

Annex 1 – Referral from the Council

Jonathan Essex (Redhill East) to move under Standing Order 11 as follows:

This Council notes that:

- 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.
- 66 per cent of people 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.
- 17.5 per cent of UK public contracts have been won by companies with links to tax havens. Lost corporation tax revenues from multinational profit-shifting (just one form of tax avoidance) have been estimated to be costing the UK some £17 billion per annum.
- The Fair Tax Mark offers a means to demonstrate good tax conduct and has been secured by a wide range of UK businesses, including The Financial Times Stock Exchange (FTSE) -listed Public Limited Companies (PLCs).

This Council believes that:

- As recipient of significant public funding, Surrey County Council should promote exemplary tax conduct, including ensuring contractors pay their proper share of tax, and refusing to condone offshore tax arrangements when buying land and property.
- This should apply equally to trading companies partially or fully owned by Surrey County Council.
- Current UK procurement law imposes restrictions on councils’ ability to both penalise poor tax conduct and reward responsible tax conduct.
- Due diligence into tax arrangements of suppliers will help identify the Council’s exposure to Russia and other international bad actors. Information on the beneficial ownership of companies will help Surrey County Council ensure its procurement maximises benefit to Surrey’s economy.

This Council resolves to:

- I. Approve the “Councils for Fair Tax Declaration”.
- II. Lead by example and demonstrate good practice in its tax conduct of both Surrey County Council and its trading companies.

- III. Ensure IR35 is implemented robustly such that contract workers pay a fair share of employment taxes.
- IV. Avoid offshore vehicles for the purchase of land and property.
- V. Undertake due diligence to ensure that not-for-profit structures are not being used inappropriately by suppliers to reduce the payment of tax and business rates.
- VI. Demand clarity on the ultimate beneficial ownership of suppliers and their consolidated profit & loss position.
- VII. Include tax conduct in social value scoring for assessing contracts.
- VIII. Support Fair Tax Week events in Surrey and celebrate the tax contribution made by businesses who pay their fair share of corporation tax.
- IX. 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.