

CHARITABLE GIVING REVIEW – PUBLIC CONSULTATION FINDINGS & NEXT STEPS

Introduction

In the 2017 Budget report (Billet d'Etat XXVI) the States of Guernsey agreed the Policy & Resources Committee's recommendation to *"undertake a review of potential measures to support the voluntary and charitable sector, including the thresholds of tax relief on charitable donations and the introduction of a payroll giving scheme"*.

In December 2016, terms of reference were agreed by the Policy & Resources Committee for the Charitable Giving Review, as follows:

"The review will consider:

- *The impact of different thresholds of tax relief on charitable donations both for charities and the voluntary sector and for the States of Guernsey*
- *The impact of the introduction of payroll giving for charities and the voluntary sector, for employers and for the States of Guernsey*
- *Measures in relation to other sources of income*
- *Any other measures proposed by the charitable sector that could have a positive impact on their revenues"*.

A review panel was established in partnership with the third sector and was made up of:

- Peter Rose, Chair, Association of Guernsey Charities (AGC)
- Niki Cleal, Policy Director, Guernsey Community Foundation (GCF) (until March 2017), followed by Wayne Bulpitt, Chair, GCF
- Deputy Jane Stephens, Policy & Resources Committee member leading on social policy matters.

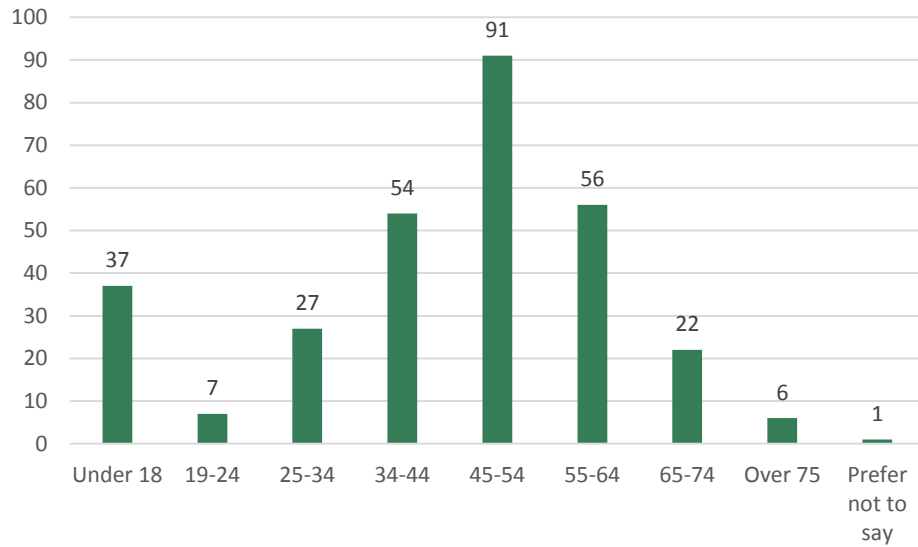
The first two stages of the Charitable Giving Review involved consultations with charities and employers. The third and final stage was a public online consultation which was issued through the gov.gg website on 24th February 2017 and closed on 7th April 2017. In total, 301 submissions were received, comprising 282 online submissions and 19 paper submissions.

This report provides a brief summary of the findings of the public consultation and sets out the next steps.

Survey submissions

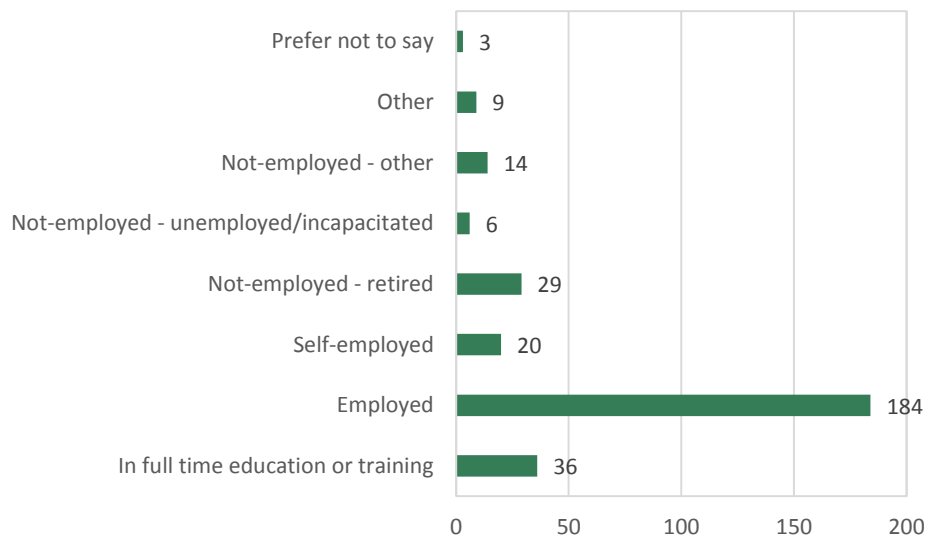
Demographic questions:

Age group:



As shown in the above graph, the majority of the 301 respondents to this question were aged 45-54.

Employment status:

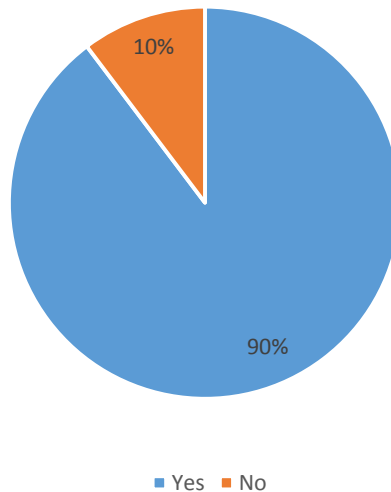


Of the 301 responses to this question, the majority classified themselves as employed, whilst 12% of respondents were in full time education or training and 9% of respondents were retired.

Charitable giving questions:

Do you donate to charity?

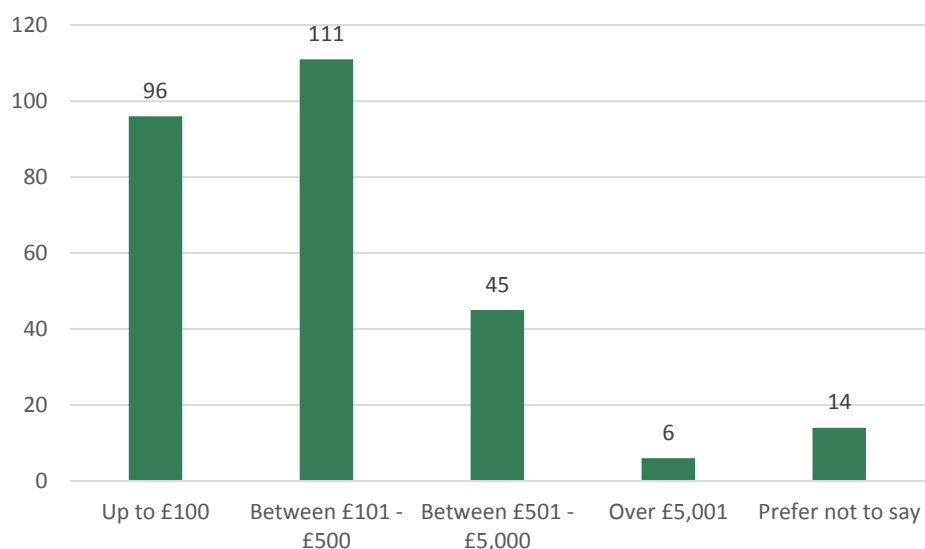
The responses received to this question are shown in the chart below:



Of the 301 responses, 270 (90%) respondents indicated that they did donate to charity.

On average, what would be the estimated amount that you donate to charity per year?

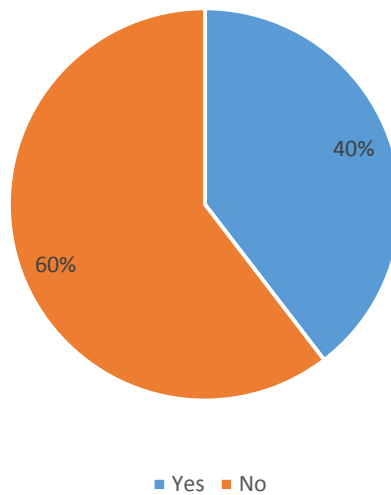
Those respondents who indicated that they donated to charity were then asked to give an indication of the amount they donated to charity per year. Of those who donate to charity, the majority donated 'Between £101 - £500' on average per year. All responses to this question are shown in the graph below:



Tax relief questions:

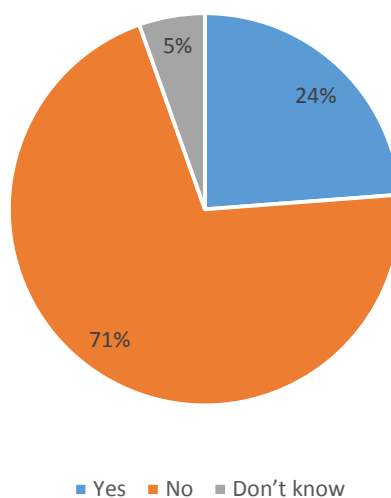
Were you aware that charities could claim tax relief on individual donations between £500 - £5,000 if the donor completed a declaration form?

As outlined in the chart below, of the 293 responses to this question, 116 (40%) suggested that they were aware that charities could claim tax relief on individual donations between £500 - £5,000 if the donor completed a declaration form, whilst 177 (60%) were unaware.

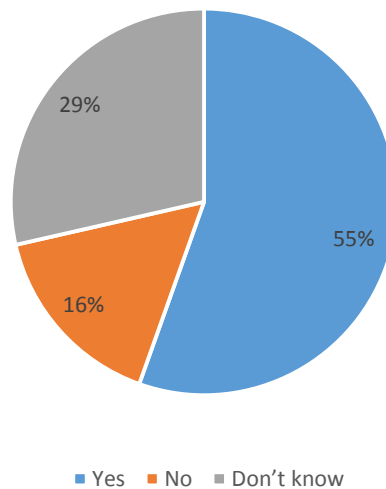


Have you ever been asked by a charity to complete a donor declaration form?

Of the 294 responses to this question, 70 (24%) had been asked to complete a donor declaration form, 16 (5%) did not know, whilst 208 (71%) indicated that they had never been asked by a charity to complete a donor declaration form.



Do you believe there should be a change to the existing tax relief limits available on donations?



Of the 294 responses to this question, 163 (55%) were in favor of changing the limits on tax relief for donations, 47 (16%) did not believe there should be changes, and 84 (29%) were unsure. Of those in favor of changing the limits, recurring suggestions included –

- Introducing a UK style gift aid (4)
- Removing all tax requirements for charities (5)
- Increasing the upper tax threshold on charitable donations (2)
- Reducing the lower tax threshold on charitable donations (5)
- Removing all tax thresholds on charitable donations (13)

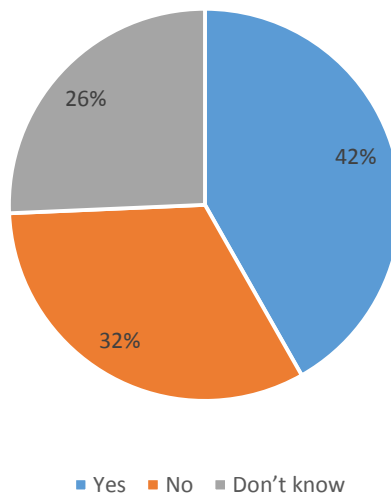
Whereas those who did not believe there should be changes to the tax relief limits on charitable donations listed reasons as –

- Concerns around the impact on tax revenue
- Concerns about the administrative burden on the donator if multiple donor declarations were required
- ‘The current rules strike a sensible balance between the need to preserve tax revenue and the ability to obtain tax relief on relatively material donations’
- ‘Opposed to the arbitrary reallocation of public funds’
- ‘There is a need to review what the charities do and what funding they receive. Some are underfunded and should get more from the public purse, others draw a lot of money in but have little impact and duplicate work.’

Payroll giving questions:

Would you join a payroll giving scheme if your employers set one up?

As shown in the chart below, of the 292 respondents to this question, 122 (42%) suggested they would join a payroll giving scheme, 95 (32%) believed they would not join a payroll giving scheme, whilst 75 (26%) were unsure.



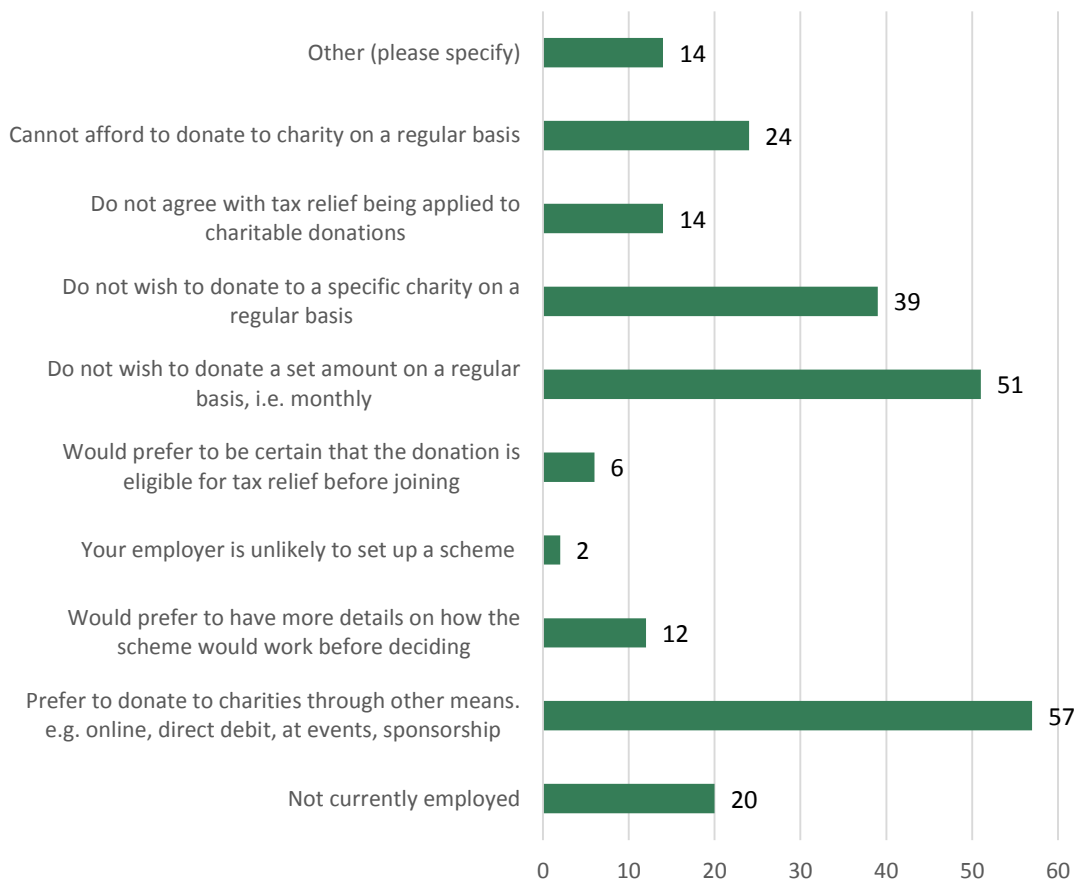
How much would you be willing to donate per month if you joined a payroll giving scheme?



The respondents who suggested they would join a payroll giving scheme, or did not know, were then asked how much they would be willing to donate on a monthly basis through such a scheme. Of the 179 responses to this question, the majority of respondents (87%) suggested that they would donate up to £50 per month if they joined a payroll giving scheme.

What are the reasons you would not join a payroll giving scheme should your employer set up a scheme?

The respondents who suggested that they would not want to join a payroll giving scheme were then asked to indicate their reasons. As outlined in the graph below, the most frequently chosen option (24%) was that individuals would 'prefer to donate to charities through other means. e.g. online, direct debit, at events, sponsorship'. The remainder of responses are shown in the table below:



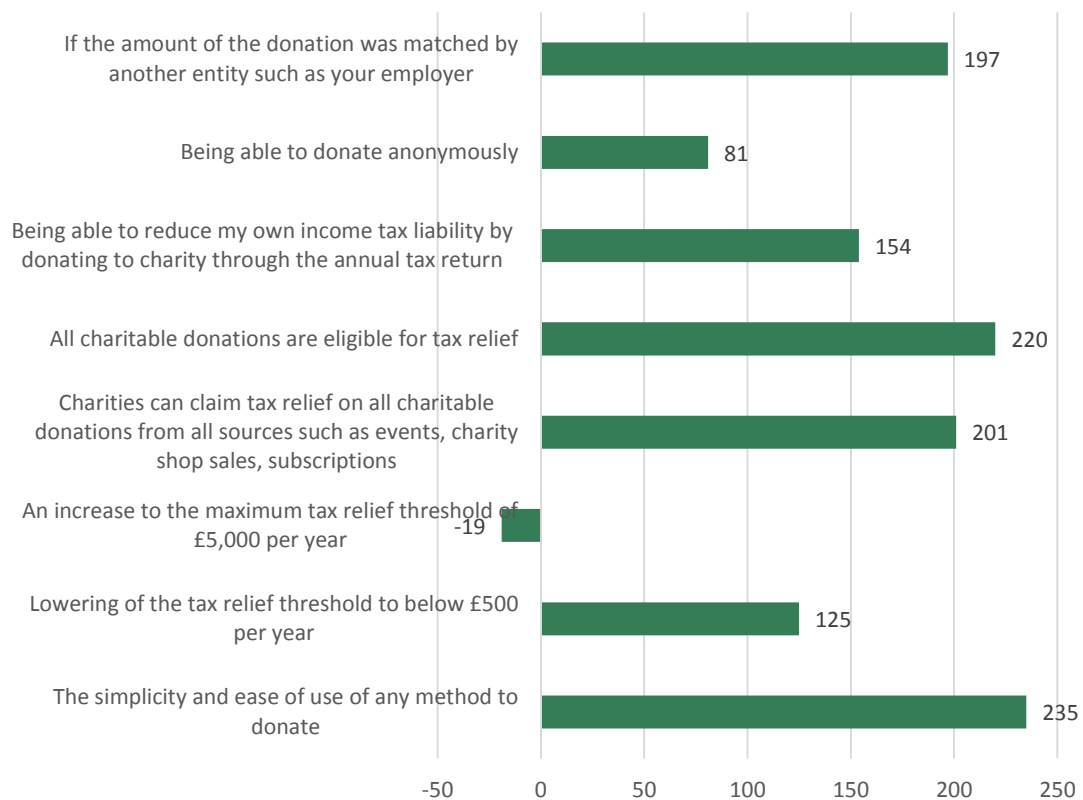
'Other' suggestions included –

- Concerns around the lack of control over which charity the donation would go to
- Concerns around the administrative burden for employers
- Concerns around employer's ability to see which employees donate to charity

Donor behaviour question:

How likely are the following measures to encourage you to donate to charity or to donate more to charity?

The final question in the public consultation sought to gain an understanding of the factors that would encourage more to be donated to charity. The graph below represents the likelihood of each factor in influencing individuals to donate. The most likely measure to encourage donation was 'the simplicity and ease of use of any method to donate', whilst the least influential factor was 'an increase to the maximum tax relief threshold of £5,000 per year'.



Proposed next steps

The findings from this consultation will be combined with those from the charity and employer consultations. All the findings will inform the review panel's deliberations.

Once the review panel has agreed its recommendations, it will pass them to the Policy & Resources Committee for consideration, and the Committee will take them into account in preparing the 2018 Budget report. The Budget report will then be debated by the States of Guernsey in November 2017.

For more information please contact Doug Mackay, Research Officer, Strategy & Policy at Doug.Mackay@gov.gg.