

DSC Policy Briefing

# Public Fundraising in the Spotlight

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## Charity fundraising from the public: What's all the fuss about?

Over recent months there has been a furore about public fundraising in Britain. Newspaper reports have raised questions about the impact of charity fundraising by direct mail and revealed very poor practice by private sector subcontractors engaged in telephone fundraising on behalf of several leading charities. Any charity or agency employed on its behalf must adhere to the highest ethical standards when engaging with donors and it goes without saying that harassing people who do not wish to be contacted or exploiting vulnerable people (e.g. people with dementia) for donations is completely unacceptable.

Several large national charities and private fundraising agencies are in the spotlight following recent allegations of malpractice. The charities concerned are taking action to investigate and redress wrongdoing; however the perception of the problem has been amplified by press coverage which has misrepresented the facts and involved character assassination of individual fundraisers. Senior politicians have exacerbated matters with irresponsible language about 'rogue charities' and demanding 'charities clean up their act'; as if these issues were something endemic or even relevant to all 160,000+ charities in the UK – they aren't.

This situation has accelerated discussions about reforming the system of fundraising self-regulation in the UK, which involves principally:

- **The Institute of Fundraising (IoF)** – the professional body for fundraisers, which hosts the Code of Fundraising Practice, which sets the standards expected of all Institute of Fundraising members.
- **The Fundraising Standards Board (FRSB)** – an independent self-regulatory scheme for fundraising charities. Member charities agree to comply with the IoF's Code of Fundraising Practice and the FRSB operates a system for public complaints about charities' fundraising.
- **The Public Fundraising Regulatory Association (PFRA)** – ensures that professional standards are maintained for face to face and door to door fundraising, as well as working with local councils to put together Site Management Agreements to manage fundraising in public places.

There have been arguments put forward in the recent debate that this system is too complicated and confusing for the public, and needs to be reformed. The National Council for Voluntary Organisations (NCVO) is also leading a review into the self-regulatory system for fundraising, which is due to report in September.

In response to recent events in July the Government also introduced amendments to the Charities (Protection and Social Investment) Bill, requiring that agreements between charities and fundraising agencies include enhanced provisions to protect vulnerable people and the wider public from 'unreasonable intrusion'. Amendments would also require

fundraising charities above a certain income level to provide more detail on complaints and how they protect vulnerable people from intrusive fundraising practices in their annual reports.

### **What's missing from the debate?**

It is important to remember that not all charities engage in public fundraising via telephone, direct mail, or face-to-face on the street, and only a handful of typically larger ones will have arrangements of the type that have been in the news recently. When these charities fundraise from the public, they must adhere to the highest ethical standards, and ensure that their values are imbued in their fundraising – whomever is doing it on their behalf.

It is also the case that for example telephone fundraising agencies are employed by charities because they are specialised in that work – this reduces costs to the charity and therefore means more of the raised funds are available for charitable work. Amongst all the hue and cry about 'charity cold calling' there has been no discussion about telephone or direct mail sales practices in the private sector and whether these need to be curbed due to excessive harassment, invasion of privacy or exploitation of vulnerable people. There is a clear sense of double standards from the press and some politicians, but also a lack of recognition that large complex charities, serving the needs of millions of people, need to employ fundraising methods that deliver donations at scale.

However, the most fundamental point that has been missing in the debate is that charity fundraising from the public supports funds crucial, life-saving work for millions of beneficiaries. It saves lives and alleviates suffering. The bigger 'scandal' is in fact that in a wealthy and developed country like Britain this activity is necessary at all. In the current environment Government is cutting funding for essential services and many vulnerable individuals. Demand on many charitable services is increasing. Charitable donations from the public are vital to support those services.

### **What does DSC think?**

#### **Our principles of Responsible Giving and Responsible Regulation**

DSC believes that charities have a right to ask the public for money. It's a simple fact that most people don't give unless they are asked. Charities exist first and foremost to serve beneficiaries' needs – not the needs of donors. Of course charities must adhere to the highest ethical standards when interacting with donors – it's quite obviously essential to ensure financial support for their work. But charities don't exist to make donors happy, or to be popular with the public or politicians. They exist to benefit people and causes through their charitable objects.

DSC believes in Responsible Giving – that those who give to charity should understand what the charity does, as well as what the funds will be used for. This helps to build a connection between donor and charity over the longer-term. Charities have a responsibility to engage with donors, to communicate with them effectively and explain the impact they have.

We also believe in Responsible Regulation – that regulation of voluntary activity should be proportionate, appropriate and enabling. Regulation must strike a balance between perceived risk and intended benefit. It should recognise the diversity of voluntary sector activity and be developed and applied in a proportionate way. Any regulation of fundraising, for example, must balance the needs of the donor with the needs of those people who benefit hugely from the funds raised for vital causes. It must also recognise the diversity of organisations in the charity sector – the vast majority of whom are very small and volunteer-led but who may rely substantially on donations from the public.

## What could be done?

Debate is ongoing and DSC will participate in the review being led by Sir Stuart Etherington of NCVO, which is due to report in September. At this stage, here are a few ideas that we think could help move things forward:

- **Large fundraising charities could set up a charitable or not-for-profit telephone fundraising organisation(s).** One clear issue arising from the current debate is the degree to which charities are able to maintain standards when contracting fundraising to private sector call centre companies. Rather than relying on contracts or agreements to enforce standards, these could be incorporated into the charity's governing document and management systems.
- **A simple website to help make system of fundraising self-regulation more intuitive to understand.** Regardless of whether and how the self-regulatory system changes, the different roles of the three self-regulatory organisations are not easy to ascertain for the layperson. The IoF, FRSB and PFRA could create a common website that would direct the public to the appropriate channel. This would simply explain each organisation's role and signpost people who want to learn more (or complain) to the right place.
- **The Charity Commission should run a public awareness campaign about using its online register and how to find information in charity reports and accounts.** There is a huge need to better educate the public about charities, in particular what they exist to do and the regulation they are bound by. Government proposals to require more information about charities' fundraising techniques and standards in charity annual reports, for example, will not have significant effect if awareness is not improved about where to find this information and what it means.

## I'm involved in fundraising – I'm worried – what should I do?

- 1) **Don't panic – keep calm and carry on fundraising!** This scandal will blow over eventually and the likelihood you'll be caught up in a bad press story is low if you are following the appropriate standards.
- 2) **Refer to the Institute of Fundraising's Code of Practice**, especially if you are engaged in telephone, direct mail or face-to-face fundraising:  
<http://www.institute-of-fundraising.org.uk/code-of-fundraising-practice/what-is-the-code-of-fundraising-practice/>.
- 3) **Check out recent changes to the Code**, especially 1.2(e) on protecting vulnerable people and 4.2(c) on arrangements with third parties (i.e. fundraising agencies or contracted fundraisers).
- 4) **Make sure you have a clear complaints system** / procedure in place for people – donors or otherwise – whatever method of fundraising you are undertaking
- 5) **Think about your media profile** (e.g. at next management or board meeting). Does your fundraising expose you to adverse publicity? How can you reduce the risk and continue to fundraise?

## Points to consider in public debate

Here are some things to think about in the context of the current and future debate on this issue:

- **Where is the perspective?** In the midst of the media firestorm, we should be asking ourselves and the public, which issues are of greater magnitude: the 'irritation' of face-to-face fundraisers on the street, fundraising phone calls, and letters in the post? Or the plight of homeless children, elderly people who are being abused, disabled people who are excluded from society, or people dying overseas because of war and famine?
- **The volume of current debate is not supported by robust evidence of a systemic problem** in fundraising or charitable giving. The most recent available data show that the public give £13 billion to charity and the level of giving is recovering after a drop during the recession.
- **The proportion of complaints about charity fundraising remains tiny** when viewed in context, although it is true that complaints have increased recently. Out of 20 billion fundraising contacts in 2014 there were 52,389 complaints – a ratio of 0.00026%. Most complaints that are directed to charities via the Fundraising

Standards Board (FRSB) are dealt with by the charity. Only a handful of these are escalated and reach the point requiring adjudication.

- **The charity sector already has well developed standards** around individual fundraising, face-to-face fundraising and telephone and direct mail techniques. There are strong protocols in place to protect potential donors who may be vulnerable. It is of course crucial that these are followed and enhanced if they are not working. Swift action should be taken where there is any evidence that vulnerable people are being exploited – but they should not be automatically excluded from charitable giving.
- **Some version of the current system of self-regulation remains the best approach.** No regulatory system, whether backed by the state or not, can completely eradicate wrongdoing – things will continue to go wrong and individual charities and the fundraising sector must react swiftly when that happens. Cases of deliberate or malicious abuse of potential donors are the very rare exception and charities are acting to stamp these problems out.
- **Introducing further regulatory barriers could risk reducing the funds that are raised** and will lead to greater human suffering and less support for vital social causes. Smaller charities that rely on public donations are particularly at risk from disproportionate or ill-conceived regulatory or legislative responses that do not reflect their scale or the way that they interact with their donors. Statutory regulation of fundraising would bring untold costs for the taxpayer, charities and ultimately donors.

## What's your view?

Think we've got it right? Wrong? Both?

At DSC we're interested in what you think – let us know your views, experience and perspective by emailing us at [policy@dsc.org.uk](mailto:policy@dsc.org.uk) or tweet us @DSC\_Charity