

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

3rd November, 2026

Proposition No. P. 2026/82

Policy & Resources Committee

The States of Guernsey Annual Budget for 2027

AMENDMENT

Proposed by: Deputy J Strachan

Seconded by: Deputy M Laine

To delete Proposition 7 and substitute therefor:

“7. To authorise the Policy & Resources Committee to make annual allocations from General Revenue to the Policy & Resources Committee for the purposes of the Commissioning functions in the Policy Resources, from 2027 onwards, of £350,000 in 2027, increasing with inflation each year. Any unspent allocation shall be treated in accordance with the States’ normal financial rules and procedures and to direct that this funding shall be available primarily to the States’ Commissioning function, with expenditure to be prioritised and approved through appropriate governance arrangements determined by the Policy & Resources Committee in consultation with the relevant Principal Committees to support:

- a) new or expanded commissioning initiatives involving charitable and third sector organisations;
- b) initiatives which contribute towards the priorities and outcomes of the Government Work Plan;
- c) initiatives capable of demonstrating measurable community or social benefit; and
- d) opportunities for States funding to facilitate or attract additional charitable, philanthropic or other non-government funding.

7A. To direct the Policy & Resources Committee, working with the appropriate States committees and representatives of the charitable sector, to take forward measures intended to encourage charitable giving and improve access to the existing charitable donations tax repayments arrangements, includes consideration of:

- a) simplifying and, where appropriate and cost effective, digitising the existing CH1 and CH2 processes for donors and charities;
- b) improving public awareness of, and guidance on, the existing charitable donations tax repayment arrangements;
- c) investigating options to facilitate and encourage a payroll giving scheme, including engagement with employers and introducing any facility needed to deduct from gross income of the donor;
- d) improving engagement between charitable organisations, new residents and prospective donors; and
- e) measures to improve information concerning community need, charitable impact and social value,

and to direct the Policy & Resources Committee to report to the States during 2027 on progress on its implementation and;

- a) the opportunities arising from dormant assets; and
- b) the potential community benefit funding mechanisms.”.

Rule 4(1) Information

- a) The proposition contributes to the States’ objectives and policy plans by ensuring the best way to partner with charities to carry out the Government Work Plan.
- b) In preparing this proposition, consultation with the Policy & Resources Committee has taken place.
- c) The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d) The proposition would not impact the overall revenue and expenditure estimates for 2027.
- e) Drafting advice has been sought from the States’ Greffier and advice has been sought from officers of the Policy & Resources Committee.

Explanatory Note

Proposition 7 of the 2027 Budget proposes increasing the maximum aggregate amount of tax-exempt donations to Guernsey Registered Charities from £10,000 to £50,000. Paragraph 5.22 of the Budget Report states that this would increase the maximum benefit available to a charity from £2,500 to £12,500, and paragraph VIII of the Executive Summary estimates that it would reduce income tax revenue by approximately £350,000 in 2027. Paragraph 5.21 notes that the limit was last increased in 2025.

The purpose of this amendment is to keep that level of support for Guernsey's charitable sector while changing the way it is delivered. This Amendment would better use this targeted support in a more efficient way than through tax relief.

Representations received from the charitable sector have questioned whether raising the upper limit of the existing tax repayment scheme will produce a corresponding broadening out of those charities receiving more charitable giving. Chair of the Association of Guernsey Charities (AGC), also raised concern that the proposed change had not been the subject of consultation with the AGC, the Guernsey Community Foundation and suggested that the resources could instead support new commissioning activity across the sector.

The amendment therefore retains the existing £10,000 tax relief cap limit and instead establishes recurring annual funding of £350,000 (to be inflation adjusted) from General Revenue to support the delivery of the Government Work Plan and the charitable and third sector, principally through commissioning activity which supports Government Work Plan priorities.

The £350,000 figure has been selected having regard to the estimated revenue effect identified in the Budget proposal. Unlike that estimate, which necessarily depends upon assumptions about donor behaviour, the amendment makes a deliberate policy choice to provide a defined and predictable level of support which can be deployed more broadly across the sector through commissioning.

Hence this amendment introduces broadening of support for local charities while also creating more support for the Government Work Plan priorities.

Proposal 7A of this amendment also seeks practical improvements to the existing arrangements for charitable giving. These include considering proportionate and cost-effective opportunities to simplify and digitise the CH1 and CH2 processes, better communication of the relief already available, investigating options to facilitate and encourage payroll giving through engagement with employers and supporting any

changes necessary, improved connections between potential donors and community organisations, and better information on community need, social value and charitable impact. These measures are intended to encourage greater charitable giving while making existing support schemes easier to access and use, and reflect suggestions previously put forward by representatives of the charitable sector.

The report required by Proposition 7A would also examine dormant assets and other community benefit funding mechanisms, which could add to the resources available to the sector over time without further call on General Revenue.

Financial implications:

The Budget estimates that increasing the maximum aggregate amount of tax-exempt donations from £10,000 to £50,000 would reduce income tax receipts by approximately £350,000 in 2027. That estimate incorporates assumptions about changes in donor behaviour and therefore does not represent a fixed or guaranteed reduction in revenue. This amendment would instead retain the existing £10,000 limit and establish a recurring annual allocation of £350,000 (inflation-linked) from General Revenue to support the charitable and third sector. It therefore converts an estimated revenue impact into a defined expenditure allocation and should not be regarded as precisely financially neutral in outturn terms. Any unspent sums would be treated in accordance with the States' normal financial rules and procedures.