



SME GRANTS PROGRAMME REPORT

A Review of the Payroll Giving SME Grants Programme

April 2004 to March 2007

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1 EXECUTIVE SUMMARY

1.1 Introduction

Payroll Giving was first introduced in the UK in 1987, enabling employees to make pre-tax payroll donations of up to £1,200 per donor each year. In April 2000, government made two key changes to encourage greater participation in Payroll Giving. The upper limit was removed and, for the next four years, government was to supplement payroll donations by 10%.

These incentives caused an initial uplift in participation and donation levels, but thereafter growth has been slow. Although the scheme is largely well thought of by employers, employees and charities alike, too few businesses offered Payroll Giving to their staff and the number of employees giving remained low.

A number of factors are thought to have diluted the growth potential of Payroll Giving, particularly the restructure of Gift Aid (also in Budget 2000). At the same time as the upper limit on payroll donations was removed, so was the minimum donation level of £250 for Gift Aid. Donors were provided with an array of tax-effective giving options, with Gift Aid more widely and readily accessible. Promoted actively by charities that benefit from an extra 28p in every £1 donated through the scheme¹, its usage has risen monumentally since this key change was implemented. In competition, the growth of Payroll Giving was disappointing.

By 2004 a significant number of larger employers now offered Payroll Giving, but the challenge was to engage small and medium sized enterprises (SMEs), employing up to 499 employees. This is a sizeable marketplace with 11.5 million employees and 1,222,000 employers, of which 65% employ between 1 and 4 people².

In 2004, the Chancellor's Budget Report announced that a Grants Programme would be introduced to encourage more SMEs to make Payroll Giving available to their employees.

1.2 The SME Grants Programme

The government-funded SME Grants Programme was launched in January 2005, delivered in partnership by the Institute of Fundraising and Business in the Community. The Active Communities Directorate was the Government department with lead responsibility for the Programme.

Aims and Objectives

In recognition of charities' need for sustainable and unrestricted income streams, Government has invested in Payroll Giving since 1987. After a period of slow growth, the SME Grants Programme was introduced to entice

¹ Prior to changes to the Basic Rate of Tax, implemented in April 2008.

² Source: Small Business Service Statistics 2002.

SMEs to make Payroll Giving available to staff, thereby enabling a further 47% of the UK workforce to support charities in this way.

The key objectives of the Grants Programme were to increase the:

- number of SMEs offering Payroll Giving schemes
- number of employees giving to charity through the payroll
- amount of income to charities through Payroll Giving

Targets were set for the first two objectives. The primary target was to increase the number of SMEs offering Payroll Giving to their employees and the secondary target was to grow the number of people donating to charity once the new schemes were in place.

Structure of the SME Grants Programme

The key elements of the SME Grants Programme were:

- a) SME Employer Grants; A one-off grant of £300, £400 or £500 was provided to each SME signing up to the scheme, tiered according to the number of people employed 1-199, 200-249 or 250 – 499. Grants were available to employers that signed up to Payroll Giving between April 2004 and 31st December 2006, backdated for those that contracted between April 2004 and the launch of the Programme. Employers were given the option of donating their grant to charity / charities.
- b) Matched Giving; The Grants Programme provided matched giving of up to £10 per month for the first six months of each employee's gifts. Matched giving applied to SME employee donations that commenced between April 2004 and 31st March 2007. (The time period for matched giving extended three months beyond the closing date for employer grants, to give employers joining at the tail end of the Programme some time to promote the scheme to employees).
- c) Quality Mark Awards for Employers; The introduction of a Quality Mark and Awards scheme recognising and rewarding employers that made Payroll Giving available to staff, (see *section 1.3*).

Payroll Giving Agencies (PGAs) played a key role in distributing grants to the relevant employers, as well as donations and matched giving to recipient charities. A completed Grant Application Form was required before the grant or matched giving could be paid out by the PGAs. Grants were paid out upon receipt of the first employees' donations from the employer.

Resources and Support for Employers and Charities

Support materials and resources were made available to businesses and charities, highlighting the benefits of the Programme and Payroll Giving more widely. Particular emphasis was given to supporting businesses in promoting the scheme to their staff and to support charities in reaching out to local employers. The online resource www.payrollgivinggrants.org.uk and subsequently www.payrollgivingcentre.org.uk were central to this strategy.

Training for Charities

The Institute of Fundraising delivered an extensive programme of workshops for charities across the UK, providing them with the resources and information they would need to make a success of Payroll Giving. The key emphasis of the training programme, entitled '*Making Local Business Your Business*', was to encourage charities to utilise the availability of employer grants to appeal to local employers.

Promotion of the Grants Programme

The SME Grants Programme was actively promoted through an extensive PR and media campaign (which engaged the support of over 60 MPs across the country), three consumer radio broadcast campaigns, direct mail and email marketing, as well as extensive advertising in B2B magazines and the charity trade press. Key promotional activity also included a door drop leaflet distribution, HMRC *EmployerTalk* events, B2B and charity trade exhibitions across the UK.

A three-pronged strategy underpinned all promotional activity, aiming to build awareness of the Programme within the three core audiences; business employers, employees and charities. The objective of the campaign was to raise awareness of Payroll Giving, promoting the incentives available through the Grant Programme within all core audiences and to spur employers and employees into signing up to the scheme.

1.3 The Payroll Giving Quality Mark

Initial research identified that, for many SMEs, public recognition and a charter mark were more attractive than cash incentives. Therefore, the ACD and HM Treasury agreed that some Grants Programme funding should be ring-fenced to develop the Payroll Giving Quality Mark and Awards scheme (PGQM).

PGQM was unveiled on 30th January 2006 at HM Treasury, one year after launch of the SME Grants Programme, and continues as a legacy beyond the lifetime of the Programme.

The scheme recognises and rewards employers of all sizes for making Payroll Giving available and promoting it to staff. The PGQM brand logo and certificate is provided to all employers with a Payroll Giving scheme in place. Bronze, Silver and Gold Quality Mark Awards are provided to employers that achieve minimum employee take-up levels of 1-4%, 5-9% and 10%+, attracting many new employers and employees to Payroll Giving, (see *section 2.6* for further details).

All employers contracted to Payroll Giving automatically receive a Quality Mark certificate with an explanatory leaflet about the PGQM Awards and a CD-ROM from which they can download the logo to use on promotional materials. Bronze, Silver and Gold Quality Mark Award winners receive the relevant Bronze, Silver or Gold certificate and logos, along with a congratulatory cover letter signed by a senior Minister.

1.4 Interim Review

A mid-programme review, (see *section 4*), was carried out in March 2006 by the British Marketing Research Board (BRMB). The review employed qualitative and quantitative research methods to assess the progress of the Grants Programme. Employers, charities and employees all contributed to the review.

Key Findings

The results were published in June 2006 and the key findings were:

- a) The Payroll Giving scheme is viewed positively by charities, employers and employees alike (donors and non-donors).
- b) The grant was an important motivating factor for employers, especially for the smallest organisations.
- c) Employees found the tax-efficiency of the scheme and matched giving elements particularly attractive. However, positive views about Payroll Giving did not always impact on employees' decisions to donate. (The decision tended to be based on personal or company considerations such as current financial position).
- d) Employers and employees who had signed up to Payroll Giving were both 'overwhelmingly positive' about the experience. Employers found it easy to set up (taking an average of 2 hours) and employees reported that it was an easy way to donate.
- e) Awareness of Payroll Giving among SMEs remained patchy (highest in larger SMEs), suggesting that there is scope for further promotion.
- f) Employers promoted Payroll Giving in a variety of ways, but more repetition was needed.
- g) Charities (particularly small and low profile organisations) found it difficult to promote Payroll Giving to employers
- h) There was little contact between charities and employees; either in terms of promotion or follow-up contact with donors.

Recommendations

The BMRB Report included the following recommendations:

- a) Promotion to employers; Awareness of Payroll Giving within the SME marketplace could be raised with a high profile advertising campaign in target trade press (employment, HR and payroll).

- b) Support for charities; The creation of charity forums might help spread best practice and improve charities' knowledge of how to promote the scheme most effectively. The provision of advice and support for charities looking to forge links with others, to help employers with the implementation and delivery of Payroll Giving and in developing promotional materials.
- c) Promotion to employees; Information for employees should be simplified, with the introduction of a succinct summary of Payroll Giving online and in print. Employers should be encouraged to conduct varied and repeated promotions of Payroll Giving to their employees. Charity promotion and follow-up contact with employees could be increased.
- d) Incentives; Additional incentives could be introduced, such as matching of one month's contribution after the employee has donated for a year, a prize draw or raffle for employees who sign up and small tokens of affiliation for donors such as a pen or paper weight to use at work.
- e) Information provision to donors and charities; The provision of an online Payroll Giving account for donors to check or modify payments, annual statements summarising the donor's contribution and quicker processing of donors' information to beneficiary charities.

Actions Implemented

On receipt of the BMRB report recommendations, a number of initiatives were introduced or extended. They included:

- a) Promotion to employers; The extension of a high profile advertising campaign across key B2B trade publications.
- b) Support for charities; Template promotional materials, best practice case studies was made available for charities online. One-to-one support was available through the dedicated Payroll Giving Grants Hotline. A new initiative designed to support charities working together as a consortium to attract payroll donations was developed during 2007, comprising the development of new materials and a training programme.
- c) Promotion to employees; At the launch of the Payroll Giving Quality Mark, an extensive range of materials (including a CD-Rom complete with downloadable resources) to help employers promote Payroll Giving to their employees, alongside practical ideas of how take-up could be increased.
- d) Incentives; Practical suggestions for employers' Payroll Giving incentives to employees were included within the PGQM materials and online.

1.5 Targets and Results

The primary target for the SME Grants Programme was to contract 3,328 new SMEs to Payroll Giving. During the lifetime of the Programme, almost 3,500 employers signed up to Payroll Giving, exceeding the target figure by 5%.

The scheme succeeded in attracting 3,150 of the smallest organisations and also exceeded expectation in the larger SME marketplace, contracting 239 employers with over 250 members of staff, 82% over target.

Table 1: No. of New SME Payroll Giving Contracts

SME Employer Band (By No. of Employees)	Potential Market (By No. of SMEs)	Target	Actual
1–199	1,216,015	3,066	3,150
200–249	1,845	131	104
250–499	3,740	131	239
Total	1,221,600	3,328	3,493

The secondary target addressed the number of people donating to charity through the new SME Payroll Giving schemes. An ambitious target of 71,892 new employees was set and the actual number of employees signed up came in significantly beneath that, at 15,917.

Table 2: No. of Employees Donating via New Payroll Giving Contracts

SME Employer Band (By No. of Employees)	Target	Actual
1–199	60,751	10,768
200–249	5,895	1,253
250–499	5,246	3,896
Total	71,892	15,917

A number of factors influenced the growth in take-up of Payroll Giving amongst SME employees; particularly the delay between employers signing up to the scheme and promoting it to their staff. 34% of new SME employers signed up to Payroll Giving during the last 3 months of the Programme, leaving little or no time for promotion to employees. As many as 20% of newly contracted employers had not forwarded any employee donations by the closing date of the Programme.

However, the Payroll Giving Quality Mark and Awards scheme was introduced in January 2006 with this target in mind, aiming to engage more employees in Payroll Giving by rewarding employers for achieving target take-up levels. The scheme was quick to take effect. By March 2007, the number of employers achieving the Gold target 10% employee participation rate had almost doubled.

The table below highlights the financial benefits to charities that are directly attributable to the SME Grants Programme.

Table 3: Funds Raised for Charities

Source of Funds Raised	Amount
Payroll donations (from employees of newly contracted SMEs)	£5,905,473
Matched Giving	£592,691
Employer Grants	£500,700
Total	£6,998,864

The scheme generated almost £7 million for UK charities during the lifetime of the Programme. Employee participation and donation levels continue to grow. The sustainable annual income of payroll donations for charities from donors engaged during the lifetime of the Programme is approximately £1.75 million per annum.

The awareness campaign for Payroll Giving influenced employers beyond the SME marketplace to sign up and the number of UK employers contracted to the scheme increased by 39% in just over two years. The total number of employees able to become payroll donors grew by over 200,000 during the lifetime of the Grants Programme.

1.6 Expenditure

Out of the initial budget allocation of £8.3 million, expenditure was forecast at £6.3 million. Actual expenditure came in under forecast at just £3.18 million, because a number of employers did not claim their grants and many more delayed promotion of the scheme to their employees. This meant slow growth in terms of the number and level of employee donations, triggering significantly less matched giving expenditure than anticipated.

Table 4: Forecast versus Actual Funding Expenditure

Funding Expenditure	Forecast	Actual
Programme Costs	£1,653,321	£1,717,763
Employer Grants	£1,038,700	£864,500
Employee Matched Giving	£3,607,192	£597,311
Total	£6,299,213	£3,179,574

A number of proposals were submitted to government about how the under spend could be re-allocated before the close of the Programme. As a result, £800,000 of the under spend was allocated to related Payroll Giving projects, (as listed in *Appendix Four*).

1.7 Conclusion

The SME Grants Programme was hugely beneficial for the voluntary sector. Key benefits of the scheme include:

- Raising almost £7 million for UK charities during the lifetime of the Programme, more than twice the level of expenditure
- Building a sustainable income stream of more than £1.75 million in payroll donations each year
- Contracting 3,493 SME employers to Payroll Giving, making it available to 202,492 employees

- Breaking down the barriers for employers – the publicity campaign for the Grants Programme exploded the myth that it was costly or labour intensive to sign up to the scheme
- Attracting 15,917 new payroll donors
- Contracting charity employers to Payroll Giving – almost a quarter (24%) of new schemes were put in place by charities
- Developing a new generic Payroll Giving brand, available for charities to use on relevant materials and is now used extensively across the sector
- Engaging more charities with Payroll Giving as a fundraising technique
- The awareness campaign for Payroll Giving influenced employers and employees beyond the SME marketplace to sign up. The number of UK employers contracted to the scheme increased by 39% in just over two years.
- Increasing the total value of payroll donations in 2006/07 to almost £90 million. Employer matched giving amounted to a further £10 million.
- Three lasting legacies remain from the Programme; the Payroll Giving Quality Mark scheme, the National Payroll Giving Excellence Awards and the Payroll Giving Centre. All of which are having a significant impact on the growth of Payroll Giving.

However, a number of challenges and barriers to growing Payroll Giving remain, they include:

- The need for regular promotion of Payroll Giving to employees in the workplace in order to achieve and maintain target donor participation levels. Employers must be provided with advice and support from PGAs, charities and the Payroll Giving Centre about how and when to carry out effective promotions and, where appropriate, the advantages of engaging a PFO.
- Although Payroll Giving is well received by employers, the Grants Programme provided an added incentive for employers to sign up within a set time period. In order to attract further employers to the scheme, promotional activity and investment by Government and all key stakeholders in Payroll Giving must continue. The PGQM provides an opportune framework.
- Without inclusion within PFO baskets and minimal access to employers and employees, many smaller charitable organisations struggle to present their 'case for support' and, as such, have yielded little in terms of payroll donations. Support must be made available to charities wanting to make better use of this giving mechanism.

- Donor contact (charities and employers) could be improved, reminding and thanking donors for their contributions and engaging them more closely with the cause and donation mechanism.

The SME Grants Programme succeeded in attracting a raft of employers to Payroll Giving. The challenge is now, through the Payroll Giving Quality Mark, to encourage those employers to actively and regularly promote Payroll Giving, building employee participation year on year, and to continue to engage new employers with the scheme.

2 SME GRANTS PROGRAMME – STRUCTURE & MANAGEMENT

2.1 Introduction

Government has long supported Payroll Giving in the UK, recognising its importance in encouraging regular, reliable donations to charity. With ongoing weekly or monthly payments, charities have the ability to plan ahead and budget for the future, ensuring that donations can be used most effectively.

Payroll Giving was first introduced by government in 1987 when each employee was entitled to make pre-tax payroll donations of up to £1,200 each year, via an HMRC approved Payroll Giving Agency (PGA). Within the next few years, the majority of larger employers were to sign up to Payroll Giving, some of whom achieved significant employee take-up and now identify Payroll Giving as a key part of the organisation's corporate social responsibility agenda.

However, the number of employees giving remained disappointingly low and, in April 2000, government made two key changes to encourage greater participation in Payroll Giving. The upper limit was removed and, for the next four years, government was to supplement payroll donations by 10%.

These two key changes yielded an initial hive of activity in the Payroll Giving arena. It created an opportunity for larger employers, those with Payroll Giving already in place, to re-promote the scheme to staff. Committed givers and higher level donors were attracted to Payroll Giving as a donation mechanism.

However, following the initial burst of activity, growth was slow. Although the scheme is largely well thought of by employers, employees and charities alike, too few employers offered Payroll Giving to their employees and the number of employees giving remained low. By April 2004, approximately 7,500 employers now offered Payroll Giving and 530,000 employees gave through the scheme.

Few small and medium sized enterprises (SMEs) had signed up to Payroll Giving and yet this sizeable marketplace offered access to 47%³ of UK employees. The challenge remained to successfully engage the SME community in Payroll Giving.

In 2004, the Chancellor's Budget Report announced that a Grants Programme would be introduced to encourage more SMEs to make Payroll Giving available to their employees. The primary target of the Programme would be to increase the number of SMEs offering Payroll Giving to their employees.

³ Source: Small Business Service 2002

Extract from 2004 Budget Statement:

*The Government remains committed to encouraging Payroll Giving and, in particular, wants to see more employers setting up schemes. To this end, **the Government is launching a Payroll Giving Grant for SMEs who agree to offer their staff the opportunity to give through the payroll.** Proposals for the scheme will be announced shortly.*

The £8.3m under spend from the Payroll Giving supplement was allocated to fund the forthcoming SME Grants Programme. The Active Communities Directorate (ACD) at the Home Office was granted overall responsibility for the SME Grants Programme and employed two partner organisations to deliver the project; the **Institute of Fundraising** and **Business in the Community**.

The structure and processes required for the SME Grants Programme were developed during the remainder of 2004 by the two lead organisations, in consultation with key stakeholders. The SME Grants Programme was launched in January 2005. (For further details of the background and history of Payroll Giving in the UK, see *Appendix One*).

2.2 Structure

After preliminary research and consultation with SMEs, relevant trade bodies, charities, voluntary and community sector representative organisations, a proposal was submitted to the Home Office outlining 3 options for structuring the Grants Programme. (A summary of this and subsequent proposals submitted to government is included in *Appendix Two*).

Government favoured option two – a combined grant and charity cheque scheme. This option consisted of an employer grant that would act as an incentive and cover set-up costs for SMEs signing up to the scheme, alongside a donation to a charity of the employer's choice, once a target number of employees had signed up. It included the addition of an awards scheme for employers, offering Bronze, Silver and Gold Awards, tiered in line with target employee take-up levels (see *section 2.6*). This option was further developed and refined in consultation with key stakeholders during 2004 and the following structure was approved towards the end of the year:

Approved Structure of the SME Grants Programme

SME Employer Grants

A one-off grant would be made available for each SME signing up to Payroll Giving, tiered according to the number of employees:

- £300 for employers with between 1 – 199 employees
- £400 for employers with between 200 – 249 employees
- £500 for employers with between 250 to 499 employees

Employers would have the option of donating their grant to charity / charities.

Matched Giving

The Grants Programme provided matched giving of up to £10 per month for the first six months of each employee's gifts.

Quality Mark Awards for Employers

A Quality Mark and Awards scheme would be developed, recognising and rewarding employers that made Payroll Giving available to staff, (see *section 2.6*).

Employer grants would be available from April 2004 until 31st December 2006, whilst matched giving would be applicable on donations received between April 2004 and 31st March 2007 in order to give employers the opportunity to promote the scheme so that some matched giving might be achieved. Grants and matched giving would be backdated for those that signed up between April 2004 and the launch of the Programme.

Payroll Giving Agencies (PGAs) would play a key role in distributing grants to the relevant employers, as well as donations and matched giving to recipient charities. A completed Grant Application Form would be required before the grant or matched giving could be paid out by the PGAs. Grants would be paid to the employer or charity beneficiary upon receipt of the first employees' donations from the employer. It was agreed that leads generated throughout the Programme would be circulated to the PGAs on a rotational basis.

A training course would be introduced to help charities understand how they could benefit from the scheme and to engage them more closely in Payroll Giving.

Initial research identified that, for many SMEs, public recognition and a charter mark were more attractive than cash incentives. Therefore, the ACD and HM Treasury agreed that some Grants Programme funding should be ring-fenced to develop the Payroll Giving Quality Mark and Awards scheme (PGQM), see *section 2.6*.

2.3 Managing the Grants Programme

In order to successfully engage all target audiences, the ACD elected two partner organisations to deliver the Grants Programme – the **Institute of Fundraising** and **Business in the Community** (BITC).

Both the Institute and BITC had long-standing relationships with relevant Government departments (HMRC, HM Treasury and the Home Office) and offered an established national and regional network of charities and businesses, respectively, throughout the UK.

The Grants Programme required dedicated management from each organisation and both appointed a Project Manager. As the lead partner, the Institute's Project Manager reported directly to a member of the ACD team.

The Institute of Fundraising

The Institute of Fundraising was selected as the lead partner in managing the Grants Programme. As the largest professional membership body within the voluntary sector and a champion for best practice in fundraising, the Institute has long played a key role in the development of Payroll Giving as a fundraising mechanism.

The Institute offered an established forum of stakeholders (PGAs and PFOs) through its Special Interest Group, and an extensive route to charity fundraisers through its membership base and extended Groups network. The Institute had been heavily involved with the establishment of and subsequent successful campaign to extend the 10% supplement on payroll donations.

Already a leading voluntary sector training provider, the Institute was commissioned to develop and deliver the charity training element of the Grants Programme. The Institute carried responsibility for investigating inappropriate grant claims and for introducing the Payroll Giving Quality Mark and Awards scheme and the necessary support systems and administrative resource it required. Management of the PR & Communications promotional activities was allocated to the Institute of Fundraising.

Business in the Community

With over 700 business members, a programme of national campaigns that already engages with over 1,000 SMEs and established relationships with many umbrella and trade bodies that represent a further 605,000 businesses, Business in the Community (BITC) was selected to partner the Institute in delivering the Grants Programme. BITC was tasked with reaching and engaging the SME marketplace with Payroll Giving and the Grants Programme.

Other Partner Organisations

The following organisations were contracted to fulfil relevant key elements of the Grants Programme, as below:

- Z/Yen Ltd – to manage all enquiries (including requests for materials), act as a fulfilment house (including delivery of materials), monitor the activities generated by promotions through a hotline number and website. Z/Yen were commissioned to produce the necessary reports and statistics, maintain a database and carry out various other tasks including the bookings system for charity workshops.
- CAF Bank (subsidiary of Charities Aid Foundation) – to manage the funds made available by the ACD and to distribute the Grant payments to the PGAs each month so that they were able to pay out the respective amounts designated for employers and charities.
- Payroll Giving Agencies (PGAs) - The major role of administering and distributing the grants and reporting on contracts signed was the responsibility of the PGAs. The process for managing the administration was agreed with the Institute's Project Manager.

A Focus Group (or Advisory Board) for the SME Grants Programme was established, (see *Appendix Two*). Meetings took place every 2 weeks, timed to coincide with the Payroll Giving Working Group⁴ (see *Appendix One*) so that broader issues affecting the growth of Payroll Giving could be considered. Members of the group relayed information requests and feedback to the various stakeholder groups in the sector.

2.4 Training for Charities

The Institute of Fundraising was responsible for developing and managing a programme of training workshops. The workshops entitled, '*Making Local Business Your Business*', were designed to help small local charities benefit from the opportunities presented by the Grants Programme. The training course was piloted during November and December 2004 and the full programme of workshops took place across the UK in early 2005.

2.5 Resources & Published Materials

To assist businesses and charities in accessing all relevant information about Payroll Giving and the SME Grants Programme, a number of resources were developed. These include a new website, www.payrollgivinggrants.org.uk, featuring individual sections devoted to each core audience; business employers, charities and employees. Each section of the website highlighted the most attractive elements of Payroll Giving and the Grants Programme for that audience. Print resources developed include:

- Employer Toolkit
- Charity Toolkit
- Workbook for Charity Trainees

A number of promotional materials were also developed, (see *section 3.5*).

2.5 The Payroll Giving Quality Mark

Background

The Payroll Giving Quality Mark scheme (PGQM) was developed to encourage employers to promote Payroll Giving effectively and repeatedly to employees. Recognising and rewarding employers for making Payroll Giving available and promoting it to staff, the PGQM would encourage annual promotions of the scheme to staff. Quality Marks and Awards would be available to all employers that offer Payroll Giving to staff, not just SMEs. The PGQM scheme was developed during 2005, to launch on 30th January 2006.

⁴ The Working Group was established at the time of the 10% supplement to review and recommend initiatives to further develop Payroll Giving in the UK.

Structure

PGQM launched one year on from launch of the SME Grants Programme, and continues on beyond the lifetime of the SME Programme. The PGQM brand logo and certificate is available to all employers with a Payroll Giving scheme in place. Bronze, Silver and Gold Quality Mark Awards are provided to employers that achieve minimum employee take-up levels, structured as below.

The Payroll Giving Quality Mark

Each employer that offers Payroll Giving to their employees is awarded a Quality Mark. Quality Mark Awards are provided to employers with target participation rates as outlined below:

- Bronze QM Awards - for employers with 1 – 4% employee take-up.
- Silver QM Awards - for employers with 5 – 9% employee take-up.
- Gold QM Awards - for employers with 10%+ employee take-up, plus evidence of employer support⁵.

(Initial proposals had referenced a *Platinum* level, but it was agreed that this would be considered once the scheme was fully established).

All employers contracted to Payroll Giving receive a Quality Mark certificate with a leaflet describing the QM Award levels and a CD-ROM from which they can download the logo to use on promotional materials. Bronze, Silver and Gold Quality Mark Award winners receive the relevant Bronze, Silver or Gold certificate and logos, along with a congratulatory cover letter signed by a senior Minister. All materials are HM Government branded. (For further details on the background of the PGQM, its structure and branding, see *Appendix Three*).

2.7 Targets

The core objective of the SME Grants Programme was to increase the number of SMEs making Payroll Giving available to staff thus enabling more employees to give through the scheme.

In order to establish the target number of SME employers to be contracted to Payroll Giving during the lifetime of the Programme, it was necessary to ascertain the number of new employers recruited in previous years. PGAs identified that approximately 600 employers had signed up to Payroll Giving in each of the two financial years 2002-03 and 2003-04. Bearing in mind the previous take-up level and having researched the SME marketplace (see table below), the primary target of 3,328 SMEs was set.

⁵ Employer support was qualified by the employer paying the administration charge levied by the PGA or making a matched giving contribution. Alternatively, the employer must be able to demonstrate that they have carried out an active promotion in the previous fiscal year.

Table 5: Target No. of New SME Payroll Giving Contracts

SME Employer Band (By No. of Employees)	SME Market Potential (By No. of SMEs)	Target
1–199	1,216,015	3,066
200–249	1,845	131
250–499	3,740	131
Total	1,221,600	3,328

The secondary target addressed the number of people donating to charity through the new SME Payroll Giving schemes. It was anticipated that these new schemes would enable 225,350 new employees to gain access to Payroll Giving and an ambitious target of 71,892 new employees was set. This target was based upon the estimate that the average number of employees in the first band would be 50, 200 in the second and 350 in the third.

Table 6: Target No. of Employees Donating via New SME Contracts

SME Employer Band (By No. of Employees)	Target No. of SMEs	Target No. of Employees	Target No. of Donors
1–199	3,066	153,300	60,751
200–249	131	26,200	5,895
250–499	131	45,850	5,246
Total	3,328	225,350	71,892

2.8 Budget

The budget was divided into three allocations, as detailed below:

Table 7: Budget Allocations

Budget Allocations	Overall budget
Programme & Administrative Costs	£1,653,321
Employer Grants	£1,038,700
Matched Giving ⁶	£3,607,192
Total	£6,299,213

Programme and Administrative budgets encompassed the following activities:

- Project Management for both the Institute and BITC
- Core costs for both the Institute and BITC
- Regional Events and National Promotions
- Charity Training and Support
- Central PR and Communications
- Regional PR
- Materials, print, design etc.
- Advertising
- Statistics, database, website & fulfilment (Z/Yen)

⁶ The matched giving budget allocation was based on an estimated average donation of £8.00 per month from each donor for a period of six months.

- Grant Administration (costs incurred by PGAs)
- Research
- Payroll Giving Quality Mark Development, launch and distribution

The breakdown of budgets, forecasts against actual spend is provided in *section 6*.

2.9 Reporting Process

Responsibility for managing the budget, producing the necessary financial summaries and accounts lay with the Project Manager at the Institute of Fundraising. Progress was reported quarterly to the ACD and payment of the next budget allocation was dependent upon receipt of the report with an analysis of areas needing special comment.

Additional reporting was provided by the PGAs, who were required to forward monthly spreadsheets displaying:

- a) Name of employer contracted
- b) Town
- c) County
- d) Date contract was signed
- e) Number of Employees
- f) Date of promotion
- g) Number of Employees Giving
- h) SME Grant Allocated (Amount)
- i) Amount of Payroll Giving Received
- j) Match Amount Allocated
- k) How the scheme was promoted
- l) Other information such as cancelled contracts

The PGAs also provided additional ad hoc information upon request and submitted monthly claim forms for the grants they were paying out.

3 Promotion of the SME Grants Programme

3.1 Strategy

A three-pronged strategy underpinned the promotional campaign, aiming to build awareness of the Programme and engage all three core audience groups; SME employers, charities and employees. During the first year, SMEs would be the primary target audience.

Initial consultations highlighted that the SME marketplace was not an easy target for a variety of reasons. The SME community is a disparate one that spans the length and breadth of the UK, bridging all industries. What is more, the concerns and priorities of an organisation at the larger end of the spectrum (employing 250+ employees) widely differ from those of those with only a handful of employees. Research also identified a number of perceived barriers such as the time taken and costs involved in setting up a scheme and the complexity of deducting pre-tax donations. As such, a strong, diversified, but consistent promotional campaign that tackled these perceptions head on would be essential.

Charities were also vital to engage from the outset. While many charities, particularly the larger household brand name organisations, were already benefiting from payroll donations, many more were yet to receive a single gift in this way. The challenge was to utilise the structure of the Grants Programme to engage and support smaller charitable organisations, particularly those that had never yet raised funds through Payroll Giving.

Employees were a key audience and a number of activities were designed specifically to engage this audience. But, the major focus during the initial stages of the Programme was on attracting employers and charities to the scheme. After all, without employer awareness and buy-in, employees simply would not be able to donate.

Promotional activities were tailored to the relevant audience group (employer, employee or charity), designed to spur them to find out more about Payroll Giving and the SME Grants Programme via the hotline number or by going online. The strategy was to 'hit' target audiences with a constant trickle of messages throughout the two years of the campaign. Activity peaked at launch, Christmas, introduction of the Quality Mark and, towards the tail end of the Programme, with a Countdown Campaign featuring the message that 'time is running out'.

All messages carried a strong call to action aimed at generating enquiries via the hotline number or website. All response mechanisms were monitored by the Institute of Fundraising so that the impact could be measured and the promotional strategy reviewed if necessary.

As the lead organisation, the Institute of Fundraising was responsible for overseeing all promotional activity. BITC's specific role was to utilise its employer networks to promote the Grants Programme out to 500,000 SMEs. Meanwhile, the Institute was responsible for engaging charities and all key

stakeholders in the Programme, as well as working closely with government to promote the scheme through relevant networks. The PR and Media campaign to all audiences was driven by the Institute.

The SME Grants Programme was widely marketed across all relevant networks and events held by the lead partner organisations; BITC and the Institute of Fundraising.

PFOs and PGAs also played the key role of highlighting the Grants Programme when promoting Payroll Giving to new or prospective clients and their employees throughout the lifetime of the Programme. The structure of the scheme required employers to promote the scheme at least initially to their employees in order to benefit from the grant and the Grants Programme provided employers with resources and advice to support their workplace promotions.

3.2 Launch

With a tight lead-time, the launch strategy was largely desk based without a launch event. It incorporated a quirky media campaign (involving Fiona Mactaggart⁷ and the motor cycle importer Harley Davidson), a radio broadcast campaign and a regional press campaign which succeeded in engaging the support of over 60 MPs in their local communities.

The aim of the campaign was to build awareness of Payroll Giving amongst all core audiences, but primarily to attract SME employers by highlighting the availability of grants and matched giving. Key media targets included business correspondents at the national and regional press, as well as relevant trade press. BITC promoted the scheme across its national campaigns and regional offices. To complement this approach, the regional broadcast and press campaign was designed to appeal to both local employers and employees, engaging the support of MPs and MSPs across the UK. A high profile media campaign was also issued to the voluntary and community sector press, engaging relevant umbrella bodies and networks.

A new website, www.payrollgivinggrants.org.uk, was made available at launch as the online home for the SME Grants Programme. The website featured relevant information about the Grants Programme, tailored to each target audience group for maximum impact.

3.3 PR & Media Campaign

Building on wide media exposure at launch, the challenge was to maintain regular coverage across a range of target publications and media throughout the lifetime of the Programme. An integrated campaign, led by the Institute of Fundraising, ensured consistent coverage of the Grants Programme in key media across all target audiences. The campaign was targeted at business

⁷ Fiona Mactaggart was Home Office Minister responsible for the SME Grants Programme at launch.

and personal finance correspondents in the national and regional press, regional broadcast media, as well as business and charity trade press.

Following the success of the regional radio and press campaigns implemented at launch, three further radio broadcast campaigns took place in November 2005 and September 2006, aimed at raising awareness amongst employers and employees.

An MP campaign was initiated at launch and was to continue over the next few months. This involved a mailing to all UK MPs (in December 2004), inviting them to support charities in their community by alerting and engaging local businesses in the Grants Programme. This was followed by an email, issued at launch that offered attachments such as a template press release and letter to the editor that MPs were encouraged to adapt to their constituency and distribute to local media. By the end of March 2005 around 60 MPs had taken part in this regional awareness campaign and, following its success, the campaign was repeated with MSPs across Scotland and with both MPs and MSPs again at launch of the Quality Mark.

High profile media campaigns took place at key points throughout the lifetime of the Programme. Post launch, key promotional campaigns included the Good Christmas Gift Campaign (planned to coincide with peak giving periods at Christmas), launch of the Quality Mark and the countdown campaign that was a consistent theme across all promotional activity at the tail end of the Programme.

The Good Christmas Campaign 2005 involved the development of a viral email, featuring an advent calendar offering 25 numbered doors, each of which demonstrated how the corresponding amount (in pounds) could benefit a charitable cause, if donated through Payroll Giving. The calendar was made available to all employers and charities to distribute to their employees and donors respectively, providing a timely focus for Payroll Giving promotions. The campaign was widely promoted to the press and, owing to its success, was repeated in 2006.

In January 2006, the launch of the PGQM brought about a key opportunity to give the media campaign renewed vigour. Template PR materials were provided to all employers that were awarded a PGQM Award, extending our reach beyond our own capacity and engaging employers in raising awareness of the scheme within their own region and sector. The peer-to-peer approach was utilised to good effect, with many organisations attracted to the Programme through a competitor.

PR and marketing activity during the final 6 months of the Programme supported the countdown campaign, reminding target audiences that this was their last chance to take part.

3.4 Marketing the Grants Programme

Targeting SMEs

a) Partnership Networks

Through BITC's extended networks and partnerships, as well as the Institute's partnership with HMRC, the Grants Programme was widely marketed across the SME community. These partnerships and the related promotional activity included:

Regular nationwide promotion through BITC's national campaigns with an SME membership base, including ProHelp, the PerCent Club, CommunityMark, CARES and Business Brokers, (see *Appendix Five* for full details) and, regionally, through BITC's 11 regional offices. Separate funding was allocated to engage Scottish Business in the Community and BITC – Northern Ireland to promote the Grants Programme in these key areas. (Both regions have a large concentration of SMEs and strong relationships with other SME business facing partners).

The Grants Programme was actively promoted via BITC's key partner organisations, which include:

- British Chamber of Commerce (BCC)
- Chartered Institute of Personnel Development (CIPD)
- Federation of Small Businesses
- Forum of Private Businesses
- Institute of Directors
- Local Chambers of Commerce

Promotional activity ranged from news items featured on their websites to articles in monthly membership publications setting the business case for community investment and the SME Grants Programme.

BITC also secured online promotion via the following websites:

- Small Business Journey – Average of 5000 hits per month
- Business in the Community's Small Business Channel – Average of 25,000 hits per month
- LloydsTSB Small Business Customer Website - SME client base

The Institute of Fundraising maintained a partnership with HM Revenue and Customs (HMRC), whose support was instrumental in promoting the Grants Programme to the SME community via their employer networks, particularly through the following two initiatives:

- a) ***EmployerTalks***; an annual programme of events for payroll and related professionals that is run by HMRC, taking place throughout the UK, *EmployerTalks* comprise 15 events, to which in excess of 400 people attend each one, (with more than 1,000 people attending the London event). The events provide payroll managers, finance directors, payroll bureaux and personnel managers with relevant

advice. The SME Grants Programme was promoted at 5 events in 2005 and the full series during 2006, reaching over 12,000 employers.

- b) **The Employer Bulletin**; a print and online publication issued four times a year by HMRC to more than 1.5 million employers. The Institute of Fundraising liaised with the editorial team at *EmployerTalk* to provide copy about Payroll Giving and the Grants Programme in every issue from late 2005 to date.

A combination of the editorial in the Bulletin and face-to-face interaction at the *EmployerTalk* events produced excellent results. 13% of those signing up and completing Grant Application Forms did so as a result of those two promotional activities.

b) Conferences & Exhibitions

In addition to exhibiting the Programme at BITC's own events and via HMRC's *EmployerTalks*, the Payroll Giving Grants Programme was exhibited at 6 B2B events held in London, Bristol, Cardiff, Coventry, Brighton and Manchester. B2B events attract an SME audience of business owners, financial managers and business partners. The exhibition stand was complemented by advertisements in the show guide at four of the events, the promotional flyer was placed in delegates packs and, at 2 events, a speaking platform was secured to present the Payroll Giving Grants Programme. In total the B2B events attracted 7,582 visitors of which 11% (833 people) visited the stand.

Representatives from a number of Payroll Giving Agencies attended regional business trade exhibitions and events, promoting the SME Grants Programme. Promotional materials were provided or funded by the SME Grants Programme.

c) Mailings

BITC's regional offices completed a programme of mailings with their Local Chambers of Commerce membership. This consisted of an introductory letter to the Grants Programme and included the promotional flyer. During the months of January and February 2006, mailings were distributed via:-

- London Chamber of Commerce membership (cir 7,000) - Dec 2005
- Birmingham Chamber (cir 6,500) - Dec 2005
- Cardiff Chamber (cir 4,000) – Dec 2005
- Peterborough & Essex Chamber – (cir 5,000) - January 2006
- Norfolk & Suffolk Chamber – (cir 1,500) – January 2006.

The Institute of Fundraising secured a mailing list of 10,000 SMEs and distributed promotional leaflets, via a mailing house, to those organisations in 2006. (This initiative caused a surge in enquiries to the Hotline). This campaign was complemented by the inclusion of an email promotion of the Grants Programme, through emedia's **HR Bulletin**, to 30,000 SMEs, run in September, November and December 2006.

d) Telemarketing

A number of telemarketing campaigns promoting the SME Grants Programme were funded. Mostly delivered by PGAs, telemarketing was employed to follow up on a one-to-one basis on any leads generated by Z/Yen or the PGAs, encouraging employers to sign up to Payroll Giving.

e) Advertising

A generic print advert was designed and run across target trade media, including the Federation of Small Businesses magazine, payroll, personnel & HR publications. This was also extended across a number of key regional newspapers.

B2B trade advertising peaked during the countdown campaign that dominated promotions during the last 5 months of the Programme. The '*Time is Running Out*' advert was run regularly across key B2B trade press and, to complement BITC's mailing activity with the Local Chambers of Commerce, BITC co-ordinated the placement of advertisements in the appropriate Chamber magazines.

Targeting Charities:

a) Partnership Networks

Offering a membership base of over 4,500 charity fundraisers, 260 organisations and an extended group network of a further 6,000 fundraisers and related professionals, the Institute of Fundraising promoted the Grants Programme at every opportunity. The Grants Programme was marketed directly to each member and was featured at every Institute-run event, as well as relevant external events at which the Institute had secured a stand.

Building on its close relationships with fellow voluntary sector umbrella bodies, the Institute secured promotional opportunities for the Grants Programme through a number of partner organisations' membership networks, including the National Council for Voluntary Organisations (NCVO), Association of Chief Executives of Voluntary Organisations (ACEVO) and National Confederation of Parent Teacher Associations (NCPTA) to name but a few. These included the placement of editorial in membership newsletters, promotion via their website and email bulletins.

Promotion via the Charity Commission's biannual newsletter to all registered charities in the UK (over 160,000 charity recipients) was also secured and attracted a sizable volume of enquiries to the Hotline.

b) Conferences & Exhibitions

The SME Grants Programme featured at all key non-profit sector exhibitions throughout the UK including Charity Fair, PF Scotland, National Convention – the largest event for charity fundraisers outside the US, Institute of Fundraising National & Regional Conferences, CHASE and the Directory of Social Change Conference. Complementary adverts and flyers were placed in exhibition brochures and delegate bags to attract high numbers of delegates to the stand.

c) Mailings

After purchasing a database of 10,000 charities from Caritas Data, the Institute of Fundraising distributed promotional leaflets to the full mailing list and to the 4,500 Individual members of the Institute at launch, with a covering letter from Fiona Mactaggart. The mailing included details of the training workshops, '*Making Local Business your Business*'. A series of direct mail campaigns took place in 2006, at the launch of the Quality Mark, and again in September, reminding charities that there was only 'three months to go'.

A number of email campaigns were initiated to promote the Grants Programme to charities, the training workshops and subsequently to remind them that there was limited time for them to take advantage of the employer Grant for their own organisations. A key activity included the distribution of an email bulletin to 12,816 charities (through the UK Fundraising online newsletter).

d) Advertising

An advertising programme was initiated across key charity trade press during 2005 promoting the charity training programme and highlighting the availability of grants for SME charities themselves.

e) Training

Trainees attending the *Making Local Business Your Business* workshops were given the information and tools necessary to promote the Grants Programme to local employers. The Institute of Fundraising made regular follow-up calls to each and every delegate inviting them to seek further support in making a success of Payroll Giving and the Grants Programme.

Targeting Employees:

a) Mailings

The most sizable promotional activity of the Grants Programme was a mailing to 2.8 million addresses between September and October 2006. Promotional leaflets targeted employees and were designed specifically for the campaign. Leaflets were distributed either as an individual door drop or as an insert within the local free newspaper. This was a key part of the co-ordinated 'countdown campaign'.

The *Good Christmas Gift Campaign*, a viral email campaign, was distributed to employees during the advent period of 2005 and 2006 through PGAs, PFOs, employers and charities alike. Many employers found it to be a very useful tool in driving up employee participation and a number of charities attracted new payroll donors with the campaign.

Regular email reminders were issued to employers, particularly towards the end of the Grants Programme, highlighting the limited term availability of matched giving.

b) Advertising

The promotional budget was not sufficient to fund a high profile consumer advertising campaign. Instead, emphasis was placed upon securing editorial coverage with a strong PR and Media Campaign. However, one consumer-facing broadcast advert was developed. Through BITC's partnership with GCAP Media, a 30 second radio advertisement was produced, directed at employees, with the key message that *'giving to charity via your payroll was the most tax-effective way to donate'*. The 'call to action' was for listeners to contact the Payroll Giving Centre.

The advert was piloted in Nov / Dec of 2005 on Red Dragon Radio in Cardiff, 105.4 Century in Manchester and BRMB radio in Birmingham. After a minor modification, the advertisement was aired again over a two-week period in July 2006 on Cardiff Red Dragon Radio and Capital Gold Manchester to coincide with the relevant B2B events. It was estimated that during the course of this promotion 560,000 listeners would hear the radio advert, with the potential of hearing it 3 times a day.

3.5 Promotional Materials

Two sets of promotional materials were produced, tailored respectively to a business employer and charity audience. Flyers for business employers highlighted the incentives of the Grants Programme, as well as the advantages of Payroll Giving in establishing a regular source of income for UK charities. Charity flyers featured the Grants Programme as a fundraising opportunity, also highlighting the availability of the grants for charity SMEs that made Payroll Giving available to their own employees. Promotional materials referenced the relevant published and online resources developed as part of the Grants Programme (see *section 2.5*). Separate flyers promoted the training programme.

The materials were widely distributed with over 125,000 leaflets distributed to employers and 50,000 to charities. The major door drop campaign to 2.8 million households involved the creation and distribution of new promotional literature, specifically for this campaign.

The leaflets were widely distributed via relevant mailings, in exhibition delegate packs, at events and in response to requests. All materials were available as free downloads from the Payroll Giving Grants website – www.payrollgivinggrants.org.uk. Requests for promotional literature and resources were handled by Z/Yen. Promotional literature was provided to each PGA and PFO for inclusion in mailings to prospective clients.

Pop-up banners and exhibition stands were also created and were regularly on display at exhibitions, conferences and events.

4 Interim Delivery Review

4.1 Introduction

At the outset, an interim delivery review of the Grants Programme was planned to take place in December 2005, so that the budgeted under spend could be appropriately allocated if necessary. However, the review did not take place until March 2006 with a published report in June 2006⁸. The review was carried out by the British Market Research Bureau (BMRB). A summary of the report findings is given below. (All copy has been reproduced directly from BMRB's report).

4.2 Aims and Objectives

ACD commissioned BMRB Social Research to carry out an evaluation of the Payroll Giving Scheme, using qualitative and quantitative research approaches to explore issues relating to the Scheme from the perspective of charities, employers and employees. The main aim of this research project was to undertake an interim delivery review of the Payroll Giving Grants Programme, and specifically:

- to ascertain whether the Programme is meeting its specified aims;
- to ascertain whether SMEs are aware of the Programme and how to access funds;
- to ascertain whether take-up is in proportion to other schemes and whether this might be improved; and
- to help determine whether to invest more funds into the promotion of the Programme.

The quantitative study specifically aimed to investigate whether the Grants Programme made a difference to awareness and take-up of the Payroll Giving scheme. The qualitative research explored a range of issues in depth, including: awareness and knowledge; the decision making process and experiences and views of the Programme in relation to either signing up to or promoting the scheme.

4.3 Methods

The programme of research comprised four main elements, including:

- Telephone survey of 452 SMEs that had set up a Payroll Giving scheme since the introduction of the grant;
- Telephone survey of 629 SMEs that had not set up a Payroll Giving scheme;
- Telephone depth interviews with 16 charity employees who attended the Payroll Giving Programme training course, including, six interviews with

⁸ A full copy of the report is available from the Institute of Fundraising.

- those who had not signed up to the scheme following training and 10 with those who promoted the scheme to employers; and
- Five SME case studies, encompassing 30 qualitative telephone depth interviews with employees. The SME case studies included SMEs from a mix of industry sectors and interviews were carried out with donors and non-donors in each company.

4.4 Key Results

Promotion to employers

There was patchy awareness of Payroll Giving among SMEs⁹, suggesting that there is scope for more, and more effective, promotion of the scheme.

Although signing up to the scheme internally was seen as worthwhile for charities, it was not viewed as a priority compared to using the scheme to raise income from external sources. Charities who signed up to the scheme tended to do so in order to ‘test out’ the scheme prior to promoting it to other employers.

Charities found promoting the scheme to businesses to be more difficult than anticipated, particularly due to difficulties in making initial links with employers. This was especially true for charities with a low profile or without pre-existing links with businesses, but less true for charities working in “popular” fields such as children or cancer relief.

The qualitative research with charities suggests that smaller organisations were harder to sign up to Payroll Giving as they tended to have more concerns about potential difficulties and costs in setting up and administering the scheme. These perceived difficulties were also identified in the quantitative survey of SMEs without a Payroll Giving scheme.

Promotion to employees

The main methods used to promote the scheme to employees included e-mail, intranet, leaflets, posters, newsletters and company presentations. Materials were generally said to be clear and comprehensive, and promotion of the scheme was usually thought to be appropriate. Employees did not tend to feel pressurised by their employers into signing up.

On the whole, larger organisations tended to use a greater variety of communication methods, although it was the smallest organisations that had the highest take-up rates. Informal communication methods seem to work more effectively than, for example, the one-off presentations, intranet statements and e-mail notices favoured by larger organisations, though the nature of small organisations may make informal approaches more effective in those situations.

⁹ 72% of businesses without a scheme said they had not heard of the scheme before being prompted with a description. After that the % came down to 43% indicating that the term ‘Payroll Giving’ still requires explanation before an employer is able to progress with the decision making.

At present, most organisations undertake one-off promotion but while this often worked well in smaller organisations. It was felt that larger organisations would benefit from engaging in more regular promotion of the scheme to ensure that new employees were made aware of the scheme and that existing employees were reminded about it.

Contact between employees and charities - in terms of promotion and follow-up - was not extensive and tended only to have occurred in cases where the charity already had a strong corporate relationship with employers.

Views on the Payroll Giving scheme

In principle, the Payroll Giving scheme was viewed positively by charities and employees alike (including donors and non-donors), and the tax-efficiency and government matching elements of the scheme were particularly mentioned positively. However, the positive views on the principle of the scheme did not always appear to impact on respondents' decisions to sign up to the scheme itself. Rather, decisions tended to be based on personal or company considerations such as current financial position, preferred donating methods or knowledge of the Payroll Giving scheme.

The survey found that the grant available for employers in exchange for setting up a Payroll Giving scheme was an important motivating factor, especially for the smallest organisations (those with fewer than 10 employees). Although many larger organisations donated the grant to charity, smaller organisations were more likely to keep it as it was considered to be a substantial and easy bonus.

Employers without a scheme also responded well to the government grants and matching. A quarter (25 per cent) said that each of these would make their company more likely to set up a scheme in the future, with this figure rising significantly among companies already interested in principle in setting up a Payroll Giving scheme.

Results from the telephone surveys suggest that removing the grant might have an impact on the number of small organisations setting up schemes. This also appeared to be the case for not-for-profit organisations such as charities, particularly given the difficulties they reported in setting up the scheme internally. Representatives of not-for-profit SMEs with a scheme in place were also more than twice as likely as others to describe the grant as very important (39 per cent compared to 18 per cent).

Employees who had signed up to the scheme were overwhelmingly positive about the experience. The scheme was seen as an easy and straightforward way to donate to charity. Other positive aspects mentioned included the regularity of donations made, reliability of the scheme, the tax-efficiency and government matching.

Employers who had set up the scheme were also overwhelmingly positive, with nearly nine in ten organisation representatives saying that it was either 'fairly easy' or 'very easy' to set up. The median reported set-up time was two hours, though it should be noted that set-up and administration were generally viewed as being more difficult for smaller companies.

4.5 Recommendations

A number of recommendations were raised during the qualitative research and these were often supported by findings from the quantitative surveys. The suggestions for change tended to relate to four main issues:

- a) Promotion of the scheme to employers;
- b) Provision of promotional materials to employees;
- c) Scheme incentives;
- d) Information provided to donors following sign up.

a) Promotion of the scheme to employers

Charities often believed that increased assistance or training in promotion of the scheme to employers would help improved their success. It was suggested that this could be achieved by:

- Promoting awareness of the scheme, including the tax benefits, grants and matching. This could be done through a range of publications read by those with responsibility for employment, HR and payroll issues, as well as by more general advertising to promote awareness among employees;
- Incorporating sales/public relations-related skills in training, such as perceived obstacles to setting up schemes and how they might be overcome;
- Creating forums to spread best practice and improve charities' knowledge of how best to promote the scheme, possibly through the Payroll Giving website;
- Providing information on how charities could forge links with each other, particularly those in the same locality;
- Providing assistance and advice about information to be distributed to employers to help reduce the time taken for charities to prepare promotional material and to help standardise information provided to employers;
- Providing information on how charities can assist employers with the implementation and delivery of Payroll Giving to reduce the possibility of organisations abandoning plans to implement the scheme.

In addition to this, findings from the quantitative research suggest that promotion and take-up of the scheme overall could be improved by emphasising to employers the simplicity of setting up the scheme. Survey results also suggest that, as larger organisations have greater donation potential than small organisations, there may be sense in targeting larger SMEs rather than smaller ones.

Awareness of, and interest in, the Payroll Giving scheme were higher in larger SMEs (particularly those with 100 or more employees) which, while less numerous than smaller organisations, nevertheless offer significant potential for getting large numbers of individual employees signed up.

b) Provision of promotional material to employees

The way in which promotional information on the scheme was provided to employees could be improved. Suggestions included:

- Tailoring information for different user groups on the Payroll Giving website - by having one page for each user group summarising the key aspects of the scheme in bullet point format, the site could be made more user-friendly and effective;
- Simplifying and clarifying promotional information for employees - employees might benefit from being able to access a succinct one-page summary of the scheme;
- Charities and professional fundraising organisations (PFOs) visiting larger organisations should emphasise the importance of ongoing promotion of the scheme, rather than just initial sign-up;
- The importance of undertaking regular and varied promotional activities was also mentioned.

c) Incentives

Suggestions were made for providing additional incentives for signing up to the scheme including:

- Matching of one month's contribution after certain milestones, for example, after donating for a year;
- A prize draw or raffle for employees who sign up;
- Small tokens of affiliation for donors such as a pen or paper weight to use at work.

Although employees and charities who engaged in the qualitative study did not tend to mention the grant, the quantitative research findings clearly suggest that the grant worked as an incentive, (especially, for smaller organisations) and for this reason there is a strong case for retaining it.

Indeed, among organisations without a scheme, a quarter said that both the grant and the government matching elements made it more likely that they would set up a Payroll Giving scheme in the future. This suggests that promotion of awareness of Payroll Giving should go hand in hand with providing information on these incentives.

d) Information provided following sign up

Suggestions were made for improving information provided on an ongoing basis to both donors and charities. These included:

- Providing an online Payroll Giving account to which a donor could log on and check or amend payments;
- Supplying annual statements of the total amount donated to summarise the donor's contribution;
- Quicker processing of donor information to reduce the delay between a donor signing up to the scheme and the charity being able to contact them.

4.6 Outcome

Following the publication of BMRB's Interim Review Report, the recommendations were closely reviewed by the Institute and the Working Party and the following actions were taken:

- a. Promotion to employers; By the time that the report was published, a high profile advertising campaign was already underway across key B2B trade publications, as well as the charity trade press. However, the target publication list was extended and a number of direct mailings and email promotions were introduced.
- b. Support for charities; A programme of 29 training workshops across the UK had already been run and the Special Interest Groups' activities continued. Template promotional materials and best practice case studies were made available for charities online. One-to-one support was available through the dedicated Payroll Giving Grants Hotline. A new initiative designed to support charities working together as a consortium to attract payroll donations was developed during 2007, comprising the development of new materials and a training programme.
- c. Promotion to employees; At the launch of the new Payroll Giving Quality Mark materials, an extensive range of materials (including a new CD) was made available to help employers promote Payroll Giving to their employees and practical ideas of how take-up could be increased.
- d. Incentives; Practical suggestions for employers' Payroll Giving incentives to employees were included within the PGQM materials and online.

The Institute also made a recommendation to government in respect of the continuation of the SME Grants Programme incentives. The proposal was to:

- Extend the employer grants for a further year at a cost of £250,000
- Extend matched giving for a further year at a cost of £1,000,000
- Extend the scheme to include matched giving in dormant SME schemes at a cost of £1,000,000.
- Extend the Grants Programme to include larger employers at a cost of £300,000.

The decision was made not to extend the lifetime of the Grants Programme. However, a proposal was agreed that some of the under spend could be allocated to a series of initiatives listed in *Appendix Four*.

5 RESULTS & ANALYSIS

5.1 Introduction

Both quantitative and qualitative data captured during the lifetime of the Programme is outlined within this section, building a picture of the important progress that the Grants Programme made in engaging employers, in particular, with Payroll Giving. Quantitative data (sections 5.2-5.7) determine how the Programme fared against its measurable targets. Qualitative findings provide an essential insight into the strengths and weaknesses of the scheme, highlighting both barriers and suggestions about how Payroll Giving could be further developed.

5.2 New SME Payroll Giving Contracts

Table 8: No. of New SME Payroll Giving Contracts

No. of Employees	Targets	Actual
1–199	3,066	3,150
200–249	131	104
250–499	131	239
Total	3,328	3,493

During the lifetime of the Programme, almost 3,500 SME employers signed up to Payroll Giving, exceeding the target figure (of 3,328 new SME contracts) by 5%. While it had been anticipated that the employer grant would be particularly attractive to the smallest SMEs, 3,150 of whom contracted to Payroll Giving, it also succeeded in attracting 239 larger SMEs (with 250 – 499 employees), 82% higher than anticipated.

Table 9: SME Market Penetration by Nation

Region	Employee Band	No. of SMEs	Employers Contracted	Market Penetration (%)
Scotland	1-199	80,090	94	0.1%
	200-249	115	5	4%
	250-499	225	10	4%
Wales	1-199	49,420	136	0.3%
	200-249	60	6	10%
	250-499	105	5	5%
Northern Ireland	1-199	33,145	146	0.4%
	200-249	30	1	3%
	250-499	75	16	21%
England	1-199	984,880	2,231	0.2%
	200-249	1,390	66	5%
	250-499	2,660	141	5%

Note: All data within tables 9, 10, 13-16 has been compiled from the relevant information supplied on 2,898 completed Grant Application Forms.

Market penetration was generally highest in Northern Ireland and lowest in Scotland. Take-up was most impressive in the higher employer banding (250–499 employees) in Northern Ireland, where 21% contracted to Payroll Giving. A notable 10% take-up was achieved amongst mid-sized SMEs (with 200-249 employees) in Wales.

Table 10: SME Take-Up by Industry

Industry Sector	100–199 Emps	200–249 Emps	250–499 Emps
Agriculture, hunting or forestry	24	3	1
Fishing	23	-	1
Mining, quarrying	4	-	-
Manufacturing	192	12	29
Electricity, gas & water supply	13	-	-
Construction	110	3	6
Wholesale, retail & distribution	335	6	11
Motor trade	95	6	5
Hotels & restaurants	45	-	4
Transport, storage & communication	74	2	8
Financial intermediary (banking, leasing etc)	137	6	14
Property sale or rent & business activities	630	19	28
Public administration & defence	18	1	5
Education	101	7	14
Pharmaceutical	12	-	5
Health & social work	106	4	6
Non-profit sector	569	7	31
Other	126	2	6
Information pending	1	-	-
Total	2,615	78	174

The largest number of contracts came from the Property Sale, rental or business activities¹⁰ category with 23% of employers. Non-profit organisations formed the second largest industry group engaged in the Programme. Take-up was lowest within mining and quarrying employers.

5.3 New SME Payroll Giving Donors

Table 11: No. of SME Employees Donating via New Payroll Giving Contracts

No. of Employees	Targets	Actual
1–199	60,751	10,768
200–249	5,895	1,253
250–499	5,246	3,896
Total	71,892	15,917

Payroll Giving take-up amongst employees was significantly slower than anticipated with just under 16,000 new donors contracted during the lifetime of

¹⁰ *Business Activities* includes accountants, solicitors, design companies, IT specialists and payroll bureaux.

the Programme, against a target of 71,892. A number of factors slowed take-up, including:

- Length of the SME Grants Programme; the delayed launch meant less time for promotion of the Programme or for employers to promote the scheme to staff. 34% of new SME employers signed up to Payroll Giving during the last 3 months of the Programme, allowing limited time to get the scheme up and running.
- One fifth of newly contracted SMEs had not forwarded any employee donations by the closing date of the Programme. This is either because they had not yet promoted Payroll Giving to staff or had not deducted the first batch of gifts within the timeframe.
- Low SME employee numbers; The SMEs that contracted to Payroll Giving during the lifetime of the Programme were heavily weighted towards the smallest SME organisations employing low numbers of staff, (see table below).

Table 12: Breakdown of SME Employee Targets vs Actuals

Employee Targets vs Actuals	1–199 Employees	200–249 Employees	250–499 Employees
Target No. of Employees of Contracted SMEs	153,300	26,200	45,850
Actual No. of Employees of Contracted SMEs	97,403	22,119	82,973
Target No. of Donors	60,751	5,895	5,246
Actual No. of Donors	10,768	1,253	3,896

With the number of people employed by contracted SMEs at 85% of its target figure, the Programme had access to far fewer employees than anticipated. This was most evident within the smallest SME band, with the number of people employed by contracted SMEs almost 40% less than the anticipated employee levels. However, it is encouraging that the number of potential Payroll Givers in the highest band was almost double its forecast, providing further opportunity for growth in employee participation.

Table 13: Average Participation Rate by No. of Employees

No. of Emps	No. of Contracted SMEs	Total No. of Employees	No. of Payroll Donors	Mean Participation Rate¹¹ (%)	Median Participation Rate¹² (%)
1-4	408	844	517	72	67
5-9	136	913	266	30	20
10-24	213	3234	541	17	10
25-49	163	5659	885	15	10
50-99	171	12269	1236	10	5
100-199	122	16265	1349	8	5
200-249	40	8851	531	6	3
250-499	108	37700	2032	5	3

There is an inverse correlation between the number of employees and the average participation rate, where take-up is highest amongst SMEs with the lowest levels of staffing and lowest amongst those with many employees. The median average is lower than the mean average, which suggests that most companies have a lower take-up rate than the mean average with some employers having exceptionally high levels of participation.

Employers chose to promote Payroll Giving to their employees through a number of means; through a charity, PFO/PGA¹³ or to drive the promotion themselves. Participation levels varied considerably depending upon who was tasked with promoting the Payroll Giving scheme to staff in the workplace, (see below).

Table 14: Average Take-Up by Promoter

No. of Employees	No. of SMEs	Charity Promoter	PFO/PGA Promoter	Internal Promoter¹⁴	All
1-4	209	47%	77%	70%	68%
5-9	137	23%	32%	31%	29%
10-24	137	22%	28%	18%	23%
25-49	104	17%	28%	14%	20%
50-99	94	22%	19%	9%	17%
100-199	63	7%	15%	7%	10%
200-249	20	6%	11%	6%	8%
250-499	50	3%	9%	5%	6%

In the smaller workplace (1–49 employees) there is a potential for most employers to achieve a take-up rate in excess of 10% whether the promotion is carried out internally, by a charity or by a PFO. However for SMEs with 50+ staff, the best results are gained by involving an external promoter.

The highest take-up levels were achieved when a PFO or PGA was involved and this is most notable for employers with more than 100 staff. Involving a

¹¹ Mean average – the sum of *n* divided by *n*.

¹² Median average - the value of the middle item of a series (when the items are arranged in numerical order).

¹³ Many employers do not understand the difference between a PFO and a PGA, so the inclusion of a PGA or PFO is given as a combined total within these tables

¹⁴ Usually a staff member or volunteer

charity in the promotion was also beneficial at increasing take-up for employers with 10-99 staff. 13% of the employers used a variety of promotional methods to encourage employees to sign up and this yielded the best results of all.

5.4 Promotional Campaign

Reaching SMEs is a challenging task, but awareness of Payroll Giving grew considerably during the Programme. As reported in *section 4*, the interim review found that awareness levels varied but, when prompted, 57% of SMEs knew about the scheme.

Table 15: No. of New SME Contracts by Source of Information.

Source of Information	No. of SMEs	% of Total Contracts
Word of mouth	428	17%
Through a PGA	415	17%
Charity source	360	15%
HMRC <i>Employer Bulletin</i> and <i>EmployerTalks</i>	313	13%
Employee recommendation	209	8%
Payroll Giving Grants Website	186	7%
Press, PR and media	183	7%
Through a PFO	166	7%
Conferences/training/seminars	145	6%
Mailings	109	4%

Promotion of the Grants Programme was extensive and employed a variety of methods. When asked how they had heard about the Grants Programme, 'word of mouth' and PGA referrals were the most influential sources of information for SMEs that contracted to the scheme.

Table 16: Enquiries by Sector, PGA Referral & Source

Enquiries	Highest number	Lowest number
Industry Sector	Non-profit (976)	Fishing (1)
Referred to a PGA	Non-profit (172)	Pharmaceutical (1)
Source	HMRC <i>EmployerTalk</i>	e-bulletin Autumn 2006

1,725 enquiries were received requiring action via the call centre, hosted by Z/Yen. Not surprisingly, the scheme attracted a great deal of interest within the non-profit sector, who were appealed to both as beneficiaries of the scheme and, for many, as SME employers. Approximately 460 employers asked to be put through to a PGA in order to take the matter forward there and then.

Editorial published within *Employer Bulletin* resulted in the most enquiries to the Hotline. The top ten sources of enquiries were:

1. HMRC *Employer Bulletin* (editorial printed in HMRC's publication)
2. Payroll Giving Grants website (enquiry transmitted via email/telephone)
3. Personal Introductions / word of mouth

4. Online registration form
5. Newsletters
6. Completed flyer slips
7. Fiona Mactaggart letter to charities (mailing at launch)
8. Institute mailings and website (general mailings & Institute promotions)
9. Charity Funding Report (mailing accompanying *Charity Funding Report* magazine, distributed at launch)
10. *EmployerTalks* (HMRC event programme)

PR & Media

The PR and Media campaign generated widespread awareness and positive national and regional coverage of the Grants Programme in print and broadcast media, as well as within the business and charity trade press. Coverage peaked during the first three months of launch (January to March 2005) and again at the launch of the Quality Mark one year later. Below is a summary of coverage achieved in target media:

- Regional Newspapers – 250 articles
- National Newspapers – 23 articles
- Broadcast – 177 regional radio interviews, 1 national radio feature
- Business Trade Press – 43 articles
- Charity Trade Press – 95 articles

5.5 Training

The Institute of Fundraising ran a total of 28 low cost training workshops 'Making Local Business Your Business' for charities across the UK. 757 charities enquired about the training workshops through the Payroll Giving Centre hotline and 636 delegates completed the training.

5.6 Payroll Giving Quality Mark

The Payroll Giving Quality Mark and Awards scheme was introduced in January 2006, aiming to engage more employees in Payroll Giving by rewarding employers annually for achieving target take-up levels, (see *section 2.6*).

In its first year (2006), Quality Mark certificates were distributed to all 7,876 UK employers with Payroll Giving schemes. 2,710 annual QM Awards were distributed (including 751 Gold Awards), and this rose by 20% to 3,234 in 2007, with the allocation of almost twice as many Gold Awards at 1,468. In 2007, a further 1,736 Quality Mark Certificates were issued as a result of new Payroll Giving schemes.

Table 17: Allocation of PGQM Awards

QM Award	2006	2007¹⁵
Bronze	1,128	995
Silver	831	771
Gold	751	1,468
Total	2,710	3,234

Already, by March 2007, almost twice as many UK employers had achieved the target 10% employee participation rate indicated by a Gold Quality Mark Award. The annual promotion required to achieve target participation levels continues to grow the number of employees Payroll Giving.

5.7 Funds Raised for UK Charities

During the lifetime of the Programme, almost £7 million was raised for UK charities through newly contracted SME employee donations, matched giving and the allocation of 1,669 employer grants.

Table 18: Funds Raised for UK Charities

Source of Funding	Amount Raised
Payroll Donations ¹⁶	£5,905,473
Matched Giving (not including any additional employer matched giving)	£592,691
Employer Grants	£500,700
Total	£6,998,864

The average monthly contribution from each donor lies between £7 and £10 per month. Donations from employees during the lifetime of the Programme amount to over £5.9 million and now continue as a key source of sustainable and unrestricted income for charities, raising approximately £1,750,000 each year.

58% of employer grants benefited charities, either because the private sector employer chose to donate the grant or the charity put a scheme in place and claimed their grant. The larger employers were more likely to donate their grant. A further 2% of grants were split between an SME and a charity and 7% split the grant between more than one charity.

The charities benefiting from employer grants were wide-ranging, with a bias towards education and health related causes and less preference shown towards arts & heritage, sports /recreational organisations.

¹⁵ Allocation of the PGQM Awards in 2007 took place 3 months later on, to give the PGAs sufficient time to determine which organisations were eligible for Awards at the relevant level.

¹⁶ Value of donations from employees that signed-up to new SME Payroll Giving schemes.

Table 19: Charitable Causes Benefiting from Employer Grants

Charitable Cause	No. of Grants
Arts	2
Benevolent Funds	88
Children	105
Disability	44
Education	283
Environmental	12
Faith Based Organisations	63
General Charitable Purposes	13
Health	206
Heritage	4
International Development/Overseas Aid	64
Poverty	73
Social Care	69
Sports/recreation	2
Wildlife/animals/birds	24
Young people	20
Others (not identified)	553
Total	1,669

5.8 Qualitative Results

Qualitative information, captured during the lifetime of the Programme, builds an important picture of how Payroll Giving and the incentives offered through the Grants Programme were received. Further insights were captured including barriers to the growth of Payroll Giving and recommendations for growth. Qualitative data was captured in the following means:

- Completed Grant Application Forms
- Completed Charity Trainee Evaluation Forms
- Notes taken from enquiries to the Payroll Giving Centre
- Individual Follow-Up Phone Calls to Charity Trainee Delegates
- Feedback from PFOs/PGAs

Below, feedback from employers and charities has been collated, outlining their views on relevant aspects of the Grants Programme.

Feedback from Employers

- Payroll Giving; As outlined in the Interim Review (see *section 4*), employers viewed Payroll Giving positively, recognising the relevant advantages for employees and charities. In particular, they were keen to enable employees to give tax-effectively through the payroll. Larger employers had a better understanding of Payroll Giving and could relate to it as a workplace initiative
- Setting Up Payroll Giving; Employers consistently reported that it was 'easy' to set up a scheme and that set-up times were minimal, requiring approximately two hours.

- c) SME Grants Programme; The grants were particularly influential amongst the smallest employers where it was considered to be a real incentive, but the level was deemed appropriate. Larger employers were not so heavily influenced by the grant itself, but the awareness campaign for Payroll giving had captured their attention and the combined influence of the grant and the Quality Mark encouraged them to sign up. Many employers had long intended to set up Payroll Giving, but it simply had not been a priority. The grants enticed them to act now. Many larger employers donated their grant to charity. (PGAs report that an additional number of employers claim to have donated their grants on receipt of the cheque, but did not indicate this on their Grant Application Form).
- d) Promoting Payroll Giving; A large number of SME employers were slow to promote Payroll Giving to staff and therefore did not forward employee donations during the lifetime of the Programme. The Payroll Giving Quality Mark provides a vital incentive to encourage employers to continue promoting the scheme on an annual basis.
- e) Employer Matched Giving; There has been a rise in employer matched giving during the lifetime of the Grants Programme. One PGA – who used the Grants Programme framework to encourage employers to match employees' gifts - reported having administered as much as £109,145 in employer matched giving. Another determined that the percentage of employers paying the administration charge (otherwise deducted from employee donations) had risen from 16% to 30%. Other PGAs could take this approach to influence employer support in future.

Feedback from Charities

- a) Payroll Giving; Charities find payroll donations to be hugely valuable as an unrestricted source of regular, reliable income. However, many smaller organisations still struggle to raise funds in this way, often failing to secure representation in a PFO basket or to gain access to employers.
- b) SME Grants Programme; Many charities utilised the availability of grants as an incentive to set up Payroll Giving in their own workplace in order to gain experience of the scheme before fundraising in this way. The incentives also provided an opportunity for charities to approach businesses but, as above, smaller low-profile organisations found it difficult to gain direct access to businesses and their employees.
- c) Charity Trainees; Feedback from trainees attending the *Making Local Business Your Business* workshop, indicated that the added expertise and resource provided in training had enabled those that invested time in Payroll Giving to generate income via local employers.
- d) Payroll Giving versus Other Fundraising Methods; Where charities allocated time and resource to Payroll Giving, results were very encouraging. However, many charities felt that the time commitment required, at the expense of other activities that yielded a more direct relationship with donors, was too great.

6 EXPENDITURE

The costs of running the SME Grants Programme was broken down into two main areas: programme administration and resources; and incentives.

6.1 Programme Administration and Resources

The resource budget included core costs for both the Institute and BITC. It also covered the costs of the infrastructure which was set up within Z/Yen to manage all aspects of the Grants Programme administration and enquiry handling.

Table 20: Grants Programme Administration & Resources Expenditure

Annual Expenditure	Forecast	Actual
2004/05	497,671	268,641
2005/06	649,500	802,587
2006/07	506,150	630,654
Additional Costs incurred in 2007/08 ¹⁷	n/a	15,881
Total	1,653,321	1,717,763

Increased expenditure was incurred due to the necessity of outsourcing additional activity to Z/Yen, including enquiry and bookings handling for charity training, the establishment of the Payroll Giving Centre to administer the PGQM and distribution of associated materials on behalf of some PGAs. Z/Yen's support and administrative services were essential to the smooth running of the Programme.

6.2 Incentives

While the employer grants proved to be a powerful incentive, not all SMEs claimed their grant. 3,493 SME employers contracted during the lifetime of the Programme and 2,724 grants were claimed. The table below illustrates the value of those grants claimed.

Table 21: Incentives Funded by Grants Programme

Incentives	Forecast	Actual
Employer Grants	£1,038,700	£864,500
Employee Matched Giving	£3,607,192	£597,311
Total	£4,645,892	£1,461,811

Had all the 3,493 employers completed their application forms and forwarded their first employee donations before the end of the Programme, the grants funded would have been £1,106,100, slightly over the forecasted figure. Employee matched giving expenditure was much lower than anticipated owing to slower growth in terms of employee take-up during the lifetime of the Programme (as outlined in section 5.3).

¹⁷ This amount covers the Grants Programme costs incurred after the end of the Programme.

Grants and matched giving were distributed by the PGAs following the submission of a completed Grant Application Form and on receipt of the first employee donation(s). A total of 2,719 Grants were distributed during the lifetime of the Programme. (The variance between numbers of Grants claimed and distributed occurs when an employer had not forwarded a donation by the end of the cut-off period for grant administration; June 2007).

Table 22: Value of Incentives Claimed & Distributed¹⁸

Incentives	Claimed	Distributed
Employer Grants	£864,500	£855,200
Matched Giving	£597,311	£592,691
Total	£1,461,811	£1,447,891

The difference between the value of grants and matched giving claimed and distributed, is largely due to the fact that some PGAs over anticipated the amount of money they would need to distribute. Any remaining sums have been recalled and returned.

6.3 Combined Expenditure

Table 23: Combined Forecast versus Actual Expenditure

Funding	Forecast	Actual
Programme Administration and Resources	£1,653,321	£1,717,763
Incentives	£4,645,892	£1,461,811
Total	£6,299,213	£3,179,574

As indicated above, the incentive expenditure was around a third of what was forecast, largely due to the low levels of employee matching incurred during the lifetime of the Programme.

Out of the initial £8.3 million budget received from Government, £4 million was returned to the Cabinet Office, £800,000 was allocated to related Payroll Giving projects (see *Appendix Four*) leaving the remaining sum of £320,426.

¹⁸ All figures as at end of June 2007.

7 CONCLUSION

In recognition of charities' need for sustainable and unrestricted income streams, Government has invested in Payroll Giving since 1987. After a period of slow growth, the SME Grants Programme was introduced to entice SMEs to make Payroll Giving available to staff, thereby enabling a further 47% of the UK workforce to support charities in this way.

The SME Grants Programme was hugely beneficial for the voluntary sector. Key benefits of the scheme include:

- Raising almost £7 million for UK charities during the lifetime of the Programme, more than twice the level of expenditure
- Building a sustainable income stream of more than £1.75 million in payroll donations each year
- Contracting 3,493 SME employers to Payroll Giving, making it available to 202,492 employees
- Breaking down the barriers for employers – the publicity campaign for the Grants Programme exploded the myth that it was costly or labour intensive to sign up to the scheme
- Attracting 15,917 new employees to give through the payroll
- Introducing the Payroll Giving Quality Mark scheme, this continues to attract more employers and employees each year (see *page 48*).
- Growing employer matched giving and covering administration costs – a key incentive in attracting employees to the scheme
- Contracting charity employers to Payroll Giving – almost a quarter (24%) of new schemes were put in place by charities
- Developing a new generic Payroll Giving brand, available for charities to use on relevant materials and is now used extensively across the sector
- Engaging more charities with Payroll Giving as a fundraising technique
- The awareness campaign for Payroll Giving influenced employers and employees beyond the SME marketplace to sign up. The number of UK employers contracted to the scheme increased by 39% in just over two years. By March 2007, an estimated 10.5 million people had access to Payroll Giving in the UK – almost half of all PAYE employees¹⁹.
- Increasing the total value of payroll donations in 2006/07 to almost £90 million. Employer matched giving amounted to a further £10 million.

¹⁹ There are 24,695,000 people employed in the UK – Small Business Service statistics 2002.

The Programme established three lasting legacies; the Payroll Giving Quality Mark scheme, the National Payroll Giving Excellence Awards and the Payroll Giving Centre.

a) The Payroll Giving Quality Mark

The PGQM is an annual programme that means employers are actively encouraged to promote the scheme to employees year on year. Building on the momentum of the Grants Programme, it raises awareness of this important fundraising mechanism and of corporate community initiatives in the workplace. The PGQM gives PGAs an opportunity to re-engage with contracted employers and to approach new employers, as well as to develop best practice in the promotion of Payroll Giving. The annual data captured will continue to build an accurate picture in terms of uptake of the scheme. The introduction of the Platinum Award level would provide further impetus for increased take-up.

b) National Payroll Giving Excellence Awards and Event

The introduction of the annual National Payroll Giving Excellence Awards in the 20th Anniversary year of Payroll Giving provided an annual focus for all employers and stakeholders. The first event took place on the 17th October 2007 at HM Treasury, attracting an audience of over 100 business representatives and widespread media coverage.

c) The Payroll Giving Centre

The establishment of the Payroll Giving Centre, through which enquiries about both the above initiatives are handled, remains as a lasting legacy of the Grants Programme. The Centre offers independent centralised information, guidance and support through a dedicated hotline and website.

The Payroll Giving Grants Programme has made real headway in raising awareness of Payroll Giving and involving more employers than ever before in the scheme. But, a number of challenges and barriers to growing Payroll Giving remain, they include:

- The need for regular promotion of Payroll Giving to employees in order to achieve and maintain target donor participation levels.
- Attracting further employers to offer Payroll Giving to staff. Although Payroll Giving is well received by employers, the Grants Programme provided an added incentive to sign up within a set time period.
- A number of incentive schemes and awareness campaigns have highlighted Payroll Giving in recent years, but the onus now lies with PGAs, PFOs and charities to ensure that this momentum is not lost.
- Without inclusion within PFO baskets and minimal access to employers and employees, many smaller charitable organisations struggle to present their 'case for support' and, as such, have yielded little in terms of payroll donations. The training programme *'Making Local Business Your*

Business’ provided fundraisers with essential skills, as do the charity consortia resources. However, resource levels (in terms of finance and time), skills and an understanding of how to approach businesses continue as a major barrier for many charities.

- Donor contact (by charities) could be improved, reminding and thanking donors for their contributions and engaging them more closely with the cause and donation mechanism.

Payroll Giving – The Future

During the Grants Programme, a number of opportunities for further developing Payroll Giving were identified. Recommendations include:

- Should Payroll Giving promotion lose momentum, much of the progress that has been achieved through the Grants Programme will be lost. It is vital that promotion & investment by Government and all key stakeholders continues.
- The PGQM and National Payroll Giving Excellence Awards provide opportunities for continued promotion of momentum at a national level, as well as workplace promotions of Payroll Giving to employees. Already, twice as many employers have now achieved 10% employee participation in its first year.
- Employers need advice and support from PGAs, charities and the Payroll Giving Centre about how and when to carry out effective promotions in the workplace. While a PFO can be beneficial to employers of all sizes, those with 100+ employees, in particular, should be advised of the benefits of engaging a PFO in order to build participation levels
- Continued support must be made available to charities wanting to make better use of this giving mechanism. The Institute supports and encourages charities fundraising through Payroll Giving with its ongoing Tax-Effective Giving campaign, the charity consortia resources and through its best practice product suite; the Codes of Fundraising Practice.
- An ongoing barrier to growing Payroll Giving is the impact of attrition as employees move jobs. A change of employment, often to an employer that does not offer Payroll Giving, mean that charities lose the regular, reliable income that they had come to rely on. For more information, see the Institute of Fundraising’ report into Portability, (referenced *Appendix Four*).
- Pre-tax pension giving - the opportunity for pensioners to continue to donate from pre-taxed income at retirement - would enable many UK donors to continue making regular tax-effective donations to charity. For more information, see the Institute of Fundraising’ report into Pension Giving, (referenced *Appendix Four*).

The SME Grants Programme succeeded in attracting a raft of employers to Payroll Giving. The challenge is now, through the Payroll Giving Quality Mark, to encourage those employers to actively and regularly promote Payroll Giving, building employee participation year on year, and to continue to engage new employers with the scheme.

APPENDICES

Appendix One – History of Payroll Giving

Appendix Two – Developing the SME Grants Programme

Appendix Three – History of the Payroll Giving Quality Mark

Appendix Four – The Future of Payroll Giving

Appendix Five – BITC Business Networks

APPENDIX ONE

Brief History of Payroll Giving

Introduction

Following the success of the Children's Promise²⁰ in 1999, government researched and consulted with relevant stakeholders with a view to re-launching Payroll Giving in order to encourage more employees to support charities through the payroll.

Key Initiatives & Events

(Prior to the development of the SME Payroll Giving Grants Programme)

a) 10% Supplement (April 2000 to March 2004)

Payroll Giving was re-launched as part of the Charity Tax Review of Budget 2000 to include a 10% government supplement (uplift) on all payroll donations. The supplement would be applied to Payroll Giving donations for a period of three years, until end of March 2003. At the same time, the pre-existing ceiling on Payroll Giving - £1,200 per donor per year was abolished and a major £2 million promotional campaign was carried out by the Inland Revenue (now HM Revenue and Customs)

The 10% supplement worked well in engaging employees (particularly higher rate taxpayers) to donate through existing Payroll Giving schemes, but was insufficient in encouraging many new employers to put schemes in place. Following a campaign by the Payroll Giving Working Group, the supplement was extended by a further year, see below, but growth remained slow.

A number of factors are thought to have diluted the growth potential of Payroll Giving, particularly the restructure of Gift Aid (also in Budget 2000). At the same time as the upper limit on payroll donations was removed, so was the minimum donation level of £250 for Gift Aid. Donors were provided with an array of tax-effective giving options, with Gift Aid more widely and readily accessible. Promoted actively by charities that benefit from an extra 28p²¹ in every £1 donated through the scheme, its usage has risen monumentally since this key change was implemented. In competition, the growth of Payroll Giving was disappointing.

b) Payroll Giving Working Group (Strategy Group)

As part of the stakeholder consultation, it was agreed that the Institute of Fundraising would set up and manage a Forum designed to engage charities, PGAs and Professional Fundraising Organisations (PFOs) in the re-launch activities. The members of the Forum developed a Strategy Group tasked with exploring the opportunities presented by the re-launch. Organisations and representatives that formed this group were:

- Ben-Motor and Allied Trades Benevolent Fund – Tina Steele
- Blindcare – Juliet Lupton

²⁰ The campaign which was promoted by Marks & Spencer and encouraged employers and employees to donate their last hour's pay in 1999 to a number of children's charities, via Payroll Giving. The Promise was to put an end to child poverty in the new millennium.

²¹ Prior to changes to the Basic Rate of Tax, implemented in April 2008.

- Caring Together - Cathy Sullivan
- Charities Aid Foundation - Theresa Stevens
- Institute for Cancer Research - Sue Hind-Woodward
- Sharing the Caring - Christine Jenkins

The Strategy Group was re-titled the Payroll Giving Working Group (PGWG) and this group continued to meet until the end of the SME Grants Programme).

In 2002, a Project Manager was appointed by the Working Group under the auspices of the Institute to launch a campaign to extend the period of the 10% supplement. This was achieved and HM Treasury agreed to extend the supplement a further year.

c) The Giving Campaign (2001-2004)

The Giving Campaign was a three-year public-facing campaign that strived to inspire a culture of giving in the UK, aiming to increase the amount of money given to charity and the number of donors. The promotion of Payroll Giving and all forms of tax-effective giving was central to the Campaign strategy. The Giving Campaign was funded through a combination of support from Government and major UK charities, chaired by Lord Joel Joffe.

d) Payroll Giving 'Blue Skies' Event (February 2004)

When the 10% supplement ended in March 2004, an under spend of £8.3m remained. The PGWG initiated a 'Blue Skies' one-day event to brainstorm ideas for future growth with stakeholders, key employers and government officials. Hosted by The Giving Campaign, 50 attendees came together to explore various aspects of Payroll Giving which could be improved upon.²²

Key areas of discussion included:

- i. The Payroll Giving process and how the barriers could be removed.
- ii. The creative challenge; how to engage employers and employees. Currently, just 50% of the workforce had access to Payroll Giving.
- iii. The potential that the SME marketplace has to offer. (The majority of larger employers were already committed to Payroll Giving as part of their overall Corporate Social Responsibility (CSR) strategy or Corporate Community Investment (CCI) programmes).

Suggestions included:

- a) Incentives for employers and the introduction of a Quality Mark and annual awards scheme.
- b) A Payroll Giving 'brand' with appropriate strapline.
- c) Charities should include Payroll Giving as a donation method in all their communication with donors.
- d) Lobbying Payroll Bureaux.
- e) PGAs improving the information about donors that they provide to recipient charities.
- f) Development of local Payroll Giving consortium.

²² Notes and the attendee list from the event are available from the Institute of Fundraising.

One of the proposals was that government should make it mandatory for all employers to offer Payroll Giving for their employees. This was deemed to be unreasonable in view of the cost implication for employers and inappropriate for a 'voluntary' donation mechanism.

It was also agreed that Payroll Giving needed an owner and a driver; an independent voluntary sector campaign for promoting Payroll Giving to employers, employees, charities and government. The body would develop a national promotional strategy for Payroll Giving. Discussions highlighted the need to engage with business-facing organisations such as the Chambers of Commerce.

APPENDIX TWO

Developing the SME Grants Programme

Introduction

After the Chancellor's Budget announcement, Business in the Community and the Institute of Fundraising were appointed to lead the development of the SME Grants Programme. All stakeholders; PGAs, PFOs, SMEs and relevant trade associations, charities, voluntary and community sector representative bodies were consulted about their views of the forthcoming SME Grants Programme. A proposal was drawn up recommending a number of structural options for the Grants Programme. Proposals were to be submitted to Government for approval of the final structure before the Institute of Fundraising and Business in the Community could set up the Programme.

It was agreed at the outset that, since it would take some time to agree the format of the Programme and to set up the necessary systems and processes, grants would be backdated and awarded to SMEs signing up to Payroll Giving from April 2004, made payable from launch.

Structuring the Grants Programme

Post consultation, the first proposal to Government outlined the following structural options for the SME Grants Programme:

- **Option One** – A two-part cash grant incentive scheme, tiered according to the number of employees. The first grant would be made payable to SMEs on receipt of evidence that a Payroll Giving contract is in place. A second grant would be made available to cover the costs of promoting the scheme to employees.
- **Option Two** – A combined grant and charity cheque scheme. A grant would be available to cover costs associated in setting up the scheme, alongside a second amount to be donated to a charity of the employer's choice, once a target number of employees had signed up to Payroll Giving. This proposal included the addition of a Quality Mark scheme for employers, offering Bronze, Silver and Gold Awards, tiered in line with target employee take-up levels.
- **Option Three** – A charity cheque, payable to a charity of the employer's choice once a Payroll Giving scheme had been implemented. Second and third tier 'charity cheques' could be available to employers achieving agreed benchmarks of employee take-up and money donated. The proposal also included the recommendation for a Quality Mark and Awards scheme (as per Option Two).

The options were presented within a consultation document that was sent out to stakeholders and charities for comment on 4th June 2004, (with a view to launching the scheme in September 2004). The final submission document was forwarded to the Home Secretary (via the ACD) on 22nd July 2004. Option Two was favoured by the Home Office and most of those participating in the consultation process.

Following a meeting with the ACD on the 3rd August 2004, it was agreed that further research was necessary with SMEs, Payroll Giving Agencies (PGAs), Professional Fundraising Organisations (PFOs) and charities, including a telemarketing exercise to establish the exact number of SMEs in the UK with Payroll Giving contracts in place.

In addition, stakeholders were invited to attend a meeting to discuss the finalised format of the SME Grants Programme on 18th August. Both PGAs and PFOs were involved in the first session and the second was for PGAs alone to consider the administration of the Programme. This meeting was also attended by representatives from ACD, the Institute of Fundraising and BITC.

The final recommendation for the Grants Programme was forwarded to the ACD on 10th September 2004, outlining the following structure:

- a) The employer grant was to be a set sum of £250 or £400, made payable once the scheme becomes active and the first batch of employee donations have been forwarded to a PGA. Employers would be given the option to allocate their grant to a chosen charity. In line with DTI and Small Business Service SME bandings, the definition of an SME would include any employer with up to 499 employees.
- b) A one-off donation of £20 from the Grant Fund was to be allocated to the charity chosen by the employee. The donation could be divided if more than one charity was selected.
- c) A promoters' fee of £10 for every new payroll donor recruited in the SME workplace. PFOs and PGAs would be entitled to claim the fee per donor. Volunteers and in-house champions would be able to select a charity to which they donate their £10 promoters' fee.

The recommendations were accepted in part, with the inclusion of a 3-tiered structure for employer grants and some element of matched giving. The proposal of a promoters' fee proposal was rejected as it was evident that PFOs would be the primary beneficiary of this structure and this was considered inappropriate use of public funds.

During October and November 2004 the structure of the Programme was further developed. Key amendments were:

- a) Postponement of the launch until January 2005
- b) Extension of the Programme to March 2007 (not March 2006)
- c) The one-off donation was to be replaced by a monthly matched giving amount for the first six months of each employee's donations
- d) Revised targets and budgeted expenditure relative to time-frame. The budget revisions included an increased allocation for promotional activity and the Payroll Giving Quality Mark scheme.

The proposal had included a recommendation for the Programme to continue until March 2008 and for matched giving to continue throughout the full term of the Programme, rather than for just 6 months. On submission to Government, these elements were rejected due to HM Treasury's concern that the funding may run out. This resulted in budget revisions forecasting a £2m under spend.

The final approved structure of the SME Grants Programme was as follows:

Employer Grants

A Payroll Giving grant was made available to employers (to cover set-up costs) at a rate²³ of:-

- £300 for employers with 1-199 staff
- £400 for employers with 200-249 staff
- £500 for employers with 250-499 staff

Grants were available to employers that signed up to Payroll Giving between April 2004 and 31st December 2006, backdated for those that contracted between April 2004 and the launch of the Programme). Employers were given the option of donating their grant to charity.

Matched Giving

Employees' donations would be matched (up to £10 per month) for the first six months of their donation. Matched giving applied to SME employee donations that commenced between April 2004 and 31st March 2007. (The time period for matched giving extended three months beyond the closing date for employer grants, to give employers joining at the tail end of the Programme some time to promote the scheme to employees).

Payroll Giving Quality Mark

A Quality Mark and Awards scheme would be introduced recognising and rewarding employers of all sizes that made Payroll Giving available to staff, (see *section 2.6*).

SME Grants Programme Focus Group

A Focus Group was established to drive forward the SME Grants Programme. Members of the SME Grants Programme Focus Group were:

- Tina Steele, Project Manager, Institute of Fundraising.
- Caroline Peat, Project Manager, BITC
- Juliet Lupton, Manager, Blindcare (Secretary)
- Peter O'Hara, Managing Director, Workplace Giving UK (PFO)
- Heather Vasco, Deputy CEO, Charities Trust (PGA)
- Ian Harris, Managing Director, Z/Yen Ltd.
- Representative from CAF (CAF Bank)
- Representative from HMRC
- Representative from ACD
- PR and Comms representative from the Institute of Fundraising

Specialist Organisations and individuals providing research with charities:

- Christine Jenkins, CC Works Ltd
- Penny Clover, Independent Consultant

Other key participators during the lifetime of the Programme were:

- Debbie Burton, Office of the Third Sector (previously with ACD)
- Jon Prothero, HMRC Charities*
- Andy Jones, HMRC Charities*

²³ The Grant levels were decided upon after consultation with SMEs that had contracted to set up Payroll Giving between April 2004 and August 2004. The average cost involved in setting up Payroll Giving was approximately £153.

- Mike Hornby, HMRC Charities*
- Samantha Gammans, ACD*
- Alan Sparkes, ACD*
- Lindsay Boswell, Chief Executive, Institute of Fundraising
- Andrew Watt, Institute of Fundraising*
- Lucinda Frostick, Institute of Fundraising*
- Kirsty McHugh, Business in the Community
- Vanessa Doherty, Business in the Community*

**Indicates the person is no longer with the organisation/government department specified.*

The Payroll Giving Brand

During the preparation for the launch of the SME Grants Programme, a new generic brand was developed. The brand quickly became established as a recognisable and generic logo for Payroll Giving activities and the Grants Programme.



To grow recognition amongst all target audiences, permission to use the logo on Payroll Giving promotional activity was granted to PFOs, PGAs, charities and employers alike.

Variants of the brand include:

The 20th Anniversary logo for Payroll Giving



Seasonal logo (for use on the Good Christmas Gift viral email campaign and in generic Payroll Giving promotions at that time of year).



APPENDIX THREE

History of the Payroll Giving Quality Mark

Background

During a meeting held with HM Treasury in November 2002, the Payroll Giving Working Group was asked to look at ways of growing Payroll Giving further that were not dependent upon funding.

The Payroll Giving Working Group submitted a report outlining three key recommendations. They were:

- Growth in the number of employers offering Payroll Giving schemes in the UK. (This recommendation led to the development of the SME Grants Programme).
- Portability of Payroll Giving – enabling people to continue to be Payroll Givers when moving from one employer to another. (A report into Portability was produced in April 2004 and further research was conducted in 2007. The issue is a significant barrier to donor retention).
- The introduction of a scheme that would recognise and reward employers making Payroll Giving available to staff – the Payroll Giving Quality Mark and Awards (PGQM)

When government expressed an interest in the latter recommendation, a proposal for the Payroll Giving Quality Mark and Awards (PGQM) was submitted to HM Treasury (in November 2003). The proposal outlined that the scheme would be government branded. Discussions were held with both HM Treasury and HMRC, who agreed that the initiative was sound, but at that time there was no budget available to develop the scheme.

With the implementation of the SME Grants Programme, the PGQM proposal was revisited and it was agreed that its introduction would benefit the long-term growth of Payroll Giving considerably and funding was allocated to the scheme. It was agreed that the PGQM would be applicable to employers of all sizes and the scheme would be government branded.

Aims & Objectives

The Payroll Giving Quality Mark scheme was devised to encourage employers of all sizes to sign up and promote Payroll Giving actively and regularly to their staff, thereby generating a sustained income stream for UK charities.

Structure of the PGQM

All key stakeholders were consulted upon the proposed structure of the PGQM scheme, including a group of key employers that served as a Steering Group in the early developmental stages. The Group was regularly consulted and their combined input was essential in establishing the appropriate minimum participation rates that would lead to a Quality Mark Award. For example, many of the larger employers already heavily involved in Payroll Giving, were struggling to achieve and maintain a 10% employee participation rate. It was essential that Quality Mark Awards would be realistic and achievable, in order to avoid alienating employers.

The PGQM scheme would comprise a brand logo and certificate, made available to all employers with a Payroll Giving scheme in place. Bronze, Silver and Gold Quality Mark Awards would be provided to employers that achieve minimum employee take-up levels. (Initial proposals had referenced a *Platinum* level, but it was agreed that this would not be developed at this stage).

The Gold Quality Mark Award would require not only 10% employee participation, but a demonstration of employer support²⁴ (whether financial or in time given to promote the scheme each year). The annual emphasis of the scheme was devised to encourage employers to promote the scheme each year, building employee participation and striving for the next Award.

The PGQM scheme was developed during 2005, to launch on 30th January 2006. The final approved structure of the PGQM was:

The Payroll Giving Quality Mark

Each employer that offers Payroll Giving to their employees is awarded a Quality Mark. Quality Mark Awards are provided to employers with target participation rates as outlined below:

- Bronze QM Awards - for employers with 1 – 4% employee take-up.
- Silver QM Awards - for employers with 5 – 9% employee take-up.
- Gold QM Awards - for employers with 10%+ employee take-up, plus evidence of employer support.

²⁴ Employer support could be that the employer pays the administration charge levied by the PGA or makes a matched giving contribution. Where neither is possible, the employer must be able to demonstrate that they have carried out an active promotion in the previous fiscal year.

PGQM Logos

The 2007 Quality Mark and Award logos are illustrated below:



APPENDIX FOUR

The Future of Payroll Giving **(Post March 2007)**

Post the Interim Review, a number of recommendations were made to Government as to how the anticipated under spend could be allocated. £800,000 was re-allocated to develop the following initiatives:

1. Support for Charity Consortia - Making Payroll Giving Work in the Community

Small local charities with limited resources, but with local knowledge and opportunities to open doors into local businesses, had expressed an interest in clubbing together with other charities to fundraise for payroll donations.

A support programme for consortia was to be developed including free resources for charity consortia, a helpline run through the Payroll Giving Centre, the possible establishment of a Special Interest Group and provision for mentoring new consortia through the start-up stage. A training workshop and associated resources were developed and are now available to fundraisers through the Institute of Fundraising.

2. Research into Portability

An ongoing barrier to growing Payroll Giving is the impact of attrition as employees move jobs. A change of employment, often to an employer that does not offer Payroll Giving, mean that charities lose the regular, reliable income that they had come to rely on.

In 2004, research was carried out on this subject and presented to HMRC and HM Treasury. The proposal was to include a tick box on a P45 form which would indicate that the person starting a new job was a payroll donor with their previous employer.

With the allocation of some funding, this research was revisited and updated during the early part of 2007. A full report is now available from the Institute of Fundraising.

3. Research into Pre-Tax Pension Giving

Currently, when the vast majority of Payroll Givers reach pensionable age and their salary is replaced by a pension, pre-tax payroll donations automatically cease. Pension Giving - the opportunity for pensioners to continue to donate from pre-taxed income at retirement - would enable many UK donors to continue making regular tax-effective donations to charity.

Funding has enabled the completion of a research report into the potential for pre-tax pension giving and this is now available from the Institute of Fundraising.

4. Development of the Payroll Giving Quality Mark & National Payroll Giving Excellence Awards

The launch of the Payroll Giving Quality Mark and Awards was met with approval and enthusiasm by employers and stakeholders alike, providing an annual focus for Payroll Giving promotions. This legacy from the Grants Programme will greatly impact on the growth of this giving mechanism and the increased number of people participating.

Continued government funding of the scheme has been essential to ensure annual distribution of the PGQM Awards and the National Payroll Giving Excellence Awards, building employer and employee engagement in Payroll Giving. The establishment of an ongoing independent resource centre for Payroll Giving, through the Payroll Giving Centre, provides a vital support for employers, employees and charities alike.

5. Generic promotion of Payroll Giving

Throughout the Grants Programme, generic promotional campaigns for Payroll Giving were carried out, the majority of which were specifically aimed at the SME marketplace. It is vital that regular promotional activity continues, attracting new employers and employees to the scheme. A steady stream of press coverage and select marketing activity is required to yield continued growth.

Additional funding was secured to promote Payroll Giving to employers and charities, through the extension of a trade advertising campaign and a DVD resource for charities.

APPENDIX FIVE

BITC Business Networks

BITC Partnership Organisations

BITC offers established links with the following partner organisations:

- British Chamber of Commerce (BCC)
- Chartered Institute of Personnel Development (CIPD)
- Federation of Small Businesses
- Forum of Private Businesses
- Institute of Directors
- Local Chambers of Commerce

Representing 605,000 businesses, these membership organisations were identified as key partners to profile and promote the SME Grant Programme.

BITC National Campaigns

BITC has a number of national campaigns with an SME membership, through which the Grants Programme was promoted. They are:

- ProHelp: A national programme where professional businesses supply pro-bono work to charity organisations. Membership comprises 1,000 companies of which 80% are SMEs.
- PerCent Club: A nationally known model for companies to report through their community investment. In membership 175 companies of which **25 are SME's**. The membership also consists of the 'key employers' group that worked closely with BITC & the Institute as part of the promotion of Payroll Giving, in the UK in 2003/04.
- CommunityMark: Kite mark for Community Investment for the SME sector with a membership of **300** businesses across the UK.
- CARES: National Employee Volunteering network with **340** business members.
- Business Brokers: National network, bringing together Local Strategic Partnerships and other Local Neighbourhood Renewal initiatives. The Grants Programme was promoted as part of the agenda at monthly meetings across the UK