

## **COUNTY COUNCIL – 18 OCTOBER 2016**

### **QUESTION FROM MEMBERS OF THE PUBLIC**

#### **1. Question from Wendy Gubby, Bexhill, East Sussex**

It has been noted that:

- Corporate tax evasion and avoidance tax are having a damaging impact on the world's poorest countries, to such a level that it is costing them far more than they receive in aid

-This is costing the UK as much as £30bn a year

-This practice also has a negative effect on small and medium-sized companies who pay more tax proportionately

It has further been noted that the UK Government has taken steps to tackle the issue of tax avoidance and evasion by issuing Procurement Policy Note 03/14. This applies to all central government contracts worth more than £5m.

There are other voluntary schemes promoting tax compliance such as the Fair Tax Mark, which can serve as an independent means of verification.

It is noted that the 2015 Public Contract Regulations which state (in section 4) that local government can choose to adopt Procurement Policy Note 03/14.

I therefore respectfully ask East Sussex County Council to consider an amendment to their procurement policies, to incorporate tax compliance questions to all companies bidding for contracts of services.

These tax compliance questions were set by central government in 2014

Procurement Policy Note 03/14

whereby all central government departments are now obliged to pose them to companies bidding for contracts of more than £5million.

I ask this council incorporate these questions into their procurement procedures, so that the companies bidding for council contracts are routinely expected to account for their past tax record.

At a time when councils are struggling with ever deeper cuts to their budgets, it makes sense that the Council uses its spending power to favour companies that pay their taxes.

After all, it is the tax payments of companies and individuals that ultimately fund council budgets.

#### **Response by Councillor Elkin, Lead Member for Resources**

Thank you for your question.

Our procurement process supports wider social, ethical and sustainability issues, and we take our responsibilities in doing so seriously. We work hard to strike the right balance between simplifying the level of bureaucracy involved in our procurement processes, and entering into contracts with suppliers with which we want to do business.

Over 45% of our business is through smaller and local suppliers, for which large scale international tax evasion is unlikely to be an issue. Even our largest suppliers, for example Kier and Care UK, are unlikely to fall into this category.

We fully adheres to the most up to date guidance provided in the Public Contract Regulations 2015 and that from Crown Commercial Services, and we already comply with the intent captured in Procurement Policy Note 03/14 (which is itself being updated by Central Government to reflect the latest legislation).

During the pre qualification stage, the Council can select which suppliers it wants to invite to fully participate in a procurement process, and it is here that we mandate areas such as tax, financial standing and other policy issues as appropriate for our more significant procurement activity, excluding those suppliers who 'fail' this stage.

I have been reassured by our Head of Procurement that she and her team are again reviewing whether there are any further additional 'tests' for larger procurements, particularly those that could attract international bidders, whilst ensuring our processes are both proportional and appropriate.