

**From:** Watson G (Graham)  
**Sent:** 15 December 2017 14:58  
**To:** Cabinet Secretary for the Environment, Climate Change and Land Reform  
**Cc:** [Redacted]  
**Subject:** RE: Response Required- 3pm Friday: Portfolio Questions - Q.2 and Q.10

Erin,

Please find attached:

[Redacted]

- Draft answer and background note for Q.10 (S5O-01623) in the name of Adam Tomkins MSP.



Land Reform policy -  
Ministerial - Oral PQ -

Best regards,

Graham

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**From:** Connell E (Erin) **On Behalf Of** Cabinet Secretary for the Environment, Climate Change and Land Reform

**Sent:** 13 December 2017 14:57

**To:** Campbell M (Morag) (MARLAB); Pratt D (David); Dignon HJ (Hugh); Gray J (John); Thomson-McDermott K (Kate); Turpie S (Susie); Jardine I (Ian); Taylor A G (Andrew); Ritchie N (Neil); Carr J (Joyce); Speirs J (Ian); Davidson P (Pauline); Watson G (Graham); Bierley C (Christopher); Gardner J (Jillian)

**Cc:** [Redacted]

**Subject:** Response Required- 3pm Friday: Portfolio Questions

**Importance:** High

All

As you will be aware Ms Cunningham has portfolio questions on Wednesday 20 December.

I would be grateful if you could send over a draft word document with the question, proposed answer and background note so that Ms Cunningham can look at over the weekend and feedback any comments at the start of the week. To be clear please send us the document in an email rather than through the PQ system.

Apologies for the tight turnaround but grateful if we can have this **by 3pm Friday 15 December.**

Please note that Mr Yousaf will be answering question 9 and his office will send a separate request.

As just discussed with Graham, question 2 is actually an Economy question and should be for Mr Brown to answer. However we are waiting to hear whether it can be withdrawn or not.

Happy to discuss.

<< File: Enviroment 20 Dec.docx >>

Many thanks,

**Erin Connell**

Deputy Private Secretary to Roseanna Cunningham MSP | Cabinet Secretary for Environment, Climate Change & Land Reform | Scottish Government | 2N:08, St Andrew's House, Regent Road, Edinburgh, EH1 3DG | Tel: **[Redacted]** | [cabsececlr@gov.scot](mailto:cabsececlr@gov.scot)

**DRAFT ANSWER**

**Oral PQ – portfolio questions – Q.10 – Wednesday 20 December**

**S5O-01623**

Adam Tomkins:

To ask the Scottish Government whether it will provide an update on the work of the Scottish Land Commission

Answer:

The Scottish Land Commission was formally established in April and it is making excellent progress in delivering its three-year Strategic Plan and programme of work.

## **SUPPLEMENTARY QUESTIONS**

### **Is the Government going to introduce a Land Value Tax?**

**Answer:** The Scottish Government has no plans to introduce any new local tax but is open to further dialogue on options for tax reform.

Our Council Tax reforms protect household incomes and make local taxation fairer. They ensure local authorities continue to be properly funded, while becoming more accountable.

Council Tax is now fairer – our reforms, which took effect from April 2017, changed how the rate for more expensive properties in bands E-H is calculated.

**[Redacted]**

**BACKGROUND NOTE FOR S50-01639**  
**SUPPLEMENTARY QUESTIONS**

**[Redacted]**

**[Redacted]**

**LAND VALUE TAX**

**[Redacted]**

[Redacted]

### Other Party Positions from 2016 Scottish Parliamentary Election Manifestos

- **Scottish Greens** proposed replacing Non-Domestic Rates with a Land Value Tax and allowing Councils to develop site valuations alongside property valuation as part of their proposed replacement for Council Tax.
- **Labour.** Replace Council Tax with property tax and allow local authorities to levy novel taxes including Land Value Tax.
- **Lib Dems.** ‘Attracted to economic and social benefits of a Land Value Tax’. Further work should be undertaken in this session and process of mapping ownership should be made quicker.
- **Conservatives.** No reference to Land Value Tax.

**The Commission on Local Tax Reform** –cross-party, joint Scottish Government/COSLA (Marco Biagi as Minister for Local Government co-chaired, Andy Wightman was Green Party representative) - looked in depth at a number of different alternative local taxes, including a land value tax. It heard evidence about the potential of a land value tax, tested public opinion on it and, in conjunction with Heriot Watt University, undertook substantive analysis on the potential impact of a land value tax in Scotland.

The Commission’s final report, published in December 2015, concluded:

*“We believe that a system of land value tax is promising, but that, while the work done for the Commission has been of unprecedented scale, gaining a full understanding of its impact would require further analysis. Any system of administering property based taxation should provide sufficient flexibility in time that site values could form a tax base for a system of land value taxation. Further work should be done over the next parliamentary term to assess both general and targeted land value taxes, and their introduction should be given consideration as part of a broadened system of local taxation.”*

The Final Report, entitled “*Just Change*”, also describes how it found a land value tax to be not well understood by the public but that the economic principles were well founded. The most significant consideration in establishing a land value tax would be how to value certain types of land which seldom, if ever, come to market – most typically in city centres and in urban areas. This is important because, if a land value tax were to be established, the land values it is based upon would need to be understood in order for the tax to gain public acceptance and be sufficiently robust to withstand legal challenge.



**ISSUE:** The Mail on Sunday ran a story on 1 October that suggested the Scottish Land Commission's future research on the potential for some form of land value tax would lead to the introduction of a "garden tax" on homeowners.

The Mail on Sunday cited analysis by the Greens which called for a land value tax at 3.16% and suggested some households would pay £3,855 a year more than under council tax.

This story emanated from the work programme of the Scottish Land Commission, which commits to: *"review the ways in which land value taxation has been used as a policy tool to influence decision making by end 2018/19"*.

The 2017/18 Programme for Government says:

*"We expect to approve the [Scottish Land] Commission's first strategic plan which will set out a major programme of research to examine a range of radical options for further land reform in Scotland. [including] reviewing tax and fiscal arrangements, including the potential for introducing some form of land value based tax in Scotland"*

Cross Party Commission on Local Tax Reform final report, December 2015. (note Jackie Baillie and Andy Wightman both served on this commission) said:

*"Further work should be done over the next parliamentary term to assess both general and targeted land value taxes"*

[Redacted]

### Top Lines

- We look forward to the Scottish Land Commission's research but, in the meantime, we have no plans to implement a land value tax.
- Our Programme for Government set out a major programme of research that the Commission will undertake to explore radical options for further land reform.
- Examining the role of tax and fiscal incentives in relation to land, including a prospective land value tax, will be one strand of the Commission's work.
- The Commission will also examine:
  - The implication of Scotland's concentrated land ownership patterns;
  - The constraints that exist on the supply of land for housing, including land banking; and,
  - Options to bring vacant and derelict land back into use.
- This programme of work shows our commitment to further land reform to secure a more equal and socially just Scotland for the 21st century.

- We remain committed to making local taxation more progressive whilst improving the financial accountability of local government.
- We remain open to further dialogue on options for reform.
- We have developed a unique approach to tax policy making, based on the maxims set out by Adam Smith:
  - That taxes should be proportionate to the ability to pay;
  - That there must be certainty and convenience for the taxpayer; and,
  - That there must be efficiency of tax collection.