

CABINET
25 February 2025

Councils For Fair Tax Declaration

Report by Executive Director Resources and S151 Officer

RECOMMENDATION

1. **Cabinet is RECOMMENDED to approve the Councils for Fair tax Declaration**

Executive Summary

2. At the meeting of the County Council on 5 November 2024, a motion was passed to request Cabinet to consider approving the “Council’s for Fair Tax Declaration”.
3. The “Councils for Fair Tax Declaration” was created by The Fair Tax Foundation Limited that operates as a not-for profit social enterprise. It was developed in collaboration with UK cities, towns and districts who believe they can and should stand up for responsible tax conduct. There are currently 63 Councils across the UK who have made the declaration.
4. The declaration would commit the council to pursuing exemplary tax conduct in their own affairs, require greater transparency from suppliers and support the call for more meaningful powers to tackle tax avoidance amongst suppliers when buying goods and services.
5. Under the same motion the Leader of the Council was requested to write to the Chancellor of the Exchequer supporting 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. A response was received from the Cabinet Office on 7 January 2025 confirming that The Procurement Act which is due to go live on 24 February 2025 will introduce new mandatory grounds for the exclusion of bidders who are found guilty of tax evasion or involvement in abusive tax avoidance schemes whether in the UK or overseas.
6. The council’s existing policies and procedures underpin the values of good tax conduct, and this will be supported further by the Procurement Act. Approving the Councils for Fair Tax Declaration does not bring any additional responsibility or requirements on the council.

Councils for Fair Tax Declaration

7. A link to the full declaration can be found under “background papers” further in this report. In summary it commits the council to:
 - Lead by example and demonstrate good practice in its tax conduct, right across its activities.
 - Ensure IR35 is implemented robustly and contract workers pay a fair share of employment taxes.
 - Not use offshore vehicles for the purchase of land and property, especially where this leads to reduced payments of stamp duty.
 - 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.
 - 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.
 - Promote Fair Tax Mark certification especially for any business in which the Council has a significant stake and where corporation tax is due.
 - Support Fair Tax Week events in the area, and celebrate the tax contribution made by responsible businesses that are proud to promote responsible tax conduct and pay their fair share of corporation tax.
8. Through the council's Shared Services Partnership, the Integrated Business Centre (IBC) manages the council's transactions in relation to PAYE and VAT, ensuring compliance with the latest legislation and guidance.
9. IR35 compliance is achieved through the process for contracting with agency staff. This is supported and administered through a contract with Hays, as the managed service provider for temporary staff, and includes a 6 monthly reassessment of the IR35 status.
10. The current tendering templates managed by the Procurement Team state that:
 - If an organisation has been found in breach of obligations related to the payment of tax or social security contributions by a judicial or administrative decision, it may be excluded from the procurement process.
 - If an organisation has been found in breach of tax obligations, it can avoid exclusion by Demonstrating that it has taken measures to rectify the situation. This includes paying the outstanding sum, including any accrued interest and/or fines
 - An organisation may be excluded if it has been established that it is in breach of obligations related to the payment of tax or social security contributions.

All the relevant procurement templates are currently being reviewed and updated as guidance is released relating to the new Procurement Act.

Financial Implications

11. There are no financial implications to approving the Councils for Fair Tax Declaration

Comments checked by:

Ian Dyson, Director of Financial and Commercial,
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Legal Implications

12. There are no additional legal implications in approving the Councils for Fair Tax Declaration and it is within the powers of the Council under the general power of competence in the Localism Act 2011 to do so. Comments checked by:

Anita Bradley, Director of Law and Governance and Monitoring Officer
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Staff Implications

13. There are no staff implications

Equality & Inclusion Implications

14. None

Sustainability Implications

15. None

Risk Management

16. There are no material risks

Lorna Baxter, Executive Director Resources and S151 Officer

Annex: Nil

Background papers: [Councils For fair Tax Declaration](#)

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