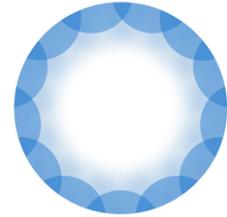


THE COMMISSION ON LOCAL TAX REFORM



2nd MEETING OF THE COMMISSION

Held in St John's Land, University of Edinburgh at 2pm on Tuesday 24th March.

Present:

Councillor Susan Aitken
Marco Biagi, MSP (Co-Chair)
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

Apologies received from Councillor Catriona Bhatia, Councillor Angus Campbell and Andy Wightman.

In attendance:

Emma Close, Neil Ferguson, Robin Haynes, Adam Stewart (secretariat)

Minutes of 1st meeting (23 February 2015)

1. The draft minute was agreed by all and would be placed on the Commission web site.

Principles of Working

2. The Commission received a paper setting out a number of principles to guide their activities and underpin the work of the Commission, its meetings, and its intended public engagement and information sharing. This paper had been developed following Commissioners' indication at the initial meeting that they wished to establish a mode of working that would allow the Commission to consider its thinking, exchange views, develop lines of questioning, and work cohesively together.
3. The Commission considered and agreed these principles subject to two minor changes, and discussed the practical implications for how they approach their work. It was also agreed that **the secretariat would place the principles document on**

the Commission's website as part of the Commission's commitment to transparency and accessibility throughout its work.

Presentations on Taxation

4. Professor David Bell of Stirling University gave a presentation to the Commission on the Fundamentals of Tax Design, which introduced a number of broad principles, including:
 - transparency of taxes and the connection between visible taxation (as opposed to "stealth" taxes) and democratic choice;
 - taxation redistributes income, and hence it is necessary to understand who a tax impacted upon and was borne by- comparing income taxes applying to individuals as opposed to council tax applying to households – when considering a tax's impact on welfare;
 - economic efficiency and how taxes can distort markets but also be used to incentivise positive behavioural responses;
 - the numbers of properties in each Council Tax band and the total revenues from each band in Scotland;
 - the recommendations of the Mirrlees Review of Tax by design.
5. Isobel d'Inverno then presented the tax powers of the Scottish Parliament prior to the implementation of the 2012 Scotland Act, the impact of the creation of the Scottish Rate of Income Tax, the recommendations of the Smith Commission and how these changes related to the financing of public services in Scotland.
6. These presentations were followed by discussion of principles and tests, including of a paper prepared by the secretariat intends to provide a framework for how the Commission would examine alternative tax systems. As the Commission recognised that this would need to be the subject of further exchanges, **the Secretariat would circulate the present version of the Principles and Tests framework to Commissioners** with a view to it being agreed by correspondence.

4. Evidence Gathering and Engagement

a) Report from ad hoc group

7. The Commission received a report setting out a range of proposals in relation to its evidence gathering and engagement activities. This built on the Commission's discussion at its initial meeting regarding the range of approaches that it wished to explore, and it was noted that following this, an ad hoc group had been formed involving a number of Commissioners to develop these options further, and report their proposals back to the full Commission.

8. The Commission considered the paper and after discussion, it endorsed the proposals that were put forward. Specifically, it was agreed that the Commission's engagement activities would include a call for written evidence, a review of literature and international comparisons, a programme of oral evidence sessions, a series of thematic and geographic listening events which would also be developed to be accessible to the wider public and would incorporate deliberative elements. It was also recognised that the public facing activities would be centred on building active participation. The Commission agreed to remit further consideration of applying deliberative techniques to identify public perceptions and reactions to the ad hoc public engagement group.
9. It was agreed that **the Secretariat would plan and deliver these activities** with Commissioners individually and collectively having an active role in the process of evidence collection and engagement. Specifically, **the secretariat would: i) commission the literature review; ii) plan and arrange the initial oral evidence sessions; iii) plan and arrange initial programme of listening events.** It was further agreed that the ad hoc group would continue to meet to steer this work, and that all Commissioners that wished to become involved in its work should contact the secretariat.

b and c) Draft Call for Evidence and Draft Online Questionnaire

10. The Commission considered a draft call for evidence and a draft online questionnaire which had been developed following a discussion held by ad hoc group of Commissioners on 10 March.
11. This approach had been agreed by the ad hoc group to reflect that a traditional consultation exercise was likely to attract and engage institutional stakeholders- whether they be tax professionals, local authorities, 3rd sector groups and others. This was recognised as a key to the Commission's work, but would not be effective in targeting individual stakeholders as represented by the 2.4 million households with Council Tax liabilities. The Commission discussed how this latter cohort would require a different approach and considered the content of a draft on-line questionnaire, aimed at accessing wider public engagement, take minutes to complete and feature on the Commission's web site and social media presence.
12. It was agreed that **the Secretariat should prepare a revised draft of the online questionnaire and wider call for evidence** which would be formally approved on behalf of the Commission at a further meeting of the ad-hoc engagement group.

Project plan

13. The Commission considered the project plan and project timeline documents and noted that the UK election on 7 May and the holiday months of July and August

posed particular time constraints on its work. There was some discussion of when the Commission would need to report in order to best inform political parties' policy development for their May 2016 manifestos. The general sentiment that whilst it would be helpful if the Commission reported in time for all parties' autumn conferences, this was not essential, although the Commission would abide by its commitment to report in the autumn. **The secretariat would make the project management documents available on line to Commissioners.**

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14. The Commission discussed the need to increase the public profile of the Commission, especially given that its remit required them to access public opinion. **The Secretariat will plan and implement actions to raise the Commission's public profile, seeking professional support if required.**
15. The Commission noted that Marco Biagi MSP speaking as co-chair of the Commission was speaking at the CIPFA Scotland Conference on 27 March.
16. The Co-Chairs thanked all Commissioners for their input as the Commission begun to approach the task ahead.

Commission Secretariat; March 2015.