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From: Pittam, Jon

Sent: 31 January 2006 13:29

To: SirMiichaelLyons@lyonsinquiry.org

Cc: Gibbins, Nick; Thornber, Cllr T K

Subject: Consultation paper and Interim report - modelling work

You asked for comments by the end of January 2006 on the council tax modelling contained in Annex A of your consultation paper and interim report.

The results of the modelling carried out to date are interesting , but it is not always entirely clear how some of the data matches the conclusions in the text. For example the setting of council tax band margins in the regional update model is apparently dependent on the relative movement of house prices in different regions of the country between 1991 and 2005. The band margins quoted in Chart A2.1 for London have increased by more than any other region, while the data on relative house price movements in Chart A1.3 suggest that house prices have increased faster in a number of other regions than London?

However the logic of considering setting band margins on the basis of house price increases since 1991 is questionable as it could in theory result in council tax band margins being higher in an area of relatively low prices than in an area of higher prices, if the price differential between areas had narrowed between 1991 and 2005. Though this may be more difficult to assess, it would be more logical for regional banding to be based on an assessment of regional price differentials rather than simply relative movements in house prices since 1991. This would be a further possible option for modelling a reformed council tax that the inquiry could consider.

In examining the implications of adding additional bands to the current structure and of reviewing the relativities between bands, there is also an argument for additional bands in the middle as well as the top and bottom of the structure. The argument for doing so would be to seek to broadly equalize the number of taxpayers in each band. This is another area for possible further modelling.

Please follow up any queries you have on this with Nick Gibbins,  
Assistant  
County Treasurer.

Jon Pittam  
County Treasurer  
Hampshire County Council

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