Co-operative Councils
Innovation Network

STRATEGY

Westminster City Council

Westminster Against Dirty Money Charter

Westminster has long been reported as a focus point for money laundering in the UK, with the rise of American Candy stores on Oxford Street presenting a peak in the discourse around this. While a lot of the policy and enforcement levers to tackle these matters are not directly in the control of the Council, or the vast majority of our businesses, it was imperative for us to do all we could.

Bringing together academics, NGOs, the public sector and business we co-produced a set of commitments that we could deliver working together – along with a Fair Tax commitment from the Council to lead the way. This culminated with the signing of the Westminster Against Dirty Money Charter with the New West End Company, the Fair Tax Foundation and Heart of London Business Alliance – the first agreement of its kind setting out three pillars:

- Supporting Fair Taxation;
- Transparency and Accountability; and
- Constructive Challenge.

This marked us as a willing partner - working with business – to do everything we can to tackle dirty money in the city and encourage partners to come forward, recognising the Council wants change but cannot solve these problems on its own.

This was not just to show a commitment, the Council wanted to lead the way and show what meaningful steps were available to us. The council signed the Fair Tax Declaration having adopted it at Full Council, committing demonstrate alignment with our values and encourage responsible tax practice through:

- leading by example on our own tax conduct;
- demanding to know who owns and profits from businesses the council buys from – UK and overseas – and their full financial reports;
- joining calls for UK public procurement rules to change so that councils can do more to tackle tax avoidance and award points to suppliers that demonstrate responsible tax conduct.

As part of this, using the tools already available to us, we launched a new Responsible Procurement and Commissioning (RPC) Strategy in April 2023. Central to this has been embedding responsible procurement criteria at each and every stage of the procurement process; from standard terms and conditions to pass/fail selection criteria and detailed supplier evaluation. As such, we have sent strong signals to the market about the council's commitment to sustainable development, responsible business and building a Fairer Westminster.

This work, coupled with close working with strategic suppliers on aspects such as modern slavery due diligence, has laid the foundations for relatively complex conversations with suppliers about responsible tax. Using existing Procurement Regulations the council has been:

- Working with counterparts to form a UK-wide 'Communities of Practice' on Fair Tax with other public authorities and the Fair Tax Foundation, in order to share approaches and lessons learned. This group is now comprised of 23 authorities including Norwich, Peterborough, Birmingham, Preston and Dundee, as well as other London boroughs.

- Working with suppliers. The Fair Tax Foundation was represented at our RPC Strategy launch, with a stall to raise awareness amongst suppliers about responsible tax conduct. Fair tax has been included within the agenda of a series of 'deep dives' that are being undertaken by Procurement with the council's strategic suppliers, alongside other responsible procurement themes including carbon reporting and social value delivery. Our approach is to introduce the concept of responsible tax conduct, let suppliers know about the Fair Tax Pledge they can make with the Fair Tax Foundation.

The council has also been using its approach to Fair Tax to tackle concerns about illegitimate businesses in the city – aggressively pursuing Candy Stores for unpaid business rates and the sale of illegal and unsafe goods. As a result of our work with landowners and through trading standards, at the time of writing the number of candy stores and souvenir stores is now down to 21 from a peak of 30, we have received £250k from companies to avoid winding up, and we are pursuing a further £1m of at risk business rates.

We have since been working with the Department for Levelling Up, Housing and Community (DLUHC) to help shape national policy, to the benefit of the UK as a whole, to tackle the issues of business rates non-payment and to clamp down on the loopholes in Companies

House that have allowed candy stores to register fake directors and false chains that hide where their revenue ends up – and consequently limiting our ability to recover their unpaid business rates. These discussions are ongoing as government draw up the relevant regulations, and DLUHC are due to respond to a consultation on business rates liability shortly which we hope will see measures adopted to ensure taxpayers do not continue to lose out on millions of pounds for public services, as a result of tax-avoidance.

For further information contact:

Satchi Mahendran
Head of Policy Development – Westminster City Council
smahendran@westminster.gov.uk