

# Voluntary Action Merthyr Tydfil

Your local county voluntary council



VOLUNTARY ACTION  
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## 7. Finding and getting money

### 7.10.3 Payroll giving consortia

This information sheet is designed to help local charities set up a working consortium so that they can benefit from Payroll giving and other kinds of support from local businesses.

In many cases small local charities do not have the resources to develop an effective Payroll giving fundraising programme. Many small charities also find it difficult to gain access to local employers, who are wary of being seen to promote only one cause.

Pooling limited resources and working as a group can offer better opportunities; they can provide a stronger case for support, could benefit from economies of scale and can share resources such as local contacts, volunteer helpers, meeting facilities, computer and/or administrative facilities, time and effort.

### **What are the main steps in setting up a local charity consortium?**

1. Defining a suitable area.
2. Forming a charity consortium.
3. Developing a strategic plan.
4. Seeking sponsorship
5. Marketing the new consortium.
6. The launch and follow-up.
7. Approaching employers and employees.
8. Administration.

A good Payroll giving partnership needs to have a number of charities that are able to work together for the greater good of them all; with a case for support they can jointly offer strong enough to be attractive to businesses and employees.

### **Research**

In seeking to establish a Payroll giving charity partnership it is important to research potential areas for the best possible chances of success.

### **Charity criteria**

- A manageable group of charities offering good coverage of causes - which will appeal to local donors.
- The number of charities present.
- Charities with a history of working together

## **Employees' criteria**

- Enough employees to offer a good potential basis for support.
- Good mix of businesses.
- Enough employees to help make the project self-sustainable.
- Low level of casual and temporary employees.

## **Community**

- A sense of belonging to a community is helpful in encouraging people to support their local charities.

## **Research methodologies**

Research over the web and via telephone can be set out in a table form for easy comparison:

- number of employees
- distance from base
- number of charities
- business and employee mix

## **Forming a consortium**

### **Consortium group size**

More members reduce the workload, reduce investment per member and reduce the income share per member.

Have enough members to make the workload acceptable and the income per member high enough to motivate potential members (advisable not to have more than ten members).

### **Group mix**

- Either, a wide range of causes offering a broad base for support - e.g. children, elderly people, animals, disabled people, medical etc.
- Or, a grouping of similar charities offering a focussed case for support - e.g. local charities helping local causes.

## **Working together**

A Payroll giving consortium requires good and equal commitment from each and every member of the group if it is to succeed; each member needs to be aware that this will be a long term venture.

## **Registration**

In order for the consortium to be accepted by HM Revenue & Customs (HMRC), each member has to be a charity registered with the Charity Commission (unless exempted).

## **Fundraising expertise**

Given that members will be making approaches to business people in the community, and that such approaches would require a degree of knowledge of fundraising issues as well as a degree of professionalism, it will be important to ensure that charity members are actively involved in fundraising of some sort in their own right.

## **Principles of agreement**

These might include:

- Membership criteria.
- Pooling resources, information and contacts.
- Apportioning roles to members.
- Apportionment of funds to the member charities.
- Electing a chairperson.
- Seeking to recruit an independent treasurer.
- Rules for participation and lack of participation.
- Process for changes in membership and notification for HMRC.
- A template governing document is available – see ‘Further Information’.

## **HM Revenue & Customs Approval**

As Payroll giving provides income tax relief to donors, HMRC requires charities who wish to form a Payroll giving consortium to follow specific guidelines.

## **Strategic planning**

A strategic plan is effectively a map, with directions, drawn up to enable progress from the start of a project or activity to its objectives, in good time and in an affordable way, showing all the points of interest en route. The strategic plan is an outline, something to be enhanced as things develop, grow and/or change.

See ‘Further Information’ for further guidance regarding strategic planning.

## **Information for employers**

Payroll giving is a simple scheme and the employer’s benefits can be presented clearly and efficiently. When approaching employers, the following information should be provided:

- How tax-effective Payroll giving works.
- The Quality Mark reward scheme.
- The role of the charity agency.
- The tax-effective factor.
- Charity agency charges (Currently free in Wales with WCVA and Charitable Giving partnership).
- How to get a monthly statement and how much it might cost.
- How to register with the agency.

- Where to send completed sign up forms.
- Who needs to have a copy of the sign up form and time factors.
- When the payroll contributions need to be processed by the company.
- When the company needs to send through the total contributions.

The objective of an initial meeting with an employer is:

- To gain his/her support for the partnership.
- To help them establish a Payroll Giving scheme (if an existing scheme is not in place).
- To arrange for the best possible opportunities to promote to their employees.
- To discuss future alternative fundraising opportunities e.g. employee 'dress down days'.

## **Get to know the company**

Research the company's current scheme if applicable and consider the various opportunities for promotion through the organisation's communication channels. Each employer will vary:

- Do they have a Payroll giving scheme? If so, with which agency?
- Is the contact you are approaching able to make the decisions?
- Are any employees known to the consortium? If so, in what capacity?
- Are there existing charity support schemes or procedures?
- Does the company use email?
- Are there public spaces or regular workshop opportunities to meet employees?
- The more innovative the promotions, the better.

## **Employee promotions**

In arranging promotions, promoters ideally need to:

- see as many people as possible
- as individually as possible
- as informally as possible
- in the shortest possible time

## **Arrange a suitable method**

- One-to-one or small group presentations tend to work best.
- Walkabouts with or without an escort might be arranged, or discreetly approaching people in the staff restaurant, at clocking-in points etc.
- Lobbies are usually too public and too busy.
- Avoid having rooms set aside!
- If a significant number of people were missed, arrange to go back when they are likely to be at work.

- Find a way to help encourage people to complete their forms during the promotion, perhaps by asking for all forms to be returned completed or otherwise, to help keep costs down.
- Collect all the forms and take 2 copies: one for the partnership, one for the employer's charity agency and the original to the employer or payroll manager canvassing follow-up and development.
- Try to ensure all donors receive letters promptly from you. It makes them feel that they have done something sound and reassures them about having supported your group.

You will need to:

- Confirm their contributions value and frequency e.g. £5 each month.
- Thank them for their support and remind them of your key messages.
- Similarly, write and thank the company contacts and, where appropriate, the person administering the payroll and therefore processing the forms.

## **Administration**

Keeping track of contacts, donors and income is essential, keep in touch on a regular basis and maintain and/or increase donor loyalty and support.

The group will need some sort of contact and donor management system. This could be a simple card and diary method – keeping details of each company and/or donor in a card file and noting recall dates in a diary. One of the member charities might have a suitable software system with a database which can be set up to manage both these areas. The partnership may wish to progress to purpose-built systems as things develop and the numbers of contacts and donors grow.

## **Banking**

It is important to set up a bank account for the partnership. Several banks and building societies offer special accounts for charitable organisations.

Alternatively, a local County Voluntary Council may be able to hold a restricted budget to hold the Consortium's funds.

## **Dedicated staff**

Once sufficient income is being generated, say £10,000 per annum, the group may wish to consider recruiting a fundraiser to develop the fundraising and other key activities at an agreed and achievable level.

The group may prefer to outsource promotional activity to professional fundraising organisations who charge a fee, payable up front, on a per donor recruited basis. This would have negative cash flow implications, but as payment is on a per donor recruited basis, it offers a low risk option.

For a list of professional fundraising organisations, visit: [www.apgo.org.uk](http://www.apgo.org.uk) - Association of Payroll Giving Professional Fundraising Organisations

## Further information

### Information Sheets

- 2.0 Running your organisation
- 2.1 Developing a Strategic Plan
- 2.2 The Business Plan
- 7.10.1 Introduction to Payroll giving
- 7.10.2 Payroll fundraising

### Giving Wales

Helpline 0800 2888 329  
[givingwales@wcva.org.uk](mailto:givingwales@wcva.org.uk)

### Payroll Giving Scheme

[www.charitablegiving.co.uk](http://www.charitablegiving.co.uk)

### Institute of Fundraising

[www.tax-effectivegiving.org.uk](http://www.tax-effectivegiving.org.uk)

### HMRC Charities

Helpline 0845 302 0203  
[charities@hmrc.gov.uk](mailto:charities@hmrc.gov.uk)  
[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

### Disclaimer

The information provided in this sheet is intended for guidance only. It is not a substitute for professional advice and we cannot accept any responsibility for loss occasioned as a result of any person acting or refraining from acting upon it.?

### For further information contact

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