Leisure services	Local housing	Local police
Income	0.204 (3.15)	0.120 (1.74)	0.090 (1.40)	-0.010 (0.14)	0.084 (1.32)	-0.094 (1.41)	0.188 (2.90)
Tax price	-0.101 (1.74)	-0.105 (1.64)	-0.100 (1.69)	-0.151 (2.50)	-0.052 (0.94)	-0.085 (1.45)	-0.125 (2.11)
Child aged 0 to 4	0.133 (0.94)	-0.219 (1.50)	0.279 (1.97)	-0.203 (1.37)	-0.007 (0.05)	-0.084 (0.62)	-0.148 (1.09)
Child aged 5 to 16	0.140 (1.25)	-0.162 (1.37)	-0.034 (0.30)	0.009 (0.08)	0.054 (0.50)	0.127 (1.15)	-0.111 (1.01)
Respondent aged 40 to 65	-0.100 (1.00)	0.343 (3.16)	-0.173 (1.71)	0.097 (0.90)	-0.007 (0.07)	0.059 (0.60)	0.213 (2.18)
Household member 65 or over	-0.171 (1.33)	0.119 (0.89)	-0.174 (1.37)	0.150 (1.11)	-0.092 (0.75)	-0.192 (1.51)	0.354 (2.80)
Manual worker	-0.061 (0.63)	0.095 (0.91)	0.091 (0.93)	0.050 (0.48)	-0.103 (1.07)	0.047 (0.50)	-0.170 (1.77)
Degree	0.405 (2.73)	0.182 (1.19)	0.404 (2.76)	0.043 (0.28)	-0.151 (1.08)	0.236 (1.66)	-0.097 (0.68)
No qualifications	-0.221 (1.96)	-0.094 (0.77)	-0.144 (1.28)	-0.031 (0.26)	-0.038 (0.35)	0.011 (0.10)	0.312 (2.78)
London	-0.092 (0.55)	0.075 (0.49)	-0.041 (0.28)	0.009 (0.06)	0.029 (0.22)	0.634 (2.09)	-0.415 (1.38)
Child privately educated	-0.262 (1.60)	n/a	-0.047 (0.29)	n/a	n/a	n/a	n/a
Owner-occupier	n/a	n/a	n/a	n/a	n/a	-0.188 (1.84)	n/a
Conservative supporter	-0.183 (1.94)	-0.208 (2.12)	-0.074 (0.78)	0.079 (0.79)	-0.049 (0.53)	-0.171 (1.84)	0.271 (2.90)
Broadsheet newspaper	0.137 (0.91)	-0.030 (0.20)	0.003 (0.02)	-0.081 (0.51)	-0.046 (0.33)	-0.006 (0.05)	-0.214 (1.50)
Service provider capped in 1995	-0.094 (0.70)	0.179 (1.37)	-0.078 (0.60)	-0.001 (0.01)	-0.168 (1.68)	-0.044 (0.46)	0.002 (0.02)
Quality-of-service-provision indicator	0.013 (0.22)	-0.010 (0.16)	0.042 (0.75)	0.018 (0.99)	0.076 (1.50)	-0.148 (1.40)	0.055 (0.53)

Appendix B. Individual-level data

Table B.1. Definitions of variables used in the multivariate analysis

Variable name	Description
Income	Logarithm of expectation of household income, taken from banded responses fitted to a log-normal distribution.
Tax price	Logarithm of expectation of cost of tax changes to household, taken from banded responses fitted to a log-normal distribution.
Child aged 0 to 4	1 if child aged under five in household, 0 otherwise.
Child aged 5 to 16	1 if child aged between 5 and 16 in household, 0 otherwise.
Respondent aged 40 to 65	1 if respondent aged between 40 and 65, 0 otherwise.
Household member 65 or over	1 if person aged 65 or over in household, 0 otherwise.
Manual worker	1 if respondent is a manual worker, 0 otherwise.
Degree	1 if respondent has a higher-education qualification, 0 otherwise.
No qualifications	1 if the respondent has no formal qualifications, 0 otherwise.
London	1 if the respondent lives in London, 0 otherwise.
Child privately educated	1 if a child is currently being privately educated, 0 otherwise.
Owner-occupier	1 if the property is owner-occupied, 0 otherwise.
Conservative supporter	1 if the respondent supports the Conservative Party, 0 otherwise.
Broadsheet newspaper	1 if the respondent reads the <i>Financial Times</i> , the <i>Guardian</i> , the <i>Independent</i> , the <i>Daily Telegraph</i> or <i>The Times</i> , 0 otherwise.
Service provider capped in 1995	1 if the relevant service provider set its budget at, or within 0.1 per cent of, the limit set by central government.
Quality-of-service-provision indicator	High values indicate a high level of spending and/or a high level of the quality indicator used. For the precise definition, see Table C.1 in Appendix C.

Table B.2. Questions used from the British Social Attitudes Survey

Year(s) asked	Question asked and response options
1995	<p>Suppose the government had to choose between the three options on this card. Which do you think it should choose?</p> <p>Reduce taxes and spend less on health, education and social benefits</p> <p>Keep taxes and spending on these services at the same level as now</p> <p>Increase taxes and spend more on health, education and social benefits</p> <p>(Don't know)</p> <p>(Refusal / No answer)</p>
1987, 1990, 1996	<p>Suppose your local council had to choose between the three options on this card. Which do you think it should choose?</p> <p>Reduce the level of council tax and spend less on local services</p> <p>Keep the council tax and spending on local services at the same level as now</p> <p>Increase the council tax and spend more on local services</p> <p>(Don't know)</p> <p>(Refusal / No answer)</p>
1983-87, 1989, 1990, 1994, 1996	<p>Do you think that local councils ought to be controlled by central government more, less or about the same amount as now?</p> <p>More</p> <p>Less</p> <p>About the same</p> <p>(Don't know)</p> <p>(Refusal / No answer)</p>
1984-87, 1989, 1990, 1994, 1996	<p>Do you think the level of the council tax should be up to the local council to decide, or should central government have the final say?</p> <p>Local council</p> <p>Central government</p> <p>(Don't know)</p> <p>(Refusal / No answer)</p>
1996	<p>About how much do you think that a 10 per cent increase in council tax cost would cost your household?</p> <p>Nothing</p> <p><50p per week <£25 per year</p> <p>50p to £1 per week £25-£50 per year</p> <p>£1 to £2 per week £50-£100 per year</p> <p>£2+ per week £100+ per year</p> <p>(Don't know)</p> <p>(Refusal / No answer)</p>

Continues

Table B.2 *continued*. Questions used from the British Social Attitudes Survey

Year(s) asked	Question asked and response options
1996	<p>Suppose that the local authority had to choose from the options on this card, which do you think would be best for people in this area generally?</p> <p>Half the sample given these possible responses: Increase spending and put up the council tax by 10 per cent Keep spending and the council tax about the same as now Cut spending and reduce the council tax by 10 per cent</p> <p>And half given these possible responses: Increase spending and put up local taxes for every adult in this area by £25 a year Keep spending and local taxes about the same as now Cut spending and reduce taxes for every adult in this area by £25 a year</p>
1996	<p>Suppose that the local authority had to choose from the options on this card, which do you think would be best for you and your household?</p> <p>Half the sample given these possible responses: Increase spending and put up the council tax by 10 per cent Keep spending and the council tax about the same as now Cut spending and reduce the council tax by 10 per cent</p> <p>And half given these possible responses: Increase spending and put up local taxes for every adult in this area by £25 a year Keep spending and local taxes about the same as now Cut spending and reduce taxes for every adult in this area by £25 a year</p>

The last two questions asked for each of the following seven spending areas:

- (1) local schools;
- (2) services for the elderly such as home helps and old people's homes;
- (3) services for children such as nurseries;
- (4) street cleaning and rubbish collection;
- (5) local parks, sports centres and libraries;
- (6) local housing needs;
- (7) local police.

Appendix C: Local authority data

Principal component analysis (Hotelling, 1933) attempts to identify those linear combinations of highly correlated variables with the greatest variance. We use this technique to reduce the large range of possible indicators of the quality of service provision for each of the seven local services discussed in the analysis to a single variable. This single factor contains the common variation in the spending and quality indicators for each local service between councils. This approach makes the analysis more tractable and allows more precise estimates of the impact of service quality on support for higher spending. Once a component has been identified, remaining components are constrained to be orthogonal to it. In our analysis, there was no evidence to suggest that more than two components should be retained for any of the spending programmes. In practice, since our results were robust to the exclusion of the second factors, which always had low eigenvalues and were not readily interpretable, a single indicator of service quality has been retained in each case.

Table C.1. Spending and quality information included in principal component analysis

Service area	Indicator	Coefficient	Source
Education	Primary pupil–teacher ratios	−0.261	LGCS
	Secondary pupil–teacher ratios	−0.220	LGCS
	Education spending per pupil	0.062	LGCS
	Cost per pupil aged 5 to 11	0.375	ACPI
	Cost per pupil aged 11 to 16	0.247	ACPI
Services for the elderly	Elderly residents per population aged 75+	−0.129	LGCS
	Home help contact hours	0.506	LGCS
	Social services for elderly spending per capita	0.331	LGCS
Services for children	Nursery places as a percentage of those aged 3 to 5	0.262	LGCS
	Nursery spending per capita	0.283	FGS
	Cost per pupil aged 0 to 5	0.283	LGCS
	Education spending on ages 0 to 5 per capita	0.342	FGS
Housing	Rents paid by tenants as a percentage of total costs	0.573	LGCS
	Percentage of housing stock void	−0.727	LGCS
	Average re-let time (weeks)	−0.546	ACPI
Police	Police officers per capita	0.497	LGCS
	Police spending per capita	0.497	LGCS
Leisure	Net expenditure on libraries	0.046	ACPI
	Leisure spending per capita	0.343	FGS
	Recreation spending per capita	0.606	LGCS
Streets	Refuse collection spending per capita	1	FGS

Key: ACPI — Audit Commission Performance Indicators (see Audit Commission (1996))

FGS — Finance and General Statistics (see CIPFA (1994a))

LGCS — Local Government Comparative Statistics (see CIPFA (1994b)).

Table C.2. Breakdown of authorities inside and outside the BSA survey 1996

Class of authority	Whether the authority was in the BSA survey 1996		Total
	Inside	Outside	
<i>Lower tiers:</i>			
Inner London	7	5	12
Outer London	13	7	20
Metropolitan district	23	13	36
English shire district	85	209	294
Welsh shire district	8	29	37
Scottish shire district	13	40	53
Other (atypical) ^a	0	7	7
Total	149	310	459
<i>Upper tiers:</i>			
English counties	35	3	38
Welsh counties	4	4	8
Scottish regions	4	5	9
Total	43	12	55

^aThis category includes authorities that are deemed to have 'untypical' spending levels or responsibilities, i.e. the City of London, Isle of Wight (county and two district councils), Isle of Scilly and the three Scottish Island authorities.

Table C.3. Population-weighted spending (per capita) from 1995-96 inside and outside the BSA survey 1996^a

Area of service	Average (population-weighted) spending per capita	
	Inside the BSA survey	Outside the BSA survey
Education	342.79	333.67
Social services	133.03	120.97
Police	122.74	106.36
Recreation	26.22	22.17
Libraries	17.24	15.39

^aThese figures exclude the seven authorities considered 'untypical'.

Table C.4. Authorities used within the BSA survey 1996

Local authority	County / Region	Number of observations in BSA survey 1996	Class of authority
Greenwich	Greater London	6	Inner London
Hackney	Greater London	1	Inner London
Islington	Greater London	8	Inner London
Lewisham	Greater London	7	Inner London
Tower Hamlets	Greater London	9	Inner London
Wandsworth	Greater London	5	Inner London
Westminster	Greater London	7	Inner London
Barking & Dagenham	Greater London	6	Outer London

Local authority	County / Region	Number of observations in BSA survey 1996	Class of authority
Barnet	Greater London	8	Outer London
Bexley	Greater London	6	Outer London
Brent	Greater London	4	Outer London
Ealing	Greater London	14	Outer London
Enfield	Greater London	15	Outer London
Haringey	Greater London	4	Outer London
Havering	Greater London	7	Outer London
Hillingdon	Greater London	1	Outer London
Kingston upon Thames	Greater London	7	Outer London
Merton	Greater London	9	Outer London
Richmond upon Thames	Greater London	6	Outer London
Waltham Forest	Greater London	20	Outer London
Manchester	G. Manchester	11	Met. district
Salford	G. Manchester	17	Met. district
Stockport	G. Manchester	11	Met. district
Tameside	G. Manchester	3	Met. district
Trafford	G. Manchester	7	Met. district
Wigan	G. Manchester	7	Met. district
Liverpool	Merseyside	11	Met. district
St Helens	Merseyside	17	Met. district
Wirral	Merseyside	10	Met. district
Barnsley	South Yorkshire	15	Met. district
Doncaster	South Yorkshire	8	Met. district
Rotherham	South Yorkshire	4	Met. district
Sheffield	South Yorkshire	22	Met. district
Newcastle upon Tyne	Tyne & Wear	13	Met. district
South Tyneside	Tyne & Wear	4	Met. district
Birmingham	West Midlands	17	Met. district
Coventry	West Midlands	6	Met. district
Dudley	West Midlands	6	Met. district
Sandwell	West Midlands	6	Met. district
Solihull	West Midlands	13	Met. district
Kirklees	West Yorkshire	24	Met. district
Leeds	West Yorkshire	7	Met. district
Wakefield	West Yorkshire	4	Met. district
Bristol	Avon	16	English shire district
Woodspring	Avon	8	English shire district
Bracknell Forest	Berkshire	1	English shire district
Reading	Berkshire	7	English shire district
Windsor & Maidenhead	Berkshire	6	English shire district
Wokingham	Berkshire	7	English shire district
Milton Keynes	Buckinghamshire	7	English shire district

Local authority	County / Region	Number of observations in BSA survey 1996	Class of authority
Wycombe	Buckinghamshire	4	English shire district
South Cambridgeshire	Cambridgeshire	9	English shire district
Congleton	Cheshire	8	English shire district
Vale Royal	Cheshire	11	English shire district
Middlesbrough	Cleveland	7	English shire district
Carlisle	Cumbria	7	English shire district
Derby	Derbyshire	6	English shire district
North East Derbyshire	Derbyshire	10	English shire district
Torbay	Devon	8	English shire district
Torridge	Devon	4	English shire district
West Devon	Devon	15	English shire district
Bournemouth	Dorset	11	English shire district
Weymouth & Portland	Dorset	9	English shire district
Durham	Durham	12	English shire district
Wear Valley	Durham	4	English shire district
Eastbourne	East Sussex	4	English shire district
Braintree	Essex	14	English shire district
Castle Point	Essex	8	English shire district
Chelmsford	Essex	9	English shire district
Colchester	Essex	5	English shire district
Epping Forest	Essex	8	English shire district
Harlow	Essex	17	English shire district
Maldon	Essex	9	English shire district
Southend-on-Sea	Essex	8	English shire district
Forest of Dean	Gloucestershire	2	English shire district
Stroud	Gloucestershire	6	English shire district
Tewkesbury	Gloucestershire	3	English shire district
Basingstoke & Deane	Hampshire	8	English shire district
East Hampshire	Hampshire	12	English shire district
Havant	Hampshire	3	English shire district
New Forest	Hampshire	8	English shire district
Winchester	Hampshire	7	English shire district
Worcester	Hereford	8	English shire district
Wychavon	Hereford	16	English shire district
Watford	Hertfordshire	5	English shire district
Kingston upon Hull	Humberside	8	English shire district
Dartford	Kent	11	English shire district
Maidstone	Kent	14	English shire district
Sevenoaks	Kent	12	English shire district
Shepway	Kent	2	English shire district
Thanet	Kent	10	English shire district
Pendle	Lancashire	7	English shire district

Local authority	County / Region	Number of observations in BSA survey 1996	Class of authority
Preston	Lancashire	5	English shire district
Ribble Valley	Lancashire	4	English shire district
Leicester	Leicestershire	8	English shire district
Boston	Lincolnshire	16	English shire district
East Lindsey	Lincolnshire	10	English shire district
North Kesteven	Lincolnshire	7	English shire district
South Kesteven	Lincolnshire	5	English shire district
Breckland	Norfolk	7	English shire district
Daventry	Northamptonshire	6	English shire district
Northampton	Northamptonshire	8	English shire district
Wellingborough	Northamptonshire	12	English shire district
Castle Morpeth	Northumberland	7	English shire district
Tynedale	Northumberland	7	English shire district
Craven	North Yorkshire	12	English shire district
Harrogate	North Yorkshire	7	English shire district
Ryedale	North Yorkshire	2	English shire district
York	North Yorkshire	14	English shire district
Rushcliffe	Nottinghamshire	5	English shire district
Cherwell	Oxfordshire	7	English shire district
South Oxfordshire	Oxfordshire	6	English shire district
North Shropshire	Shropshire	6	English shire district
Shrewsbury & Atcham	Shropshire	13	English shire district
Lichfield	Staffordshire	13	English shire district
Tamworth	Staffordshire	10	English shire district
Babergh	Suffolk	5	English shire district
Ipswich	Suffolk	7	English shire district
Mid Suffolk	Suffolk	6	English shire district
Waveney	Suffolk	5	English shire district
Reigate & Banstead	Surrey	14	English shire district
Woking	Surrey	8	English shire district
Warwick	Warwickshire	2	English shire district
Crawley	West Sussex	6	English shire district
Horsham	West Sussex	8	English shire district
Kennet	Wiltshire	6	English shire district
Thamesdown	Wiltshire	7	English shire district
West Wiltshire	Wiltshire	5	English shire district
Alyn & Deeside	Clwyd	5	Welsh shire district
Delyn	Clwyd	7	Welsh shire district
Wrexham Maelor	Clwyd	6	Welsh shire district
Dinefwr	Dyfed	7	Welsh shire district
Llanelli	Dyfed	3	Welsh shire district
Islwyn	Gwent	7	Welsh shire district
Torfaen	Gwent	10	Welsh shire district

Local authority	County / Region	Number of observations in BSA survey 1996	Class of authority
Cynon Valley	Mid Glamorgan	9	Welsh shire district
Kirkcaldy	Fife	6	Scottish district
North East Fife	Fife	9	Scottish district
Aberdeen City	Grampian	2	Scottish district
Moray	Grampian	15	Scottish district
Edinburgh	Lothian	7	Scottish district
Midlothian	Lothian	10	Scottish district
Dumbarton	Strathclyde	8	Scottish district
East Kilbride	Strathclyde	6	Scottish district
Glasgow City	Strathclyde	12	Scottish district
Hamilton	Strathclyde	14	Scottish district
Kyle & Carrick	Strathclyde	10	Scottish district
Motherwell	Strathclyde	6	Scottish district
Strathkelvin	Strathclyde	6	Scottish district

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