



Council
15 December 2022

ADUR DISTRICT COUNCIL

Ward(s) Affected: N/A

Motion on Notice

Report by the Director for Communities

Executive Summary

1. Purpose

- 1.1 The report before Council sets out a motion received from Councillor Lee Cowen and seconded by Councillor Carol O'Neal
- 1.2 Council is asked to deal with the motion under provisions set out in paragraph 14 of the Council & Committee Procedure Rules found at Part 4 of the Council's Constitution.

2. Recommendations

- 2.1 Subject to the rules on decision making set out in the Council's Constitution (and to paragraph 2.2 below) the Council is asked to determine the motion as set out in Annex A to this report.
- 2.2 If the motion is accepted then the Council is asked to authorise the referral of Paragraphs 5 & 6 of the Motion to the Joint Strategic Committee Sub Committee (Adur) for consideration and determination.

3. Context

- 3.1 A motion on notice has been received from Councillor Lee Cowen, (attached as Annex A).
- 3.2 The content of the motion is relevant to a matter in relation to which the Council has powers or duties and which specifically affects the District.
- 3.3 There is nothing substantive within the motion that would cause its rejection under the terms of the Constitution.
- 3.4 The motion before Council contains part of the subject matter that is within the remit of the Joint Strategic Committee and its Sub-Committees. The motion includes a proposal for the Council to take substantive actions within the remit of the Joint Strategic Committee and its Sub-Committees. Therefore, if the motion is approved by the Council any action within the remit of the Joint Strategic Committee will need to be referred to that Committee for consideration and determination.
- 3.5 The Motion shall be debated in accordance with the part 14 of the Council's procedure rules

4. Issues for consideration

- 4.1 Motions considered by Full Council are done so under part 14 of the Council's Procedure Rules
- 4.2 Should the Motion be successful any matter that falls within the remit of the executive will be referred to that body for determination

5. Financial Implications

- 5.1 Part of the motion requires the Council to undertake significant additional due diligence work around the tax affairs of others (resolution points 5 and 6). Therefore the motion contains substantive actions and if accepted there may be resultant financial implications in the future.

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

- 6.2 When debating the Motion on Notice, the Council must be mindful to ensure that any decision arising out of the Motion is made by the appropriate decision making committee in accordance with the Terms of Reference found in the Council's Constitution and as set out in the recommendations to this Report.

Background Papers

None

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Annex A

Fair Tax Motion

Full 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.

Full 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.

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: Cllr Lee Cowen

Seconder: Cllr Carol O'Neal