

**Joffe Retreat Report**  
Collective Priorities for UK Anti-Corruption & Tax Reform Activists  
5<sup>th</sup> July 2021

## **1. Introduction**

This report summarises insights from the Joffe Trust's strategic retreat held at Great Missenden, UK on the 22<sup>nd</sup> – 23<sup>rd</sup> June 2021.

The retreat brought together leading UK activists in the fields of tax reform and tackling corruption. The purpose was to discuss opportunities for collective action and how activists could achieve more together in the years ahead. 24 civil society leaders participated in person and five more joined sessions remotely. This included guests from the climate and wider economic justice movements. In addition, a number of excellent speakers also joined the retreat.

The agenda was developed in dialogue with activists, in particular the UK Anti Corruption Coalition and a core group of tax reformers convened by Tax Justice UK. This report covers the joint sessions when all participants came together, i.e. agenda session 2.1 (below). Activists have written up the results of agenda sessions 2.2 and 2.3 (below), to take forward themselves.

The retreat was convened by the Joffe Trust. It built on similar discussions from previous years as well as strategic webinars held earlier in 2021.

## **2. Agenda**

The retreat ran two workstreams, one on tax and the other on fighting corruption. At times, the workstreams came together for joint sessions.

### *2.1. Joint sessions*

- Lessons from campaigning in the current political context.
- The UK's role in the world.
- Medium term funding.

### *2.2. Tax sessions*

- Initial thinking on a 10 yr vision for tax justice in the UK, for wider discussion.
- Initial coordination on campaign priorities including: the international OECD tax reform process, wealth tax in the UK, tackling tax fraud, resourcing HMRC.

### *2.3. Anti-corruption sessions*

- Integrity in public life.
- Procurement reform.
- The UK's sanctions regime.
- Initial coordination around President Biden's upcoming Summit for Democracy.

As before, participants gained a great deal from informal conversations together, particularly after all the months of lockdown.

### **3. Campaigning in the current context**

#### *3.1. Lessons from the UK 0.7% aid campaign*

- Campaigners make things possible; but politicians make things happen. Alliances have to be based on mutual respect for different roles.
- Trust & relationships are essential. You need to invest time and money in developing and nurturing them. Use different arguments to engage different constituencies.
- Close off your weak front. In aid, it is waste.
- Understand how your issue intersects with other issues and timetables.
- Take the long view. It is helpful to have a few people who track issues over many years, and understand the deeper dynamics and lessons.

#### *3.2. Lessons from the UK fossil fuel funding campaign<sup>1</sup>*

- The campaign selected one specific reform from a wide field of concern. It was ambitious, specific, eye catching and winnable. It also created a logic trap for subsequent reforms.
- The campaign required sustained pressure over years, with its own coordinating mechanism, many NGO allies and diverse tactics. Other crucial allies included: civil servants, businesses and the centre right. The wider zeitgeist and activism on climate was very beneficial.
- A parliamentary inquiry transformed momentum around the issue.
- Clear, non-technical messaging was crucial.
- The government is vulnerable on COP26, particularly around potential to embarrass its leadership.

#### *3.3. Lessons from the VAT loophole campaign<sup>2</sup>*

- Politicians all thought this loophole was unacceptable. But HMRC / Treasury officials wrongly advised them that it would be illegal to close it. The policy was maintained “without going anywhere near a minister”.
- Richard presented a dossier on the loophole to Treasury officials in 2006. But the loophole wasn’t shut until 2012, after an EC investigation.
- Richard Allen found himself battling PwC, who were advising the Channel Islands – and saying exactly the same as HMRC, that the scheme could not be closed. In Richard’s view, there is a whole industry around influencing official advice from civil servants to politicians.

#### *3.4. Lessons from wider political campaigning*

- Identify the specific reform you are targetting. Link it to existing government priorities and constituents’ lived experiences. Understand

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<sup>1</sup>[https://smk.org.uk/awards\\_nominations/ukoverseasfossilfuelscampaign/?mc\\_cid=d975ff8a8f&mc\\_eid=39f2432fb6](https://smk.org.uk/awards_nominations/ukoverseasfossilfuelscampaign/?mc_cid=d975ff8a8f&mc_eid=39f2432fb6)

<sup>2</sup> <https://www.newstatesman.com/politics/business-and-finance/2020/09/record-shop-taxman-and-missing-billions>

who influences key decisions. Build a compelling case, positioned as common sense. Persist.

- Forget party politics. Focus on getting a result on your issue at hand. Build a winning coalition and networks. Keep track of what politicians say and reach out to potential allies.
- The right wing free marketeers can be great allies. They believe in transparent and fair markets, and that everyone in society should have an equal opportunity. They oppose excessive corporate power.
- Trust cannot be underestimated. People have to know conversations will not leak to the press. Maintain respect even when disagreeing. Ensure politicians can rely on your information.
- You can get anything done, as long as you do not care who takes the credit. Provide opportunities for politicians to show they are making a difference.

#### **4. The UK's role in the world**

##### *4.1. FCDO update*

A new Illicit Finance and Anti-Corruption Department has been set up in FCDO, led by a Deputy Director, Richard Jones. The department sits in the Open Societies and Human Rights Directorate, led by Paul Williams (who also leads FCDO involvement in the Biden Summit for Democracy). Lord Ahmed is the Minister responsible for illicit finance and has joined the Economic Crime Strategy Board. Sanctions are managed in a separate unit.

Cuts have been less severe in this area compared to others. Longer term funding will be confirmed in the three year spending review, expected this autumn.

The department's work is guided by the international chapter of the Economic Crime Plan. The Integrated Review also provides a mandate that illicit finance is a priority for the UK government, and connects it to overall priorities such as national security and the force for good agenda. Some of the department's initial priorities include:

- Partnering with global financial centres (inc US & UAE).
- Supporting public private partnerships in the international sphere (e.g. the JMLIT model).
- Hoping to grow funding for NCA.
- Beneficial ownership campaign.
- Others TBC in September.

The Foreign Secretary cares deeply about the Open Societies agenda<sup>3</sup>, and the threats to democracy from authoritarian regimes. He is open about FCDO's role in relation to this. Civil society could benefit from using this framing and making itself visible.

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<sup>3</sup> See pp 47-48 of the Integrated Review, and the recent G7 Leaders Statement on Open Societies: <https://www.g7uk.org/wp-content/uploads/2021/06/G7-2021-Open-Societies-Statement-PDF-355KB-2-Pages.pdf>

#### *4.2. Making illicit finance a higher government priority*

Campaigners have been pursuing two key policies for years: the Property Register and reform of Companies House. But they keep falling out of the Queens Speech and the legislative schedule. We could progress them by:

- connecting them to other higher priority issues and legislation,
- leveraging US leadership and / or trade agreements,
- building more support, specially among Tory MPs, for instance with framing around ESG business, prosperity and security.

If we do not currently have capacity in the ecosystem to win these fights, then do we need to raise more funds for a longer term mobilisation?

#### *4.3. Resourcing enforcement agencies*

A recent roundtable convened by the Sussex Centre for the Study of Corruption estimated that UK government agencies currently spend about £44m per year on enforcement for grand corruption and kleptocracy. The roundtable concluded that the budget should be roughly doubled to £100m pa, and that agencies should also be reformed to be more effective. The root issue was building up the necessary political will.

At the retreat, participants agreed that we need a real focus on enforcement. There was general discussion about:

- whether to call for £100m pa or a much bigger budget,
- the incentives around taking on prosecutions,
- agencies' ability to attract & retain the best staff,
- the government's general disinterest in regulatory agencies,
- the US idea of a "NATO-like" financial commitment to fighting illicit finance & kleptocracy,
- the unequal financial arms race between government agencies and wealthy companies.

The anti-corruption movement aims to come up with proposals for effective and well resourced enforcement agencies, that cut through the structural issues. But there is limited capacity available to take this on.

#### *4.4. The links between climate change, corruption and tax reform*

Half of the world's oil is produced by autocracies that are also kleptocracies. In order to achieve a green transition, the UK needs to work on the governance of winding down oil, as well as the governance of key minerals required for renewable energy, such as copper & cobalt. This means actively fighting corruption in producer countries. It also means tackling the UK end of global markets in oil, gas & minerals, as well as the enabling companies<sup>4</sup>.

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<sup>4</sup> NB analogy with low income country government debt enforced under UK law, and the role the UK plays in so many international corruption and illicit finance cases.

The key asks are:

- fund work in producer countries to improve governance,
- improve transparency in UK based commodity trading,
- improve the ethical practices of UK enablers that engage with corruption-prone companies.

NB Tax Justice UK and partners have also developed a set of principles<sup>5</sup> that align tax reform with climate action. These links are important for both agendas.

#### *4.5. Tax avoidance and fraud*

The idea that “tax avoidance is legal” is not generally true. It is a fiction, often propagated by professional enablers.

The criminal offence of cheating the revenue carries a potential life sentence. It hinges on whether a false or misleading statement is made about tax affairs with dishonest intent. The test for dishonesty is whether ordinary people would view the act as dishonest. If charged as a conspiracy offence, the professionals that advise a taxpayer can be prosecuted.

Many tax avoidance schemes rely on making misleading statements to HMRC. But HMRC's policy is to pursue taxpayers for taxes lost, rather than the professionals behind schemes for potential fraud or cheating. Prosecutions against enablers for cheating the revenue are extremely rare. And so professionals can propagate the fiction that “tax avoidance is legal”, which is crucial for their business.

This is in complete contrast to DWP’s policy of prosecuting all individual cases that appear to be fraudulent, over a certain financial limit.

TaxWatch will campaign for more awareness of this issue<sup>6</sup> and more prosecutions of tax fraud.

### **5. Medium term funding**

*NB this was discussed in more depth with the anti-corruption group, and only briefly with the tax group.*

The campaign lessons (above) demonstrate that success is possible, and that it usually depends on consistent financial and staffing resources dedicated to specific campaign goals over several years. Different campaigns need different levels of resourcing. Some may have resources split across organisations. Others may be more concentrated. But, each needs consistency across: key staff positions, leadership and organisational prioritisation, and funding.

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<sup>5</sup>[https://www.taxjustice.uk/uploads/1/0/0/3/100363766/reforming\\_the\\_tax\\_system\\_to\\_support\\_a\\_green\\_and\\_fair\\_transition.pdf](https://www.taxjustice.uk/uploads/1/0/0/3/100363766/reforming_the_tax_system_to_support_a_green_and_fair_transition.pdf)

<sup>6</sup>[https://www.taxwatchuk.org/fs\\_tax\\_conference\\_tax\\_fraud/](https://www.taxwatchuk.org/fs_tax_conference_tax_fraud/)

During this retreat alone, we identified a series of campaign goals that would each require this level of focused work, including:

- the campaign issues mentioned in the agenda (section 2, above)
- new campaign issues mentioned in this report, such as on resourcing & reforming enforcement agencies, and seeing through work on the Property Register and Companies House,
- others only mentioned in passing, such as tackling the enablers,
- and also organisations' other current priorities.

The UK anti-corruption and tax reform movements have both grown over recent years. New organisations have taken root, driven by vigorous leadership, along with mechanisms for collective work. Some new funders have started to support this work. However, it is safe to say that we still do not have anything near the capacity needed in either ecosystem to pursue all these campaign goals.

Many of the organisations at the retreat are funded by the same small set of UK grant-makers. Each organisation also brings in funding from other sources. For instance, Tax Justice UK has done a tremendous job of building up their individual donations. But we are reaching the limits of what we can achieve with our current funding model and pool of funders, particularly with the on-going use of restricted grants for relatively small amounts.

We need to look for new sources of significant financial support. There appears to be scope to build relationships with new groups of funders who have overlapping interests. For instance, these could include funders working on: climate change, international aid, responsible business / investing, economic justice and core social justice issues. It may also be possible to win larger amounts of funding for specific areas of work, using the climate movement's model of pooled funds, demonstrated in areas such as plastics, coal and climate finance.

In order to achieve this, we would need to research new areas, build key relationships and develop compelling strategies that (a) set out practical steps to achieve a powerful vision, and (b) link this to other sets of interests. In turn, this work depends on further investment in strategic fundraising.

## **6. Next steps**

- 6.1. Write up reports from the retreat & use them as the basis for collective action.
- 6.2. UKACC and the UK tax justice group to take forward specific campaigns and areas of work.
- 6.3. Joffe Trust to investigate support for strategic fundraising, and continue to support this collective dialogue.

Please contact Alex Jacobs on [alex@joffetrust.org](mailto:alex@joffetrust.org) to discuss any issues mentioned in this report.