PAYROLL GIVING

After 35 years, what next?
“Since its launch in 1987, Payroll Giving has raised over £2 billion for charitable organisations across the UK. It provides an incredibly powerful platform for corporates to support their employees’ giving. However, the number of donors and employers taking advantage of the scheme has dropped significantly in recent years, resulting in charities missing out on a convenient and regular income.

Despite its history, our research shows people are generally not aware of Payroll Giving and the different opportunities it provides. That’s why we would like to see a renewed and joined up focus on promoting the scheme from providers, employers and the Government. Let’s talk about Payroll Giving more and the valuable opportunity it provides to connect supporters with good causes.”

NEIL HESLOP, OBE
Chief Executive
Charities Aid Foundation

“Since its launch in 1987, Payroll Giving has raised over £2 billion for charitable organisations across the UK. It provides an incredibly powerful platform for corporates to support their employees’ giving.”
PAYROLL GIVING HAS BEEN IN DECLINE FOR ALMOST A DECADE. SINCE 2015/16, THE AMOUNT DONATED HAS FALLEN 15% IN REAL TERMS.

LAST YEAR, THE ABSOLUTE CASH AMOUNT DONATED THROUGH PAYROLL GIVING FELL FOR THE FIRST TIME EVER, FALLING FROM £137M IN 2021 TO £128M IN 2022.


59% OF PEOPLE HAVE NOT HEARD OF PAYROLL GIVING.

PEOPLE ARE MOST LIKELY TO BE ENCOURAGED TO PARTICIPATE IN PAYROLL GIVING IF THEY CAN EASILY OPT IN AND OUT, THEIR EMPLOYER MATCHES THEIR DONATIONS, AND THEY CAN EASILY CHANGE THEIR DONATION AMOUNT AND CHOSEN CHARITIES.

THE BIGGEST FACTOR IMPACTING PAYROLL GIVING PARTICIPATION IS AFFORDABILITY, ESPECIALLY AMONG THE YOUNG.

YOUNGER PEOPLE ARE LESS LIKELY TO HAVE HEARD OF PAYROLL GIVING, BUT MORE LIKELY TO WANT TO DO IT.
WHAT IS PAYROLL GIVING?

Payroll Giving, also referred to as Give as You Earn, is a simple and tax-efficient method of making regular charitable donations straight from employees’ gross pay to UK charities. There are a number of different Payroll Giving agencies available, which charge a small admin fee for this service.

Employees can donate to the UK charitable organisation of their choice. Both registered and unregistered charities are eligible for donations. You can give to any organisation recognised by HMRC as charitable, including:

- Churches
- Health authorities
- Hospitals (not private)
- Scout and Girl Guide groups
- Universities and schools
- Parent Teacher Associations
- Community groups

The funds cannot be used to pay for products or services.

BENEFITS FOR EMPLOYEES

Payroll Giving offers a fantastic opportunity for employees to support the charities they are passionate about. It is a highly tax-efficient way of giving because donations are taken from pay or company/personal pension after your National Insurance contributions are removed, but before Income Tax is calculated and deducted. This means you get tax relief, depending on the rate of tax you pay. So, for example, an employee’s donation of £20 through this scheme costs a basic rate taxpayer £16, a higher-rate taxpayer £12 and an additional rate taxpayer £11, less if you are a Scottish taxpayer. Because your tax is then calculated on a lower amount, this could change your tax bracket and lower the amount of tax you ultimately pay.

BENEFITS FOR CHARITIES

This method of giving provides a dependable source of income that enables charities to set effective future plans and concentrate on achieving their charitable goals. Additionally, it simplifies the administrative burden for charities by eliminating the need to claim Gift Aid, allowing them to focus more on supporting good causes.

BENEFITS FOR EMPLOYERS

Payroll Giving provides an opportunity for corporates to demonstrate their commitment to supporting staff, the community and wider stakeholders and can play a key role in corporate social responsibility initiatives. It is cost-effective and flexible, with the option of covering the administration fees on behalf of employees. Plus, any matching payments or costs associated with running the scheme can also be offset against profits, thereby reducing corporation tax.
“Payroll Giving is a great source of income for charities. Regular gifts allow us to plan for the future and this is especially important in long-term research undertaken by Cancer Research UK.

As donations already include tax, we do not have to claim Gift Aid. Additionally, some employers match donations, enabling charities to do even more with these contributions.”

MERVI SLADE
Product & Programme Manager – Payroll Giving
Cancer Research UK

“Payroll Giving offers a vital source of income to Barnardo’s. Our services are facing even greater demand against a backdrop of increased child poverty, so the consistent reliable income we get from Payroll Giving enables us to better plan where we need to allocate our resources. It’s an easy way for donors and companies to support their nominated charities and causes. Importantly for charities, with the tax relief coming at point of donation, it removes the need to claim Gift Aid at a later date.”

TERRY STOKES
Head of Payroll Giving
Barnardo’s
HMRC data shows falling donations and a falling number of donors in recent years.

Adjusted for population and household incomes, there has been a 15% fall in Payroll Giving donations since 2015. The amount given through this method has diverged from household incomes.

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TRENDS IN PAYROLL GIVING

Source: HMRC

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Source: CAF analysis of HMRC and ONS figures
As someone who works in the finance industry, I believe it’s essential to use our resources to make a difference in the world. Businesses generate a significant amount of wealth, and it’s imperative that we allocate it towards promoting social good. One way to achieve this is through Payroll Giving. Payroll Giving offers several benefits, including savings for both the employee and the charity.

Why not take advantage of this opportunity and give back to those in need? It’s a tax efficient way to give to charity. My employer covers the fees and matches my giving so it’s a great incentive for me to give knowing my organisation is supporting the cause I care about. I give to Lilly May foundation which is a charity partner of RBC Brewin Dolphin and Birmingham Dogs as I rescued my dog from there and Wythall Animal Sanctuary where I am a charity trustee.

WOLFIE PAPIRNK
RBC Brewin Dolphin
Employees and workplaces using Payroll Giving are both down

- CAF has analysed Payroll Giving agency data delivered by the Association of Payroll Giving Organisations (APGO), which collectively make up a majority of the market.
- The in-depth data from these providers shows a fall in the number of donors over time, as well as the number of employers offering Payroll Giving.

Number of employers using Payroll Giving

21% The number of contracts serviced has fallen 21% between Q2 2017 and Q3 2023

Source: APGO

Number of donors (quarterly)

Number of donors (annually)

Thousands

Thousands

2018 2019 2020 2021 2022

350 400 450 500 550

350 400 450 500 550

CHARITIES AID FOUNDATION | Payroll Giving Report 2024
There has been a recent spike in the size of monthly donations. The number of people giving lower amounts has fallen, with some donors dropping out of the market, which is pushing up the average donation. This trend can also be seen in the recent fall in the average number of donors per contract. This is consistent with wider giving trends.

The average annual monthly donation in Q1 2023 was £33.62, up from £26.67 in Q1 2022. Q1 is typically the quarter with the highest donations.

Source: APGO
“Charitable giving has always been a family affair for us. My husband and I discuss our giving with our children as we want them to be active participants in deciding where our contributions should go through our respective payroll schemes. Together, we chose National Coastwatch Institution's Stepper Point Lookout Station in Cornwall, which is where we go on holiday every year.

By giving through payroll, we’re able to maximise our impact as it’s more tax-effective than traditional banking methods. My employer, RSA Insurance, also matches up to £10 per month towards my charitable donations. Through Payroll Giving, my employer can support causes that employees are passionate about. Each year, we experience first-hand the difference our donation makes to the community and it’s a great feeling.”

RUTH POULTEN
RSA Insurance
CAF’s monthly UK Giving survey asks people the ways in which they have donated to charity.

Just 1% of people surveyed since May 2016 had given through Payroll Giving in the last 12 months, and 0.8% in the last 4 weeks.

In October and November 2023, we asked people what they thought about Payroll Giving.

36% of people told us they had heard of Payroll Giving, 59% had not.

Awareness appeared to be higher in the South East (40%), and lower in Wales (26%) and the West Midlands (27%).

More than half of participants in the finance/insurance/real estate, and computers/electronics sectors were aware of Payroll Giving.

Overall, 41% of people said they were not likely to donate via Payroll Giving in the future while net 20% were likely to do so.

Have you heard of Payroll Giving (also known as ‘Workplace Giving’ or ‘Give As You Earn’)?

- Yes: 36%
- No: 59%
- Don’t know: 5%

Base: all respondents who did not donate through Payroll Giving in the last month, N=2,167.

How likely would you be to donate via Payroll Giving in the future?

- Very likely: 28%
- Fairly likely: 16%
- Not very likely: 11%
- Not at all likely: 24%
- Don’t know: 5%
- Not applicable: 16%

Base: all respondents, N=2,167.
• Awareness of Payroll Giving increases with age.
• However, younger people are more likely to say they would donate in this way if it were offered to them.
• Men are more likely to say they are “not likely” to donate than women (43% against 38%). Men are also almost twice as likely to say that Payroll Giving is not something that interests them compared to women (21% vs 11%).

Q. If this were offered as an option to you, how likely would you be to donate via Payroll Giving in the future? Base: all respondents who did not donate through Payroll Giving in the last month, 16-24(N=242); 25-34(N=360); 35-44(N=349); 45-54(N=248); 55-64(N=340); 65+(N=528).

Q. Have you heard of Payroll Giving (also known as ‘Workplace Giving’ or ‘Give As You Earn’)? Base: all respondents who did not donate through Payroll Giving in the last month, N=2167.
People are most likely to say they would not donate through Payroll Giving because they cannot afford it, do not want to commit to a regular donation, or prefer to give directly to charity.

**Why are you not likely to donate by Payroll Giving?**

- I can’t afford it: 37%
- I don’t want to commit to a regular donation: 35%
- I prefer to give directly to charity: 27%
- I prefer to donate to charity on an ad-hoc basis: 26%
- It’s not something that interests me: 16%
- I don’t think I’d be able to donate to my charity of choice: 12%
- I don’t know enough about how it works: 9%
- There would be administration fees: 9%
- Not applicable - I am not employed: 8%
- It’s not flexible enough: 8%
- I prefer not to say: 5%
- Prefer not to say: 5%
- There would be administration fees: 5%
- Other: 3%

Base: All respondents who did not donate through Payroll Giving in the last month and would not be likely to do so, N=880.

- People aged 25-34 (14%) are significantly more likely to say that Payroll Giving is not flexible enough compared to older age groups.
- Significantly more women (42%) than men (32%) say that they cannot afford Payroll Giving.

Younger people are more likely to say they cannot afford to give through Payroll Giving than older people.

**Respondents answering “I can’t afford it” by age**

- 16-24 (45%)
- 25-34 (50%)
- 35-44 (50%)
- 45-54 (36%)
- 55-64 (21%)
- 65+ (8%)

Base: All respondents who did not donate through Payroll Giving in the last month and would not be likely to do so, 16-24(N=111); 25-34(N=156); 35-44(N=179); 45-54(N=170); 55-64(N=159); 65+(N=105).

- Significantly more women (42%) than men (32%) say that they cannot afford it as well as having a preference to donate to charity on an ad-hoc basis (women 29%, men 22%).
**WHAT WOULD ENCOURAGE PEOPLE TO PARTICIPATE?**

What would encourage you to participate in Payroll Giving?

- People would be most motivated to give if they had more money, could opt in and out more easily, and if their employer matched their donation.
- Younger people are particularly likely to want to know how the scheme works, and to consider employer matching important. Opting in and out is significantly more important to people aged 25-34 (32%) than most other ages and similarly employers paying the administration fee is significantly more important to the age group 25-34 (18%) than most older age groups.

36% said not applicable.

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**I would be more likely to donate to charity if my employer encouraged it by matching my donations**

Q. To what extent would the following make you more likely to donate your money or time to charity in the next 12 months, or would it make no difference? Base: All respondents in October and November wave; 16-24(N=242); 25-34(N=364); 35-44(N=353); 45-54(N=350); 55-64(N=343); 65+(N=529).
MATCHED FUNDING IS A BIG DRIVER OF PEOPLE GIVING TO CHARITY IN GENERAL, PARTICULARLY AMONG YOUNGER DONORS.

**Q. Which of these, if any, would encourage you to participate in Payroll Giving?** Base: All respondents who did not donate through Payroll Giving in the last month, 16-24(N=280); 25-34(N=360); 35-44(N=349); 45-54(N=348); 55-64(N=340); 65+(N=528).

<table>
<thead>
<tr>
<th>Age</th>
<th>I had more money</th>
<th>I knew more about how it works</th>
<th>My employer matched my donation</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-24</td>
<td>45%</td>
<td>18%</td>
<td>24%</td>
</tr>
<tr>
<td>25-34</td>
<td>44%</td>
<td>19%</td>
<td>29%</td>
</tr>
<tr>
<td>35-44</td>
<td>48%</td>
<td>15%</td>
<td>24%</td>
</tr>
<tr>
<td>45-54</td>
<td>36%</td>
<td>10%</td>
<td>26%</td>
</tr>
<tr>
<td>55-64</td>
<td>23%</td>
<td>10%</td>
<td>16%</td>
</tr>
<tr>
<td>65+</td>
<td>6%</td>
<td>1%</td>
<td>5%</td>
</tr>
</tbody>
</table>

59% of 16-24 year olds and 65% of 25-34 year olds said that they would be more likely to donate if their employer encouraged it by matching their donations to charity.
<table>
<thead>
<tr>
<th>Statement</th>
<th>True</th>
<th>False</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can give anonymously</td>
<td>52%</td>
<td>6%</td>
<td>42%</td>
</tr>
<tr>
<td>I can claim Gift Aid on my donation (FALSE)</td>
<td>44%</td>
<td>9%</td>
<td>47%</td>
</tr>
<tr>
<td>I can give to multiple charities at the same time</td>
<td>44%</td>
<td>5%</td>
<td>51%</td>
</tr>
<tr>
<td>As the donation is deducted before tax, it means I can donate more</td>
<td>34%</td>
<td>10%</td>
<td>56%</td>
</tr>
<tr>
<td>Salaried pensioners can donate via this scheme</td>
<td>23%</td>
<td>6%</td>
<td>71%</td>
</tr>
<tr>
<td>I can make donations to unregistered charities (e.g. PTAs, local Scout groups)</td>
<td>19%</td>
<td>16%</td>
<td>65%</td>
</tr>
<tr>
<td>My employer will automatically match my donation (FALSE)</td>
<td>12%</td>
<td>22%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Q. Regarding Payroll Giving, do you think the following statement is true or false? Base: All respondents, N=1079.

Knowledge and understanding about Payroll Giving is low. 44% of people thought that you could claim Gift Aid on Payroll Giving donations, and 47% did not know whether this was the case. Only 9% knew that you cannot claim Gift Aid on Payroll Giving donations. A slightly higher proportion (22%) know that employers do not automatically match donations. Across all the questions we asked, levels of understanding were very low. 56% of people did not know that they could give to multiple charities at the same time, and 77% did not know that salaried pensioners could donate via the scheme. 81% did not know that it is possible to give to unregistered charities.
CASE STUDY

“Payroll Giving was something I learned about during my first week of working at Landsec and I signed up straightaway; everyone receives an onboarding pack with a step-by-step guide to take you through it. The process was clear and I recognised it as a very good benefit since I don't have to actively think about donating every month, it just comes out of my payroll automatically. Because it is tax-effective, I can afford to give more to charity, and Landsec also provide an additional top-up equal to 20% of the amount we donate.”

ZOE PRITCHARD  
Landsec

LANDSEC EMPLOYEES HAVE DONATED £15,429.00 AMOUNT THIS YEAR

LANDSEC HAS MATCHED £3,085.80 AMOUNT THIS YEAR & THEY COVER THE ADMIN FEES FOR EMPLOYEES

THEY'VE SEEN AN INCREASE IN SIGN-UPS OF 19% SINCE MAKING IT PART OF THEIR CSR WORK (INCREASE FROM 26 TO 31 DONORS IN 2023)
PAYROLL GIVING AGENCIES SHOULD:
Ensure they offer clear information about how Payroll Giving works
Make it easy for people to sign up, opt in and out, and to change their donation amounts and chosen charities
Talk about Payroll Giving publicly

EMPLOYERS SHOULD:
Offer Payroll Giving schemes and employer matching. For example, a festive matching campaign is a great way to engage employees and support good causes
Set the tone from the top, talking about Payroll Giving, and celebrating it

THE GOVERNMENT SHOULD:
Run a campaign to raise awareness of Payroll Giving
Refresh HMRC guidance on Payroll Giving, making it clear and user-friendly

RECOMMENDATIONS
DIAMOND PAYROLL GIVING AWARD RECIPIENTS

3I PLC
Agilitas Private Equity LLP
Ahmadiyya Muslim Jamaat International(Amji)
Angel Trains Limited
Arcadia Administration Limited
BPP Holdings Ltd
C Hoare & Co
Calleo Consultants Ltd
Cambridge Assessment
Cambridge Intelligence Limited
Charities Aid Foundation
Christ Church St Leonards-On-Sea House Improvement Society Ltd
Civil Service Pensions (NI)
Consalis Ltd
Credera Limited
Cross London Trains
Custom Powders Ltd
Datancorp Limited
Dodge & Cox Worldwide Investments Ltd
Downing TWO VCT PLC
Drapers Co
East Kent Hospitals University NHS Foundation Trust
Esmee Fairbairn Foundation
Fife Council
G Modiano Ltd
Giveclearity.org Limited
Golledge Electronics Ltd
Grosvenor Estate Management Ltd
Gwenny Properties And Investments Ltd
Harnham Search And Selection Ltd
Healthcare Improvement Scotland
Hi-Span Ltd
Hywel Da Health Board
ICBC Standard Bank PLC
Jeremy Wilde Ltd
John Grose Group Limited
Jonathan Street Public Relations Limited
JTI UK
Kings Oak Accountancy Services Limited
Larchpoint Capital LLP
Lazard & Co., Services Limited
Liberty Global Europe Limited
Majedie Asset Management Ltd
Marshall Wace Asset Management Limited
Mondrian Investment Partners Ltd
Monmouthshire Housing Association Limited
NHS Greater Glasgow & Clyde
NHS Lanarkshire
Northern Ireland Council For Voluntary Action
Northern Ireland Health & Social Services
Northumberland National Park Authority
Otterpool Park LLP
Parliamentary Contributory Pension Fund
Peak Trust Ltd
Pension Insurance Corporation PLC
Perida Ltd
PGMS Limited (Payroll Giving Monitoring Services)
Pirelli UK Tyres Limited
PSA Retail UK Limited
Rathbone Investment Management Limited
Redeemed Christian Church Of God (Rccg)” Trinity Chapel”
Saint-Goban Construction Products UK Limited
Saxton Bampfylde Hever Limited
Schröder Investment Management
Sema Lease Uk Limited
Smedvig Capital Ltd
Smurfit Corrugated Cases Ltd
Society Limited
St Georges University Hospitals Foundation Trust
St George’s University Hospitals
Tayside NHS Board
Tente Limited
The Berkeley Group
The Church Of England Pensions Board
The Engine Group Limited
The Insolvency Service
The Investor Forum CIC
The Joseph Rowntree Charitable Trust
The Liberty Church
Vie International Financial Services Limited
Western Isles Islands Council
Whittlesey Baptist Church
Wise Funds Limited
Women Against Rape

END MATERIAL

• CAF is grateful to Charities Trust and Charitable Giving for their permission to use data for this report and to the Association of Payroll Giving Organisations (APGO) for collating this data.

• Polling on attitudes comes from our UK Giving survey. CAF has run the UK Giving survey in its current form since 2016. The survey is conducted online and collects responses from around a thousand people each month. The sample is constructed in such a way that it is nationally representative of the UK in terms of respondents’ sex, age, region/nation and social grade. All figures, unless otherwise stated, are from YouGov Plc. The survey was carried out online and the figures have been weighted and are representative of all UK adults (aged 16+).

• Additional data in this report is publicly available data from His Majesty’s Revenue and Customs (HMRC) and the Office for National Statistics (ONS).