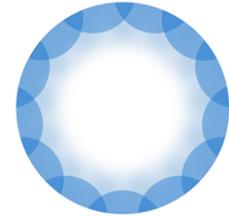


THE COMMISSION ON LOCAL TAX REFORM



1ST MEETING OF THE COMMISSION ON LOCAL TAX REFORM

Held in Verity House, Edinburgh at 2pm on Monday 23rd February.

Present:

Councillor Susan Aitken
Councillor Catriona Bhatia
Marco Biagi, MSP (Co-Chair)
Councillor Angus Campbell
Councillor Rhondda Geekie
Dr Angela O'Hagan
Isobel d'Inverno

Mary Kinninmonth
Dr Jim McCormick
Councillor David O'Neill (Co-Chair)
Don Peebles
Alex Rowley, MSP
Andy Wightman

In attendance:

Neil Ferguson, Robin Haynes, Adam Stewart (secretariat)

Welcome and Introductions

Councillor O'Neill and Marco Biagi began by welcoming everybody to the first meeting of the Commission and invited members to introduce themselves.

Both the co-chairs then together set out their views on the importance of the Commission, noting the widespread view that the current approach does not deliver as effectively as required, and that the announcement of the Commission has already been greeted with considerable support and enthusiasm.

Turning to their ambitions for the Commission, Cllr O'Neill and Mr Biagi both reflected their wish to bring together as many voices as possible to look at potential alternatives to the current Council Tax arrangements, and that this was an opportunity to use all of the expertise within the Commission to take a really hard look at the opportunities and challenges.

Councillor O'Neill also described the need to connect the Commission's work with the wider discussion about the provision and funding of local services, and the accountability of Local Government to its communities. Mr Biagi noted the potential for the Commission to build on the unprecedented levels of democratic participation

that have been witnessed in Scotland, along with the strong expectations in communities and more widely about what can be achieved, and that the remit required the Commission to test its emerging findings with the public.

In considering the timing of the Commission's work, the Co-Chairs described the requirement for the Commission's conclusions to be ready in the Autumn in order to fit with the democratic processes of political parties in the run up to the May 2016 Scottish Parliamentary election.

Remit

The Co-Chairs invited all members to consider the remit. They set out that the Commission will be autonomous, jointly supported by an independent secretariat drawn from Local Government Division within the Scottish Government and COSLA and responsible for determining its own way of working to fulfil its remit. It would report to both the Scottish Government and to COSLA. They reflected that the Commission is part of a wider conversation about democratic renewal and reform in Scotland, but that the remit and timescales did not extend to a fundamental review of structure, boundaries, functions and democratic arrangements for local government or local government finance more widely.

In subsequent discussion, the Co-Chairs acknowledged the significance of Non Domestic Rates to both local government finance and to local democratic structures. However, Non Domestic Rates were out with the scope of the Commission's remit, and whilst acknowledging that the wording used could have made this clearer, the work of the Commission would be parallel to a much broader discussion regarding local fiscal empowerment, which would include non-domestic rates and other issues such as discretionary local taxes.

The Commission also recognised and discussed the key importance of the Commission's Remit in relation to engaging with the public and reflecting the results of this in its work.

Proposed Conduct of Meetings

The Co-Chairs described how they wished to establish a mode of working that would allow the Commission to consider its thinking, exchange views, develop lines of questions, and work cohesively together.

After discussion, it was agreed that **the Secretariat would prepare a paper proposing key principles to underpin and guide the work of the Commission, its meetings, and in support its intended public engagement and information sharing.**

Building Evidence and Engagement

The Commission considered a paper prepared by the Secretariat which outlined possible approaches to engagement with the public and the gathering of evidence. A wide range of potential opportunities were identified, including a call for written evidence, the use of quantitative and qualitative research, review of literature and international comparisons, expert oral evidence and stakeholder groups, public engagement events, and the development of deliberative inquiry.

In discussion, all Commissioners strongly supported the key role that public engagement would play in its work, including the use of deliberative techniques. Recognising the significant and diverse interest in the Commission that was likely, it was agreed that a number of modes of evidence gathering would need to be developed. Interest was expressed in establishing a panel that could also be retained for the duration of the Commission's investigations and used to test its developing principles and findings. Commissioners also highlighted the developing use of digital media to inform and then capture the views of a broad range of audiences - citing the examples of on-line budgeting models developed by a number of local authorities.

It was agreed that **the Secretariat should prepare a detailed plan of engagement for the next meeting** that reflected the wishes expressed during the discussion, with a number of Commissioners indicating they wished to support this work stream as it was developed. As one immediate element of this activity, the Commission highlighted the requirement to issue and analyse a written call for evidence.

It was also felt that it would be beneficial, in the first instance, for **the Secretariat to provide short and accessible factsheets summarising the context for the Commission's work, including a summary of the present Council Tax, the Council Tax Reduction Scheme and a short summary of relevant previous studies that have addressed the theme of local domestic taxation, such as the Burt Committee and the IFS/Mirrlees Review of Tax by Design.**

The Commission also highlighted that it wished to develop a set of principles and criteria to guide its thinking, and that it could apply to the evidence that it receives. It was agreed that this would provide a methodology for sorting and reflecting on the large volume of evidence that was anticipated. It was observed that the Commission's Remit would offer a good starting point for these, and could also be supplemented by the Scottish Government's 4 principles of taxation (efficiency, convenience, certainty and of being proportionate to the taxpayer's ability to pay). **The Secretariat was therefore tasked with developing a draft set of principles and tests for this purpose.**

Developing the Work of the Commission

The Commission considered a paper prepared by the Secretariat proposing a way of approaching the remit, along with the likely time commitments required by Commissioners. This divided the work into 5 components of developing expertise, written consultation, public engagement, oral evidence and developing conclusions for a final report, demonstrating how they might be sequenced

This was used by the Commission to identify a number of topics they wished to discuss, including accessing expertise where appropriate, for its next few meetings. It was agreed these would cover the context of public and local government finance in Scotland, the tax powers available to the Scottish Parliament and related fundamental principles of taxation, the present Council Tax – including its operation and informed commentary of its shortcomings - other property taxes, Land Value Tax and Local Income Tax. **The Secretariat was tasked with proposing dates for these, along with making preparations for any presentations.**

The Commission also considered the further work it would need to develop across these 5 components and invited **the Secretariat to present a project plan.**

The paper by the Secretariat also set out the likely need of the Commission to access to a range of analytical and practitioner expertise- ranging from modelling the potential impacts of the taxes examined on household incomes, housing and land use and public finances to, for example, understanding the practical challenges that would arise from revaluing all properties or the sites on which properties are built. The Commission will also need to access knowledge of overseas practices. As many of the data sources and analytical modelling capacity existed with the Scottish Government, a protocol would be needed between the Commission and the Government to allow it to receive analysis that was independent from the Scottish Government's policy formulation process.

Additionally, the paper by the Secretariat set out their own administrative and policy support roles to the work of the Commission and recorded that the budget to cover the Commission's expenses –such as reasonable travel and subsistence costs, facilitation for engagement sessions and the printing and publication of the final report – would be met from the Scottish Government Local Government Division's programme budget and be managed in accordance with the Scottish Public Finance Manual.

AOB/Conclusions

The Co-Chairs thanked all Commissioners for their contributions to what they both felt had been a very positive and constructive first positive meeting.

**Commission Secretariat
February 2014.**