

## **Notice of Motion – Council 17 July 2013**

*“This council notes that the coalition government is making disproportionate cuts to funding of local government, and calls on it to reverse this policy.*

*This council advocates that Britain should join the 11 European countries that have pledged to introduce a transaction tax on all financial exchanges, including shares, bonds and derivatives, in the process targeting those who precipitated the financial crisis and going some way to paying off the national debt.*

*It should be part of a wider programme that proceeds with the urgent reform of the banks, separating the high-street and investment arms, a crackdown on high-earners’ and corporate tax avoidance, and proper regulation of the markets.*

*Further, the revenue raised should be used, among other things, to reverse cuts in funding to local government.*

*Council resolves to ask the chief executive to write to the chancellor of the exchequer and the secretary of state for communities and local government informing them of council’s resolution.”*

To be moved by Councillor Hamilton-Cox

Seconded by Councillor Jon Barry and Councillor Dave Brookes

## **Officer Briefing Note**

The motion covers a wide range of matters at a national / international level and it is impractical to cover all the topics mentioned in detail. To assist Council in their debate, more information on various key issues is provided below.

It is impossible to give any indication of how the issues raised in the motion could impact on the City Council’s district.

## **Government Spending Review**

The executive summary from the Government’s Spending Review and the Local Government Association (LGA)’s on the day general briefing are attached as background.

Nationally, the headline funding reduction for councils in 2015/16 is 10%, on top of a 33% reduction since 2010. Government’s decisions on how funding reductions should be spread will have been influenced by its priorities, and the extent to which it considers the relevant departments and sectors (such as Local Government) are able to, and should be able to, manage the funding reductions.

## **Financial Transaction Tax**

The European Union financial transaction tax (EU FTT) is a proposal made by the European Commission to introduce a financial transaction tax within a number of states of the European Union by 1 January 2014. The original proposal was for an EU-wide FTT but this was dropped in June 2012, as there was insufficient support. There are still 11 countries

requesting to participate in the proposal and they are: Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain.

The tax would impact on financial transactions between financial institutions charging 0.1% against the exchange of shares and bonds and 0.01% across derivative contracts, if just one of the financial institutions resides in a member state of the EU. This proposal has still to be agreed in detail by all 11 countries.

An update on the European Union website last month stated that implementation would be delayed, but could still enter into force towards the middle of 2014 provided that agreement is found before the end of 2013, and there is a speedy transposition into national law by participating member states.

In April this year, the UK Government launched a legal challenge to the European Union proposal for an EUFTT. The Treasury said it was “not against the principle” of a global FTT, however it would not participate in a tax which applied only to countries in the EU.

For more information, Members may wish to refer to the European Commissions website:

[http://ec.europa.eu/taxation\\_customs/taxation/other\\_taxes/financial\\_sector/](http://ec.europa.eu/taxation_customs/taxation/other_taxes/financial_sector/)

### **Reform of Banking**

On 14 June the Government published a White Paper setting out proposals to fundamentally reform the structure of banking in the UK. The White Paper, which details how Government will implement the recommendations of the Independent Commission on Banking, offers further detail on plans to separate retail and investment banking through a “ring-fence” and increase competition in the banking sector. It sets out proposals aimed at making banks more resilient, as well as making them simpler to resolve in the event of failure.

The Government’s policy position and plans regarding banking reform can be reached through the following link:

<https://www.gov.uk/government/policies/creating-stronger-and-safer-banks>

### **Section 151 Officer comments:**

The s151 Officer has contributed to the briefing note and she has no further comments.

### **Monitoring Officer comments:**

The Monitoring Officer has been consulted and has no further comments.