

Setting up a Payroll Giving Charity Consortia

Template of a Memorandum of Understanding

The document should include the following:

- 1 The name of the consortium is:
- 2 The member charities are:
- 3 The object of the consortium is to generate regular giving support for its member charities.
- 4 All income received and expenditure incurred in the name of the consortium shall be divided equally between the member charities.
- 5 All members of the consortium are registered charities recognised as charitable by Her Majesty's Revenue and Customs (HMRC) in their own right.
- 6 Each member charity shall appoint a representative to sit on a committee.
- 7 Committee meetings shall be held at intervals as agreed upon by the committee.
- 8 Member charities may withdraw from the consortium at any time by giving at least three months notice to the consortium and paying such proportion of work in hand as provided for in the agreement covering such payment in force at the date of such withdrawal.
- 9 Any application by another charity to become a member of, or any alteration to this memorandum of understanding must be agreed by all members of the consortium.
- 10 Signed on behalf of each charity:
Charity Name
Charity Number
Signature
Name
Date

The MoU headings given are basic and minimal, they should be expanded upon to include other points of agreement such as:

- a) The agreed centre for administration and/or distribution of funding.
- b) The lead partner in the consortium and the component member requirements – such as location or cause.
- c) It is recommended that a firm line is taken on the attendance of charity representatives and that is reflected in the wording of the MoU.
- d) Authority to act on behalf of the member charity can also be included as the inability to make decisions without referrals can slow down the progress of new consortia.
- e) Member withdrawals could be expanded upon to specify appropriate dates, such as the Annual General Meeting of the consortium.
- f) Also for consideration is to include a clause relating to the circumstances surrounding the eventuality should a consortium need to be dissolved.
- g) If the funding is not going to be split equally the agreed proportion should be included.

In addition to the MoU consortia have developed a Partnership Constitution which is more detailed. It can include the following headings:

- Aims and Objectives
- Powers of the consortium
- Members – rules relating to the membership and what happens when there is a change.
- Management Committee – constituency, roles, periods of office, responsibilities etc.
- Finances – agreements regarding financing, commitments and distribution.
- Meetings and Annual General Meetings.
- Arrangements regarding any amendments to the constitution
- Dissolution of the consortium/partnership – details of the arrangements.

The constitution should be signed and dated by all members.

When completed the MoU should be sent to HMRC at the time that the consortium registers with them in order that they can receive pre-tax Payroll Giving donations.

In addition newly established consortia should register with every Payroll Giving Agency providing them with the information that they will need in order to distribute pre-tax Payroll Giving amounts as they are received. The information required by the PGAs varies, it is therefore recommended that an early registration takes place to ensure that all the paperwork is dealt with at the outset.