



L I B E R A L D E M O C R A T

ALTER

**ACTION FOR LAND TAXATION AND
ECONOMIC REFORM**

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17 February 2011

All ALTER Members

Chairman's Annual Report 2010

In 2010, ALTER's Honorary President and three of its Vice Presidents jumped onto the front carriage of that roller-coaster ride called Coalition Government. And what a ride it has been – not all fun, but certainly exciting.

Although our flagship policy of land-value taxation isn't in the luggage van of policies called The Coalition Agreement (indeed Mansion Tax, a crude approximation to LVT for the wealthiest, was discarded by our Tory partners straight away), your Executive Committee has been busy stoking fuel into the bunker in case they need a 'Plan B'.

We began the year by moving our website to the Party-branded Prater Raines stable and our mailing list onto the Party's list server. It seems to have worked: membership of ALTER is now over 80 (12 newly joined in 2010) – all but 17 on email – with a further 270 non-members reached by our wider contacts list. We decided to save the considerable cost of posting *Landscape* by using the email list to regularly send you (and – less regularly - our contacts) links to new website entries as they are made. Those of you not on email will receive a selection of 'stories' printed and posted quarterly by our Hon Sec.

Former Conservative and banking fraud expert Chris Glover has been especially active on your behalf, alongside myself, as fellow member of your Committee on the Steering Group of the umbrella Coalition for Economic Justice (CEJ). Last February, CEJ booked a meeting with HM Treasury property tax officials for three weeks after the General Election was due, specifically to discuss LVT. Post-election, Treasury honoured this commitment and met eight CEJ members, including Chris and myself on 27 May. Since then, we have contributed significantly to CEJ's follow-up activities. This week, the last of five papers dealing with various issues raised by Treasury (three written by us) was sent off to them. All are now on CEJ's (and/or ALTER's) website.

We know that at least one of our Cabinet members has been working behind the scenes to persuade his Tory colleagues of the merits of LVT as a key tool to create the "new model of economic growth" which George Osborne signalled the Coalition was preparing, in his June Budget. Nick Clegg and Vince Cable were prominent in pushing for new tax measures in the Government's "Local Growth" White Paper in the autumn which recognises – in Tax Increment Financing (TIF) – that infrastructure investment can be paid for by the land value uplift/increment that it generates.

The influential Institute of Fiscal Studies (IFS) published a report by Nobel Prize-winning economist Sir James Mirrlees in November, which recommended conversion of Business Rates to a site value basis – Lib Dem policy – as well as scrapping of Stamp Duty Land Tax (SDLT). This triggered an Inquiry into the "fundamentals of tax policy" by the Commons' Treasury Select Committee. Eight of the CEJ's member organisations, including ALTER, submitted written evidence to the Inquiry. Unfortunately none were called to give witness and it remains to be seen whether the Committee are persuaded that Mirrlees had it right.

Meanwhile our Lib Dem Scottish Secretary, Michael Moore, published the Scotland Bill (2010), in which new devolved powers over tax policy are proposed. As well as giving control over 10% of taxable Scots' income, Scotland will have SDLT abolished and be allowed to introduce **any** new tax without further Westminster primary legislation – not **just** a new Scottish property transaction tax. With elections to the Scottish Parliament due in May, the prospect opens up of a 'rainbow coalition' (without Tories) taking the opportunity to replace SDLT **and** some income tax with LVT for Scotland. ALTER's Scottish membership has doubled in the past year: this should keep them busy for the next year! Incidentally Scotland is already piloting TIF.

New Statesman's Editor Jason Cowley wrote an excellent article in his magazine in October in praise of LVT, which led your Committee to invite him to speak at our Fringe meeting at Sheffield next month. Having failed to secure a commitment from him by the deadline for entries in the Fringe Directory, we decided the event would consist of a panel discussion on the subject of Housing –how the Coalition could improve its social housing reforms with 'you know what'! We have prepared a new 'Conference Flyer' (the eighth in a new series we launched last autumn) on Land & Housing.

However the news on the Scotland Bill reawakened interest at New Statesman in LVT and earlier this month I met their publisher, who now plans to run a special issue on the subject for our Conference week! Jason Cowley **will** now chair our fringe. We also hope to secure the newly appointed Head of Policy at SHELTER for the event: former intern at Henry George Foundation and London Mayor's housing policy adviser Toby Lloyd.

Another project which ALTER has influenced but which has yet to bear fruit is CentreForum's plan to commission Philippe Legrain of LSE to write a booklet for them on LVT. We understand that funding may now have been secured for that. It was our Hon President Chris Huhne who persuaded CentreForum to approach Legrain and who asked me to help find a sponsor during the Autumn Conference in Liverpool, where we published an updated second edition of ***The Case for a New Peoples Budget***.

ALTER's Liverpool fringe event heard recently ennobled former Leader of Newcastle City Council, John Shipley, please his audience by recording his opposition to Local Income Tax and suggesting that Newcastle might pilot LVT. However efforts to follow this up have so far not come to anything, despite Conference calling for Lib Dems in the Coalition Government to be allowed to commission research on policies that are not yet part of the Agreement, specifically mentioning LVT.

ALTER has been active at regional party conferences in Devon & Cornwall (at Plymouth) and South Central (in Oxford). A mark of how far we have progressed within the Party in the past ten years was the unanimous vote in support of a motion on LVT as a key tool for securing more affordable housing, at the Oxford Conference. Not a single speaker's card was submitted against the Motion. It is not long ago that our ideas were being dismissed as laughable; now we are mainstream. Even people not yet members of ALTER are tabling motions supporting LVT, as we understand is likely at the next Scottish Party Conference

Your Committee see it as a realistic aim to secure LVT as one of the key policies that differentiate us from our present Coalition Government partners, while continuing to work with others from all parties to ensure that all other likely **future** Coalition partners are more receptive to "The Full Monty" (a useful phrase in Sheffield?!) than the Tories were to Mansion Tax. During the Labour Leadership campaign, two of the contenders – including Ed Milliband – spoke in support of LVT. While I was discussing LVT with New Statesman's publisher, Jason Cowley was meeting Milliband. Perhaps they even discussed it as well!

I do hope you will join us at our AGM in Sheffield – calling notice enclosed. If not, best wishes for the coming year and thanks for your continuing support.

Yours sincerely,

