



Worthing Joint Strategic Sub-Committee
8th November 2022

ADUR & WORTHING
COUNCILS

Key Decision: [Yes/No]

Ward(s) Affected: All
Portfolio: Resources

Referral of Motion on Notice from Worthing Borough Council

Report by the Interim Director for Digital, Sustainability & Resources

1. Purpose

- 1.1. This report sets out a motion (attached as Appendix 1) referred from the meeting of Worthing Borough Council on the 18th October 2022.
- 1.2. Members of the Worthing Joint Strategic Sub-Committee are asked to consider and determine the Motion.
- 1.3. Members can either support the motion and ask for further work to be carried out in this regard, or, members can reject the motion.

2. Recommendations

- 2.1. That the Worthing Joint Strategic Sub-Committee support the motion and determine how further work is carried out; or,
- 2.2. That the Worthing Joint Strategic Sub-Committee reject the motion.

3. Context

- 3.1. At its meeting on the 18th October 2022, Worthing Borough Council received a motion from Councillor Jon Roser, seconded by Councillor Helen Silman, details of which can be found at Appendix 1.
- 3.2 The motion submitted to Council contained subject matter that is within the remit of the Worthing Joint Strategic Sub-Committee, as defined in para 14.4.1 of the Council's Procedure Rules. Therefore, it was moved and seconded, immediately noted by the Council and referred without debate to the Worthing Joint Strategic Sub-Committee for consideration and determination.
- 3.3 Where a motion has been referred by Full Council to the Worthing Joint Strategic Sub-Committee, the mover, or the seconder in the absence of the mover, shall be entitled to attend the relevant meeting of the Cabinet and explain the motion. Councillor Jon Roser has been made aware that the motion has been referred to this Sub-Committee.

4. Issues for consideration

- 4.1 The Worthing Joint Strategic Sub-Committee can either support or reject the motion.
- 4.2 Should the Worthing Joint Strategic Sub-Committee support the motion, then the Committee should ask Officers to prepare a further report on the substantive issues to be presented at a future meeting of the Sub-Committee.

5. Financial Implications

- 5.1 There may be direct financial implications in future depending on the course of action the Worthing Joint Strategic Sub-Committee wishes to take.

6. Legal Implications

- 6.1 Rules concerning motions are set out in the Council's Constitution under paragraph 14 of the Council's Procedure Rules.

Background Papers

Motion to Worthing Borough Council on the 18th October 2022

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Fair Tax Motion

Paying tax is often presented as a burden, but it shouldn't be. Not when considered against the huge array of public services it helps fund—from education, health and social care, to flood defence, roads, policing and defence. It also helps to counter financial inequalities and rebalance distorted economies.

The pressure on organizations to pay their fair share of tax has never been stronger. For example, 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. In recent years, HMRC has done much to clamp down on tax avoidance and evasion—but many in the tax justice movement think more needs to be done. It's 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.

As recipients of significant public funding, local councils 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.

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. The FairTax Mark offers a means for business to demonstrate good tax conduct, and accredited businesses include listed PLCs, co-operatives, social enterprises and large private business. Social enterprises and co-operatives have been early pioneers of the FairTax Mark, and fit especially well with the pursuit of social value in public procurement.

In recent polling, 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. At the same time, research has found that around 17.5% of public contracts in the UK have been won by companies with links to tax havens.

Councils wanting to penalise poor corporate tax conduct and reward good tax conduct when buying goods and services are constrained by UK rules. The rules rightly allow councils to exclude supplier businesses for proven tax offences, but the grounds for exclusion are narrow and rarely triggered in practice. Restrictions prevent councils from specifying 'responsible tax' as a contract award criteria, e.g., a policy shunning the artificial use of tax havens, as 'tax' cannot be linked straightforwardly to the subject matter of a contract.

As Government rewrites the UK's procurement rules it can further strengthen efforts to combat corporate tax avoidance, ensure fair competition for UK businesses small and large, and bolster efforts to drive out corruption, by explicitly permitting 'responsible tax conduct' criteria in the award of public contracts alongside other social value criteria, and

requiring robust public disclosure of who owns and controls overseas and UK supplier firms.

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.

Full 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 who 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.

Proposer:- Councillor Jon Roser

Seconder:- Councillor Helen Silman