



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Small Charitable Donations Bill: Briefing by
NICVA

6 September 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Ms Paula Bradley
Ms Pam Brown
Mrs Judith Cochrane
Mr Mark Durkan
Mr Alex Easton
Mr Fra McCann
Mr David McClarty

Witnesses:

Mr Roy McGivern	Department for Social Development
Mr Neil Irwin	Northern Ireland Council for Voluntary Action

The Chairperson: We now have a briefing from Northern Ireland Council for Voluntary Action (NICVA) representative Neil Irwin. Neil, you are very welcome this morning. Obviously, you were here when the presentation was made by the departmental officials and a couple of questions were asked by members. I leave it to you to make your presentation.

Mr Neil Irwin (Northern Ireland Council for Voluntary Action): I thank the Committee for the opportunity to respond to the Bill. On the surface, it seems like a welcome proposal, and it is welcome. It is just that, as with many of these things, the devil is in the detail. NICVA has done work to show that, in Northern Ireland, gift aid is not claimed on 70% of donations from individuals. That is the equivalent of £48 million in Northern Ireland. We would consider a large proportion of those to be small donations for which the charity does not feel that it is worth the paperwork to claim. So, there is a huge amount of money that could be claimed but is not because of the complications with gift aid declarations and the paperwork that is involved. That is why we particularly welcome attempts to create a scheme where declarations are not required. So we are very much in favour of the proposal for this scheme. However, we find the scheme, as detailed, to be particularly complex.

Some of the issues already picked up on by the Committee — for example, around three years of having claimed gift aid — mean that the charity would already have been involved in the complexity of gift aid. We wonder, if charities currently are not taking it up because of complexity, what is the incentive then to continue to take it up through the small donations scheme? We think that that restricts access to this scheme for small charities that do not want to get involved with the gift aid scheme because of its complexity. Overall, we see this as further complicating gift aid. There is an intention to try to simplify and reduce the complexity of gift aid, but we find that this adds to it, which may even have a more negative effect on the uptake of gift aid. For reasons like that, we think that

this scheme's proposals should be more simple, and things could be done about that at Committee Stage that would address some of those issues.

We think that there was an opportunity to reform gift aid completely, but understand that such an opportunity is now limited. NICVA has long been in favour of a flat-rate scheme where all voluntary donations could have an amount claimed back, regardless of declaration. That would be a reduced amount, compared with the 25%, but it would be much simpler for charities to access. Given that that is not what is before us, we think that the scheme, as it is stated, does not really help. Our colleagues in the Institute of Fundraising, the National Council for Voluntary Organisations and the Charity Finance Group would agree that the scheme is too complicated and that there are many problems with it as it is written. Those problems could be addressed to some extent but would need to be rigorously looked at. For example, an organisation, large or small, can claim up to £1,250 additionally. For a small group, that would be quite a large amount, but, as I said, small groups are unlikely to avail themselves of that because of the requirement to engage in the full gift aid scheme and the complications around that. Larger groups would only benefit from £1,250 as well, so you could have a large national Northern Ireland charity that would only benefit from £1,250 through the scheme. That means that when the charity is being promoted to the public, for example, through collection boxes, it cannot say that it will be able to claim gift aid from donations because of the limits on the £5,000 that can be claimed. So, which boxes will have gift aid and which will not?

The scheme cannot be sold as promoting philanthropy or encouraging more people to give, because the donor has no indication as to whether their donation will be gift-aided through this scheme. The organisations can extend their eligibility, but the rules around that are even more complicated. The local groups, as they are called, will have to hold meetings in local community centres. So, you could have regional fundraising groups that would be unable to take this up because they would have to have a community centre. In that community centre, they would have to engage in activity that is not fundraising, but there would be donations taken at that meeting. For example, support could be provided to people, they would make donations and that could be eligible for the uplift, but it cannot involve any of the committee members who are in attendance at that meeting, so you have to record who is at the meeting. So, the complexity increases, and as you look at the detail of it, you see that that really is where the limitations on the scheme come into it.

The fact that new organisations that have never claimed gift aid will have to wait three years before they can access it is just not an incentive. Even if it were a year, you would still have to build capacity with groups and say, "Here is how ordinary gift aid works, and here is how the small donations scheme works", and, by that stage, you will have lost everybody in the room. So, we think that there is far too much rigour around this.

I think that the risk of fraud is overstated, and I have yet to see an indication of the potential for risk and fraud in the scheme, considering organisations already register with HM Revenue and Customs and the Charity Commission will have a regulatory role over charities. Where is the risk for organisations that are registered through that route? Charities in England register with HMRC, and the situation will be the same here. There is no real requirement for this uptake of gift aid. A lot of organisations would just want to benefit from the small donations scheme on its own, claim a few pounds through it and not have to bother with the complexities of the bigger gift aid scheme, because they are dependent on that small amount of voluntary donation.

Rather than spending too much time going into the detail of the scheme and the problems with it, I will say that we still welcome it and still want to be part of a UK scheme. We think that there is a great deal that could be done at Committee Stage at Westminster to reform the Bill. Our colleagues across the UK tend to agree with our position.

Mr Brady: Thanks for the presentation. You seem to be saying that you have a scheme that could benefit small groups but that the complexity and bureaucracy of it are such that those groups will simply not participate. Having worked in the voluntary sector with small groups, I think that that is endemic. If you apply to the Big Lottery Fund or whatever, you go through so many hoops to get a very small amount of money, and a lot of smaller groups do not have the infrastructure to deal with that. Maybe that is the point you are making.

Mr N Irwin: That is exactly the point.

Mr Brady: Theoretically it could be beneficial, but practically it is not.

Mr N Irwin: On the surface, the scheme is very welcome, and it was greeted warmly in the media, but it is the detail that makes it difficult.

Mr Easton: Thank you for your presentation. It would be disappointing if too much bureaucracy were to make it difficult for people to get their money back. My question is more for the Chairperson. If this Bill is coming from Westminster, I take it that there is very little that we can do to simplify it. Is that right?

The Chairperson: One of my concerns is that, if we are being asked to agree that this matter be excepted under the legislative consent motion, we will never have any say in it at all, which is bizarre to me. I would not be content with that at this time. Is that your reading of it, Neil?

Mr N Irwin: It is almost a *fait accompli*, but there is quite a strong lobby in Westminster from our sister organisations and others, through MPs, to try to make amendments to the Bill at Committee Stage. If there were a signal from this Committee that it would support changes, that might have some influence. We are getting what we are getting, but we might be able to change it to some extent. That is where this Committee could make its view known, if it felt that it could do so.

The Chairperson: OK. Thank you for that, Neil.

Mr Durkan: I would certainly support any action that the Committee could take to improve accessibility to the scheme for smaller charities.

The Chairperson: I do not want to bounce Roy back just because he has not left the room, but we will need to address the substantive motion at some point, even though no date has yet been set for it to be tabled. I am uneasy about allowing the matter to be treated as an excepted matter, because that means that the Assembly would have no further say in it, and I would be very reluctant to accede to that. Can we invite you back to discuss the time frame and all the rest of it? Can we deal with some of these issues this morning, or do you want to take time and come back in a week or two to deal with the substantive issue of the legislative consent motion and what it will mean?

I am told that you will have to come to the table. I do not like to stand on ceremony, but we will probably have to.

Mr Roy McGivern (Department for Social Development): The motion will be tabled in the Assembly only when the Committee Stage at Westminster has concluded and any amendments have been made there. We would be happy to brief the Committee again at that stage, before the motion is tabled, just to make you aware of any amendments that may have been made to the Bill at Westminster and to determine whether those satisfy the concerns that have been expressed this morning.

The Chairperson: That is very helpful. That will allow us to see how the legislation proceeds. We are hearing that people welcome the Bill in principle, but we want to avoid what has been described as bureaucracy or what might be seen by some smaller organisations as obstacles to availing themselves of the scheme. We want to see a scheme that allows small organisations to access the scheme as soon as possible with as little bureaucracy as possible.

Mr McGivern: The Treasury has insisted that if the matter is not made an excepted matter, it will probably not extend it to Northern Ireland because it does not want regional variations in a scheme that it is going to administer and which will not have any cost to the Northern Ireland block grant.

The Chairperson: The Treasury may well be a big beast, and it may well get its way in the end, but that will be a matter for people here to at least have a conversation about. Your initial response has been very helpful, Roy, and at least we do not have to take a decision on the legislative consent motion today.

You have already had a flavour of the Committee's views. We do want to support a Bill and its provisions and we want to make sure that people have access to the scheme as quickly and easily as possible, particularly in view of the fact that a lot of small organisations do not have the wherewithal to comply. That is what we are expressing this morning. Is that fair enough? Are members content that we ask officials to come back closer to the time when we need to deal with the legislative consent motion?

Members indicated assent.

The Chairperson: OK. Thank you very much. Neil, are you happy that you have made your point?

Mr N Irwin: Yes, thank you.

The Chairperson: Thank you. That was very helpful.