

REPORT OF CHAIR OF GOVERNANCE AND ETHICS COMMITTEE**CRIMINAL FINANCES ACT 2017 – PREVENTING TAX EVASION****Purpose of the Report**

1. To approve the adoption of the Policy Statement in order to protect the Council from potential criminal charges of failing to prevent the facilitation of tax evasion.

Information***Criminal Finances Act 2017 – Preventing Tax Evasion***

2. There is a statutory requirement for the Council to prevent the facilitation of tax evasion by staff and “contractual associates”. Contractual associates are persons who perform services for or on behalf of the Council or who are acting in the capacity of persons performing such services. This includes the adoption of a corporate policy statement.
3. Part 3 of the Criminal Finances Act 2017 creates a new criminal offence where a corporate body fails to prevent the facilitation of tax evasion by its staff and contractual associates. Governance procedures are already in place that should meet the Act’s requirements; there is no suggestion that the Council tolerates tax evasion, or that staff engage in such behaviour. However, adopting an explicit, corporate policy will help the Council defend any future allegation that it has facilitated tax evasion.
4. The policy attached at **Appendix A** reiterates that staff and contractual associates must:
 - always follow Council policies, procedures and guidance;
 - never help anyone else evade tax;
 - tell management if criminal activity is suspected;
 - attend any appropriate training offered.
5. It is a requirement that the policy on preventing the facilitation of tax evasion has top level commitment. The policy has been endorsed by the Corporate Leadership Team and, at its meeting on 18 December 2018, the Governance and Ethics Committee determined to recommend its adoption by the Policy Committee. Once adopted, the policy will be communicated to current staff and included in induction training for new members of staff. The policy will also be published on the Council’s public website.
6. Internal Audit has undertaken a risk assessment of potential exposure to the Criminal Finance Act, as part of an update to the established fraud risk assessment. As a result of this assessment, and if the policy is adopted, it is proposed that on-line training will be

developed for staff with the highest risk of exposure, for example in the areas of: invoice processing; property transactions; BACS payments; payroll and pensions processing, etc. Staff with a lower risk of exposure will be supported by general awareness training promoted through the Intranet and Team Talk articles.

Other Options Considered

7. The Council could decide not to adopt a policy statement in order to actively demonstrate measures to prevent the facilitation of tax evasion but this could expose the Council to potential criminal offences.

Reason for Recommendation

8. To protect the Council from the potential of criminal offences by establishing a corporate policy that supports the activities taken to prevent the facilitation of tax evasion.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

10. Current resources would need to be utilised to develop training materials and additional expenditure is not envisaged. The adoption of the policy statement could save the Council the cost of defending any future allegations or criminal charges.

RECOMMENDATION

- 1) Policy Committee approves the adoption of the policy statement on failing to prevent the facilitation of tax evasion.

Councillor Laughton
Chair of Governance and Ethics Committee

For any enquiries about this report please contact:

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Constitutional Comments (KK 11/02/19)

11. The proposal in this report is within the remit of Policy Committee.

Financial Comments (SES 06/02/19)

12. The financial implications are set out in paragraph 10 of the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Electoral Division(s) and Member(s) Affected

- All