

Minute from Council on 27th September 2023

Councillor Ainscough proposed the following motion having given the required notice to the Chief Executive in accordance with Council Procedure Rule 15:-

"This Council notes that:

1. The pressure on organisations to pay their fair share of tax has never been stronger.
2. Polling from the Institute for Business Ethics finds that "corporate tax avoidance" has, since 2013, been the clear number one concern of the British public when it comes to business conduct.
3. Two thirds of people (66%) believe the Government and local councils should at least consider a company's ethics and how they pay their tax, as well as value for money and quality of service provided, when awarding contracts to companies.
4. Around 17.5% of public contracts in the UK have been won by companies with links to tax havens.
5. It has been conservatively estimated that losses from multinational profit-shifting (just one form of tax avoidance) could be costing the UK some £17bn per annum in lost corporation tax revenues.
6. The Fair Tax Mark offers a means for business to demonstrate good tax conduct and has been secured by a wide range of businesses across the UK, including FTSE-listed PLCs, co-operatives, social enterprises and large private businesses.

This Council believes that:

1. Paying tax is often presented as a burden, but it shouldn't be.
2. Tax enables us to provide services from education, health and social care, to flood defence, roads, policing and defence. It also helps to counter financial inequalities and rebalance distorted economies.
3. As recipients of significant public funding, local authorities should take the lead in the promotion of exemplary tax conduct; be that by ensuring contractors are paying their proper share of tax, or by refusing to go along with offshore tax dodging when buying land and property.
4. Where councils hold substantive stakes in private enterprises, influence should be wielded to ensure that such businesses are exemplars of tax transparency and tax avoidance is shunned.
5. More action is needed, however, as current and proposed new UK procurement law significantly restricts councils' ability to either penalise poor tax conduct (as exclusion grounds are rarely triggered) or reward good tax conduct, when buying goods or services.
6. UK cities, counties and towns can and should stand up for responsible tax conduct - doing what they can within existing frameworks and pledging to do more given the opportunity, as active supporters of international tax justice.

This Council resolves to:

1. Approve the Councils for Fair Tax Declaration.
2. Lead by example and demonstrate good practice in our tax conduct, right across our activities.
3. Ensure IR35 is implemented robustly, and contract workers pay a fair share of employment taxes.
4. Not use offshore vehicles for the purchase of land and property, especially where this leads to reduced payments of stamp duty.
5. Undertake due diligence to ensure that not-for-profit structures are not being used inappropriately by suppliers as an artificial device to reduce the payment of tax and business rates.

6. Demand clarity on the ultimate beneficial ownership of suppliers UK and overseas and their consolidated profit & loss position, given lack of clarity could be strong indicators of poor financial probity and weak financial standing.
7. Promote Fair Tax Mark certification especially for any business in which we have a significant stake and where corporation tax is due.
8. Support Fair Tax Week events in the area and celebrate the tax contribution made by responsible businesses are proud to promote responsible tax conduct and pay their fair share of corporation tax.
9. Support calls for urgent reform of UK procurement law to enable local authorities to better penalise poor tax conduct and reward good tax conduct through their procurement policies.”

Councillor Parr seconded the motion.

An officer briefing note accompanied the motion on the agenda.

Councillor Ainscough responded to questions from Councillors prior to the debate.

An amendment to the motion was moved by Councillor Hamilton-Cox:

“Given the legal and financial risks identified in the officer briefing note and, in particular, those in relation to the Public Contracts Regulations 2015, Council is asked to refer the matter for further, more detailed, consideration by the Overview and Scrutiny Committee.

Council notes that Overview & Scrutiny Committee’s terms of reference include making suggestions on the review and development of policy and requests that any report arising is fed back into Cabinet for its consideration ahead of any final decision by full council; aiming for Cabinet's meeting in January 2024.”

With the agreement of her seconder, Councillor Ainscough accepted this as a friendly amendment.

There was a discussion about resourcing the Overview and Scrutiny inquiry work for this matter, resulting in Councillor Cooper proposing a further amendment:

“That the words “aiming for Cabinet’s meeting in January 2024” be replaced with “as soon as reasonably possible.”

Councillor Ainscough and her seconder accepted this as a friendly amendment.

At the conclusion of a lengthy debate a vote was taken and the motion was clearly carried.

Resolved:

- (1) Given the legal and financial risks identified in the officer briefing note and, in particular, those in relation to the Public Contracts Regulations 2015, Council is asked to refer the matter for further, more detailed, consideration by the Overview and Scrutiny Committee.
- (2) Council notes that Overview & Scrutiny Committee’s terms of reference include making suggestions on the review and development of policy and requests that any report arising is fed back into Cabinet for its consideration ahead of any final decision by full council as soon as reasonably possible.