

Coalition for Economic Justice: Annual Report April 2017 – March 2018

Member organisations of the CEJ:

Christian Council for Monetary Justice (CCMJ), Henry George Foundation (HGF), International Union for Land Value Tax (IU), Land is Free (LF), Labour Land Campaign (LLC), Land Value Taxation Campaign (LVTC), Liberal Democrat Action for Land Taxation and Economic Reform (ALTER), Professional Land Reform Group (PLRG), School of Economic Science (SES), Taxpayers Against Poverty (TAP).

Organisations with observer status: Green Party, Systemic Fiscal Reform Group (SFRG), Young People's Party.

1. Steering Group

The Coalition for Economic Justice is an informal assembly of charities, political activists and other organisations with a common interest in the establishment of justice in economic affairs. Its steering group comprises of representatives of the member organisations. A core group meets monthly to confer and co-ordinate activities. Other members are not able to attend but still make significant contributions. This year we welcomed the arrival of Joe Bourke of ALTER, John Nairn of the PLRG and Rachel Collinson of the Green Party; all of them, in different ways, greatly strengthened the SG. Laurie Heykoop had to leave us when he took up a position at the Joseph Rowntree Trust in York. In the Autumn Term Peter Bowman took some time out and Ed Randall took the Chair in his absence.

2. General Election 2017

The political scene continues to be dominated by Brexit. On 18th April the Prime Minister called a snap General Election, presumably in an effort to strengthen her position in conducting the Brexit negotiations and the election took place on June 8th. A glance through the manifestos provided evidence of a rising awareness of land-related issues, in an election in which manifesto content seemed to have a particularly strong influence on voting behaviour.

Most notably, 2017 saw LVT discussed in a Labour Party manifesto for the first time in over eighty years. LVT was the central economic policy of the Labour Representation Committee and then the Labour Party which passed the 1931 Finance Act, decreeing the introduction of LVT. When that administration fell, the Tory-dominated National Government repealed the Act and put a stop to the preliminary valuation process. LVT then disappeared from the Labour agenda until the modest promise in the 2017 manifesto to “*initiate a review into reforming council tax and business rates and consider new options such as a land value tax*”. This elicited a hysterical Conservative Party Press Release about a “Garden Tax”, which cherry-picked figures from LLC research¹ to draw conclusions entirely at odds with those of the research itself. LLC made a series of complaints to the Independent Press Standards Organisation, which resulted in six of the usual suspects having to publish retractions. These can be found on line² but, by way of example, it is gratifying to hear the Daily Telegraph (the

¹ <http://www.labourland.org/wp-content/uploads/2015/09/JonesWilcoxLVTpaperFinal-V2.pdf>

² <https://www.telegraph.co.uk/news/2017/05/29/tax-homes-treble-labour-plans-land-value-tax/>
<http://www.dailymail.co.uk/news/article-4553476/Labour-s-secret-plans-4-000-garden-tax.html>
<https://www.thetimes.co.uk/article/labour-tax-on-land-would-slash-house-prices-wzr2gvmr5>
<https://www.thesun.co.uk/news/3676113/labour-planning-new-garden-tax-which-would-see-council-tax-treble/>

owners of which also own a Channel Island!) talking about “*how a land value tax could be advantageously implemented to replace unfair, economically inefficient taxes*”. Nevertheless, it was clear on the doorstep—at least in affluent London neighbourhoods—that the Garden Tax misinformation had had its desired effect among many homeowners.

LVT also figured in the Green and Liberal-Democrat Party manifestos, with the former promising “action on empty homes to bring them back into use and a trial of a Land Value Tax to encourage the use of vacant land and reduce speculation” and the latter remaining “*committed to introducing Land Value Tax (LVT), which would replace Business Rates in the longer term and could enable the reduction or abolition of other taxes*”. In the end, the Co-operative Party manifesto emphasised the potential of Community Land Trusts, with no specific mention of LVT, despite enthusiastic support amongst the grass roots.

Perhaps most interestingly, while the Conservative Party manifesto unsurprisingly made no mention of LVT, it talked at length about making “*it both easier and more certain that public sector landowners, and communities themselves benefit from the increase in land value from urban regeneration and development*”, as well as about combining “*the relevant parts of HM Land Registry, Ordnance Survey, the Valuation Office Agency, the Hydrographic Office and Geological Survey to create a comprehensive geospatial data body within government*”. However, a year on there has been no concrete action on either of these issues. Perhaps they have other things on their mind.

3. APPG on Land Value Capture

One of the most significant developments during the year has been the formation of an APPG (All-party Parliamentary Group) on Land Value Capture with the CEJ acting as secretariat. Since the formation CEJ it had been an aspiration of the Steering Group that an APPG be set up related to the collection of land rent for public purposes. By expanding the remit to the more general topic of land value capture, rather than limiting it to land value taxation, the APPG has opened the way to participation by Conservative Parliamentarians - facilitating the establishment on an APPG.

In a pre-budget speech in the City of London in 2017 Sir Vince Cable laid out Liberal Democrat proposals for tax reform including investigating the feasibility of Land Value Taxation (LVT).

He said “Authoritative analysis of the British tax system, notably the Mirrlees Report, makes it clear that the taxation of land is the most economically efficient and rational form of taxation, the least open to evasion and avoidance and the most relevant to contemporary needs such as better utilisation of land for housing. The Lib Dems are committed as a first step to replacing business rates with site value taxation.”

Sir Vince subsequently agreed to act as Chair to the newly formed All Party Parliamentary Group (APPG) on Land Value Capture launched in December 2017. He is supported by five

<https://www.express.co.uk/news/politics/810616/general-election-2017-jeremy-corbyn-council-tax-bills-homeowner-john-mcdonnell>

<https://www.dailystar.co.uk/news/politics/618362/General-Election-2017-Jeremy-Corbyn-Labour-manifesto-council-tax-homes-gardens>

officers including Sir Edward Davey MP as a Vice-Chair, who has been active in investigating cartel like practices and leasehold abuses in retirement homes.

The Conservative 2017 manifesto included a commitment to registering all UK land and reforming land value capture as a means of funding local infrastructure. The Conservative Vice-Chairs for the APPG include Richard Bacon MP, who steered the *Self Build and Custom Housebuilding Bill* through Parliament in 2015, and Yorkshire MP, Kevin Hollinrake. Kevin is also a member of the Housing, Communities and Local Government Select Committee which follows the work of the Department for Housing, Communities and Local Government, formerly the DCLG) and, most notably in this context its inquiry into Land Value Capture.

Caroline Lucas MP (Green) who presented a private members bill in 2012 calling on the government to undertake a feasibility study into the introduction of LVT also serves as a vice-chair.

Labour's 2017 manifesto promised to "...review council tax and business rates and consider ... land value tax, to ensure local government has sustainable funding for the long term." Ruth Cadbury MP, who has served as part of Labour's shadow housing team represents the Labour party position as a vice-chair for the group.

The APPG began its work in February 2018 with the launch of an inquiry into Land Value Capture. The first evidence sessions were held in March 2018 with a focus on devolved local authorities and Metro-mayors. Kevin Hollinrake took the chair and there were good presentations from James Palmer Mayor of Cambridge, David Carter from the West of England and Tom Copley from the GLA. Two further sessions have been arranged for later in the year and a call for evidence has been made with a view to complete and publish a report in the Autumn.

The CEJ is supporting the APPG with the provision of secretariat services to the Parliamentary group. Special thanks should go to Joe Bourke for his help behind the scenes in getting the APPG set up and to Rob Blakemore, CEJ SG secretary for his administrative work on the project, including an expansion of the CEJ website so it can serve as the website of the APPG on Land Value Capture.

4. Inquiries into land value capture

2017 – 2018 has been a stand-out year in the UK for specialist and popular interest in Land Value Taxation and Land Value Capture (LVC), particularly the latter. The CEJ, its Steering Group members and affiliated organisations, have all sought to make effective contributions to the enquiries and reviews announced and launched in the course of 2017-18. Each has reflected a growing interest on the part of elected representatives and public policy-makers, think tanks and academic researchers in LVC.

The CEJ, its Steering Group members and affiliated organisations have made submissions to: (i) the *Letwin Build-Out Review* (announced in the November 2017 budget); (ii) the *House of Commons Housing Communities and Local Government (HCLG) Select Committee Inquiry* into Land Value Taxation; (iii) the *consultation on the new London Plan*, which was published at the very end of November 2017 by the GLA; (iv) the Institute of Public Policy Research (IPPR)'s *call for evidence on Land and land value capture*, made early in 2018 as

part of their Commission on Economic Justice; and (v) the *call for evidence on LVC* from the recently established *All Party Parliamentary Group (APPG) on Land Value Capture*, which the CEJ supports and serves as APPG on LVC secretariat.

Wherever and whenever interest in the UK has been evinced in learning about and from the most successful international practice, in collecting and making use of the uplift in land values, the CEJ can claim it has taken note and had a say. Many of the submissions made by CEJ Steering Group members and affiliated organisations have emphasised the interrelationship between the availability of credit and the operation of the land economy in Britain. As one submission from a CEJ SG member put it: “With so many bidders, for a scarce commodity in high demand, the owners of urban sites – in prosperous cities, which are suitable for/already have permission for residential development, have a licence to make money that is barely distinguishable from a licence to print money. Indeed, the institutions that are authorised and empowered to make and offer credit have aligned their lending activities more and more with the sale and purchase of housing and residential land.”

The CEJ hopes and expects that many of those who have made submissions in 2017-18 will have the opportunity, in 2018-19, to build on their original submissions in oral evidence sessions.

5. Roundtable on Land Value Taxation

Vince Cable has commissioned three separate pieces of work on aspects of tax policy: on business tax, on the prospects for land value tax, and on options for a wealth tax. The aim is to publish short ‘spokesperson’s papers’ on all of these aspects of tax policy and to submit motions on them to the Liberal Democrats conference in September 2018. The proposal for a wealth tax could form part of a wider set of proposals on issues of income and wealth inequality, and whether revenues should be hypothecated to funding something like education and training.

Andrew Dixon, founder and co-Chair of the Liberal Democrats Business and Entrepreneurs Network, has been tasked with carrying out the preliminary work on Land Value Tax. Andrew organised a *roundtable*, intended to support this work - at Mandeville Place in January 2018, at which several member organisations of the CEJ presented views. He is assisted in this work by Vince Cable’s economic researcher, Max Von Thun, and Adam Corlett (a researcher with the Resolution Foundation).

The focus of the work is on the reform of Non-domestic business rates. Andrew has been furnished with an updated version of the CEJ paper on business rates reform and the CEJ awaits the first draft of the spokesperson paper for further comment and feedback by its members. Adam has teamed up with Dominic Humphreys, A UCL Graduate who has just completed his Masters Dissertation on valuation employing the latest techniques, to assist the research and development of policy proposals.

6. Old Oak and Park Royal Development Corporation OPDC.

At the CEJ Steering Group’s meeting in May 2017, as the CEJ’s Annual Report for 2016-17 was being discussed, CEJ members were encouraged to think hard about how the Coalition could and should follow up its interest in the report produced by London Assembly member Tom Copley (published in February 2016). Tom Copley’s report proposed a *Land Value Tax*

Trial' for London. In particular AM Copley's report recommended that an area in north London that includes Old Oak and Park Royal - which had been given Mayoral Development Corporation status in 2015 - should become the test bed for an LVT trial in the capital.

Four members of the CEJ Steering Group (SG), John Lipetz, Anthony Molloy, Andrew Purves and Ed Randall, were subsequently asked by the SG to find out as much as they could about the Old Oak and Park Royal development corporation (OPDC) and – operating as a CEJ Working Group (WG) – advise and help the Coalition to encourage London government to make the most of the opportunities that the Mayoral Development Corporation offered for 'collecting the rents and using them to promote the common good'.

The establishment of the CEJ's OPDC WG was fortuitous in at least one respect. The OPDC, under its new Chair – Liz Peace (who had been appointed by the new London Mayor Sadiq Khan), was just about to publish a *revised draft local plan* for the OPDC area. The plan (a glossy document over 300 pages) was launched on 29th June 2017. Its publication began a consultation process that ran until 11th September. The WG submitted a 9-page response to the OPDC's revised local plan entitled *Real Sustainability*³.

While the WG's submission, in response to the revised local plan, welcomed the OPDC's many good intentions, for example the draft plan employed the terms 'sustainable' and 'sustainability' over 100 times, the CEJ WG team were deeply critical of the Development Corporation's failure to get to grips with key financial issues and its reliance on: "...weak, one-off instruments (Section 106 Agreements and Community Infrastructure Levies) that are by definition *unsustainable and have rarely worked out in favour of the public side of asymmetric public-private partnerships...*". While the WG didn't agree with Tom Copley AM that the OPDC was a suitable test bed for LVT they argued that the case for a Land Value Capture (LVC) scheme – which took account of the OPDC special circumstances - was very powerful indeed.

With the SG's blessing the CEJ's WG then committed itself to go beyond its criticisms of the OPDC's local plan and began to prepare a detailed report, which was aimed at charting a better way forward for the Development Corporation. The WG's Report on the future of the OPDC and a supporting pamphlet were drafted in late 2017 and the early part of 2018, and the Report, entitled '**Let's Supercharge the OPDC and bring 'Singapore' to Thames side**', made available as a pdf for download⁴ at; in fact, the Report was formally published with a CEJ ISBN at the beginning of March 2018. The Report and an accompanying pamphlet⁵ generated a great deal of interest and Lipetz, Purves and Randall have subsequently been invited to meet leading AMs, including Tom Copley, and – most recently – the OPDC Chair, Liz Peace, along with the OPDC's recently appointed Commercial Director, Ben O'Neill.

The CEJ's OPDC watchers believe they have come up with important and worthwhile proposals for making the most of one of the UK's most valuable urban development locations and the CEJ's SG is now keenly 'watching the space' and backing its WG's call for the OPDC to follow best international practice in seeking to capture and use the uplift in land values in the OPDC area in the public interest.

³ available at: <https://tinyurl.com/yc8m2nez>

⁴ <https://tinyurl.com/yd8yyg97>

⁵ it can be downloaded as a pdf from <https://tinyurl.com/ybfsjm7t>

7. Scotland & Wales

The Scottish Land Revenue Group (SLRG) continues to campaign in Scotland, using the Adam Smith idea of ‘Annual Ground Rent’ (AGR). They held a public meeting 24th March 2017 with Fred Harrison, Mark Wadsworth and Andy Wightman as speakers. Duncan Pickard also continues to engage very actively, appearing in a news interview on STV in July and on BBC’s Money Box in November. A good line of communication has now been established with Duncan and the SLRG

Under the Scottish Land Reform Act (2016), the Scottish Government set up the Scottish Land Commission which came into being on 1st April 2017. Their remit is to:

“As set out in the Land Reform (Scotland) Act 2016 [concerning]...any matter relating to Land in Scotland:

- review the impact and effectiveness of any law or policy,
- to recommend changes to those laws or policies,
- to gather evidence, carry out research, prepare reports and provide information and guidance.

The Land Commissioners can carry out their functions in order to address issues which relate to the ownership of land and land rights, and the management of land...”⁶

The Commission has been quite active in undertaking its remit. Among other things, in December 2017, the commission called for tender bids to undertake research and to write a report investigating the potential of land value tax policy options for Scotland. A team led by Andrew Purves, and including Stephen Stretton, Tony Vickers, Duncan Pickard (all associated with the CEJ) and Professor Iain McLean (University of Oxford) and Jeremy Edge (Planning consultant), submitted a bid (though not the winning one) for the work on behalf of the School of Economic Science. Tony Vickers may assist the winning bid from the University of Reading, as he knows several of the members of that bid team, which is due to publish its findings in June 2018.

Separately, the Scottish Land Revenue Group submitted a quite extensive report to the Commission: Scotland’s Path to Prosperity – How and why Scotland should collect the rental value of land as revenue – written by Mark Wadsworth, of the Land Value Tax Campaign and Young People’s Party and observer on the CEJ steering group.

8. Open Meetings

The Steering Group has continued its programme of Open Meetings offered in the middle of each term. Over the last year there has been a common theme of how to communicate the message

⁶ <https://landcommission.gov.scot/about-us/what-we-do/>

2nd June 2017: Rev Paul Nicolson gave a talk entitled: *Lobbying after the election whoever wins? What policies do we fight for with and for the poorest UK citizens and how?*

Paul explored a number of issues, which reflected and focused on the great volume of campaigning work he had been engaged in throughout the last twelve months. In addition to his work, dealing with the consequences - for those reliant on Benefits - of having to pay Council Tax, Paul has been engaged in a wide-ranging lobbying effort and combined blogging promoted with organising seminars in Parliament - in conjunction with the APPG on Poverty – that have covered the subjects of Health Equality, Affordable Housing, and Land Value Tax.

27th October 2017: Fred Harrison led a meeting on *LVT, Tax Reform and Terminology: Building an authentically humane society – policy and language*

Fred explained that he was well aware of debates amongst Georgists and others about the terminology used to describe a fair taxation system. He added that he was also aware of a strong attachment to the term *Land Value Tax*. However, whether everyone used the same or different terminology – which could be LVT, Annual Ground Rent (AGR) or Location Benefit Charge (LBC) – the language employed was secondary to introducing tax reforms that were successful in: “...realigning rights with responsibilities, especially as these relate to the administration of the public purse.”

It was a lively and interesting Open Meeting, where almost everyone in the audience took the opportunity to ask Fred Harrison a great range of questions and to share their thoughts on the need for AND the prospects for radical tax reform.

16th Feb 2018: Rachel Collinson gave a presentation on *Introducing the TI (Transformational Index)*.

Rachel who recently became Green Party observer on the CEJ has many years’ experience working with third sector organisations as a digital consultant. She pointed out the importance and usefulness of non-profit organisations measuring the progress they were making towards their goals, particularly if these included such things as making progress in promoting social and economic changes on which it was difficult to put a purely financial value. Rachel introduced the *Transformational Index (TI)*, a social enterprise dedicated to fixing this problem. The TI is a system for measuring social and environmental impact, in a way that is difficult to cheat.

A lively discussion followed which considered the importance of measuring progress but also the dangers of measurable targets taking over as the purpose of campaigns. It was recognised that what was being put forward had great relevance for the work of the CEJ.

10. Conclusion.

The last twelve months has seen significant progress in raising public awareness and understanding of “land value” and the social and economic significance of how it is and could be distributed. We can look forward to the coming twelve months with continued hope for further progress as the outcomes of the various inquiries referred to in this annual report are concluded and their findings published.

Much of the progress has been due to the sustained efforts of CEJ Steering Group members, both those who are able to attend meetings regularly and those who are not. The Steering Group continues to work together in a spirit of co-operation where shared values of justice predominate over less important differences of opinion.

Special thanks goes to the secretaries whose have carefully compiled minutes of the meetings and continue to provide a very clear and helpful record of the activities of the Steering Group over the year.

The Steering Group also wishes to put on record its gratitude to the School of Economic Science for continuing to provide an excellent venue for its meetings in what is a welcoming, helpful and hospitable environment.

Peter Bowman
Chair of Steering Group
Coalition for Economic Justice
April 2018