

Towards A Generous Society

**Remarks by Ed Miliband MP, Minister for the Third Sector,
at the launch of a Treasury - Cabinet Office consultation on Gift Aid**

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Thanks Stephen for hosting this discussion, and thanks to everyone for coming. We wanted to have this discussion today as we started on a process of consultation around Gift Aid and I am really pleased such a distinguished group is with us today.

I want briefly to talk about our strategy to encourage a more generous society, building on the document we published in November 2005.

Giving is not just a way of raising money but of engaging supporters and guaranteeing independence.

That is why we have over the last few years made the changes to Gift Aid which have led to the increase in Gift Aid receipts to which Stephen referred.

Of course levels of giving depend on the hard and often thankless work undertaken by charities round the country but there are three ways in which government can play a role:

Through the rules of Gift Aid and awareness among the public of how to give effectively

Through the regulation of payroll giving,

And through influencing the culture of our society.

First the question of how can we build on the recent increase in Gift Aid – from three per cent of donors using it seven years ago to 34 per cent last year.

As CAF pointed out last year, “the UK now has one of the most favourable tax regimes for charitable giving in the world”. The latest figures took the value of Gift Aid alone to £828 million.

So what is the central challenge? It is, as CAF again pointed out, that a potential £700 million of Gift Aid goes unclaimed. Our job together is to help charities claim it.

The consultation is not a long and complicated document, but it raises some key issues and invites you to come forward with suggestions for how we can reduce this figure.

We need everyone involved: government in setting the rules, charities in encouraging effective giving with government, and individuals encouraged to give in an effective way.

To this end, we raise a number of issues in the consultation, including:

How we can encourage small charities in their use of Gift Aid. There is a real challenge overcoming perception barriers facing small charities, and we need to work together to see how this can best be done.

How we can streamline the record-keeping and auditing process. Some have raised for example the issue of buffer zones to make allowances for inaccurate Gift Aid declarations.

How we can help raise awareness of how to give among the general public. Gordon Brown announced in the Budget that HMRC will be running an awareness-raising campaign, and we will be working with bigger charities to help target donors, but I'm sure there is more that can be done.

How we can encourage more higher-rate taxpayers to give. For this financial year, we will be increasing the visibility of Gift Aid in the self assessment process.

However, the point of today and this consultation is not only to consult in these areas but to encourage people to come forward with their ideas.

That is why we have events planned around the country, to enable us to draw on ideas from the whole sector. We will be providing bursaries to smaller charities to make sure they can attend the events and make their views known. And if there is anything we can do to help engage your members please do let me know.

Secondly, payroll giving.

Payroll giving has great potential to ensure regular tax-effective giving. Between 1997 and 2005-6, the number of people using payroll giving doubled, and the amount donated went up by four times. But we know it still has untapped potential.

Partly we need to raise awareness of it, which I have recently done through writing to every MP to draw their attention to what payroll giving can achieve.

But I know that the Institute of Fundraising is conducting a review of payroll giving and I look forward to hearing ideas as they emerge.

I know some people have raised the issue of portability and how we can make it easier for people to move from one job to another and carry their payroll giving with them.

I am very interested in what we might call “giving inertia”. If you give a fixed amount, and your salary goes up, you probably keep giving that amount. The evidence we have from pension debates is that inertia is a very strong force. So some people have also raised whether it might be practicable or possible for people to give instead as a proportion of their income.

Thirdly, there is the wider issue of the culture of our society and the extent to which it encourages giving.

I continue to be struck by the figures in *A Generous Society* which show that if the amount spent on charity by the richest fifth of households was as high as the poorest fifth – that is 3 per cent rather than 0.7 per cent - there would be billions of pounds extra spent on charitable causes in Great Britain.

The question is, how do we create a culture in which people give? Partly by ensuring public confidence in charities and demonstration by charities of what they can achieve.

Partly by creating a culture in which people have a sense of responsibility for others. That is why we are helping schools to foster a habit of charitable giving through the Giving Nation Challenge and for primary schools, the Go Givers programme.

Perhaps partly too by thinking about how we can create a benchmark, so people know how much others tend to give. I know this is an idea that Joel Joffe is very interested in, and was a part of “The Giving Campaign” from 2001-4, funded by the third sector and HMRC together.

But as well as this we also need a systematic look at the cultural, social and other barriers to giving among the better off.

That is why we have said we will set up a new centre of excellence funded by £750,000 from central government, £250,000 from the Carnegie UK Trust, £75,000 from the Scottish Executive and match funding from the ESRC. This will be looking at how we create a culture in which people are encouraged to give.

This is a real opportunity to make progress, not only on Gift Aid but on giving and philanthropy more widely. Today is just the start of the conversation. I hope we will be able to develop some ideas together over the coming months.