

GREATER LONDON AUTHORITY

(By email)

Our reference: MGLA060622-2399

Date: 12 August 2022

Dear

Thank you for your request for information, which the Greater London Authority (GLA) received on 5 June 2022. Your request has been considered under the Freedom of Information Act 2000.

You requested:

I was intrigued when reading Tom Copley's report "Tax Trial: Land Value Tax for London?". Housing is an important issue to me and I believe that a land value tax would make housing more accessible for Londoners, while relieving the burden on the high street by potentially replacing business rates, and helping tenants through a possible reduction in council tax. In your response to the report, you suggest that officers may raise issues of tax devolution with the Treasury. Further, in the report "Devolution: a capital idea", the following recommendations are given:

- *National government should work with London's government to trial the operation of a land value tax pilot on undeveloped land.*
- *Short of full property tax devolution, the Government should work together with the boroughs, the GLA and TfL to develop a consultation paper on the objectives, principles and design options of a land value capture charge.*

I would like to know:

- a) If the Treasury been contacted regarding an implementation of Land Value Tax (LVT) in London.*
- b) Communications regarding further tax devolution with the Treasury and/or other relevant figures.*
- c) If any action has been taken in regards to the recommendations quoted above (from "Devolution: a capital idea").*

Our response to your request is as follows:

In his Housing Strategy, the Mayor recognises that the statutory powers currently available are inadequate to fully address the scale of the housing crisis. The Mayor has continued to lobby government for a long-term commitment to ensure the taxation of land is more progressive; and that it incentivises landowners to make better use of scarce land, and to build out planning permissions more quickly.

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In response to your specific queries:

- a) On the specifics of land value taxation, the Treasury was contacted following the publication of “Devolution: A capital idea”, and a meeting was held (in circa 2017) to run through the overall recommendations with some Treasury officials. However, the Mayor did not receive sufficient interest to explore land value taxation in more detail.
- b) “Further tax devolution” could mean controlling and setting the tax – or being given extra freedoms/flexibility over how the proceeds of tax raised locally are used (even if the tax is still set by government). If it’s the latter, we have some material examples that will have involved extensive discussions with officials and ministers for several years:
 - £2bn of former government grant has been replaced by locally retained business rates. A special London business rates’ pool pilot in 2018-19 and 2019-20 allowed us and London boroughs to retain over £300m more income from business rates.
 - We have been given the power to apply our local Mayoral CIL Community Infrastructure Levy (CIL) – around £100m per annum – to fund capital financing costs for Crossrail until 2043. No other local authority or Mayor in England can use their CIL income for capital financing and debt repayment. This was addressed as part of the Crossrail funding negotiations in 2018 and 2020, and involved: officials/ministers from the Department for Transport/HM Treasury and the Department for Levelling Up, Housing and Communities; and the Prime Minister’s Office, 10 Downing Street.
 - We were allowed to introduce the Crossrail Business Rate Supplement (BRS) in 2010 (without requiring a ballot of rate payers). The BRS will have generated circa £3bn by next March.
 - Prior to the 2017 general election, the local government finance bill would have given us the power to raise a further two pence BRS (alongside other Mayors) – but it was dropped after the 2017 election due to lack of parliamentary time (because of Brexit). This was an example of further tax powers being considered.
 - The additional power to raise a further £20 on our council tax precept to fund transport services in London for 2022-23 was granted to the Mayor on top of the standard 1.99 per cent local government referendum limits. That is a special tax power available to the Mayor, which has not been granted to other Mayors/councils to fund transport services locally.

Unfortunately, to provide all communications on further tax devolution with the Treasury and other relevant figures would exceed the ‘appropriate limit’ of £450 set by the Freedom of Information (Appropriate Limit and Fees) Regulations 2004.

Under section 12 of the FOI Act, we are not obliged to comply with a request if we estimate that the cost of determining whether we hold the information, locating and retrieving it, and extracting it from other information would exceed the appropriate limit. This is calculated at £25 per hour for every hour spent on the activities described. We have estimated that it would take over 18 working hours to retrieve and compile the information you have requested, resulting in a cost of over £450 to provide a response to your current request.

There have been numerous communications between GLA officers, political advisers, the Mayor and others, often in the margins of other discussions. We have undertaken a preliminary search for all emails held by a GLA Group Finance officer. This returned hundreds of emails exchanged with officials and other parties (such as London Councils) on

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this topic. We expect this number to increase when the search is expanded further across other teams.

To help bring the cost of responding to your request within the £450 limit, you may wish to consider narrowing its scope so that we can locate, retrieve and extract the information you are seeking. You may facilitate this by providing, for example:

- further context on the type of information you are seeking.
- a list of named recipients in whose communication with the GLA you are interested (for example, any Government ministers); with this list, we may be able to locate and retrieve further information relevant to your request.
- a narrower time period, covering the duration of communications that you are particularly interested in seeking.

c) As mentioned above, the Government has not taken up the two recommendations cited (and has shown no interest in working with us to test those ideas).

If you have any further questions relating to this matter, please contact me, quoting the reference MGLA060622-2399.

Yours sincerely

Information Governance Officer

If you are unhappy with the way the GLA has handled your request, you may complain using the GLA's FOI complaints and internal review procedure, available at:

<https://www.london.gov.uk/about-us/governance-and-spending/sharing-our-information/freedom-information>