

INTRODUCTION

A.1 To support the work of Sir Michael Lyons and his Inquiry a number of detailed models were developed to illustrate possible options for reform of the local government finance system. At the time the Inquiry was commissioned the planned revaluation of domestic properties was due to go ahead in 2007 and the models in this Annex were developed in this context, on the basis of 2005 property values. Subsequently, the Government decided not to go ahead with revaluation at this time. The modelling here illustrates the effects of a number of possible options that might have formed the basis of revaluation had it taken place in 2007. Should revaluation take place on the basis of different property values, the outcomes of each option would be likely to alter.

- Section one of this Annex presents background to the Inquiry's revaluation and reform models; and
- Section two sets out results from the council tax revaluation and reform models.

A.2 Annex B provides a more technical description of these models.

A.3 The Inquiry plans to undertake further modelling of possible council tax revaluation and reform options over the coming months using a later and more comprehensive data set of property values. Although this modelling work is time-limited, comments are invited by the end of January 2006 on the approach and whether the reform options set out in this annex provide an appropriate and illuminating set of illustrations.

SECTION I: BACKGROUND TO REVALUATION MODELS

Existing council tax banding structure

A.4 Under the existing system, which was introduced in 1993, the 22 million dwellings in England are allocated to one of eight council tax bands according to their value on 1st April 1991.

Chart AI.1: Current council tax valuation band ranges and bill ratios

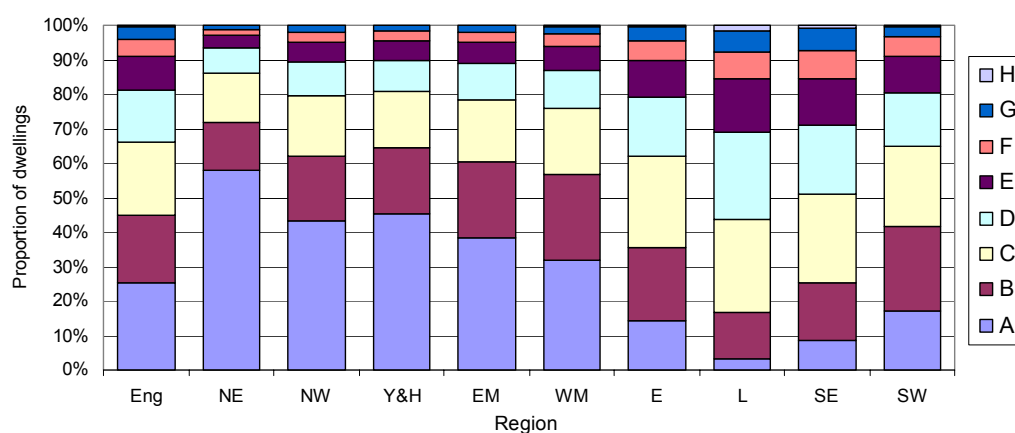
Band	Old band range (£'000s)	Ratio of Band D bill chargeable
A	under 40,000	6/9
B	40,001 to 52,000	7/9
C	52,001 to 68,000	8/9
D	68,001 to 88,000	1
E	88,001 to 120,000	11/9
F	120,001 to 160,000	13/9
G	160,001 to 320,000	15/9
H	over 320,000	18/9

Source: Local Government Finance Statistics England, ODPM

A.5 Within an authority the council tax bill for each band is a fixed ratio to the Band D bill. For example, a property in Band H always pays twice (or 18/9) the Band D amount. The ratios for all bands to Band D and valuation band ranges are shown in Chart A1.1.

A.6 In the existing system a property in the top band (H) pays three times the bill for a property in the bottom band (A), despite being worth at least eight times as much in 1991 prices. Commentators have used this to suggest that the tax is unfair. There is also an upper limit on the amount of tax a household can pay as no property can be any higher than Band H.

Chart A1.2: Proportion of dwellings in each council tax band by region as at 31 March 2005



Source: Valuation Office Agency of HM Revenue & Customs

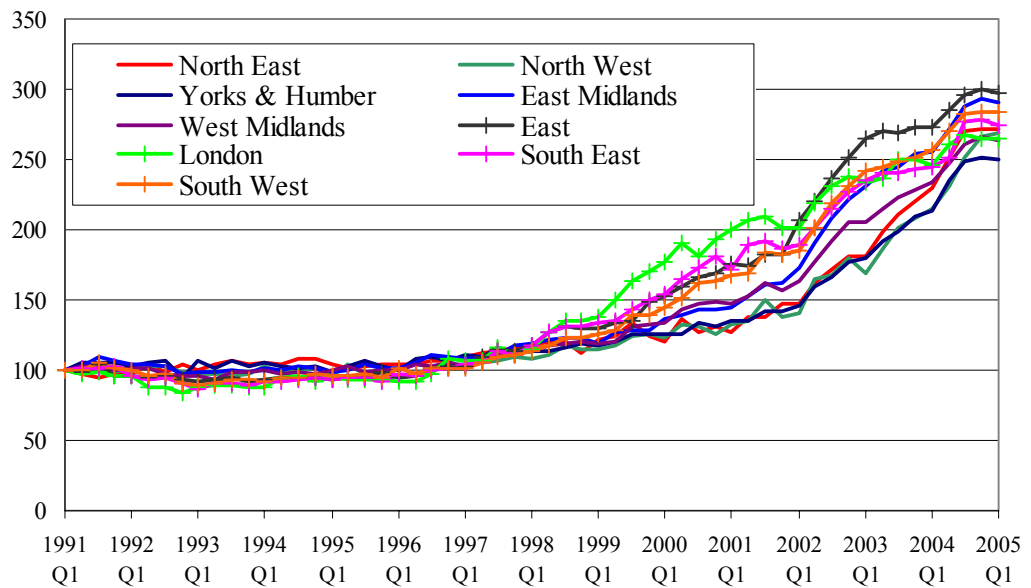
A.7 Nationally, 26 per cent of properties are in Band A, and only nine per cent are in the top three bands.¹ However the pattern varies widely across regions with the percentage of properties in Band A ranging from 58 per cent in the North East, where in some authorities the vast majority of homes are in the lowest band, to just three per cent in London. There are even more extreme variations between individual local authorities.

Property price increases since 1991

A.8 The valuation date for the 2007 revaluation exercise was set two years prior to the date the new valuation lists would have come into effect. As the lists would have come into effect on 1 April 2007 each property would have been placed into a new council tax band on the basis of its value at 1 April 2005, also known as the Antecedent Valuation Date (AVD). Property prices in England increased on average by 167 per cent between the first quarter of 1991 (the date of the previous valuation) and the first quarter of 2005.

¹ When sold, and if significant changes have been made, properties are rebanded for council tax purposes at 1991 prices. In some cases this may result in a property moving to a different council tax band. In 2004/05 the Valuation Office Agency made 370,000 new or altered bandings

Chart A1.3: Regional mix-adjusted house price indices, England, Q1 1991 to Q1 2005



Source: Housing Data and Statistics Division, ODPM

A.9 Chart A1.3 shows house price inflation for each of the nine English regions over this period. Given that this would be the first revaluation of domestic properties since the council tax was introduced in 1993, some change in relative regional property prices, and therefore in band movements as a result of revaluation would be inevitable. After significant divergence between 1998 and 2001, regional property prices converged during 2003 and 2004. Between 1991 and 2005 the highest inflation was seen in the East of England (197%) and the East Midlands (191%) and the lowest inflation in Yorkshire and the Humber (150%).

A.10 The 2001 White Paper *Strong Local Leadership - Quality Public Services* stated that revaluation in England should have no impact on council tax yield. This commitment would mean that updating the existing band and ratio structure to reflect current property values would redistribute the burden of council tax across the country. In general, properties whose values have increased significantly faster than average would tend to move up to a higher band, while properties whose values have increased significantly more slowly than average would tend to move down to a lower band. Regional variation in house price growth will result in contrasting levels of band movements in different areas. However, it should be noted that regional figures mask large differences in house prices between and within the authorities within each region. The following results section in this annex (Section 2) sets out in broad terms the possible effects of each revaluation and reform option examined by the Inquiry to date.

SECTION 2: REVALUATION AND REFORM MODELS

Description of revaluation and reform options

A.11 The figures presented in this annex provide an illustration of the modelling conducted by the Inquiry so far. The models were developed in the context of the revaluation planned for 2007 in order to look in detail at how reforms linked to

revaluation might improve the fairness of council tax. During the coming year the Inquiry will finalise modelling work using actual valuation data for April 2005 and the 2006-07 local government funding settlement. Views on the modelling approach (as described in Annex B) and on other useful alternative models are welcomed by the end of January 2006 to inform the later modelling work.

A.12 Out of the range of possible revaluation and reform options considered by the Inquiry Team, this annex presents results for five models which were chosen for the reasons explained below.

1. National Update
2. Regional Update
3. Extra Bands
4. Extra Bands with Inner London region
5. Extra Bands with Limited Upward Movements

A.13 A description of each option is given below. A summary of results from the five models is presented in the next section of this annex.

A.14 The National Update option is a straightforward update of the current system that retains the existing band and ratio structure. The new band margins are set on the basis of the average value of properties in the existing bands at 1 April 2005 and seek to minimise band movement. This is the baseline revaluation model.

A.15 The Regional Update option also retains the existing band and ratio structure, but has nine sets of regional bands based on regional house prices, rather than one set of national bands. This reform option, previously presented to the Balance of Funding Review and examined by other commentators, was modelled to consider the case for a sub-national banding scheme.

A.16 The Extra Bands option is one example of a model that adds bands to the top and bottom of the existing banding structure. The option presented in this annex is a national model that splits Band A to add one extra band to the bottom of the existing structure, splits Band G, and adds two new bands at the top. This option also stretches the ratios between bands, such that the highest band ratio is more than seven times the lowest. It is argued that Band A should be split into two bands as nationally it contains the largest number of properties, and if retained as the lowest band would mean that in the north only those who live in bigger homes outside of Band A would benefit from revaluation.² Additionally, without extra bands at the top of the existing structure those properties already in the highest band that have experienced a relatively high growth in value since 1991 would not be able to move up to a higher band following revaluation.³

A.17 The Extra Bands with Inner London region option has the same band and ratio structure as the Extra Bands model but has two sets of regional bands, one for Inner London and one for the rest of the country. The band margins are based on the property values in the two regions at 1 April 2005. This reform option was developed to address the large proportion of properties that would move up to a higher band in Inner London in a national revaluation or reform option (which was significantly higher than any other region examined).

² NPI, *Council Tax: the answer?*, March 2005

³ NPI, *Council Tax: the answer?*, March 2005

A.18 The Extra Bands with limited upward movement option was considered alongside the option of more frequent revaluations. The combination of more frequent revaluations and limited upward band movements would smooth movements over time, without the need for an additional transitional relief scheme. The particular reform option presented in this annex limits upward band movements to one band per revaluation cycle but allows unlimited band reductions. The option was developed in the context of considering more frequent revaluations, say, every five years.

A.19 Nevertheless, any of the possible options for reform presented in this annex could be combined with a system of transitional relief to smooth the impact on individual bills over time.

Comparison of Inquiry's work to options modelled by other commentators

A.20 The Inquiry considered a range of different approaches to revaluation and reform suggested by the Balance of Funding Review and others.

National Update option

A.21 The Balance of Funding Review considered a similar basic revaluation option modelled by the NPI but it should be noted that these models were run on 2002 house price data applied to the 2003-04 financial year and therefore reflect the impact of revaluation prior to the AVD.⁴ The Inquiry's National Update option is also comparable to the straight revaluation option covered in more recent research by the CCN and the Halifax. NPI presented an assessment of basic revaluation to the Balance of Funding Review that strongly suggested that it would be an unsatisfactory option as properties at the bottom of the banding structure would be unable to gain from revaluation, and properties at the top would be unable to lose. In addition, the NPI research showed that a national revaluation would reduce levels of 'horizontal equity', that is reduce inter-region equality as regards the ratio of council tax to income for homes in the same band in different parts of the country. The Inquiry's method for setting the new band margins differs from that used by NPI, CNN and Halifax.⁵ A brief discussion of the implications of the different methods is given later in this section. For further details of how the band margins are calculated in the Inquiry's model see Annex B.

Regional Update option

A.22 To illustrate the case for sub-national reform NPI modelled a 10-band regional council tax model with multipliers proportional to income.⁶ The Balance of Funding Review concluded that the case for and against a sub-national approach to revaluation should be considered. However the Review noted that the case for a sub-national approach might be weaker if the national convergence in property prices continued towards the AVD (1 April 2005). In fact, regional house price growth did indeed converge further over this period.

Extra Bands option

A.23 The Inquiry's Extra Bands model is most similar to a 13-band option published by the NPI that splits Bands A and G into two and splits Band H into four, with band multipliers broadly proportional to property prices.⁷

⁴ Balance of Funding Review, Paper 16: *Options for Reform of Council Tax (Paper by NPI)*, January 2005

⁵ County Councils Network, *Council Tax banding revaluation research*, updated May 2005; Halifax, *Council Tax revaluation report: average household in three out of ten local authorities could be moved to a different Council Tax band*, July 2005

⁶ Balance of Funding Review Paper 16, *Balance of Funding Review: Options for Reform of Council Tax (Paper by NPI)*, January 2005

⁷ NPI, *Council Tax: the answer?*, March 2005

Extra Bands with Inner London region option

A.24 The NPI report also suggested that there was a possible case for treating Inner London differently from Outer London, given the disparity in property prices between the two areas.

Welsh revaluation

A.25 Following the revaluation of properties in Wales, the Welsh Assembly Government introduced a nine band council tax system on 1 April 2005. The structure is based on house prices at 1 April 2003 and includes a new higher band (Band I) for Wales' most expensive properties. Local councils in Wales will continue to use the new valuation bands until the next revaluation and rebanding exercise, which under current legislation must take place before 2013. The Inquiry sought to learn lessons from the experience of revaluation in Wales, but was aware comparisons were limited by differences in the wider funding systems.

Implications of key modelling assumptions

A.26 Key modelling assumptions are considered in more detail after the technical description of the Inquiry's models in Annex B. Any significant implications for the results of the models are discussed below.

A.27 The Inquiry's council tax revaluation and reform models calculate the new band margins on the basis of the average sales value of properties in the existing band and surrounding bands at the AVD. This differs from the method employed by NPI and Halifax where each band margin is uprated by a fixed percentage equal to the national or regional level of property price inflation since 1991. The Inquiry's method is more responsive to different levels of house price inflation and therefore would have reduced turbulence, in particular with regard to properties moving up to a higher band.

A.28 In order to keep the yield from council tax constant after revaluation the Inquiry's model seeks to hold the national taxbase (number of Band D equivalent properties) stable. In practice, it is very difficult to achieve absolutely no change in taxbase. As a result, small changes in the taxbase after revaluation are offset by increasing or decreasing the Assumed National Council Tax (ANCT) in order to ensure that the assumed yield from council tax is unchanged. For further details on this method see Annex B.

A.29 The approach described above of holding the national taxbase and ANCT constant is not the only possible method of modelling council tax revaluation and reform. Different approaches could be used as a tool to vary the effects of revaluation.

A.30 At the point of writing this Annex information on the 2006-07 provisional settlement (announced 6 December 2005) and on the RSG 2006-07 taxbase (a snap-shot from local authorities as at October 2005) was not available. In 2006 the Government will be introducing a number of significant changes to the local government finance system, including a formula review (which will implement data from the 2001 Census), three-year settlements which in 2006 extend the 2006-07 settlement to include proposed financial allocations for 2007-08, and the new Dedicated Schools Budget. As this information was not available the Inquiry Team was unable to model and show the interaction of these changes with council tax revaluation and reform in this report. However, it should be noted that even with final settlement information it is not easy to predict changes in council tax bills as a result of revaluation because of the complexity of revaluation and its interaction with the grant process.

Results

A.31 A summary of national results for each council tax revaluation and reform model is provided below. This is followed by a smaller selection of regional results. The summary outputs in this section are intended to illustrate the possible impact of revaluation and reform on a variety of different outcomes. The Inquiry also modelled the impact of council tax revaluation and reform for individual local authorities, as well as changes to Council Tax Benefit, business rates and a local income tax. Results of this work will inform the Inquiry's final report.

National results **A.32** This section presents key modelling outputs for the five revaluation and reform options at a national level and exemplifies the impact of each in terms of:

- band margins;
- band movements;
- distribution of properties by band; and
- changes in bills.

National band margins **A.33** Chart A2.1 shows the existing council tax band margins and those calculated from the National and Regional Update models.

Chart A2.1: Banding structure and upper margins of valuation band ranges for the National Update and Regional Update options

Band	Ratios	Before revaluation	National Update		Regional Update								
			England		NE	NW	Y&H	EM	WM	E	Lon	SE	SW
A	6/9	40	102		94	94	95	106	101	113	124	116	114
B	7/9	52	147		143	138	139	143	138	149	161	150	148
C	8/9	68	191		185	180	181	182	180	190	205	191	189
D	1	88	246		237	231	233	231	231	242	262	245	240
E	11/9	120	319		310	304	308	299	299	316	340	317	314
F	13/9	160	454		431	431	433	421	414	452	485	456	453
G	15/9	320	814		757	726	716	716	710	796	900	820	820
H	18/9	-	-		-	-	-	-	-	-	-	-	-

Source: Lyons Inquiry Analysis

A.34 Under the basic revaluation model the uplift in the upper band limits would have varied from 143 per cent for Band A to 188 per cent for Band F. These increases differ from the set percentage increase employed by other commentators. For example in the Halifax research all of the upper limits were increased uniformly by 188 per cent.

A.35 As expected the band margins from the Regional Update option would have varied widely across the country and reflect the regional variation in house price growth since 1991.

A.36 Band margins for the Extra Bands and Extra Bands with Inner London region options are shown in Chart A2.2.

Chart A2.2: Banding structure and upper margins of valuation band ranges for the Extra Bands and Extra Bands with Inner London region options

Band	Ratio	£('000s)		
		Extra bands England	Extra Bands with Inner London region	
			Inner London region	Rest of England
A1	5/9	81	130	81
A2	6/9	102	138	102
B	7/9	147	176	146
C	8/9	191	217	190
D	9/9	245	276	244
E	11/9	319	355	317
F	13/9	454	506	451
G1	15/9	545	611	542
G2	17/9	810	958	805
H1	21/9	1,500	1,500	1,500
H2	27/9	2,500	2,500	2,500
H3	36/9	-	-	-

Source: Lyons Inquiry Analysis

A.37 Under the (national) Extra Bands model the upper margin of Band A1 would have been 20 per cent, or £21,000, lower than that of Band A in a national basic revaluation.

A.38 In the Extra Bands with Inner London Region model, the estimated band margins for the Rest of England region would have been almost identical to the national bands margins from the Extra Bands model. The Inner London upper band margins would have been higher than those for the rest of the country for Bands A1 to G2. The Band H1 and H2 upper limits were set at the same level in each region.

A.39 Band margins for the Extra Bands with limited upward movement model would have been identical to those for the Extra Bands reform option.

National Band movements

A.40 A property is judged to have moved bands if, after revaluation or reform, it is in a council tax band with a different ratio to Band D than it was previously. For example if in the Extra Bands model a property moves from Band H to Band H1 as a result of revaluation and reform, it is judged to have moved bands, as its ratio has changed from 18/9 to 21/9.

A.41 Chart A2.3 shows the numbers and percentages of English properties that would have moved bands under each revaluation and reform option before the application of any transitional relief schemes.

Chart A2.3: Band movements by revaluation and reform option, England

	Number of properties moving Bands					millions (%)	
	Down 2 or more Bands	Down 1 Band	Same Band	Up 1 Band	Up 2 or more Bands	Changing Band	
National Update	0.3 (1)	3.4 (16)	14.0 (64)	4.0 (18)	0.3 (1)	7.9 (36)	
Regional Update	0.3 (1)	3.4 (16)	14.1 (64)	3.9 (18)	0.3 (1)	7.8 (36)	
Extra Bands	0.4 (2)	6.1 (28)	10.8 (49)	4.2 (19)	0.4 (2)	11.1 (51)	
Extra Bands with Inner London region	0.4 (2)	6.2 (28)	10.9 (50)	4.1 (19)	0.3 (2)	11.0 (50)	
Extra Bands with limited upward movement	0.4 (2)	6.1 (28)	10.8 (49)	4.6 (21)	0.0 (0)	11.1 (51)	

Source: Lyons Inquiry Analysis

A.42 Nationally the number of properties that would have moved bands under the National Update and the Regional Update models would have been very similar. In both cases nearly 14 million properties would have remained in the same band after revaluation. This figure is similar to, but slightly higher than, the NPI estimate of 12 million properties under the basic revaluation model presented to the Balance of Funding Review which was based on property prices in 2002.

A.43 Both of the Extra Bands models estimate that approximately half of all properties in England would have stayed in the same band, and that more properties would have moved down one or more bands (around 6.5 million) than up one or more bands (around 4.5 million). Fewer properties would have moved to a higher band based on the Extra Bands with Inner London region model than under the national Extra Bands model. Results from the Inquiry's Extra Bands model place more homes in a lower band than the NPI 10-band national reform option (submitted to the Balance of Funding Review), in which 12 million properties would stay in the same band and 5.5 million would move to a lower band.

A.44 The results for the Extra Bands with limited upward movement model are identical to results for the Extra Bands model, except that upward band movements are capped at one band. The Inquiry's model estimates that 371,000 properties would have been held down one band or more as a result of the limited upward movement option. This is equivalent to approximately two per cent of the total number of properties in the country.

A.45 A comparison of the Inquiry's results with the Welsh revaluation experience shows that under any of the five revaluation options a smaller proportion of homes would have been expected to move up to a higher band in England than in Wales (34% in Wales). However, the Welsh revaluation exercise, unlike the Inquiry's models, did not hold the taxbase constant. It is estimated that the taxbase in Wales increased by around 5.5 per cent between 2004-05 and 2005-06, because of properties moving up the banding system following revaluation.

National distribution of properties by band

A.46 Charts A2.4 and A2.5 show the national distribution of properties by band for each revaluation and reform option.

Charts A2.4 & A2.5: National distribution of dwellings by band under the current system and each revaluation and reform option

Chart A2.4: Current system, National update and Regional Update models

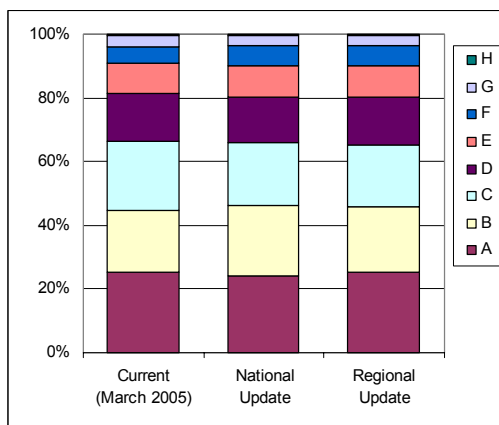
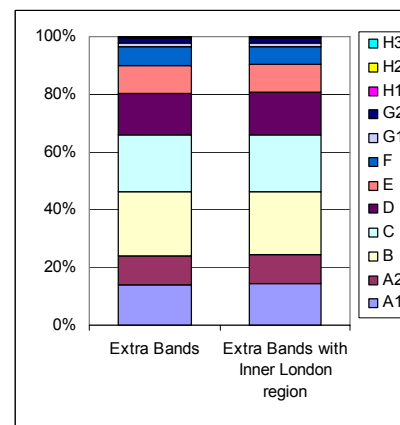


Chart A2.5: Extra Bands and Extra Bands with Inner London region models



Source: Lyons Inquiry Analysis

A.47 The estimated distribution of the properties by band under both the National and Regional Update models is very similar to that of the current council tax system with around 80 per cent of properties in Bands A to D.

A.48 The distribution of properties across Bands B to F would have been similar under all five options. The most notable difference is caused by the addition of Band A1 in the Extra Band models. After revaluation 14 per cent of properties would have been assigned to the new lowest band, just over half of the properties in existing Band A, but of course the total number of properties below Band B would have been unchanged. At the other end of the new banding structure, just one per cent of properties would have fallen into the top three bands, with only 20,000 properties (0.1%) in the new Bands H2 and H3. More notable differences occur at a regional level and these are discussed briefly in the following section of this Annex.

A.49 The limited upward movement model would have had little impact on the number of properties in each band beyond that of the Extra Bands model. The number of properties in Bands A1 and A2 would have been identical in both models. The number of properties in each of the top three bands (H1 to H3) would have fallen in the limited upward movement model, and in particular there would have been no properties in the top two bands, H2 and H3.

National changes in bills

A.50 Results in this section show changes in bills that would have resulted from revaluation and reform of council tax before discounts and exemptions, transitional schemes and Council Tax Benefit rebates.

A.51 In general results for changes in bills mirror the earlier results given on expected band movements for each revaluation option. All of the revaluation and reform options would have had a substantial impact on the council tax bills faced by many households (Chart A2.6). However, interactions with the grant system mean that it is difficult to estimate the precise changes in bills that would have resulted from revaluation and reform.

Chart A2.6: Estimated bill changes as a result of revaluation and reform options before discounts and exemptions, transition and Council Tax Benefit

	Estimated bill changes										millions (%)
	Down at least £3 per week		Down £1 - 3 per week		Within £1 per week		Up £1 - £3 per week		Up £3+ per week		
National Update	1.3	(6)	2.3	(11)	13.9	(64)	2.7	(12)	1.6	(7)	
Regional Update	1.4	(6)	2.4	(11)	13.9	(64)	2.7	(12)	1.5	(7)	
Extra Bands	1.4	(6)	5.2	(24)	10.6	(49)	2.5	(12)	2.2	(10)	
Extra Bands with Inner London region	1.4	(6)	5.2	(24)	10.9	(50)	2.3	(11)	2.1	(9)	
Extra Bands with limited upward movement	1.4	(6)	5.2	(24)	10.6	(49)	2.6	(12)	2.1	(10)	

Source: Lyons Inquiry Analysis

Note: the row totals in this chart may add to 101% because of rounding.

A.52 In each of the Extra Bands options around a half of properties would have seen only a minimal change in their council tax bills, compared to almost two-thirds in the National and Regional Update options. At the England level the Extra Bands with Inner London Region and Extra Bands with limited upward movement options would have had only a marginal effect beyond the Extra Bands model.

Numbers of households eligible for & cost of Council Tax Benefit

A.53 Households on low incomes receiving full or partial Council Tax Benefit would have been protected from bill increases resulting from council tax revaluation and reform. Some other households experiencing an increase in their bill would have become entitled to some Council Tax Benefit. Households on Council Tax Benefit facing lower bills would have received a smaller rebate after revaluation and reform, but would have paid the same amount in net council tax. The Inquiry Team modelled the impact of each option on Council Tax Benefit, assuming 100 per cent take-up before and after revaluation and reform.

A.54 The number of Council Tax Benefit recipients would have been expected to fall, as would the overall cost of council tax benefit to central government, in both of the Extra Bands models. Much of the reduction can be explained by the creation of Band A1 at the bottom of the existing banding structure.

Regional results

A.55 This section presents further analysis of two modelling outputs by Government Office Region. The impact of revaluation and reform varies more at a regional than at a national level.

Regional band movements

Chart A2.7: Proportion of properties moving bands under National Update option, by Government Office Region

	Down 2 or more bands	Down 1 band	Same band	Up 1 band	Up 2 or more bands	Changing band	%
England	1	16	64	18	1		36
<u>Region</u>							
NE	1	10	77	11	1		23
NW	1	18	71	9	1		29
Y&H	2	17	68	12	1		32
EM	1	16	67	16	1		33
WM	1	20	67	11	0		33
E	1	16	63	19	1		37
Lon	1	10	54	33	2		46
SE	1	17	61	19	1		39
SW	1	14	57	26	2		43

Source: Lyons Inquiry Analysis

Chart A2.8: Proportion of properties moving bands under the Regional Update option, by Government Office Region

	Down 2 or more bands	Down 1 band	Same band	Up 1 band	Up 2 or more bands	Changing band	%
England	1	16	64	18	1		36
<u>Region</u>							
NE	1	8	74	16	1		26
NW	1	11	71	15	1		29
Y&H	1	12	68	17	1		32
EM	1	13	68	17	1		32
WM	1	14	68	16	1		32
E	1	18	62	17	1		38
Lon	2	20	57	20	1		43
SE	1	19	61	17	1		39
SW	1	16	56	23	3		44

Source: Lyons Inquiry Analysis

A.56 Nationally the results for the two update models are very similar, but regionally more properties would have moved up the bands in the north and more properties would have moved down the bands in the south based on the Regional Update model. The Regional Update model would also increase the number of local authority “hotspots” (areas where a large proportion of homes would move up to a higher band) outside of London.

Chart A2.9: Proportion of properties moving bands under the Extra Bands option, by Government Office Region

	%					
	Down 2 or more bands	Down 1 band	Same band	Up 1 band	Up 2 or more bands	Changing band
England	2	28	49	19	2	51
<i>Region</i>						
NE	1	48	37	12	1	63
NW	3	47	40	10	1	60
Y&H	2	45	40	11	1	60
EM	2	32	50	16	1	50
WM	2	33	53	12	1	47
E	1	19	58	20	2	42
Lon	2	10	48	36	4	52
<i>Inner London</i>	2	7	39	47	5	61
<i>Outer London</i>	2	13	54	29	3	46
SE	1	18	57	22	2	43
SW	1	17	52	26	3	48

Source: Lyons Inquiry Analysis

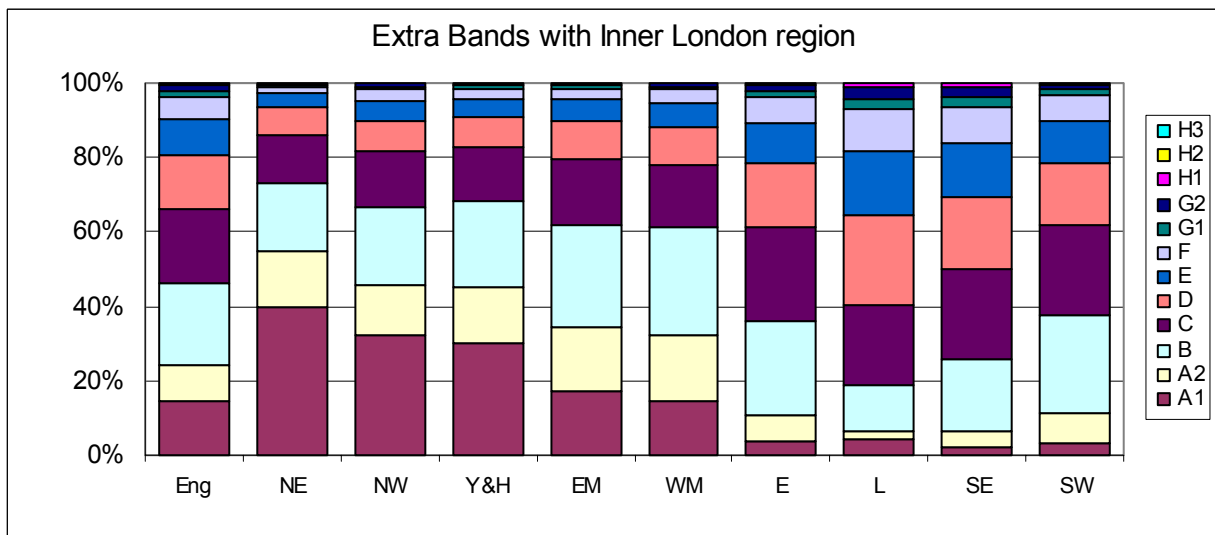
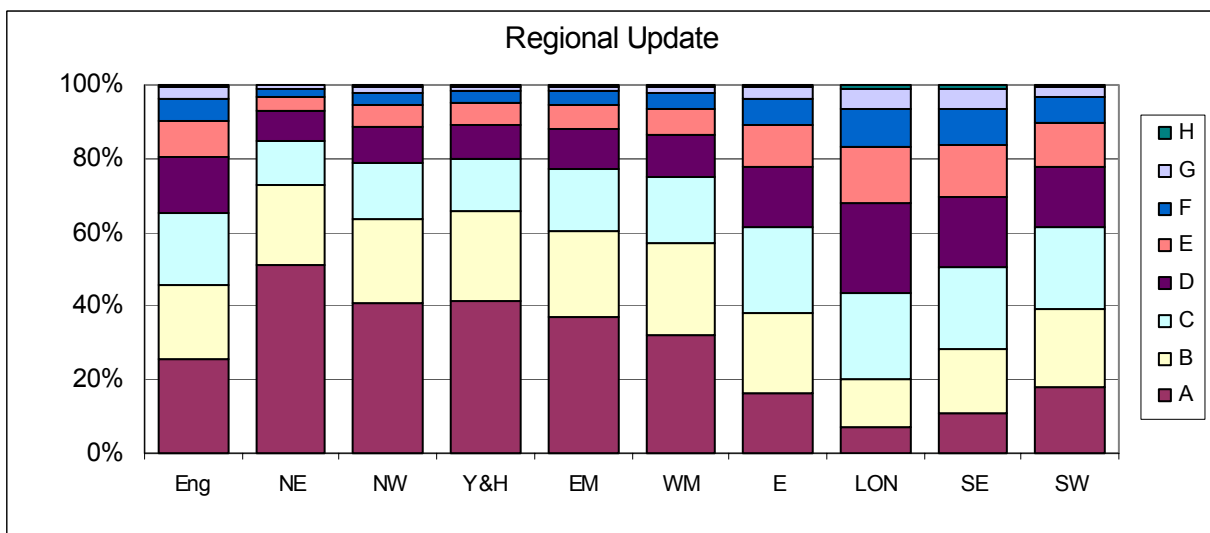
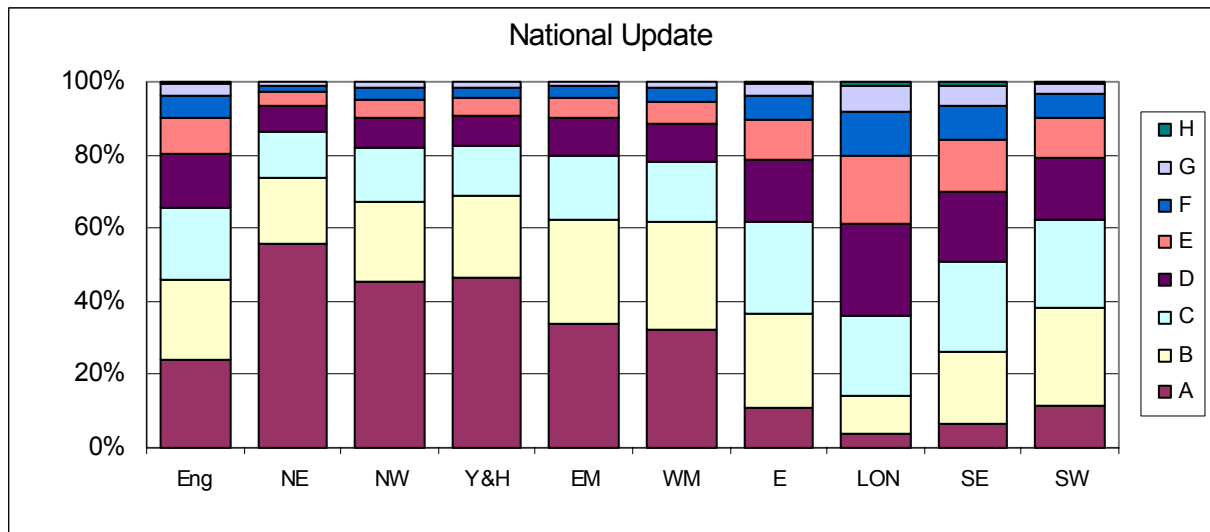
Chart A2.10: Proportion of properties moving bands under the Extra Bands with Inner London region option

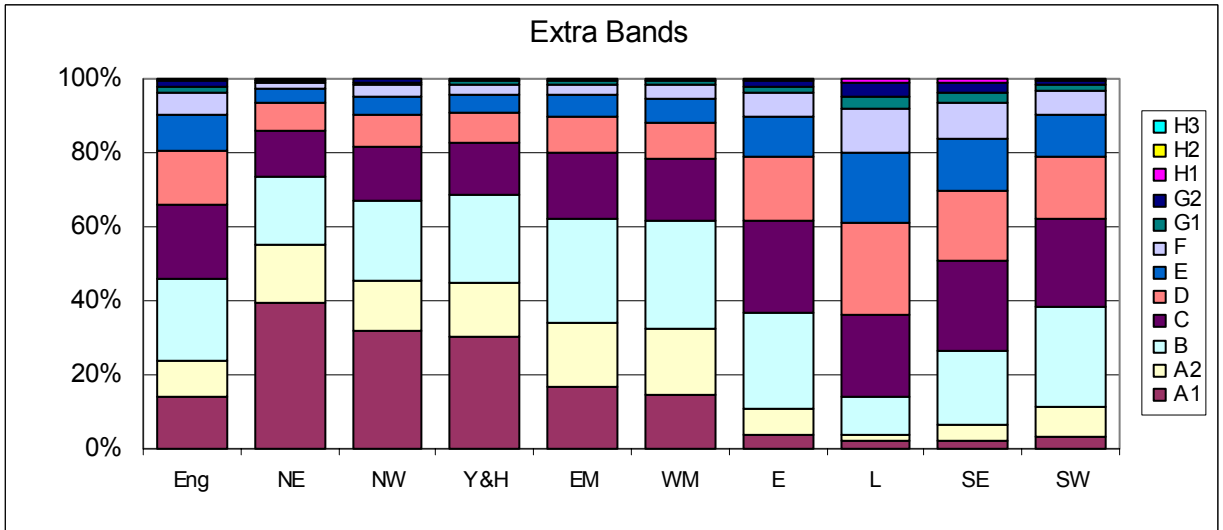
	%					
	Down 2 or more bands	Down 1 band	Same band	Up 1 band	Up 2 or more bands	Changing band
England	2	28	50	19	2	50
<i>Region</i>						
NE	1	48	37	13	1	63
NW	2	47	40	10	1	60
Y&H	2	45	40	12	1	60
EM	2	31	50	16	1	50
WM	2	32	53	12	1	47
E	1	18	58	21	2	42
Lon	4	15	52	27	2	48
<i>Inner London</i>	7	20	49	23	1	51
<i>Outer London</i>	2	12	54	30	3	46
SE	1	18	57	22	2	43
SW	1	16	52	27	3	48

Source: Lyons Inquiry Analysis

A.57 The additional bands at the top of the existing structure in the Extra Bands options mean that a larger proportion of homes would have moved up to a higher band in the southern regions than on the basis of a basic revaluation model. Introducing a special set of bands would have reduced the proportion of properties moving up the banding structure in Inner London. The Extra Bands with Inner London region option would not have had a significant impact on band movements across the rest of the country.

Regional distribution of properties by **Chart A2.11: Distribution of properties by band and region for four revaluation and reform options**





Source: Lyons Inquiry Analysis

A.58 The Inquiry’s National Update model shows in general that there would have been little effect on the distribution of properties by band in each region. The Regional Update model would have increased the number of properties in the lower bands in the southern regions and reduced the number of properties in these bands in the northern regions. Under the Extra Bands model, homes in the highest bands (H1-H3) would have accounted for a very small share of properties in all nine regions. There would have been little obvious difference between the distribution of properties by band in the Extra Bands and Extra Bands with Inner London region options outside of London.