



HM Treasury

Memorandum of Understanding for Payroll Giving

Information sharing

Charities, Payroll Giving Agencies and the Government have a common cause in wanting to see more donations reach good causes. Payroll Giving is a very important, tax efficient and well established part of charity funding, that allows over a million donors to donate regularly.

All the parties to this agreement are committed to raising the profile and performance of Payroll Giving. Making the information about donations available to charities in a common consistent format will help them understand and drive forward their own Payroll Giving programmes. By giving greater clarity and transparency to the overall process we hope to see further confidence in Payroll Giving and increased promotion.

This agreement demonstrates a shared ambition from all parties and a desire to positively work together to achieve our goals

Introduction

Charities provide an invaluable contribution to our society and receive strong support from government including tax relief on donations.

One of the most effective ways for donors to contribute has, for several decades, been Payroll Giving. Payroll Giving contributed over £130 million to good causes in 2013-14, from over a million regular donors.

At the heart of the Payroll Giving system lie Payroll Giving Agencies. These organisations are vital to the success of the scheme and are all charities themselves. They have disbursed donations worth over £1.4 billion to good causes.

Rationale and background

Responding to the Government's Payroll Giving consultation, a large number of respondents made requests to institute a Service Level Agreement regulating the work between Payroll Giving Agencies and the wider charity sector.

Another request coming from this consultation was for more transparency around the process as well as disbursement reports in a standardised format. It was suggested that a Service Level Agreement could also be used to increase the transparency and information flow between charities and Payroll Giving Agencies.

In the government's response document there was a commitment to pursue an agreement that could provide greater clarity on how well Payroll giving operates. Subsequently a number of meetings were held between the various parties resulting in this document.

This document aims to address these points, with the overriding principle to see an increase in take-up of Payroll Giving and donations being received by charities. To better reflect the voluntary nature of this agreement it has been framed as a Memorandum of Understanding.

Intent of this document

This voluntary agreement has been drawn up following extensive contacts between Government, Payroll Giving Agencies and representatives from the charity sector. Whilst not a legally binding document its authority is derived from its endorsement by the participants. Payroll Giving Agencies, the Government and charities agree to work together constructively in our complementary roles.

The parties here would welcome further participants in this agreement, including from charities, Payroll Giving Agencies, both existing and new and their service delivery partners.

As Payroll Giving Agencies update and invest in their systems and processes, even more improvements may become possible. To that end the participants may wish to review and amend some aspects of this agreement, in the same manner of consensus and constructive engagement.

This endorsement represents a concrete expression of goodwill and partnership between Payroll Giving Agencies and the wider charity sector.

Disbursement Reports

Disbursement reports are provided by Payroll Giving Agencies to charities that request, and in most cases, pay for them. They give detailed information on individual donations.

Currently charities may receive reports from multiple Payroll Giving Agencies which, whilst providing common information, are formatted and presented differently.

During the consultation, a proposal was made to standardise the format of these reports to reduce the costs for the charities and increase clarity.

This section sets out how we intend to pursue this and how Payroll Giving Agencies are responding to the request by standardising their reports where possible and practical.

By lowering the costs associated with charities processing Payroll Giving information it is hoped to increase Payroll Giving's attractiveness and make the money donated more effective.

Not every Payroll Giving Agency will be able to complete every column. Some do not collect email addresses from donors, others may not have the systems to report on net, gross, match funded and other amounts separately. To accommodate these differences, some columns will have all blanks from certain Payroll Giving Agencies, whilst those who can provide a greater level of detail can do so without compromising the agreed format. Also where an agency can provide flexible reporting, the intention is to have a report in this format as a preset option.

The following has been designed in conjunction with the major Payroll Giving Agencies to ensure that the changes can be introduced in a planned co-ordinated manner with as little disruption or transitional costs as practical.

Fields on standardised Disbursement Reports

1. **Agency name** - The name of the Payroll Giving Agency processing the donation.
2. **PGA's Donor Reference Number** - An identification code internally created by the Payroll Giving Agency to track the donor.
3. **Employer Name** - Name of employer. In some circumstances, due to confidentiality or data protection requirements this field may not be available.
4. **Title** - Standard forms of address eg: Mr. Mrs. Ms. Dr. etc.
5. **First Name** - Where donor has not requested anonymity
6. **Initials** - Where donor has not requested anonymity
7. **Last name** - Where donor has not requested anonymity
8. **Address 1** - Where donor has not requested anonymity
9. **Address 2** - Where donor has not requested anonymity
10. **Address 3** - Where donor has not requested anonymity
11. **Post Code** - Where donor has not requested anonymity
12. **Email address of donor** - Where provided and donor has not requested anonymity
13. **Phone number of donor** - Where provided and donor has not requested anonymity
14. **New Donor** – Yes/No question on whether the donor is new to that Payroll giving Agency¹. Specifically a donor will be 'New' when that Payroll Giving Agency hasn't processed a donation from this person in the previous 12 months.
15. **PFO** - Identifying the name of the Professional Fundraising Organisation, where applicable and possible.
16. **Gross Donation** - The total amount coming into the Payroll giving Agency from the donor, before any processing charges or match funding is applied.
17. **Admin Charge** - Processing charge applied by the Payroll Giving Agency to the donations

¹ PGAs may, depending on their internal systems use a slightly different definition for new donor.

18. **Net Donation** - Final amount passed from Payroll giving Agency to charity, should be equal to the gross donation minus any admin charge.
19. **Employer Matched Donation** – Amount of any match funding from employer
20. **Other Match funding** – For cases where matched funding comes from sources other than the employer. Where it is not possible to split match funding by sources, entire amount to go into employer matched funding column.
21. **Total Donation to Charity** – Equal to the gross donation plus any match funding minus the administration charge
22. **Charity's donor reference number** – Where charity requires a reference number, for example when a donor is sponsoring a specific child.

Wider reporting

Despite the importance of Payroll Giving, and the size of contribution it makes to charity incomes, there remains an opportunity for more data to be made available on how Payroll Giving operates and the way the sector has developed. This could drive further growth as interested parties will have a better understanding of the most successful avenues for recruiting donors, for example whether growth seen recently has come primarily from new donors or from existing donors increasing their donations.

The plans on wider reporting set out in this section, aim to address this so that in future additional campaigns and promotion can be targeted to deliver the maximum benefit.

A number of long running queries have arisen over how effectively Payroll Giving is administered and where money has become 'stuck' in the system. Wider reporting should quickly and effectively provide the data to demonstrate the efficiency of Payroll Giving to the wider public.

Due to the commercially sensitive nature of much of this information, individual Payroll Giving Agencies won't publicly publish figures for their own customers. Instead a third party will provide a web based portal for the Payroll Giving Agencies to submit their figures.

We are extremely grateful to Deloitte for agreeing to provide this service for the initial period of operation on a *pro bono* basis.

In the initial years of operation it will not be possible for every Payroll Giving Agency to provide full detailed information on every category. Where not enough Payroll Giving Agencies have been able to respond to provide sufficient aggregation a nil response will be given for that data field. The incidence of fields with a nil response is expected to decrease sharply over the first years of operation.

When looking operationally at how to obtain these figures, Payroll Giving Agencies will be taking a considered approach to ensure the costs involved are not disproportionate, including where possible basing this information on measures required for existing external reporting. As such the figures will be produced with a reasonable degree of accuracy and care. They should not be relied upon as 100% accurate but as the best figures available, fit for the purpose of illustrating trends and a very large step forward on what is available currently.

Data Fields for Wider Reporting

1. **Agency name** - The name of the Payroll Giving Agency processing the donation.
2. **Total value of all donations** – Gross value of all donations coming in during financial year in question.
3. **Total number of all new donors** – Number of new donors for whom the Payroll Giving Agency has not received a donation in the past 12 months. This figure will equal the total of next 4 categories.
4. **Number of new donors (from PFOs)** – Number of new donors for whom the Payroll Giving Agency has not received a donation in the past 12 months., recruited through a Professional Fundraising Organisation, where it is possible for the Payroll Giving Agency to isolate these donations.
5. **Number of new donors (from charity/voucher accounts)** – Number of donors where funds are donated from a charity or voucher account opened in previous 12 months, where it is possible for the Payroll Giving Agency to isolate these donations.
6. **Number of new donors (staff charity funds)** – Number of donors not seen in previous 12 months where funds are donated from a staff charity fund, where it is possible for the Payroll Giving Agency to isolate these donations.
7. **Number of new donors (other)** – Number of donors not seen in previous 12 months recruited not through a Professional Fundraising Organisation, charity/voucher account or staff charity fund, where it is possible for the Payroll Giving Agency to isolate these donations.
8. **Total value of all new donors** – Total gross value of donations from new donors as defined in item 3.
9. **Attrition** – Donors at start of year minus donors at end of year minus new donors. Negative attrition will equate to growth in number of donors under Payroll Giving.
10. **Number of employers who match Payroll Giving** – Total number of employers who are providing match funding on donations during financial year.
11. **Total value of matched giving by employers** – Total value of employer matching as described in above item

12. **Number of employers who pay the administration charge** – Employers paying Payroll Giving Agency's charge.
13. **Number of donors during year** – Total number of donors, including new donors, making at least one donation during financial year.
14. **Total number of charities in receipt of Payroll Giving income** – Total number of charities Payroll Giving Agency makes at least one disbursement to during year.
15. **Identifying information of charities in receipt of Payroll Giving** - To consist of charity name, registration number where available, first line of address and postcode.
16. **Number of contracts not processed due to money or listings not received** – An estimate of number of employers who have not provided enough information to enable money to be disbursed
17. **Total value of donations held in suspense accounts** – An estimate of the amount in donations which has not been disbursed due to lack of information from employer.

Notes

Item 15 is required so that the aggregating body can perform de-duplication on the statistics for charities disbursed to. It is not possible to simply add up the numbers of charities as there would be far too many duplicate entries to make this practical.

The above figures will not take into account employers who are using more than one Payroll giving Agency. To take account of this would require each data field to also include employer identifying details. This would be required for several separate fields and the cost of producing such extra information would far outweigh the benefit derived from the small increase in accuracy. Likewise a donor could move into a new job, begin using Payroll Giving, leave to join another firm and take part in that firm's Payroll giving scheme through another agency all within the same financial year. In such a case the 'New Donors' figure would be overstated, however in keeping with the general principles around this process as these cases would likely be so rare they would not substantially alter the final results and the cost of tracking such a possibility would not be cost effective.

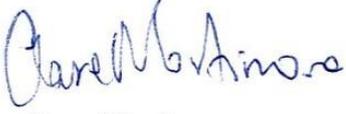
Publication of Wider Reporting

Alongside the data fields outlined above, Deloitte will also be providing year on year variations as well as giving averages of the amounts collected. Further details of these are provided in Annex C.

A draft copy of the report will be circulated to the Payroll Giving Agencies taking part as a final validation step.

The final report will be published by Deloitte on their website.

Signatures



Clare Mortimore

Charitable Giving



Dr John Low

Charities Aid Foundation



Heather Vasco

Charities Trust



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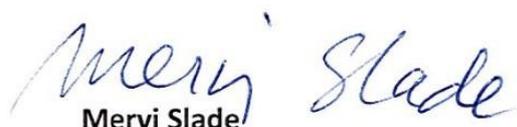


Phil Robertson

GiveAll

Peter Lewis

Institute of Fundraising



Mervi Slade

Save the Children and the
Payroll Giving Special Interest
Group



Nicola Johnson

Stewardship

Agreement facilitated by HM Treasury



Priti Patel MP

Exchequer Secretary to the Treasury

Signed on 24 March 2015

Annex A – Layout of Disbursement report

Agency name	PGA's Donor Reference Number	Employer Name	Title	First Name	Initials	Last name	Address 1	Address 2	Address 3	Post Code	Email address of donor	Phone number of donor
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New Donor	PFO	Gross Donation	Admin Charge	Net Donation	Employer Matched Donation	Other match funding	Total Donation to Charity	Charity's donor reference number
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Annex B – Layout of Wider Reporting fields

Agency Name	Total value of all donations	Total number of all new donors	Number of new donors (from PFOs)	Number of new donors (from charity/voucher accounts)	Number of new donors (other)	Number of new donors (staff charity funds)	Total value of all new donors	Attrition
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Number of employers who match Payroll Giving	Total value of matched giving by employers	Number of employers who pay the administration charge	Number of donors during year	Total number of charities in receipt of Payroll Giving income	Identifying Information for charities receiving donations	Number of contracts not processed due to money or listings not received	Total value of donations held in suspense accounts
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Annex C – Layout of Wider Reporting Publication

Agencies	Donations Value				Overall Donor Analysis						Donor Attrition Analysis			
No.	Prior Year	Current Year	Variation on prior year	% Variation on prior year	Total - B/F	Attrition	New	Total	Variation on prior year	% Variation on prior year	Prior Year	This Year	Variation on prior year	% Variation on prior year

New Donor Analysis							New Donor - Value Analysis					
Prior Year - Total	Recruited by PFO	Charity / voucher accounts	Other	Current Year - Total	Variation on prior year	% Variation on prior year	Prior Year - Total	Prior Year - average value per new donor	Current Year - Total	Current Year - average value per new donor	Variation on prior year	% Variation on prior year

Charities In Receipt - Total Analysis				Charities In Receipt - Average Analysis						Average No. of charities supported by donor			
Prior Year	Current Year	Variation on prior year	% Variation on prior year	Prior Year - Total	Prior Year - average value per Charity	Current Year - Total	Current Year - average value per Charity	Variation on prior year	% Variation on prior year	Prior Year - average number of charities supported per donor	Current Year - average number of charities supported per donor	Variation on prior year	% Variation on prior year

Employers - Matching				Total Value of Employer Matching				Average Matching per employee				Employers paying PGA Admin Charge			
Prior Year	This Year	Variation on prior year	% Variation on prior year	Prior Year	This Year	Variation on prior year	% Variation on prior year	Prior Year	Current Year	Variation on prior year	% Variation on prior year	Prior Year	This Year	Variation on prior year	% Variation on prior year

- Total of figures provided individually
- Average of collective figures obtained
- Prior year comparators - not available in 1st year

