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| Committee(s): Hampstead Heath, Highgate Wood & Queen's Park Committee | Dates: 15 June 2022 |
| Subject: Registering Hampstead Heath, Highgate Woods and Queen's Park for Gift Aid donations | Public |
| Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly? | 2,11,12 |
| Does this proposal require extra revenue and/or capital spending? | N |
| If so, how much? | N/A |
| What is the source of Funding? | N/A |
| Has this Funding Source been agreed with the Chamberlain's Department? | N/A |
| Report of: Executive Director Environment | For Decision |
| Report author: Stefania Horne, Assistant Director | |

Summary

Donations currently contribute to the implementation of a number of improvement projects in Hampstead Heath, Highgate Woods and Queen's Park and with the proposals contained in the emerging Charity Income Strategy, the intention is to grow this source of income. In order to progress the registration for Gift Aid, each charity must have a dedicated bank account to receive and account for donations that can be invested in future projects for the benefit of the users of the open spaces. Note, donating through Gift Aid means that the charities can claim an extra 25p for every £ donated.

A number of options have been explored with Chamberlains and it was agreed that the most straightforward option would be to register the charities with Her Majesty's Revenue and Customs (HMRC) for Gift Aid and as part of that process to open a dedicated bank account for each charity.

Recommendation

It is recommended that:

- Members authorise the Chamberlain to open dedicated bank accounts in order to register with HMRC the Hampstead Heath charity (803392), and the Highgate Wood and Queen's Park Kilburn charity (232986) for Gift Aid status.

Main Report

Background

1. A number of projects within the Hampstead Heath, Highgate Wood & Queen's Park Sub-Divisional Plan 2022-25, including refurbishments to playgrounds, biodiversity initiatives, zoo development and infrastructure improvement projects are partly funded by donations. To date, the charities have not been able to benefit from Gift Aid as currently the charities do not have their own dedicated bank accounts that can be registered with HMRC for the Gift Aid scheme.
2. Gift Aid allows individuals who are subject to UK income tax to complete a simple and short declaration that they are a UK taxpayer. Any cash donations that the taxpayer makes to charity after making a declaration are treated as being made after deduction of income tax at the basic rate (20% in 2011), and the charity can reclaim the basic rate income tax paid on the gift from HMRC. For a basic-rate taxpayer, this adds approximately 25% to the value of any gift made under Gift Aid. Higher-rate taxpayers can claim income tax relief, above and beyond the amount claimed directly by the charities.
3. Gift Aid is only valid for donations by the donor, it cannot be claimed on other people's donations. For example, if someone collects money from several people, each individual person will have to make a separate Gift Aid declaration for their portion. It also cannot be claimed for money where the donor received something in return, e.g. purchasing goods from a charity store, or buying a ticket in a charity raffle, as these are not strictly donations.
4. There could be clear benefits in introducing a Gift Aid scheme. As well as generating additional income, donors might be more willing to donate further, knowing that the donation will be more effective, as more money can be raised. The proposal clearly harnesses the benefits for Hampstead Heath, Highgate Wood and Queen's Park as part of their charity status.
5. It is unclear at this stage if the extra administrative work (costs) would be worth the additional income (benefits), hence a pilot needs to take place in order to assess such cost benefit analysis.
6. Once bank accounts have been opened and each charity registered with HMRC for Gift Aid, work will need to be undertaken in order to create a framework that will allow the management of Gift Aid, starting from a suitable and transparent process for donors that can be managed by our staff. This will need to be created in partnership with several departments including Chamberlains, Legal, IT, Communications, etc.

Corporate & Strategic Implications

7. The set-up of the charities for Gift Aid will allow a more effective donation framework that can help in implementing a number of objectives included in the corporate and charities' strategic frameworks.

8. Further reports will be brought to this Committee for information on the progress and success of this pilot and if successful, a recommendation to roll out to other charities could be considered by the respective Committees.

Financial Implications

9. Although being able to claim Gift Aid will increase the two charities income, Trustees need to be mindful of the extra administrative time and costs taken for staff, both in Natural Environment and Chamberlains to manage the process. The process of creating a new bank account can be involved for a charity and the process will take time. Similarly with registering the charity for Gift Aid with HMRC. As an indication, all donations received at Hampstead Heath totalled £9,947 in 2021/22, which would yield an additional £2,487 in Gift Aid if every donor was eligible. Donations received at Highgate Wood and Queen's Park totalled £12,083 in 2021/22, which would yield an additional £3,021 in Gift Aid if every donor was eligible.

Resource Implications

10. There will be additional staff costs in relation to project implementation and administration costs once the scheme is up and running. These costs will need to be met within current staff resources. There are additional staff resource implications within Chamberlains, as the Corporate Treasury Team will need to set up the bank accounts and make any "sweeps" from the charity bank accounts into the main account, so the income can be recorded correctly within the accounting system. The Chamberlain Finance Business Partner would also need to oversee regular reconciliations and ensure income is correctly accounted for.

Climate Implications

11. N/A.

Legal Implications

12. The City of London Corporation is the trustee of both the Hampstead Heath charity (charity number 803392) and the Highgate Wood and Queen's Park Kilburn charity (charity number 232986). They are separately registered with the Charity Commission and have distinct purposes set out in the Hampstead Heath Act 1871 and the Highgate and Kilburn Open Spaces Act 1886 respectively.

Risk Implications

13. The proposal will be implemented and managed in line with City of London Corporate Finance and Charity Commission policies.

Equality Implications

14. N/A

Security Implications

15. N/A

Conclusion

16. The registration of the charities for Gift Aid will ensure that the maximum benefit from donations is realised for the charities.

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