

FINANCIAL TRANSACTIONS TAX: COUNCILLORS' GUIDE

EVERYTHING YOU NEED

CONTENTS

INTRODUCTION	3
BRIEFING	4
MOTION	6
SPEECH PROPOSING THE FINANCIAL TRANSACTIONS TAX	8
FAST FACTS FOR A FINANCIAL TRANSACTIONS TAX	10
PRESS RELEASE	12
KEEP IN TOUCH	14
USEFUL RESOURCES	15

INTRODUCTION

This guide will provide you with an overview of the Financial Transactions Tax (FTT). It includes a motion, briefing, speech, template press release and contact details should you wish to learn more about the campaign.

Email councilscampaign@robinhoodtax.org.uk to sign up in support as a councillor, or to find out more information.

BRIEFING

COUNCILLORS' BRIEFING ON THE FINANCIAL TRANSACTIONS TAX (POPULARLY KNOWN AS THE ROBIN HOOD TAX)

What is the Financial Transactions Tax (FTT)?

The Financial Transactions Tax – or Robin Hood Tax (RHT) – would roll out the current tax on the purchase of shares to other financial assets, such as bonds and derivatives. This could raise £25 billion² of additional revenue every five year parliament, potentially providing a new source of funding for local councils. The FTT would also help encourage traditional longer term approaches to investment as opposed to extremely short-term, speculative behaviour that characterised the conditions that led to the financial crisis. Changing such behaviour is necessary to create a more responsible and stable financial system going forward. The UK already has an FTT on share sales, but loopholes mean a large portion of this is lost. Extending the FTT would not require an entirely new system to be introduced.

Why does the FTT matter now?

- Campaigners are calling for FTT revenues³ to be spent in the UK on job creation and the improvement of public services and infrastructure, both nationally and locally.
- The FTT represents an opportunity to offset the worst of the cuts, and bring growth across the UK.
- The FTT is popular. Seven in ten voters now support its introduction.⁴
- At least 10 European countries – including France, Germany, Italy and Spain – are moving ahead with a broad based FTT (incorporating shares, bonds and derivatives), and from next year will be raising an estimated €22bn (£19.5bn) per year between them.⁵

How does this affect me and my constituents?

Though local councils and their residents did not cause the crash, they are paying a heavy price for it. After the cuts implemented from the 2010 Comprehensive Spending Review onwards, local government and, consequently ordinary people who use public services, have been detrimentally (and disproportionately) affected. Ordinary people should not have to pay for errors committed by reckless elements of the financial sector. It is entirely reasonable that banks and hedge funds contribute more to clear up the mess they caused.

Under the Coalition Government, functions including public health and council tax support were devolved to local government for the first time in decades (cut rest of sentence) whilst seeing a very significant reduction in funding. Local government is having to do more with less, especially as the UK's population gets older and demand for public services increases and despite numerous examples of innovative work by councillors across the country, cuts to grants have and will increasingly take their toll. The FTT could help deliver an alternative to this counterproductive austerity driven approach, and deliver a shot in the arm to communities and authorities across the country.

FTT revenue - helping to bridge the funding gap

According to the National Audit Office, councils saw their spending power cut by 23% in real terms under the Coalition. In late 2016, the NAO calculated the cuts would continue at 8% of local authority spending power between 2016/20, even after increased council tax receipts.⁶ City think tank Intelligence Capital have suggested that - by modernising the current UK FTT - the government could raise £25bn every five-year parliament, which would allow it to substantially relieve the strain on council budgets.

Who supports the Financial Transactions Tax?

Apart from the 10 European countries now moving ahead with the FTT, the tax enjoys the support of leading economists including Nobel Laureates Paul Krugman and Joseph Stiglitz, business figures such as Bill Gates and front bench Labour and Lib Dem politicians. Trade unions also back the FTT including GMB, NUT, NASUWT, PCS, UNISON and Unite. The TUC are long term supporters.⁷

What is the proposal?

Formally: to pass a motion in council calling on the government to introduce the Financial Transactions Tax.

Public communication: to highlight this vote to local media, outlets read by councillors (such as the LGC, MJ, and Guardian Local Government Network), the Robin Hood Tax campaign, and any prominent sources you have ready access to.

Political communication: to write to key political figures - indicated in the attached draft motion - outlining your support for the FTT.

Where can I find out more information?

Via the Financial Transactions Tax Councillors' hub where policy documents and campaign materials regarding the FTT are available. <https://robinhoodtax.org.uk/local-councillors-hub>

MOTION

MODEL COUNCIL MOTION: SUPPORTING THE FINANCIAL TRANSACTIONS TAX (FTT)

Council notes that:

- Unemployment in this authority is currently X, as a result of the economic crisis;
- Local government will see a real terms cut of 44% in Settlement Funding Assessment by 2019.
- Extending the current FTT on shares to other asset classes such as bonds and derivatives could raise more than £5bn of additional revenue in the UK a year; and
- At least 10 European nations including France, Germany, Italy and Spain are moving ahead with FTTs on shares, bonds and derivatives estimated to raise £19bn a year.

Council believes that:

- By 2020, local government will have seen a 7% falling in government grant funding every year for a decade;⁸
- 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 adult social care; and that
- 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:

- The UK government should extend the current FTT on shares to other asset classes, such as bonds and derivatives.

Council further resolves to:

- Write 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
- Write to all local MPs outlining the Council's position.

Shorter Model Motion*

This council notes the suffering forced upon local residents as a result of this government's cuts programme and asserts that there is an alternative to its ideologically driven attack on public services – namely the levy of a Financial Transactions Tax on the speculative activities that have accelerated the recent enrichment of the few to the detriment of the many. The council therefore calls upon Government to enact the FTT and use the revenues from this measure to reverse ongoing shrinkage in central grants to our council.

** councillors are of course free to edit either motion as they wish according to local circumstance*

SPEECH PROPOSING THE FINANCIAL TRANSACTIONS TAX

Speech endorsing the Financial Transactions Tax (FTT) motion

- As a council our day-to-day business is the welfare of our residents. But our task has clearly been affected in recent years by wider events.
- Since the financial crisis of 2008, local residents have been made to pay – often with their jobs, or at best, with frozen or lower wages and reduced public services – for the mistakes of a small financial elite in the City of London.
- As Councillors, we are doing our best to preserve the vital services our residents rely upon, but the impact of central cuts since 2010 makes our job increasingly difficult.
- It is important therefore that we show our support for a potential alternative to this austerity that impacts our residents lives and ties one hand behind Councillors’ backs on a daily basis.

The FTT

- I think an opportunity here is the Financial Transactions Tax, which is something this authority should get behind.
- The Financial Transactions Tax is at the forefront of the way most leading nations have responded to the financial crisis, including the centre-right German government, and centre-left French administration.
- The FTT involves a very modest tax on shares, bonds and derivatives transactions in the financial markets.
- Because it is applied at a tiny level for each transaction, it is targeted at high frequency gamblers on the markets, not long term investors like pension funds.

- In the UK we currently have a very successful tax on shares, our Stamp Duty, which raises £3.3bn a year.
- Extending this to bonds and derivatives could raise an additional £5bn a year.
- In times like these, we cannot afford to turn down more than £25bn per parliament. It is reasonable to ask a few thousand financiers to pay a modest tax which would raise a similar sum.
- Invested wisely that £25bn could help create tens of thousands of jobs across the country, and help drive up employment in our authority.
- Opinion polls consistently show over 70% support for the tax amongst Labour and Lib Dem voters.
- The Government, and all political parties, need to be bolder on the FTT – and put the interests of ordinary people, like our residents, above the narrow concerns of a small subset of the financial elite.
- We in local government have felt the impact of the cuts more than most. With the impact of many of the cuts still to be felt, things are likely to get more difficult. The FTT is a way to address the billions shortfall in councils' budgets, whilst also forming a positive, job and growth creating mechanism.
- I therefore move we pass the attached motion.

FAST FACTS FOR A FINANCIAL TRANSACTIONS TAX (FTT)

AN FTT IS ESTIMATED TO RAISE MORE THAN £25BN IN REVENUE EVERY PARLIAMENT, WHICH IS A HUGE AMOUNT OF MONEY. BUT WHAT DOES THAT MEAN FOR THE UK?

FTT revenue would help protect and improve our public services

- The extra money from two months of an improved UK FTT could reverse all the police and firefighters jobs lost and library closures since the cuts began.⁹
- It would take just over a week of FTT revenue to fund the salaries of 1,000 new police constables, 1,000 newly qualified nurses and 1,000 teachers.¹⁰
- The additional money it could raise in a year could reverse the current round of education cuts, build 100 new schools and hire 30,000 teachers.¹¹

It would benefit ordinary lives

- One day of a FTT revenue would pay for over 1 million hours of home care to help some of the most vulnerable people in society.¹²
- Every week of FTT revenue would pay for at least 2,500 new affordable homes to be built.¹³
- One year of an extended FTT could plug last year's NHS funding gap, fix the social care funding crisis, build 80,000 affordable homes with money left over to hire 20,000 new teachers.¹⁴

It could provide vital extra funds for the (devolved) nations

- One month of FTT revenue could increase the main source of funding to Welsh councils by 10 per cent.¹⁵
- Two months and a half of FTT revenue could increase the main source of funding to Scottish councils by 10 per cent.¹⁶
- 9 days of FTT revenue could increase the budget Northern Ireland receives from Westminster by 10 per cent.¹⁷

PRESS RELEASE

PRESS RELEASE INFORMATION

Here's a template Press Release that can be sent to local media either as the motion is proposed (which could help put pressure on other councillors to pass it), or as the motion passes (to help generate coverage and positive press for your council).

It will need to be adapted to reflect your approach and specific circumstances, but hopefully it contains all the information you will need.

We are also encouraging our supporters to write letters to their local papers outlining why they are asking local Councillors to support the motion.

For immediate release:

[your Council name] calls on the Government to introduce a Financial Transactions Tax on the banks to help pay for local services.

Today [Council] has proposed/passed a motion in support of a Financial Transactions Tax. It could raise more than £5bn of additional revenue a year from a tiny tax of about 0.05% on transactions carried out by financial institutions - not ordinary individuals.

Proceeds from the tax, also known as a Financial Transactions Tax, could help get people back into work, be invested in infrastructure and public services, as well as helping us live up to our international commitments.

[Councillor] said:

“The effects of reckless banking practices in the City of London have been felt by every community in the UK and many around the world – it is only right banks now pay their fair share to repair the damage they have caused.”

“If local councils are being asked to bear cuts of more than 40% that have hit local people hard, it doesn’t seem unreasonable to ask the banks to pay a tax of as little as 0.05%.”

The extra money from two months of an improved UK FTT could reverse all the police and firefighters jobs lost and library closures since the cuts began.

Contact:

[insert contact details]

Notes to editors:

- The Council has/will resolve to write 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 implementing a wide-ranging Financial Transactions Tax that could help rebalance Britain away from an over-reliance on the City of London. The Council will also write to all local MPs outlining the Council’s position.
- 10 European countries, including its biggest economies – France, Germany, Italy and Spain – are set to introduce the policy as early as 2018 and it could raise them almost £20bn per year
- You can find out more about the Financial Transactions Tax from the Robin Hood Tax campaign.
Website: www.robinhoodtax.org.uk
Email: action@robinhoodtax.org.uk

KEEP IN TOUCH & USEFUL RESOURCES

KEEP IN TOUCH

Please do keep in touch to let us know how your council receives the motion. We are keen to help promote champions of the Financial Transactions Tax, and provide you with any support you might need.

- Email councilscampaign@robinhoodtax.org.uk to sign up
- Keep up to date with our blog <https://robinhoodtax.org.uk/latest>
- Check out our website <https://robinhoodtax.org.uk>
- Find us on Facebook [facebook.com/robinhoodtax](https://www.facebook.com/robinhoodtax)
- Follow us on Twitter [@RobinHoodTaxUK](https://twitter.com/RobinHoodTaxUK)
- To see a list of councils who already back the Robin Hood Tax www.robinhoodtax.org.uk/BringRobinHome

For more campaign resources

<https://www.robinhoodtax.org.uk/local-councillors-hub>

RESOURCES

- Everything You Need to Know
<https://robinhoodtax.org.uk/about-the-tax>
- Why we need Robin: Public services and welfare
<https://www.robinhoodtax.org.uk/content/public-services-welfare>
- Why we need Robin: Poverty and inequality in the UK
<https://www.robinhoodtax.org.uk/content/poverty-inequality-uk>
- Why we need Robin: Economic crisis in the UK
<https://www.robinhoodtax.org.uk/content/economic-crisis-uk>
- Politicians who support Robin
<https://robinhoodtax.org.uk/supporters/politicians>
- Thinkers who support Robin
<https://robinhoodtax.org.uk/supporters/thinkers>
- Celebrities who support Robin
<http://robinhoodtax.org.uk/supporters/celebrities>
- Policy Library
<http://robinhoodtax.org.uk/how-it-works/policy-library>
- Resources
<https://robinhoodtax.org.uk/get-involved/get-resources>
- Who we are
<https://robinhoodtax.org.uk/whos-behind-it/the-coalition>

FOOTNOTES

- ¹ The UK's Stamp Duty on share transactions is at a rate of 0.5% and currently raises £3.3 billion a year (sources: UK Government data)
- ² Intelligence Capital, Improving Resilience, Increasing Revenue: The Case for Modernising the UK's Stamp Duty on Shares (2017), via https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2908464
- ³ RHT campaigners would like to see a proportion of FTT revenues spent on meeting our international commitments in respect of climate change and development, particularly relating to rolling out clean water, basic healthcare and education in the world's poorest countries.
- ⁴ <http://liberalconspiracy.org/2012/05/26/robin-hood-tax-backed-by-the-rich-and-the-rest-says-new-poll/>
- ⁵ (sources: EC calculations, 2016)
- ⁶ <https://www.nao.org.uk/wp-content/uploads/2016/11/Overview-Local-government.pdf>
- ⁷ <https://www.robinhoodtax.org.uk/supporters>
- ⁸ <https://www.nao.org.uk/wp-content/uploads/2016/11/Overview-Local-government.pdf>
- ⁹ Since 2010, 20,000 police salaries (£390m), 6,600 firefighter salaries (£200m) and 530 libraries annually (£180m) have been cut.
- ¹⁰ Assuming newly qualified nurse basic pay of £21,909, newly qualified teacher basic pay of £22,244, and starting police constable basic pay £21,173 per year plus adding 30% of on costs (supplementary costs an employer must bear when hiring and employee). Pay rates via <https://getintoteaching.education.gov.uk/funding-and-salary>; <https://www.rcn.org.uk/employment-and-pay/nhspayscales-2016-17>; and <https://www.prospects.ac.uk/job-profiles/police-officer>
- ¹¹ <https://www.ifs.org.uk/publications/8027>
- ¹² Assuming care costs between £13 and £17 per hour: <https://www.partnership.co.uk/paying-care-fees/paying-for-long-term-care/how-much-will-care-cost/>
- ¹³ £31,500 per new home: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf
- ¹⁴ Last year's NHS funding gap: £850m (<https://improvement.nhs.uk/resources/quarterly-performance-nhs-provider-sector-quarter-3-1617/>); estimated social care deficit for 2017/18: £620m (<http://www.ageuk.org.uk/latest-news/12m-older-people-dont-get-the-social-care-they-need/>); 82,000 homes through Shared Ownership and Affordable Homes Programme (SOAHP): £2.6bn (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf); 20,000 new teaching salaries: £450m (<https://getintoteaching.education.gov.uk/funding-and-salary>).
- ¹⁵ 10% of a £4.1bn 2017/18 local government funding settlement: <http://gov.wales/topics/localgovernment/finandfunding/settlement/lg-settlement-2017-18/final-settlement-2017-18/?lang=en>
- ¹⁶ 10% of £10.3bn 2017/18 local government funding settlement: <http://www.unison-scotland.org/library/ebrief-local-government-budget-Feb-2017.pdf>
- ¹⁷ 10% of £1.2bn 2017/18 local government rates revenues: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/LPS%20Annual%20report%20and%20accounts%202015-16.pdf>