

Council 13 November, 2014

The Financial Transaction Tax

Labour Group to move:

Council notes that:

- 1 local government will see real term cuts in central grant of 43% over the 2010 Comprehensive Spending Review period, meaning a cut of £20bn in annual grant by 2016;
- 2 extending the current Financial Transaction Tax on shares to other asset classes such as bonds and derivatives could raise £20bn of additional revenue in the UK a year; and
- 3 at least 11 European nations including France, Germany, Italy and Spain are moving ahead with FTTs on shares, bonds and derivatives estimated to raise £30bn a year.

Council believes that:

- 4 revenues from the FTT could help repair the damage caused by cuts in public services since 2010;
- 5 local government deserves to receive a significant proportion of FTT revenues, making an important contribution to both capital and revenue expenditure such as reversing cuts to council tax benefits; and that
- 6 whilst an FTT might have a negligible effect on jobs in the City of London, investing FTT revenues in a smart and progressive way would see a significant increase in employment levels in other sectors.

Council resolves that:

- 7 the UK government be urged to extend the current FTT on shares to other asset classes, such as bonds and derivatives;
- 8 a letter should be written on behalf of this Council by all four Group Leaders to the Prime Minister, Deputy Prime Minister, Leader of the Opposition, Chancellor and Shadow Chancellor of the Exchequer, and Secretary of State for Communities and Local Government stating this council's support for extending FTTs; and
- 9 a further letter should be written to the local MPs outlining this Council's position.