



THE OXFORDSHIRE LAND VALUE TAX STUDY

February 2005

Members of the Land Value Tax Working Party

Paul Bizzell, Vale of White Horse District Councillor Margaret Godden, Oxfordshire County Councillor Brian Hodgson, Oxfordshire County Councillor Terry Joslin, Oxfordshire County Councillor Dermot Roaf, Oxfordshire County Councillor Craig Simmons, Oxfordshire County Councillor David Illingworth, Financial Services, Oxfordshire County Council Tony Vickers, Researcher into Property Value Mapping

Also attended:

Robert Ashton-Kane, FRICS IRRV, Rapleys Jonathan Black, GIS Officer, Vale of White Horse District Council Steve Bishop, Assistant Director (Finance), Vale of White Horse District Council

The Working Group gratefully acknowledge the financial support of their sponsors:

Joseph Rowntree Foundation Land Value Taxation Campaign Action for Land Taxation and Economic Reform (Lib Dem pressure group) Economics Working Group (Green Party internal working group) Labour Land Campaign

And several individuals

Contents

Introduction	1
1. Origins of the Study	1
2. Completion of the Study	2
Valuation	2
Finance	2
3. Conclusions	2
Setting Up and Using the LVT GIS Layer	4
1. Introduction	4
2. Integrating and Interfacing Systems	4
3. Land and Property Records	4
4. The LVT GIS Pilot	5
Local Taxation and Valuation Records	5
6. Conclusion	6
Valuation For Land Value Tax – The Issues & The Problems	7
1. Establishing a Methodology	7
2. Capital v Annual Rental Values	8
3. Valuing Residential Properties	8
4. Valuing Commercial Properties	9
5. Valuing Agricultural Land and Open Space	9
6. Conclusions	9
Issues Raised from Data Analysis	11
Categories	11
Practical Issues	12
Appeals	12
Who collects?	12
Inertia	12
The Results	13
Model 1	13
Model 2	14
Models 3A B C	15
Model 4	16
Other Issues	16
Property versus Personal Taxation	16
Amount of tax to be raised	16
Conclusions	10
Annov 1 - The Theory of Land Value Tax	28
What is Land Value Taxation?	20
The Case For Taxing Land	20
Annox 2: Bontol Value Or Capital Value?	29
Annex 2. Remai value Of Capital value?	31
The Case For Annual Value Assessments	31
The Case For Annual Value Assessments	31
Recommendations	32
Conclusions	33
Annex 3: The wider implications of GIS for Local Government	34
Scope	34
About GIS	34
GIS and Local Government in England	34
GIS and Local e-Government	35
Local Government GIS and European Initiatives	36
Issues to Resolve	36
Conclusions	37
About the Authors	38

Introduction

Cllr Margaret Godden, Chair, LVT Working Party

1. Origins of the Study

The following resolution was passed at a meeting of Oxfordshire County Council on Tuesday 18th June 2002: "This Council invites the Executive to set up a Working Party to investigate the possibility of following Liverpool City Council's example, by lobbying the government to allow it to raise a Land Tax." At the subsequent meeting of the Executive, it was agreed "to set up a Land Tax Working Group, comprising the Leader of the Council, the Deputy Leader of the Council and the Leader of the Opposition (ex officio), plus one nominee from each of the political groups, a staff member appointed by the Director of Business Services/County Treasurer and not more than 3 co-opted members". The terms of reference of the Working Group were agreed to be: "to advise the Executive on the feasibility and advisability of following Liverpool City Council's example by lobbying government to allow it to raise a Land Tax". The Group was given a budget of £500 and given permission to invite expert witnesses to advise it, and to commission studies.

The motion was initiated by Cllr Brian Hodgson, then Leader of the Labour Group. Throughout the discussion of these arrangements, the Conservatives either abstained or voted against and the motions were carried by Liberal Democrat, Labour and Green members. Oxfordshire has a joint Conservative/Liberal Democrat administration which has worked well for three years but this is something on which they do not agree.

The working group that was set up consisted of 2 Lib Dem members, 2 Labour members, 1 Green member and an officer from the County Treasurers Department. Conservative colleagues were invited to join us but declined

We decided very early on that it would be necessary to carry out a valuation on a sample area to demonstrate

- (a) how practical LVT would be and
- (b) how the resulting values would compare with the present system

We wanted the area to be a contrast to the Liverpool study and to include agricultural land. We identified the Vale of White Horse (VOWH) as a suitable District in which to carry out our study, because of its mixture of suburban and rural areas and agricultural and high-tech economies. We also hoped that it would be sympathetic to the project and this proved to be the case. The Vale Executive voted to "Support the work of the County Council in investigating the implications of the introduction of Site Value Rating by undertaking an analysis of a representative area of the Vale".

Following this decision the Leader of VOWH and officers of VOWH joined the working group. As the work progressed Mr Tony Vickers and Mr Robert Kane have also attended meetings.

Having established the land values on our study area we proposed to calculate the impact of LVT on the different types of land-holding to raise overall a sum equal to the total current yield of Council Tax and NNDR.

Other calculations could seek to establish the total amount of revenue capable of being raised from the area; the same calculations but excluding agricultural land; and any other calculations which might be suggested to us.

It is agreed by all parties that the data resulting from the study is the property of VOWH and will be available to academics and professionals as a resource for further study.

2. Completion of the Study

There were two problems facing us at this stage:

- (a) Finding a qualified valuer who had the necessary understanding of LVT to help us to develop the methodology to be used in the valuation and to supervise the work.
- (b) Financing the project. The budget supplied by the County Council was sufficient only to cover the running expenses of the working group.

Valuation

We consulted Mr Tony Vickers, formerly Chief Executive of the Henry George Foundation and currently engaged in academic research in the area of property value mapping. Tony introduced us to Mr Rob Kane as a fully qualified valuer who was already interested in this area of work.

Finance

We had originally assumed (naively as it was to turn out) that VOWH would be able to carry out most of the valuation if they were given guidance on a methodology. In fact District Councils no longer have valuation departments and the Inland Revenue, which is now responsible for carrying out both domestic and non-domestic valuations, showed no interest in the project. Our valuer was therefore going to have to do most of the work. This made the operation much more expensive than we had originally expected.

We had already approached various people for financial assistance to pay for administrative and low-grade 'leg-work' as well as the final publication and seminar. We were very fortunate in receiving contributions from generous individuals and promises of grants from

Joseph Rowntree Foundation Land Value Taxation Campaign Action for Land Taxation and Economic Reform (Lib Dem pressure group) Economics Working Group (Green Party internal working group) Labour Land Campaign

However, this was not going to be enough to fund a complete valuation by a professional valuer.

Fortunately, Tony Vickers was anxious to see our project brought to a successful conclusion as he wanted to use the results in his own research. On this basis he successfully applied for a grant from the Lincoln Institute of Land Policy in America to fund Mr Kane's services in the Oxfordshire project¹.

3. Conclusions

The two Councils, their members and officers and our valuer have worked well together. The results of the study are set out in the rest of this report. The conclusions that have been drawn by the working party are:

(a) Valuations based on the undeveloped value of the land present no special problems to a professional valuer.

¹ A condition of this grant was that a full Valuers Report and record of how the site valuations were used in this Study be supplied by the Applicant, Tony Vickers, on completion. This is <u>not</u> that report.

- (b) The lack of definition of agricultural land at the present time would need addressing if agricultural land is to be included.
- (c) The increasing availability of well-developed GIS systems and other IT developments have the potential to make all property tax administration and land use planning easier and cheaper.
- (d) The initial valuations would be no more expensive than, for instance, the planned revaluation of Council Tax. Thereafter the system would be simpler and cheaper to maintain than those based on developed values.
- (e) Further consideration needs to be given to the choice of basis for valuation, i.e. capital or annual rental values.
- (f) The shift in tax liability between different categories of property would probably need a period of phasing in.
- (g) Further study on the effect on levels of domestic tax if the high value business sites in central Oxford were included in a countywide LVT would be welcome.

Setting Up and Using the LVT GIS Layer

Jonathan Black, GIS Officer, Vale of White Horse DC

1. Introduction

I want to first set the context of geographical information systems (GIS) at Vale of White Horse District Council. Over a number of years the Council has implemented several small independent systems. Each of these has been created for a specific purpose and is used either by a single specialist officer or a small team of officers.

However it has long been recognised that a corporate GIS with shared gazetteer and mapping would provide many benefits and support many of the Council's functions.

The Council's objectives in this area have been set out in its Implementing Electronic Government (IEG) Statements, documents that each Council is required to produce for the Office of the Deputy Prime Minister (ODPM). The development of a corporate GIS is seen as a crucial element of many of the various e-government initiatives. [For further discussion of the role of GIS see annex 3].

2. Integrating and Interfacing Systems

In 2003 the Council began the move to the next phase of GIS development by implementing an integrated GIS which now supports Building Control, Planning and Environmental Health Services functions. This is a modular system where all records in each module are linked to a core address gazetteer and detailed Ordnance Survey maps.

As part of this implementation the Council has begun to create digital mapping for use with the GIS, for example Planning. As an example of this use of GIS, the Council's Local Plan Map can be seen on the Council's Web Pages using this link

www.whitehorsedc.gov.uk/PlanningPolicy/LocalPlan/valemaps.asp.

3. Land and Property Records

The corporate GIS contains a Local Land and Property Gazetteer (LLPG). This is a list of addresses and locations each with a unique reference and a map reference.

This GIS will in due course pass address data to the National Land and Property Gazetteer (NLPG) and support the various national on line land and property data initiatives. National bodies such as Her Majesty's Land Registry (HMLR) and Inland Revenue Valuation Office Agency (VOA) are already matching their address data to the NLPG as part of their e-government strategies.

To facilitate closer working on gazetteer issues the GIS and gazetteer officers from Oxfordshire County Council and the five Oxfordshire District Councils meet regularly. The group has also met with representatives of Royal Mail and Ordnance Survey (OS) to talk about data quality and information exchange. In the last year the group has carried out validation of street names, agreed a set of local conventions for address referencing and established a protocol for the electronic exchange of new street and property address data.

For the next phase of the GIS strategy my e-government colleagues and I are investigating linking the Council's other main property based systems used by Local Taxation and Elections Services to the corporate gazetteer.

The NLPG does not yet include "non-addressable" properties, such as fields and other open spaces. Nor are the digitised boundaries of such land parcels available readily from any of the public bodies that deal with rural affairs (DEFRA or Environment Agency, for example). This means that none of the land parcels of rural areas created for this study can be regarded as definitive. In due course HMLR's database will include these, along with all legal boundaries.

4. The LVT GIS Pilot

The Oxfordshire Land Value Tax Study proposal gave me a way of trialling and evaluating the process of matching and mapping address data from disparate data sets. It was my hope that the LVT GIS pilot would demonstrate the usefulness of the GIS approach to data analysis and presentation.

The development of the new version of the Ordnance Survey maps known as Master Map has been a great benefit to the GIS community and was a remarkable achievement by the Ordnance Survey. These maps are constructed from point, line, text and area features and so it is now possible to directly derive polygons from Master Map features and to then link them to a variety of data.

The Oxfordshire County Council Highways team already had a GIS consultant working with them on improving their County Street Gazetteer and building links to the Master Map road map layer. He had also done some work on automatically generating site boundaries, known as polygons, to match addresses.

I want at this point to acknowledge the help that I received from Dennis Young, the GIS Manager at Oxfordshire County Council and David Simmons, the GIS consultant.

David Simmons was able to provide me with computer generated site boundaries for properties in the LVT study area. The generation technique was successful but limited; perhaps 60% of the polygons were complete. It was a good start and a basis for further manual editing of the incomplete and missing polygons. It did save considerable time and effort.

For example the automatic generation did not work well in modern estates where the front gardens have no hedges or fences. The Ordnance Survey Master Map shows no indication of property boundaries between these open plan gardens.

As the first step to build the GIS layer each property site boundary had to have a unique reference number matching an address from the Ordnance Survey and Royal Mail Postal Address File (PAF).

5. Local Taxation and Valuation Records

The Council's Council Tax and Business Rates address records and the Royal Mail/Ordnance Survey Address Point records are in different formats. Some preliminary reformatting was required before attempting to make an automatic match between data sets. The match rate was around 60% with the remaining 40% of records being matched manually.

Open Space site boundaries were derived directly from the Master Map features with the aid of air photography to allocate a land use.

Once all of the site boundary polygons were validated and referenced the GIS was used to calculate a site area for each polygon. The residential, commercial and open space addresses and site areas were supplied to the valuer for the valuation stage.

Following the valuer's site visits some of the LVT polygons were modified to take account of the composite sites. These were defined by the valuer for areas such as the shopping precinct which

consists of retail units, residential units and two car parks. Other composite sites were created for grouped business units and grouped residential units. The site boundaries were generally inferred from the map features, which do generally reflect ownership or occupation.

The valuation data was added to the land and property records and along with the Council Tax and Business Rates data used to create the LVT model. The results of the various modelling scenarios can be illustrated using the GIS to produce a map. The thematic mapping of the LVT model data allows the visualisation of some 3,500 pieces of data. For example it can clearly distinguish between the winners and losers under different LVT scenarios.

6. Conclusion

Many Councils have completed the matching and cleaning of their address data sets and are already periodically exchanging LLPG data with the national gazetteer custodian. These gazetteers all contain unique national references as well as the unique references from the constituent data sets and a map grid reference, but not yet a site boundary, for each address.

The LVT GIS data and map layer was constructed using established GIS technology and methods. As part of the Vale's corporate LLPG project, address matching and cleaning has been completed for around 97% of residential properties. The methods used to create the 3,500 site polygons for the LVT study area will be applied to further areas. The creation of a comprehensive set of addresses and site boundaries will enable the analysis and visualisation of the wide variety of land and property data sets.

Valuation For Land Value Tax – The Issues & The Problems²

Robert J I Ashton-Kane FRICS IRRV, Associate - Rapleys LLP

In 2001, following visits to Philadelphia and Pittsburgh the previous year, I was fortunate enough to be invited to meet the county assessor of Bridgeport, Connecticut to compare the system used in that city to collect local property taxes. The principle, as with a significant (and growing) number of other cities in the US and also countries around the world including Denmark, Croatia, Latvia, New Zealand and Australia, is to assess the value of the land upon which the buildings ("improvements" in American parlance) are erected, as distinct from the whole "hereditament" (i.e. land **and** buildings) as we in the UK identify.

1. Establishing a Methodology

The methodology adopted in arriving at this figure for land alone will be well known to all valuation practitioners as the Residual Method. Put simply, this is based upon the following process:

	Value of the "property" (ie land and buildings together)	1
less	Depreciated Replacement Cost of the buildings	2
equals	Value of land	3

Whilst rather simplistic (and arguably contravening the fundamental principle that "cost does not necessarily equal value"), it forms the basis of development appraisal techniques used by developers and valuers alike when seeking to calculate the value of land.

Obviously, when embarking on such a valuation, the best evidence is that of transactions relating to cleared or virgin sites but, in the UK at least, the number of such transactions are limited, primarily due to the planning system restricting the development of greenfield sites and many "brown" sites being acquired with existing buildings which the developer must clear first (and, possibly, remediate the site) before development can commence. Alternatively, the existing buildings can be refurbished and utilised as part of the redevelopment, but again, the "base" value of the site is hidden within the total figure

In undertaking the valuations for LVT purposes, one is required to assume that the land is put to its "highest and best use", namely that, even if vacant, if the land use allocation within the extant Development Plan indicates it is appropriate for, say, residential development, then the site must be valued as such. This represents a further problem in that, without a definitive statement from the planning authority in respect of each end every parcel of land, there is an element of conjecture as to exactly what is the sites highest and best use. Again, a degree of common sense is required in that, unless it is apparent that a site is truly appropriate for redevelopment, then it is assumed that what is physically present is in fact the manifestation of the highest and best use for that site. What must be ensured, however, is that no element of "hope" value is inadvertently factored in as any increase in value of the site will be triggered as and when planning consent is actually granted for an alternative use or development and, in theory, the LVT assessment will be revisited at that time.

Similarly, it is to be assumed that the unencumbered freehold interest is to be valued and that, unless it is apparent from the inspection of the site, there are no third party interests, easements or rights of way affecting the site.

² A more complete Valuers Report will be available in Tony Vickers' report for Lincoln Institute and Vale of White Horse DC in due course.

2. Capital v Annual Rental Values

In the process of considering the approach to this exercise together with the selection of the appropriate methodology, I was asked to consider the possibility of adopting a rental value approach to arriving at the tax base for each site.

In his similar studies in the Whitstable areas (q.v.), Hector M Wilks utilised this approach, albeit, at the time of his studies (1960's & 1970's), the instances of open market rents being payable for domestic property in particular was much more commonplace than it is now. Indeed, there were, apparently, examples of commercial rents being payable for undeveloped sites – a phenomenon almost unheard of in the present property market.

The characteristics of the present property market are, as always, a reaction to macro-economic conditions. Currently, with interest rates being at a particularly low level, property acquisition for occupation is biased towards freehold purchase, as this is invariably cheaper than paying rent on what is, and always was, a "wasting asset" There is, however, plenty of evidence of letting of commercial property, along with details of transactions relating to the investments stemming therefrom. However, there is an absolute dearth of evidence of open market, arm's length rental transactions relating to undeveloped land. Some would (and, indeed, have,) argued that car parks being used whilst a site's development is being programmed, gives an indication of its rental value. It is asserted by the author that this is erroneous in that (from professional experience) the rent payable in such transactions are a direct product of the income-generating potential for use of the site as a car park and, as the operator is the tenant, he has no interest whatsoever in the future value of the site as a consequence of its development and his rent is, therefore, completely unrelated to that use.

Others have argued that, in order to derive the rental value of a site, its freehold value be decapitalised at an arbitrary rate to arrive at an opinion of rental value. It is proffered by the author that, certainly for the purposes of this exercise, this not only creates an artificial value base and introduces yet another level of calculation into an approach intended to simplify the process, its starting point is the capital value anyway. Its distance from reality coupled with the above gives, in the opinion of the author, good reason **NOT** to contemplate adopting such an approach.

3. Valuing Residential Properties

A major problem in valuing such sites stems from the "confidentiality culture" that pervades the UK property market. Whilst in Bridgeport **EVERY** property transaction is a matter of public record and can be accessed by anyone (even over the internet), the only records of property transactions in England and Wales were, until the recent introduction of the new Land Registration Act, held by the District Valuer who is statute-barred from divulging transactional information unless under specific circumstances. Developers are very reluctant to divulge the price paid for sites for fear this will be used against them to "rack up" the price of the next available site in the locality and property agents are bound by codes of ethics and contractual confidentiality. Accordingly, the converse of the freedom of information enjoyed in Bridgeport exists in Britain.

Fortunately, albeit subject to my absolute commitment to confidentiality and their anonymity, a number of private landowners and developers were prepared to informally assist in my ongoing exercise but the relatively few pieces of genuinely comparable evidence I have been able to adduce pale into insignificance when one bears in mind the number of sites that were to be valued! The purist practitioners would, understandably, assert that each individual site should be subject to its own residual valuation. However, time and resource constraints, coupled with common sense, dictate that this is not an economically feasible approach. Indeed, whilst it is acknowledged that each site is unique, the market is not that sensitive in that sites of similar size within the same locality will, generally, have similar values. Arithmetic will show a site of 300 square metres has a different value to one of 310, but, barring significant topological or topographical differences, the two will, invariably, command the same value. ("Valuation is an art, not a science").

The process of identifying "Beacon" sites has therefore been adopted – selecting a sample of representative plots in the various localities and undertaking detailed residual valuations on each, to arrive at an indicative value per square metre which can then be applied, subject to end adjustments, to neighbouring plots.

In principle, this is a similar method to that adopted by the Listing Officer when producing valuations to assist in compiling the Council Tax Register and, in its most overt form, is the basis for the computer aided mass appraisal (CAMA) techniques used by many American States and elsewhere around the world. Such mass appraisal techniques have not often been used in the UK, and there is an absence of appropriate computer software to assist. At present it is a somewhat laborious process, albeit assisted by the use of spreadsheets to analyse comparables and value the "Beacon" properties. However this is likely to be corrected as CAMA is to be used for the 2007 Council Tax revaluation in England.

4. Valuing Commercial Properties

In undertaking this valuation exercise it was also necessary to determine values of all parcels of land developed as commercial property. In this instance, given that within the study area the majority of the properties located on commercially developed sites were subject to leases, there was limited evidence of freehold transactions of owner-occupied properties. However, through the analysis of investment transactions in the area, it was possible to arrive at an opinion of the appropriate yields deriving from such sales and apply the reciprocal of this yield (Years' Purchase) as a capitalisation figure to the rental values derived from open market evidence, to arrive at an opinion of the capital value of the developed site (Gross Development Value). Following from this, the similar process was adopted to that as applied to residential properties in order to arrive at a residual value of the site.

5. Valuing Agricultural Land and Open Space

With regard to the large number of "open spaces", the majority of these were agricultural land uses ranging from grazing land to commercially operated woodland. In these instances, the hierarchy of land quality (previously referred to as the MAFF category) was considered, along with any specific geotechnical features such as severity of slope, presence of water courses, evidence of inherent waterlogging etc together with other features such as whether the parcel of land was crossed by power lines or other easements including public footpaths/bridleways etc. With open market evidence of arm's length sales being available in the region, it was possible to analyse and interpolate such information to allow valuations of the subject land by direct comparison. Similarly, the several leisure land uses including the golf course, tennis clubs and rugby ground were considered by reference to (limited) transactional evidence of similar properties, albeit drawn from a wider geographical area.

6. Conclusions

In carrying out the valuation exercise, the assistance from the Client, being a local authority with access to the Ordnance Survey database, greatly assisted in the calculation of the various site areas. It would be envisaged that, through this exercise, the interaction between valuers and local authorities regarding exchange of information could be streamlined still further and a relatively straightforward exercise could be applied country-wide, without the need for substantial increase in resource. It would, of course, require the assistance of the District Valuer in ensuring that as much transactional evidence as possible was made available (either by the DV carrying out the valuations or the introduction of primary legislation enabling disclosure of currently confidential information) and also of the local planning officers in confirming the "highest and best" use of each plot. Nevertheless, whilst the first round of revaluation may well be a resource intensive exercise, each subsequent exercise should be little more than an "update" in technical terms, with the

valuation element being no more (and, arguably, less) cumbersome than either the Non Domestic Rating Revaluations or the Council Tax Revaluations.

In conclusion, this exercise has illustrated that the principle of conducting a revaluation of all properties in anticipation of adopting a Land Value Tax system need not be as laborious or resource-consuming as feared by many. Indeed, with the advances in information technology, including GIS, there is an argument that, given that there are, by definition, substantially fewer plots of land than hereditaments, this tax base would be a more efficient use of current resources in the event of a national revaluation.

Issues Raised from Data Analysis

Cllr Paul Bizzell, Member, LVT Working Party

Categories

One of the main objectives of the study was to discover what effect LVT would have on the amount of tax to be paid by different categories of landholders. We decided to establish what would happen if LVT was used to raise the same amount of tax as was already being raised from the study area by Council Tax and Non-Domestic Rate (£6.619m). All land would be valued including agricultural land though this is exempt from tax under the existing system. We also needed to decide how the land should be classified to allow for the possibility of different rates being set on different classes of land.

In the purest form of LVT this does not arise. Land is Land and a single rate suffices. The tax, of course, varies according to the convenience, profitability, quality etc of the site and any constraints imposed by the planning system on the highest and best use. This affects the value, but not the rate.

However it is unlikely that it could be kept that simple. It is generally agreed, for instance, that land in public use (parks, recreation grounds etc) should not be taxed. And in the early stages of implementation there would probably be a wish to moderate the speed of change for various classes of landholders. Other users of our data might like to experiment with all sorts of such adjustments. The working party agreed that the model should cater for the possibility of differing rates for different classes of use. This then brings into play questions of what the classification should be, how should it be structured and who should set it.

For the purposes of the trial a model was proposed which appeared to cover most of the requirements without becoming massively cumbersome to operate.

This used four broad categories two of which had sub categories.

- - Residential
- - Commercial
 - (8 Sub categories): Short Stay; Catering; Retail; Office; Research; Manufacturing; Communications; Leisure
- – Public Use
 - (7 Sub Categories): Educational; Health; Transport; Community; Religious; Public Open Space; SSSI
- – Agricultural

Other data is available to create further sub-categories e.g. to reflect different grades of agricultural land.

Even a cursory inspection of the list would show that a number of arbitrary decisions were made in coming to the list. There are some potential crossovers. For example should a leisure centre run by a local authority be Public Use or Leisure? Should it differ from a commercially run site? How would a league football stadium be classified?

These few questions serve to illustrate the general principle that the simpler the classification system the more clear-cut the choices

As far as these issues are concerned the trial has not identified any insurmountable barriers as long as there is a political will to take decisions to resolve the issues identified.

Practical Issues

Appeals

Following on from the above and looking at some of the initial maps produced from the data it is apparent that whatever system is used two similar factors will appear. Wherever a system is constructed that has ranges of data, there will be marginal cases to resolve. There are two such boundaries in the above system: the allocation to a particular use of a parcel of land and the valuation attached to it. However well constructed the criteria it is inevitable that some of the decisions will be challenged and hence a robust appeal mechanism will need to be constructed in advance of the implementation of any live system.

It should be noted however that it is not anticipated that this need be any more complex than the existing systems for appealing NNDR rates and Council Tax banding. Indeed one mechanism could well replace multiple existing systems. As with any change in system it might be anticipated that there will be a rash of initial appeals. However, once a context has been established through usage of the system it is likely that the volume of appeals would diminish.

Who collects?

This might be seen by some as a political issue but there are very real practical issues to be thought through as well. The current system where Unitary and District Councils collect Council Tax on behalf of all precepting authorities is well tried and tested. However there is government pressure to find efficiency savings through joint working. If the scope of the tax were such that it replaced other taxes traditionally collected by agencies other than local government it could be argued that the scope for efficiency could be even further extended.

Balanced against this is the need to maintain data on the ownership and classification of the land packets. There is a close relationship with the planning function here. It could be argued therefore that internal efficiencies would be such that keeping the tax collection function in the same organisation as the planning function would give the best overall cost benefit.

Whatever the resolution of the above issues, the work done on the trial has not identified any practical barriers that are likely to prove unduly complicated to resolve or to add any net cost to the administration. Rather the opposite seems to be likely if there is a simplification of the overall taxation system as a result of adopting LVT.

Inertia

Reluctance to change is a significant factor which might hold back the implementation of any form of LVT. There are a number of grounds for reluctance. Since any change to system generates winners and losers then it would not be unreasonable for members of the general public to fear that a change in system could have an adverse effect by making them an individual net loser. They might also be suspicious that a change in the system would be used by the powers that be to increase the overall tax burden.

From a politician's point of view it is important that as little room is left for scaremongering as possible so that debate can be had at a rational level rather than needing to spend time dispelling wild rumours and incorrect assertions.

These considerations apply to any change in local taxation and will no doubt arise whatever replacement is eventually proposed for the discredited Council Tax.

The Results

What the trial set out to do was to quantify the extent to which individuals would be winners and losers and to investigate how different models would change this. The results are shown in figures 1 to 4 at pages 18 to 27.

Model 1

The initial model run in the trial was a uniform rate across business, residential and agricultural land to raise the same net amount as is currently raised in aggregate by Council Tax and NNDR.

The initial finding was that a uniform rate would mean the tax burden would shift quite significantly to residential properties. This surprised us and we found it somewhat counter-intuitive.

Further consideration of the issue begins to explain the apparent anomaly. It is generally agreed that percentage increases on NNDR have been below the level needed by councils and that Council Tax payers have had to make up the difference by higher percentage increases. Consequently there has been a perception that residents have been unfairly treated in comparison with businesses. However this assumes that the apportionment of tax in the first place was correct.

The basis of the two existing taxes is quite different and rates are set by different bodies for each. NNDR is a uniform rate across the whole of the country and is set by the Chancellor having regard for the overall ability of "UK PLC" to bear the burden. At the time the NNDR is set the Chancellor has the luxury of altering numerous other taxes which affect commercial organisations and their ability to pay a property tax.

The ratio of total land value to their current NNDR in the trial area is 14.26 to 1, with the vast majority of properties being in the range 8 to 1 - 10:1. In other words we might say that the typical NNDR rate is about 10% of the land value.

Council Tax is set by the local authorities and apart from charges for individual services is the only tax payable by residents to local government. The average ratio of land value to the current Council Tax is about 200:1 with about three quarters of the properties in the range 100:1 to 300:1. The variation is mainly accounted for by the size of the plot on which the property stands. Nevertheless we might say that the mean CT rate is about 0.5% of the value of the land.

Clearly with such a different starting point any attempt to introduce a single rate of tax for all classes of use with no other mechanisms or considerations would result in owners of domestic property paying a far higher proportion of the total tax take than is currently the case.

It has been suggested that the balance between domestic and business tax levels would be very different in a countywide valuation which included the highest value commercial sites in central Oxford. We are not in a position to comment on this but further study to see the effect of including these properties would be helpful.

However that might be, in our model the current level of taxation on domestic property would increase. With the current national concern about Council Tax levels this would be unlikely to be acceptable. However it could be the solution to the question currently being discussed regarding the balance of funding between local and central government. Allied to a cut in government imposed taxes, such as Income Tax & National Insurance there could be a scenario in which total tax take was kept neutral whilst local tax collected rose and central tax collected dropped.

There would, of course be winners and losers in this. Generally households with multiple incomes would gain whilst those paying little income tax but owning a substantial property would lose most. The losers have to include all agricultural sites since these are not included in the current NNDR.

Model 2

A second model was constructed which looked to raise the same net amount as is currently raised in aggregate by each of the taxes. That is a zero net sum for residential property tax and a zero net sum for commercial sites. Agricultural land is not included in this model.

This produced some large individual swings and clusters of winners and losers with occasional apparent anomalies.

This result was entirely predictable. Both Council Tax and NNDR are taxes on buildings not land. So sites with a high building density are paying a high tax under the present system; those with low density development are taxed at a low rate.

For **domestic properties** there are 952 losers and 2147 winners. Normally, the winners are those plots that have little or no garden and the losers are those where houses stand in large grounds and where maximum development is permitted by the planning regime. Again this is intuitive and highlights one of the facets of LVT which attracts many politicians. With this relationship it becomes much easier to manage a local development framework, particularly in areas where there is pressure to increase the supply of housing, as the tax reinforces the planning policy.

The fact that there are large swings does again raise the question as to what if any form of damping or transitional relief might be required. It also raises the spectre of a small number of hard cases where an asset rich but cash poor individual has been living in a large family home for a number of years, perhaps now on their own. This case should be distinguished from the general case where there are simply large grounds with no obvious barrier to development. It has been suggested that an appropriate mechanism for dealing with cases of hardship, not otherwise covered by existing forms of relief, might be a form of deferred payment to be collected at such time as a property is sold. This seems to have much to commend it and could well be introduced to supplement any other form of damping or transitional relief. However it delays the benefit to the community of collecting the additional tax.

The clustering of winners and losers is also to be expected. Typically houses are developed in groups or clusters and tend to be of similar construction and size on similar sized plots. Some anomalies arise due to odd shaped plots or sizes. Typical of this would be a corner plot (higher value) or a triangular plot at a bend (lower value).

The issue this raises for politicians is that clusters give rise to a collective voice as opposed to scattered individuals. The only direct response to this must be to remain true to the principles of the exercise and accept that there will be losers as well as winners and of course those with the grievance will be most likely to express their views.

An indirect response would be to seek to minimise the number of losers and this is further examined in Model 3.

The zero net sum for **commercial properties** produces a ratio of 4:1 winners to losers. So in absolute terms this is less likely to be an immediate problem for local politicians. However the issues about damping do need to be considered and the extreme cases are even more extreme than for residential properties.

The gainers are typically high density sites such as offices and small retail. Larger retail is differentially affected depending on car park provision. The larger the car parking area the less the gain.

The losers are those organisations with a low density of buildings on a site. As a group this particularly affects leisure. At the extreme end, if left unattended to, would be a golf course. At

present only taxed on the club house and ancillary buildings, under a land based scheme the whole area would attract a tax.

There are two possible approaches to mitigate such impacts. Either some form of industry-specific exemption or relief could be applied or a separate rate could be applied for certain classes of land. Providing the classification system is sufficiently flexible there were no issues identified in the trial which would preclude any special measures being applied to either leisure or agriculture.

Models 3A, B, C

This set of models looked at the effects on winners and losers of the introduction of a de minimus threshold or personal property allowance. This is sometimes called a 'homestead' allowance and is in use in Taiwan, Singapore and parts of Australia and the USA.

This is essentially a redistributive mechanism, like income tax allowance, which has the effect of disproportionately benefiting those with smaller landholdings. From a technical point of view this was simple to implement in the model. It may be applied to either or both Model 1 and 2 above. It can be applied either as a "free" living space (on the basis that everyone must live somewhere and mere existence should not be taxed) or as a non-taxable value in pounds, which would benefit those living in high-value areas less than others (but some people need to live in city centres). It can also, by cross-checking with electoral rolls or other public files, be applied *per capita* if required. Any combination of these methods can be used.

Since LVT is only paid directly by owners (although landlords recover as much as the market allows in rents), homestead allowances might only be applied for owner-occupied principal residences. This would give an incentive for owners to transfer at least some share of equity to tenants, which has attractions to certain political persuasions.

In Model 3a a residential allowance of £250 was applied to Model 1. The resulting shortfall of revenue was then recovered from commercial payers. This produced equality of winners and losers for residential payers but, of course, a greater number of commercial losers.

In Model 3b the allowance was raised to £838 which was the average tax paid by Band B residentials across Oxfordshire in 2003/4. This produced a winners to losers ratio of around 7:3.

In Model 3c the allowance remained at £838 but the shortfall was recovered from all classes of taxpayer. This produced a very small preponderance of winners over losers for residentials and, of course, a better outcome for commercials than 3a or b.

Investigation of the effects of an allowance on commercial land was not undertaken since under model 1 almost all businesses won and in model 2 the ratio was 4:1 winners to losers. However the principle could be applied to commercial properties as for residential.

Differential allowances could be used to shift the burden between commercial and residential properties. This could be an attractive mechanism to reconcile the views of those who would prefer to see a "purer" form of LVT with a single rate and those who would wish to see differing rates used as a mechanism to further development frameworks.

Model 4

Model 4 is a variant of Model 2 but includes agricultural land as a contributor to the NNDR target. This has the effect of reducing the rate for commercial land by just over 1.5%. The greatest and least increases shown for agricultural land are unreliable as we were unable to obtain definitive boundaries identifying plots owned by individual farmers.

Other Issues

Property versus Personal Taxation

Before one can even begin to examine what form property taxation might take there is a fundamental debate to be had about whether any form of property tax should be used at all. Opponents of property taxation point out that taxing a capital asset can be seen as generally regressive as it does not relate to the ability of an individual to pay the tax from their income.

Proponents of LVT are quick to point out that under their preferred system the value of the land is directly linked to its utility and hence to the ability of that land to yield an income. The land is capable of producing income (rent) equal to its LVT rate: owners who "cannot pay" are merely denying themselves (and their land) the opportunity to earn that income for them, which is a matter of free choice not compulsion.

What is more, land is a natural resource and the current value of a plot has been created by the activity of the surrounding community. Hence it is right that the occupier should pay a 'rent' to the community.

From the point of view of taxing authorities it is important to spread risk by ensuring that revenue streams are diverse and as buoyant as practically possible. Therefore it would seem likely that a mixture of property and personal taxes will continue for the foreseeable future. The starting point for the trial was to establish how practical LVT would be and what would be its immediate effect.

Amount of tax to be raised

How much tax should be raised by this method and which existing taxes should it replace?

The answer will depend on the scope and purpose envisaged for the tax. In the simplest model it can be used as a direct replacement for an existing property tax either National Non-Domestic Rates (NNDR), often called "Business Rates", or Council Tax. If so implemented it would exclude either land allocated to domestic housing and certain special cases such as land used for agricultural purposes, or land used for commercial purposes.

It is unlikely that such an approach would find favour with groups in favour of LVT for a number of reasons.

- It would fail any test of a universally applied tax
- It could negate any propensity to ensure housing or commercial development on allocated land.
- It would introduce complications in the re-calculation of tax due when allocated usage changed through the planning process.
- It would be unlikely to maximise efficiency savings in collection.

The next question is whether other forms of tax based on property would be removed. Examples might be Inheritance Tax, Stamp Duty and "planning gain".

If any taxes other than those directly replaced are to be taken into consideration then the existing tax revenue which would be lost needs to be factored into the equation at the time of setting a rate. There would also be implications if the collecting authority was not the same as the one currently collecting the replaced tax. This could be seen as either an opportunity to achieve an efficiency or a threat to self-sufficiency by existing bodies, or both.

The next question is whether the tax should be seen as a replacement for any other existing taxes other than property taxes. This area has traditionally been a matter for central government.

It should be noted that where tax setting powers have been devolved in Scotland the Scottish Parliament has the power to vary the standard rate of tax up or down from the national rate set at Westminster. It is reasonable to assume therefore that some local discretion could also be given to vary rates either up or down, so flexibility in assessing total tax take must include cases where less is raised than currently should this be a desired local choice.

Finally it may be asked whether LVT could be used as an entirely new tax, either under central or local government control. One area which has been examined is whether LVT would be a suitable method for funding Business Improvement Districts or (BIDs). More radically, LVT has been suggested as a replacement for a major national tax such as Income Tax or VAT.

The model developed to analyse the trial outcome was designed to be sufficiently flexible to allow for any of the above scenarios. This was achieved by allowing a rate to be entered and the total tax take calculated.

Conclusions

The trial proved relatively easy to undertake from a practical point of view. The apparent lack of any obstacles to the professional assembling of the raw data is extremely encouraging.

Most of the issues raised during the implementation related to issues where positive choices are available to local and central government. Which option should be taken became the subject of both intra and inter party debate. The sheer number of possibilities, permutations and combinations of how the raw valuations might be turned into tax revenue showed the versatility of the LVT approach.

Tax Model 1 - A single LVT Tax Rate applied to all property types

Using all available data

<u>Results</u>

		£	
1. Current gross tax revenue:	Council Tax	3,913,406	59.1%
	Business Rates	2,705,318	40.9%
	_	6,618,724	100.0%
		700 000 000	0.4.40/
2. LVT site value tax base:	Residentials	789,980,000	94.4%
	Commercials	38,019,400	4.5%
	Agric & Public	8,429,214	1.0%
		836,428,614	100.0%
3. LVT Tax Rate:	= (6,618,724 / 83	86,428,614)	0.79%
4. LVT tax revenue:	Residentials	6,251,172	94.4%
	Commercials	300,850	4.5%
	Agric & Public	66,701	1.0%
	-	6,618,724	100.0%

5. Stats:					
	Residentials	Commercials	Agricultural	Public Use	Total
Numbers of tax increases	1,774	5	143	6	1,928
Numbers of tax reductions	1,321	43	0	15	1,379
No Change	0	0	0	14	14
-	3,095	48	143	35	3,321
Greatest increase	£8,337	£7,922	£4,709	£923	
Least Increase	£15	£726	£4	£154	
Greatest reduction	-£1,459	-£767,894	N/A	-£126,712	
Least Reduction	-£13	-£325	N/A	-£639	

Residential Losers by Band		Residential Winne	rs by Band
A	23	А	0
В	26	В	36
С	327	С	413
D	351	D	518
E	300	E	245
F	342	F	44
G	382	G	65
H_	23	Н	0
	1,774		1,321

Tax Model 2 - Dual LVT Tax Rate applied to Residential & Commercial property types

22/12/04 using all available data

<u>Results</u>

			£	
1. Current gross tax revenue:	Со	ouncil Tax	3,913,406	59.1%
C	Bu	siness Rates	2,705,318	40.9%
		-	6,618,724	100.0%
LVT site value tax base:	Re	esidentials	789,980,000	94.4%
	Co	ommercials	37,394,850	4.5%
	Ag	riculture	6,409,700	0.8%
	Pu	blic Use	2,644,064	0.3%
		-	836,428,614	100.0%
3a. TVT % Tax Rate: Residential	0.5	0.004953803	3,949,900	
3b IVT % Tax Rate: Commercial	7 25	0 072344668	2 711 127	
3c. LVT % Tax Rate: Agriculture	0	0.012011000	_,,	
3d. LVT % Tax Rate: Public Use	0			
4. LVT tax revenue:	Re	sidentials	3,949,900	59.3%
	Co	ommercials	2.711.127	40.7%
	Aa	riculture	, , <u>-</u>	0.0%
	Pu	blic Use	-	0.0%
	-		6,661,027	100.0%
5. Stats:				
	Residentials	Commercials	Agricultural	Public Use
Numbers of tax increases	952	10	0	0
Numbers of tax reductions	2,142	38	0	15
No Change	, <u> </u>	0	143	20
<u> </u>	3,095	48	143	35

Total

962 2,195 164 3,321

Greatest increase	£8,286	£892,140	N/A	N/A	
Least Increase	£4	£135	N/A	N/A	
Greatest reduction	-£1,809	-£277,104	N/A	N/A	
Least Reduction	£4	-£103	N/A	N/A	
	Residential Losers by	y Band	Resid	lential Winners k	by Band
	A	22		А	1
	В	12		В	50
	С	58		С	682
	D	110		D	759
	E	157		Е	388
	F	243		F	143
	G	328		G	119
	H	22		Н	1
		952			2,143

Tax Model 3a - A single starting LVT Tax Rate applied to all property types, with a Residential Allowance of £250 recharged to Commercials only

7/2/04 using all available data

<u>Results</u>					
			£		
1. Current gross tax revenue:	(Council Tax	3,913,406	59.1%	
	E	Business Rates	2,705,318	40.9%	
		_	6,618,724	100.0%	
2 I \/T site value tax hase:	F	Pesidentials	789 980 000	94.4%	
	í (Commercials	38 019 400	4 5%	
		Aaric & Public	8 429 214	1.0%	
	,		836.428.614	100.0%	
		_	,		
3. Basic LVT Tax Rate:		6618724 / 836428	3614	0.79%	
Extra to find from Commercials	773,750			9.15%C	ommercial Rate
4. LVT tax revenue:	F	Residentials	5,477,422	82.8%	
	(Commercials	1,074,600	16.2%	
	A	Agric & Public	66,701	1.0%	
			6,618,724	100.0%	
5. Stats:					
	Residentials	Commercials	Agricultural	Public Use	Total
Numbers of tax increases	1,547	12	143	6	1,708
Numbers of tax reductions	1,548	36	0	15	1,599
No Change	0	0	0	14	14
_	3,095	48	143	35	3,321
Greatest increase	£13.425	£1.177.256	£4.704	£116.500	
Least Increase	£3	£677	£4	£19,500	
Greatest reduction	-£1,710	-£132,646	N/A	-£1,100,000	
Least Reduction	-£27	-£58	N/A	-£6,200	

		Total CT	No of Properties	With £250 Rate Residential Allowan		ce
Residential Tax By Rate	А	16,657.03	23	Winners	Losers	
	В	55,693.86	62	1	22	
	С	716,321.02	740	50	12	
	D	942,905.15	869	500	240	
	E	724,508.74	545	619	250	
	F	605,565.82	386	252	293	
	G	809,623.87	447	50	336	
	Н	49,980.36	23	76	371	
		3,921,255.85	3,095	-	23	
				1,548	1,547 3	,095

Tax Model 3b - A single starting LVT Tax Rate applied to all property types, with a Residential Allowance of £838 recharged to Commercials only

7/2/04 using all available data

Results £ 3.913.406 1. Current gross tax revenue: Council Tax 59.1% **Business Rates** 2,705,318 40.9% 6,618,724 100.0% 789,980,000 2. LVT site value tax base: Residentials 94.4% Commercials 38,019,400 4.5% 1.0% Agric & Public 8,429,214 836,428,614 100.0% 3. Basic LVT Tax Rate: 6618724 / 836428614 0.79% Extra to find from Commercials 2,593,610 13.94% Commercial Rate 4. LVT tax revenue: Residentials 3,657,562 55.3% Commercials 2,894,460 43.7% 66,701 1.0% Agric & Public 6,618,724 100.0% 5. Stats: Residentials Agricultural Commercials **Public Use** Total 896 1,088 Numbers of tax increases 43 143 6 15 Numbers of tax reductions 2,196 5 0 2,216 14 No Change 3 0 0 17 3.095 48 143 35 3.321 Greatest increase £12,837 £1,895,255 £4,704 £116,500 £19,500 Least Increase £6 £95 £4 -£1,100,000 Greatest reduction -£2,298 -£83,854 N/A Least Reduction -£20 -£2,509 N/A -£6,200

			With £838 Residential Allowance		•
	Total CT	No of Properties	Winners	Losers	
А	16,657.03	23	13	10	
В	55,693.86	62	52	10	
С	716,321.02	740	708	32	
D	942,905.15	869	789	80	
E	724,508.74	545	389	156	
F	605,565.82	386	141	245	
G	809,623.87	447	106	341	
Н	49,980.36	23	1	22	
	3,921,255.85	3,095	2,199	896	3,095
	A B C D E F G H	Total CTA16,657.03B55,693.86C716,321.02D942,905.15E724,508.74F605,565.82G809,623.87H49,980.363,921,255.85	Total CTNo of PropertiesA16,657.0323B55,693.8662C716,321.02740D942,905.15869E724,508.74545F605,565.82386G809,623.87447H49,980.36233,921,255.853,095	Total CT No of Properties Winners A 16,657.03 23 13 B 55,693.86 62 52 C 716,321.02 740 708 D 942,905.15 869 789 E 724,508.74 545 389 F 605,565.82 386 141 G 809,623.87 447 106 H 49,980.36 23 1 3,921,255.85 3,095 2,199	Total CT No of Properties Winners Losers A 16,657.03 23 13 10 B 55,693.86 62 52 10 C 716,321.02 740 708 32 D 942,905.15 869 789 80 E 724,508.74 545 389 156 F 605,565.82 386 141 245 G 809,623.87 447 106 341 H 49,980.36 23 1 22 3,921,255.85 3,095 2,199 896

Tax Model 3c - A single starting LVT Tax Rate applied to all property types, with a Residential Allowance of £838 with the cost recharged to all properties

7/2/04 using all available data

Results £ 1. Current gross tax revenue: Council Tax 3.913.406 59.1% **Business Rates** 2,705,318 40.9% 6,618,724 100.0% 789,980,000 2. LVT site value tax base: Residentials 94.4% Commercials 38,019,400 4.5% Agric & Public 8,429,214 1.0% 836,428,614 100.0% 3. Starting Basic LVT Tax Rate: 6618724 / 836428614 0.79% Extra to find from Everybody 2,593,610 Ending Basic LVT Rate 792573610 / 836428614 1.10% 3,657,562 4. LVT tax revenue: Residentials 55.3% Commercials 2,894,460 43.7% Agric & Public 66,701 1.0% 6,618,724 100.0% 5. Stats: Agricultural Residentials Commercials **Public Use** Numbers of tax increases 1,516 6 143 6 1,579 42 Numbers of tax reductions 0 15 No Change 0 0 0 14 48 143 3.095 35 £6,547 Greatest increase £18,574 £11,014 £116,500 £19,500 Least Increase £5 £63 £6 -£1,984 -£744,399 -£1,100,000 Greatest reduction N/A Least Reduction -£50 -£106 N/A -£6,200

Total

1,671

1.636

3.321

14

				With £838 Rate R	esidential Allow	vance
		Total CT	No of Properties	Winners	Losers	
Residential Tax By Rate	А	16,657.03	23	1	22	
	В	55,693.86	62	50	12	
	С	716,321.02	740	513	227	
	D	942,905.15	869	644	225	
	E	724,508.74	545	252	293	
	F	605,565.82	386	49	337	
	G	809,623.87	447	70	377	
	Н	49,980.36	23	-	23	
		3,921,255.85	3,095	1,579	1,516	3,095

Tax Model 4 - Triple LVT Tax Rate applied to Residential, Commercial & Agricultural property types

22/12/04 using all available data

<u>Results</u>

			£	
1. Current gross tax revenue:	Co	ouncil Tax	3,913,406	59.1%
-	Βι	usiness Rates	2,705,318	40.9%
		-	6,618,724	100.0%
2. LVT site value tax base:	Re	esidentials	789,980,000	94.4%
	Co	ommercials	37,394,850	4.5%
	Ag	griculture	6,409,700	0.8%
	Pi	ublic Use	2,644,064	0.3%
		_	836,428,614	100.0%
3a. LVT % Tax Rate: Residential	0.5	0.004953803	3.949.900	
3b. LVT % Tax Rate: Commercial	6.17	0.061758836	2.307.262	
3c. LVT % Tax Rate: Agriculture	6.17		395,478	
3d. LVT % Tax Rate: Public Use	0		·	
4. LVT tax revenue:	Re	esidentials	3,949,900	59.4%
	Co	ommercials	2,307,262	34.7%
	Ag	griculture	395,478	5.9%
	Pi	ublic Use	-	0.0%
		=	6,652,641	100.0%

5. Stats:

	Residentials	Commercials	Agricultural	Public Use	Total	
Numbers of tax increases	952	8	143	0	1,103	
Numbers of tax reductions	2,142	40	0	15	2,197	
No Change	1	0	0	20	21	
	3,095	48	143	35	3,321	
Greatest increase	£8,286	£730,140	£36,674	N/A		
Least Increase	£4	£5,655	£31	N/A		
Greatest reduction	-£1,809	-£359,184	N/A	-£135,427		
Least Reduction	-£4	-£153	N/A	-£688		
	Residential Losers by Band		Residential Winners by Band			
	A	22		А	1	
	В	12		В	50	
	С	58		С	682	
	D	110		D	759	
	E	157		E	388	
	F	243		F	143	
	G	328		G	119	
	H_	22		н	1	
		952			2.143	

Annex 1 - The Theory of Land Value Tax

Labour County councillor for the Charlbury Division, Brian Hodgson

What is Land Value Taxation?

a) Henry George, Progress & Poverty, 1879

"The tax upon land values falls on those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the community, of the value that is the creation of the community."

b) The Land Value Tax Campaign

"The value of every parcel of land in Britain would be assessed regularly and the land value tax levied as a percentage of those assessed values. "Land" means the site alone, not counting any improvements...The valuation would be based on market evidence, in accordance with the optimum use of the land within the planning regulations. If the current planning restrictions on the use were altered, the site would be reassessed"

c) Antonia Swinson, Root of all Evil? 2003, Saint Andrew Press, Edinburgh

"LVT is not so much a conventional tax as a charge for the space we use...Landowners, in John Stuart Mill's famous quote "grow richer, as it were, in their sleep, without working, risking or economising"...To quote Winston Churchill, once a passionate advocate of LVT, landowners enjoy "the mother of all other forms of monopoly".

d) Dictionary of Economics, Sloan & Zurcher, 4th edition 1961

"A tax on the value of land exclusive of all buildings and other improvements, the value being the appreciation due to population increase and general economic development of the community for which the landowner, as such, is in no way responsible. It is the unearned increment, or economic rent, that is taxed in whole or in part."

e) Labour Land Campaign, 2004

"Most of the things we see around us were made by man...Land is completely different. No human being has made land, and the value of a piece of land derives from such things as natural fertility, mineral deposits and its position in relation to public utilities, communications and population. Different pieces of land vary enormously in their value. An acre of land in the middle of a town may be worth many thousands of times as much as an acre of remote moorland. Therefore a tax on land values is a fair tax, because the person who owns land derives benefit from something they have not made.

The value of every piece of land in this country should first be assessed on the basis of its "optimum permitted use". "Land" means the site alone, not counting any improvements on the site. The value of any buildings, crops, drainage or anything else which people have put on, or done to the site, would be ignored.

When the land has been valued, a tax should be fixed on the basis of that value. This would not mean any more overall taxation, because the imposition of LVT would permit other taxes to be reduced or, in some cases, to be abolished altogether."

The Case For Taxing Land

This section consists of extracts from two in the recent New Statesman series of articles as part of their "Land Campaign".

a) Dave Wetzel, chair of the Labour Land Campaign, argues (September 20 2004) that "a Land Value Tax on economic rent – the amount of money the land would generate if leased – is the only fair way to ensure that we all share nature's bounty.

"All land would be valued and a tax rate applied (although parks freely open to all would pay no LVT), including empty urban sites on which landowners now pay no rates or taxes. Site values grow as the result of community activity – new roads, transport links, shops, offices, policing and other services. So why should the community not be repaid for the benefit it creates for the landowner?

"LVT would be levied only on the land value, not on the buildings. At the moment we penalise, with higher business rates, people who improve their buildings, while we reward, with lower rates, those who let their buildings fall into disrepair. LVT would bring idle land in towns and cities into use. This would reduce costly urban sprawl. The extra supply of land would cut land prices and so cut accommodation costs for homes and business premises.

"It is impossible to avoid LVT – land cannot be taken to Jersey in a suitcase. It will be cheap to collect. It will require not only fewer tax collectors, but also fewer lawyers and accountants, employed in the private sector to advise on tax dodges – another cost that falls on both taxpayers and consumers.

"Development or planning gain taxes do NOT share the advantages of LVT. If you tax an event, such as the development of land, then the owner can avoid the tax by avoiding the event. Previous land development taxes (introduced by Clement Attlee in 1947, by Harold Wilson in 1967 and by James Callaghan in 1976) all failed because they froze the land market, reduced supply and hence raised land prices. They benefited landowners at the expense of the rest of the community.

"Why accept a one-off payment when LVT can provide annual revenues? Why lose out on increases in land values created by the activities of future generations? Development land, in any case, accounts for less than 5 per cent of all land.

"LVT has supporters across the political spectrum: socialists, liberals and conservatives. The Scottish Parliament is researching it; Liverpool City Council has asked to be a trial area for site value rating; **Oxfordshire County Council is assessing land values in a trial area.**

"It is an idea whose time has come. And the government should now assess the gains from applying LVT across the country. Then it should act on the results."

b) Christopher Huhne, Liberal Democrat member of the European Parliament and former Guardian economics journalist, had his article published on September 27 2004. He also argues against the Kate Barker "planning gain supplement". "An alternative proposal – a tax on the value of land, or a site value rate – would take longer to implement, but would address the fundamental problem, not its symptoms. It would levy the same amount whether or not the site was used to its full potential. If the land was not developed, the landowner would have a regular charge to pay – a carry cost – that he or she does not have to pay today. They would therefore have an incentive either to develop or sell to someone who would develop it. By periodic revaluations in rateable value, any rises (or falls) in land prices due to changes in physical infrastructure, such as new Tube lines,

would be reflected in the tax base and hence in rating income. Such a site value rate allows a precise tailoring of contributions to the benefits that property owners actually receive....

"A land tax would also tackle a large market failure in many depressed urban areas. House prices in the south-east have doubled in the last five years. But the National Land Use Database finds that 12,000 hectares of previously developed land are available for residential use even in London, the south-east and the east of England. According to the planning authorities, 360,000 houses could be built on that land – enough to stop the house-price boom in its tracks. Much of this land is now completely unused, being either vacant or derelict....

"The significance of a site value rate is that landowners would have an incentive to develop immediately sites that fall into disuse, limiting the possibility of spreading blight. Paying an annual charge for land, regardless of what is built on it, concentrates minds wonderfully.

"... Similar tax systems operate in Denmark and Australia.

"...Land value taxes can hugely improve our cities and towns."

(c) LVT - an ecological tax

Green City and County Councillor, Craig Simmons

More than 200 years ago, US Founding Father Benjamin Franklin wrote³ that "There seems to be but three ways for a nation to acquire wealth"; (1) by war -- which permits taking by force the wealth of other nations; (2) by trade -- which to be profitable requires cheating; and (3) by agriculture -- through which we plant the seeds and create new wealth as if by miracle. Franklin called this latter the "only honest way".

Few others have so succinctly described the foundations of ecological economics and set out the basic framework for a system of taxation based on the harvesting of "honest", sustainable natural capital.

Though every undergraduate economist can cite the three factors of production that underpin classic economics; land, labour and capital, modern entrepreneurship seems to deal - almost exclusively - with balancing the latter two. Where land, and the resources it provides, are considered at all they are treated as infinite inputs into the market economy - despite all evidence to the contrary. This dualistic reduction of economics has – Greens argue – been the reason why modern economic expansionism has resulted in the degradation of our environment.

The reassertion of land as a central factor in production has been the enduring contribution of Henry George's work. In 'Progress and Poverty' he echoed Franklin's beliefs as to the fundamental importance of the regenerative capacity of the planet as the source of all essential human needs coupling this with the principle of equal access for all.

It is therefore not difficult to see why a means of taxing land is central to Green taxation policy. Without a fiscal instrument that values the use of land, and the minerals it yields⁴, it is impossible to maximise the efficient use of resources and thus effectively manage the transition towards a more environmentally sustainable and equitable society.

³ Benjamin Franklin (1706-1790), U.S. statesman, writer. Positions to Be Examined Concerning National Wealth, vol. 4 (written April 4, 1769), Complete Works, ed. John Bigelow (1887-1888).

⁴ Green taxation policy includes both a tax on natural resources and a land value tax

Annex 2: Rental Value Or Capital Value? Should annual values or buying/selling prices be the basis of land value tax assessment?

Land Value Taxation Campaign

Background Considerations

- 1 Annual value has always been the norm for property taxation in the United Kingdom. The rating system that applied from the beginning of the seventeenth century until the introduction of the Community Charge ("Poll Tax") was based on annual rental values. The national non-domestic rate (UBR) uses annual rental value assessment, as does the domestic property tax in Northern Ireland. Schedule A tax, now abolished, was on annual value. As regards legislation for land value taxation ("LVT"), the last Bill to come before Parliament, the London Rating (Site Values) Bill, 1938-1939, was based on assessment of annual value. The 1963 and 1973 Whitstable land value surveys conducted for the Rating and Valuation Association and the Land Institute respectively, were annual value assessments. The Council Tax in England, Scotland, and Wales, based on banded capital values, is anomalous.
- 2 Land, as a prime factor in production, was defined by the classical economists as the whole of the material universe apart from man (termed Labour) and his products (termed Wealth, and subdivided into consumer goods and Capital, essentially Wealth devoted to the productive process to help create further Wealth). Land is not man-made, and for practical purposes is fixed in both quantity and location.
- 3 Land has a use value, for living, working, or recreation. That use value consists of an ongoing revenue stream a rental. It will vary over time, according to the general level of economic activity of the populace as a whole and the specific natural and social advantages of the locality. It measures the attractiveness of each site in relation to all other sites. If implemented nationally and progressively, the collection of a land rental charge through LVT is a replacement for existing taxes on production, trade, savings, and spending. It has important economic consequences extending far beyond the mere alteration of the basis of public revenue. Frequent updating of land valuations is practicable and recommended.

The Case For Annual Value Assessments

- 4 Given the uniqueness of land (finite quantity, not transportable, not a man-made commodity), the prime significance of its rental value in economic theory is readily understandable.
- 5 There are also strong practical reasons for stressing annual value.
- 5.1 The buying/selling price ("capital value") for land is the capitalisation of the annual rental stream realised or realisable from land. Capital value is thus a function of current and perceived future rental value. Since the tax would be a perpetual series of annual payments, it is illogical to base these payments on an amount depending on perceptions of successive future values. Why not just pay annually on current annual value (value in optimum use in prevailing circumstances)?

- 5.2 Translating annual value to capital value is critically dependent on current interest rates and assumptions about future interest rates. The related issue of inflation forecasts, and the falling purchasing power of the currency also intrudes.
- 5.3 Overlying monetary matters is a series of extraneous considerations which distort current use value, are difficult to foresee, or whose specific impact is hard to predict, but which all have an effect on capital values:
- 5.3.1 speculation in a finite and immovable resource;
- 5.3.2 boom or slump conditions;
- 5.3.3 demographic trends, including population movements;
- 5.3.4 whether new amenities are introduced to the area (including public and private infrastructural investment);
- 5.3.5 the prospect of planning permission for more intensive land use, or conversely of planning blight;
- 5.3.6 above all, the buying/selling price is reduced by the capitalised value of the annual duty actually payable. On subsequent valuations, in order to determine the capital value, it becomes necessary to capitalise the LVT and add this amount on to the market price of the land to calculate the base for payments.

Recommendations

- 6 There is of course no objection to using capital values as an important source of information on land and composite land-plus-buildings information. It may even be thought that capital values are a satisfactory base for LVT, as long as the percentage collected is low and expected to remain so. However, this is clearly not the intention of advocates of LVT, nor is it prudent to initiate LVT on the assumption that its practical attractions will not be noticed and exploited by a future Chancellor. For the reason stated in 5.3.6 above, Capital values become administratively irksome at successive valuations with increases in the proportion of land value collected.
- 7 It has been said that in present circumstances, and in certain locations, evidence of annual residential rental values is scarce. This is not an obstacle to the use of annual values for taxation purposes, but it is necessary to establish a realistic decapitalisation factor. This was an issue that faced the valuer Hector Wilks in the 1963 and 1973 Whitstable Land Value Surveys and was discussed in the reports that accompanied those surveys.

Once the tax is in place, subsequent assessments may use capital values as part of the body of market evidence for determining annual values. The true annual values, however, are the annual values assessed directly or derived from capital values, *plus the land value tax actually paid*.

8 With annual value assessment, a very high order of accuracy in initial site valuation is unnecessary. What matters more is to assess the differentials as well as possible and to ensure that reassessments are frequent. As the system beds down, and the percentage levy rises, accuracy becomes both more important and more attainable. This is because, as extraneous factors are driven out of land pricing, the optimum value in current permitted use – the annual site rental value of land – becomes increasingly evident. The selling price of land is then the capitalisation of that dwindling part of the rental value which for the time being remains in the hands of the beneficial owner of the land – minus, presumably, an allowance for expectations of increases in the percentage levy.

- 8 There will always be a relationship between the buying/selling price of land and the annual rental value of land, except at the theoretical point where all rent is captured as public revenue and nothing is left behind to be bought or sold.
- 9 LVT will not be good news for those engaged in the tax avoidance industry. However, surveyors and valuers have no need for concern about their livelihoods, because the relationship between rent and price will never be determinable to the second place of decimals by routine computation, and there will still be the value of buildings and other developments in and on the land to be haggled over. With additional work for the valuation office and greater interest in development and, particularly, redevelopment, the Campaign sees no reason why families should not continue to point interested offspring in the direction of gaining qualifications in valuation!

Conclusions

- 10 Economic theory and practical considerations alike suggest that, even in an initial valuation and certainly thereafter, capital values should be translated into rental values and presented and applied as such in the implementation of LVT.
- 11 The realistic value for land is the annual rental: what a willing lessee would pay a willing lessor at the date of valuation for a perpetually renewable lease, assuming optimum use within prevailing planning and other constraints. Annual value is the proper basis for the implementation of LVT.

Annex 3: The Wider Implications of GIS for Local Government

by Tony Vickers

Scope

The purpose of this Annex is to explain the wider significance of GIS, in particular for local government and in the context of land and property information.

About GIS

Geographic information (GI) underpins about three quarters of all business and government transactions: wherever 'place' features in a human activity. The 'S' in GIS implies the use of GI in a computer system: a GIS is defined as a system (hardware, software, data and people) for capturing, storing, manipulating, analysing and/or displaying information with a geographic component. GIS in particular greatly aid the geospatial analysis of such information, although early GIS were used merely for displaying some form of map.

Nowadays many GIS may not use maps. For example, a GIS can provide the answer to questions such as "Where is the nearest Indian restaurant to a cinema in a low-crime area of London showing a Lord of the Rings film this evening?" without any need for the enquirer to view a map, using the geospatial analysis of information about the location of cinemas and restaurants and crime statistics.

GIS has now become 'mainstream' within communications and information technology (CIT) but has also become crucial to the success of 'e-Business' and 'e-Government' projects. Whereas earlier generations of computer applications, such as payroll, stock and production control, accounts and automated manufacture, could operate without GI, the development of a Knowledge Economy depends upon it. Increasingly GIS deliver services and obtain data via the internet, satellites and mobile communications. It is not the technology but the information in GIS that is proving difficult, because geography is less amenable to traditional database management techniques than non-geographic entities like people and inventories.

Governments – and in particular local government – have a crucial role in GIS because most key GI datasets can best (or only) be captured, verified and/or managed by or on behalf of public agencies and geographic entities are, by definition, local to a particular administrative area or areas at one or more level of government. Just as every country has a national mapping agency and a land registry, so everything capable of being held in a GIS in a sense 'belongs' to a government.

Governments need to decide how to manage the development of their national geospatial data infrastructure (NGDI). In the UK, it is unclear which department or agency of government has overall responsibility but much of our NGDI has become – by default if not by design – the responsibility of local authorities.

GIS and Local Government in England

In most organisations, including local councils, the general impression of GIS is that they are merely computerised maps. In many councils this perception is the reality, because early GIS have not been replaced and obtaining the best results from GIS – as with all CIT – requires radical and expensive business re-engineering.

Maps have always been important in local government and can now be found in almost every department. One benefit of computerising maps is that they can be much more easily updated and their design is now extremely flexible as regards scale, content and method of depiction.

Most people probably still think that everything on a computer map is surveyed by the OS. OS remains crucial to local government and every council has its OS Liaison Officer (OSLO), through whom all communication with – and payment authorisation to – OS must be done. However increasingly the job of OS is to verify and collate GI obtained from other organisations, of which perhaps the most important is local government. Most of the changes to OS maps originate with local government: planning permissions, highway improvements, street naming and numbering are examples.

Local government is as important to OS as OS is to local government. Councils are major users of OS digital products, significant suppliers of GI to OS and one of the major channels of OS data to citizens and local commerce, adding value to standard OS products by customising them in GIS to the specific needs of sections of the community with whom OS would otherwise have no direct relationship. There are countless local authority publications and web pages that contain maps with the OS copyright note, obligatory under law. Most of these are products of a council's GIS.

OS has to charge all its customers because, as a Trading Fund, it is obliged by HM Treasury to be self-funding. The annual cost to a typical local authority of using OS data in its GIS is about £50,000. Since 2002, a Pan-Government Agreement (PGA) between OS and its sponsor Department ODPM has meant that other central government bodies and their agents (including private contractors) no longer have to pay OS: copyright and other charges are paid centrally. This has resulted in a doubling of the number of uses by agencies such as VOA and the Environment Agency (EA), which hold information relevant to land values but were deterred from developing GIS by the cost of OS data.

By contrast, local government continues to have to pay to use OS data for non-statutory purposes, according to complicated formulae based on the extent and type of use⁵. Whereas many councils were in the forefront of using GIS, they are now being overtaken by central government agencies. The slow development of LLPGs is now a major constraint on the potential for implementing property tax reforms such as LVT. VOWH and Oxfordshire are relatively advanced in this respect.

OS increasingly faces competition from other GI suppliers, for example in the supply of aerial photography (now digital) and address lists. In its most recent negotiations with OS, LGIH has sought competitive tenders from the private sector for these elements of its GI needs, which are relevant to LVT. These negotiations have taken well over a year and technically there has been no Mapping Services Agreement (MSA) in place between LGIH and OS since April 2004.

GIS and Local e-Government

With GI embedded in so many local government activities, local government GIS is bound to be crucial to the 'Modernising Government' agenda, such as the target of making all transactions between citizens and government 'electronically enabled' by the end of 2005⁶. The National Strategy for Local e-Government of 2002 sets out a number of priority services and associated national Local eGov projects, of which several involve GI. These are detailed in the latest guidance from ODPM, defining priority eGov outcomes for 2005. They include the National Land Information Service (NLIS)⁷, NLPG and Valuebill⁸. Both Valuebill and NLIS depend on the NLPG.

⁵ The Improvement and Development Agency (IdeA) has created a company – the Local Government Information House (LGIH) – to negotiate with OS and other outside bodies (GI suppliers and customers) on behalf of all councils.

⁶ The original deadline, set in March 1999, was end of 2008. This was brought forward to 2005 in March 2000. ⁷ NLIS enables electronic conveyancing of property (although many other uses were envisaged in the 1996 concept paper). It is a 'one stop shop' allowing access to public information via a central 'hub' and was launched in 2001. It took two years to achieve one million online searches of local authority GIS by solicitors and others – but has achieved a further two million searches in the year to September 2004. That is about 20% of the property market, using a very deficient NLPG.

⁸ Valuebill is a ODPM sponsored project, costing only £70m overall, justified by enabling local government to recover some £1 billion per year of 'missing' property tax revenue. It involves speeding up the exchange of information between billing authorities (such as VOWH) and VOA and correcting errors and omissions in LLPGs. Most significant

In the current round of Improving Electronic Government (IEG) "required outcomes" that must be reported on by councils⁹, grants of £350k per local authority in 2004/05 and £150k in 2005/06 are dependent on satisfactory local targets being devised and achieved by each authority. It will be hard for councils to achieve some of these outcomes without significantly improving their LLPGs. Therefore despite any statutory requirement or for LLPGs specifically, there is a clear link. Other national GIS projects do not feature among Local e-Gov national projects but have potential to deliver major benefits in the longer term, notably the National Land Use Database (NLUD). NLUD currently only holds information about previously developed vacant land, although originally the project was intended to cover all land and to give its current and potential uses. In the absence of a definitive, map-based and computer readable set of land parcel polygons for the whole country, NLUD has stalled. However HMLR aims to complete such a dataset by 2014, for England and Wales.

Local Government GIS and European Initiatives

The UK is obliged under the EC Directive on Re-use of Public Sector Information (The PSI **Directive**) to implement measures to ensure that information created and/or held by public sector agencies is freely available at a reasonable cost. As regards local government GIS, this will build on national Local e-Gov initiatives and should also help improve interfaces with the private sector.

A draft Directive on Infrastructure for Spatial Information on the Environment (INSPIRE) was issued by the EC in July 2004 to national governments. This will compel the release of information about certain GI datasets held by local authorities and other agencies, over the period 2009-2015. Again a comprehensive national set of land parcel information is one of the key INSPIRE datasets that UK currently does not have - uniquely among EU member states - which will need to be addressed during the next few years. Land Values was in the original INSPIRE list of datasets but have been omitted from the draft Directive.

The European Land Information System (EULIS) is an initiative of several EU member states including the UK to develop a comprehensive EU-wide service covering information on land and property. Early work involves local authorities in some of these states and if the project proceeds to fruition it will inevitably involve all local authorities.

Issues to Resolve

The early optimism surrounding GIS in the UK, when OS completed its map digitising programme in 1995, has somewhat diminished owing to a number of problems. The following points are derived from ongoing research by the author and are his personal opinions:

- 1. Lack of funding in local authorities to implement corporate IT projects. Although considerable funds have been made available for Local e-Gov, the lack of a clear statutory framework for most GI-related applications and competition for limited funds from other IT projects that appear more relevant to particular services has meant that few councils have been prepared to undertake the fundamental, corporate business re-engineering that GIS involves. GIS will not achieve its potential if councils merely make existing map-based processes electronic: processes need to be entirely re-designed.
- 2. Lack of national leadership on GI matters, both within LGA/IDeA and central government. Again the cross-cutting nature of GIS has ironically meant that it has not been given priority. Although important to all existing potential 'champion' departments, it is not seen as vital to any. It has therefore been left to OS and its sponsor Minister to lead on GI policy in Whitehall and - effectively, though ODPM - Town/County Hall, which is no longer (if it ever was) appropriate now that GI is not just 'computerised maps'. The Government is about to appoint a GI Panel to provide strategic medium- to long-term policy

for LVT, it will for the first time allow VOA to use GIS in property tax administration. See The Benefits of Valuebill, a report by Capgemini for ODPM Dec 04 at www.localegovnp.org.uk/benefits.

advice on GI matters¹⁰, <u>complementing</u> that provided by OS. However the GI Panel will, for its first year, be chaired by the Chief Executive of OS!

- 3. **Commercialisation of PSI and agencies producing it**. There are conflicts of interest when agencies (public or private) exercise monopoly control over a commodity (GI) whilst having to maximise income from it. That is why industries such as electricity, water and telecoms have independent regulators. There is no independent regulator overseeing the information market, which includes GI. It is naive to expect the short term interests of agencies like OS and Royal Mail to always coincide with the wider National Interest. The pricing mechanism for GI (outside central government) is opaque and unsatisfactory.
- 4. Lack of skills in and awareness of GIS. As a new subject, it hasn't yet gained sufficient numbers of senior people in central or local government who understand the capabilities of GIS or can exploit them. GIS may be seen as more of a threat than an opportunity by older staff in key local government posts.
- 5. Lack of key datasets. There is some way to go to achieve a reliable, definitive and well maintained national land and property gazetteer. Local authorities are all now committed to their LLPGs but the technical specification for elements of such a gazetteer needs to be reviewed and a satisfactory business model devised to make address data available and affordable to all who need it. Beyond the NLPG, the lack of land parcel data polygons for the whole UK needs to be tackled. Land cannot be managed properly without such a dataset, nor can LVT be introduced.

Conclusions

Although the picture varies greatly between authorities, GIS is rapidly becoming a crucial part of local government. GIS in local authorities can significantly help achieve joined-up service delivery, bring citizens information about the area they live and work in, reduce back office costs in councils and open up new opportunities for community and business involvement in local affairs.

However there is still a considerable lack of GIS awareness among elected members and senior officers in local authorities, reflecting that in society generally and among older decision makers in particular. Given the natural resistance to radical change in all organisations and the need for local government functions to be radically re-engineered if GIS is to achieve its full potential, this presents a considerable challenge to GIS professionals in local government. It is made harder because the benefits of GIS are diffuse and hard to quantify and few GIS staff combine political and business acumen with their technical ability.

The crunch may come at the end of 2005, when it will almost certainly be found that Local e-Gov targets relating to GIS have not been met in most councils. Hopefully there will by then be enough examples of good practice among the full range of types of local authority for progress to be rapid thereafter, especially if the issues around the NLPG are resolved.

In the medium- to long-term, the prospects for GIS in local government are excellent, largely thanks to progress in VOA and HMLR. By 2010 it ought to be possible, for example, for any part of the country to undertake a LVT trial similar to that in VOWH without having to face the kind of problems that are described by Jon Black in this report.

¹⁰ The GI Panel will include a nominee of the Society of Local Authority Chief Executives (SOLACE) to represent local government.

About the Authors

Robert J I Ashton-Kane FRICS IRRV, Valuer, Rapleys Chartered Surveyors

Robert is a Fellow of the Royal Institute of Chartered Surveyors and a corporate member of the Institute of Revenues, Rating and Valuation.

Prior to joining Rapleys in May 2004, he was a founding Director of HBSV Chartered Surveyors' northern practice. He was formerly at Henry Butcher & Co, latterly as Partner in charge of the Manchester office. He has over 21 years professional experience in the property industry, gained in the public, private and corporate sectors, in organisations ranging from 3-man partnerships to multinational plc's, having dealt with the valuation, appraisal and disposal of a wide range of commercial properties throughout England.

Robert was a member of a team that visited the cities of Philadelphia, Pittsburgh and Harrisburg in early 2001 as part of a study tour to look into the methods adopted by a number of American cities into the application of LVT as a means of raising local revenue through property and followed this up with a visit a year later to "shadow" the City assessor of Bridgeport, Connecticut, which has fully embrace Land Value Ta as the basis of local taxation for many years.

Robert was also the valuer in the pilot study into funding Business Improvement Districts by surcharges based on property site values in London Road area of Liverpool, and has spoken at a number of conferences on the issues surrounding the mass valuation of sites for purposes such as the Oxfordshire LVT trial.

Paul Bizzell, Vale of White Horse District Councillor and Member of the LVT Working Group

Paul graduated from Oxford Polytechnic in 1982 with honours. He worked as a Systems Analyst for Halarose Limited, before being employed as Technical Support by Norsk Data in Newbury. Then he became the Senior Consultant on Database and Client Server Architecture.

In 1989, he joined AT&T to set up the technical and marketing support for their newly formed Electronic Messaging Service. He subsequently moved to the European Management Team to spread the rollout of the service to France, Germany and the Benelux countries. He became Director of Strategic Support for AT&T Easylink EMEA region. In 1996 he moved to AT&T Value Added Services. He subsequently held the position of Director of Service Operations. Early in 1998 he established Business Process Applications Ltd and EQS Solutions Ltd. In 2000 he was the founding director of Oxfordshire Information Technology Enterprise Network (OxIT), the Oxfordshire IT industry association.

He has represented the Caldecott ward of Abingdon as a District Councillor on the Vale of White Horse District Council. He became Deputy leader in 1996 and Leader in May 2000. He was appointed to the Executive of the South East of England Regional Assembly and to the Regional Housing Board in 2003. In May 2004 he stood down from the leadership of the Council to concentrate on expanding his businesses, but retains an interest in campaigning for change to the local government finance regime.

Jonathan Black, Head of GIS Section, Vale of White Horse District Council

Jonathan is the Geographical Information Systems Officer at the Vale of White Horse District Council in Oxfordshire. He is currently leading the implementation of a corporate land and property gazetteer for the Council. Jonathan has many years experience in using GIS; he previously worked for Oxford City Council and before that for two London Borough Councils. He has implemented archaeological, planning, environmental health, highways and estates management systems. He has been secretary to two local government GIS user groups.

Margaret Godden, Oxfordshire County Councillor and Chair, LVT Working Group

Margaret has been an Oxfordshire County Councillor or Oxford City Councillor since 1985. She was Leader of the Liberal Democrat Group on the County Council from 2000 to May 2004 and became Deputy Leader of the Council in 2001 when the Liberal Democrats formed a joint administration with the Conservatives.

She has a degree in law but spent most of her working life in computing, particularly as part of a medical research unit at Oxford University. She has had a lifelong interest in Land Value Taxation.

Brian Hodgson, Oxfordshire County Councillor and Member, LVT Working Group

Brian, whose first job was at the Gallup Poll in London, retired in 1997 after 31 years as a College of Further Education lecturer in the Business Studies Department, Oxford College of FE. He was a trade union activist in NATFHE. He was Parliamentary Labour candidate in Banbury in 1979 and 1983. Brian was elected to the rural County Council seat of Charlbury in 1993, and was Education spokesperson 1993-98 and the Labour Group Leader 1998-2003. He is now the Shadow Executive member for Schools.

Brian proposed the LVT pilot in Oxfordshire, which is the reason for today's conference. He has just been elected as a Vice-chair of the Labour Land Campaign.

His other interests and campaigns include: the right to roam, road safety, deaf awareness, Asthma UK supporter, member of the Cotswold Line Promotion Group As Chair of the West Oxon branch of the United Nations Association he was joint leader of a recent campaign to raise over £25,000 to help clear two minefields in Mozambique.

Craig Simmons, Green Oxfordshire County and Oxford City Councillor

Craig Simmons is a Green Party Councy Councillor and Oxford City Councillor. He is leader of the City Green Group and a member of the City Council Executive. He is co-founder and Director of an Oxford-based sustainability consultancy and is co-author of 'Sharing Nature's Interest' – an environmental bestseller which has now been translated into several languages.

Tony Vickers

Tony Vickers is a chartered land surveyor who has been researching the subject of LVT since 1998 and is the author of several published works which focus on the role of GIS.

He is an Associate Fellow of the Lincoln Institute of Land Policy and is currently completing a PhD at Kingston University School of Surveying on the subject *Visualising Landvaluescape: Developing the Concept for the UK*. Through the Lincoln Institute he obtained a grant of US\$15,000 to pay for the cost of producing professional site valuations in the trial area, thereby enabling creation of a 'landvaluescape' model for research purposes. He is contracted jointly with Vale of White Horse DC and the Valuer (Rob Ashton-Kane) to produce a report on his work for Lincoln Institute.

Tony Vickers is also a councillor on West Berkshire (Unitary) District Council, bordering the authorities undertaking the LVT trial, where he has been chair of his local planning sub-committee in Newbury since 2003. He has just been elected to another Council: that of the Association for Geographic Information (AGI).



Map 2 – Representation of results of Model 2 on part of the study area



Map 3 – Representation of results of Model 3A

