

DSC Survey on the

Review of Fundraising Self- regulation

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Overview and Background

In the summer of 2015 a number of national newspapers ran stories highlighting alleged malpractice in how charities conduct public fundraising. The stories were met with outrage from some politicians, including the Minister for Civil Society and the Prime Minister, who demanded a review of the self-regulatory system that governs charity fundraising. Sir Stuart Etherington, CEO of NCVO, was appointed to lead the review and his recommendations were published in September 2015.

The main recommendations are:

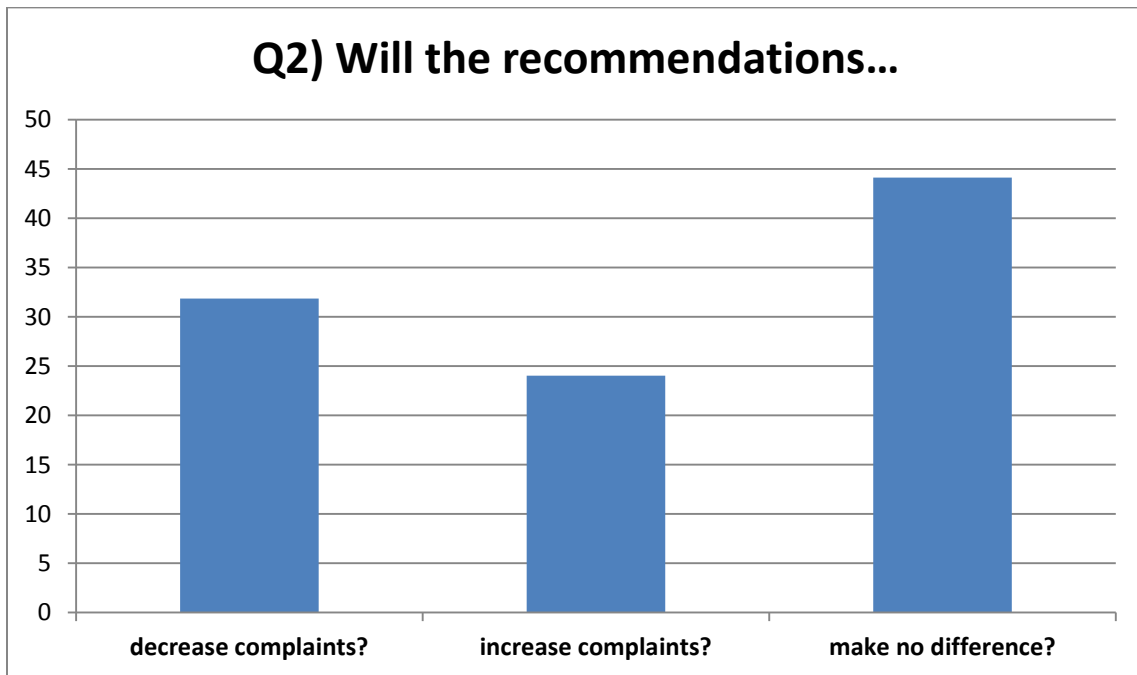
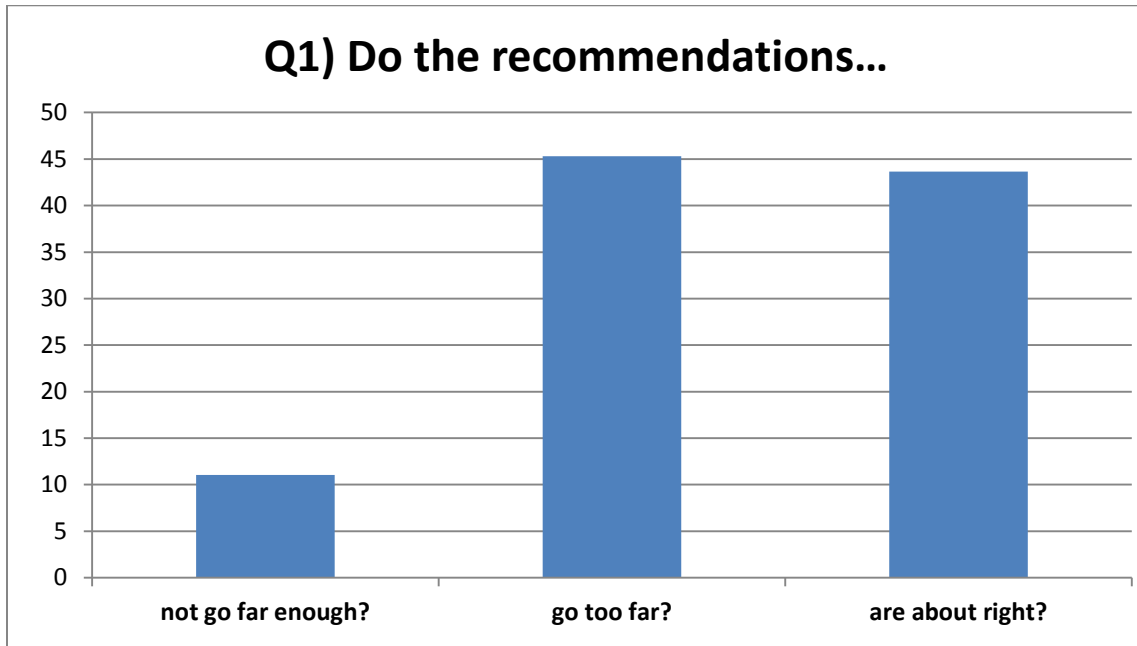
- **To establish a new Fundraising Regulator**, responsible for regulating all types of public fundraising by UK-based organisations, whether charities, not-for-profits or companies, funded by a levy on fundraising expenditure, paid by organisations reporting an annual fundraising expenditure of £100,000 or more.
- **To give the new regulator stronger sanctions** to ‘name and shame’ fundraising organisations that broke the rules, and potentially to ban them from fundraising activities.
- **To move the Code of Fundraising Practise from the Institute of Fundraising (IoF) to the Fundraising Regulator.** The Fundraising Standards Board (FRSB) would also be closed down.
- **To merge the Institute of Fundraising and the Public Fundraising Regulatory Association (PFRA).**
- **To create a new Fundraising Preference Service**, which individuals could register with if they do not wish to be contacted for fundraising purposes.
- **To require charities to receive express consent in the form of an ‘opt-in’**, from donors or other supporters in order to receive any communications.

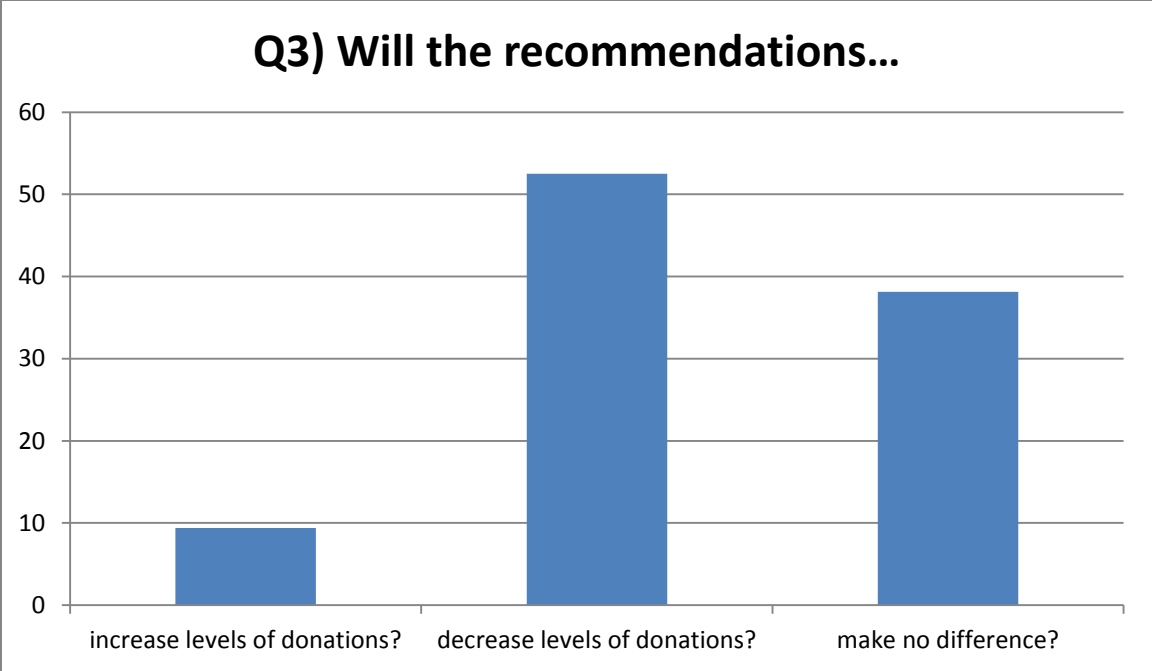
DSC recognises the importance of public trust and confidence in our sector, and also the absolute necessity for charities to be able to conduct public fundraising and to fundraise ethically. We sought to gauge views in the sector about the proposals by issuing a survey.

We asked a general question about whether the recommendations are proportionate, and two more questions about the impact of the recommendations on levels of complaints against charities and level of public donations to charities. Finally the survey invited respondents to leave written comments to elaborate on their responses if they wished. Our survey received 191 responses within the first week, including 122 written responses.

The results to three questions we asked are presented below. Most worryingly, the majority of people (52.5%) think the recommendations will decrease levels of donations, while 38% think public donations will be unaffected by the recommendations being implemented. DSC is

concerned about this finding in particular, because it comes at a time of increasing demand on charities services from beneficiaries and increased financial demands on charities – for example increased prices, mandatory pensions, the national living wage and the potential introduction of regulatory fees which are not being covered by grant makers and commissioners.





Written Responses

We have selected some quotes from the 123 written responses we received. Views were mixed over who was responsible for the supposed ‘crisis’ in charity fundraising, as well as on who should pick up the bill for the proposed new Fundraising Regulator. The proposal for a new Fundraising Preference Service was high on the list of people’s concerns. Also a number of other suggestions were made which will be of interest as the sector considers the recommendations of the report.

The Fundraising Preference Service

From the written comments the proposed Fundraising Preference Service stands out as something that has been the focus of people’s concerns. People are worried that the service will reduce the number of potential donors from whom they can receive support, limit their ability to maintain relationships with existing supporters and that this would result in a loss of income for their work. Others question the practicality of the service, in the light of similar services which in their view have failed:

“The needy will suffer when charities stop mailing for new donors” #36

“Some ideas are good but the opt-out scheme is just ridiculous” #64

"My understanding is that the Fundraising preference service will also allow donors to identify those charities of personal interest, potentially increasing levels of giving to the selected charity if there is no longer the "guilt" distraction of multiple requests to donate elsewhere." (#61)

"Changes ok except for Fundraising Preference Service as this goes too far & have a dramatic negative impact on charities income" (#84)

"The Fundraising Preference Service must be made to work and given teeth - the Telephone Preference Service is useless and OFCOMM's impact on junk phone calls is absolutely useless." (#94)

"Whilst the Fundraising Preference Service might be a nice in principle I'm concerned that it will stop charities communicating with long standing supporters" (#95)

"I am particularly concerned how this is going to affect some of the small educational institutions that have very limited appeal beyond their alumni and friends. Educational institutions have been practicing telephone and direct mail fundraising in a much more measured way and any further tightening has potentially serious negative impact." (#123)

Ideas emerging

A number of people made comments about other recommendations or suggestions to improve the regulatory system which deserve consideration:

"I think the FRSB should be maintained but given more clout and the ability to charge more in fees and to fine charities where necessary." (#11)

"I don't think these changes go far enough - I am disappointed to see nothing which specifically protects the public when donating - I am appalled that private limited companies can fundraise by collecting tins outside supermarkets and the like, pretending to be charity personnel and then deduct a huge 50% + from each pound the hapless members of the public give them." (#14)

"I would like the body to be really proactive and campaigning to charities too about protecting their brands and the sector's trust, before the next time bomb goes off." (#17)

"The best thing to do would be to have the same rule and new regulations applied to the commercial sector as well - ie cold calling sales calls ppp claims etc. By doing this I think the public would endorse this fully and in the long-term donations would actually rise." (#31)

"Some cold calling of some kind has to be possible" (#32)

“About right now, but we need a learning and review stage. (Flexibility Plan) ... In time There needs to be clarity for small fundraising organisations on what constitutes oppressive activity, (street collections/tombola/raffles with tempting prizes) Will direct requests to large organisations by small charities be stopped? (#48)

“Will they clarify what constitutes fundraising, so if a newsletter is sent without a donation form is that fundraising or does it have to have a donation for it to be fundraising?” (#52)

“Charities raising £100k should not be penalised. Levies should made against the organisations bringing in over £1m.” (#66)

“Not sure why they're closing down the Fundraising Standards Board- surely that should become the new regulator, with stronger powers etc.” (#69)

“What is required is a closer scrutiny on the compliance of Trustees, who are charged with the running of charities. If any charity is guilty of misuse of fundraising, the Trustees must be held responsible and called to account.” (#70).

“breaches of the Data Protection Act... should be dealt with through that Act... we do not need a multiplicity of quangos but for the Charity Commission to be strengthened to the point where it can do its job effectively to deal with all aspects of charity conduct and governance. Multiple bodies leads to confusion among the public as to which body they need to deal with and for the chance for all of those bodies to pass the buck to each other so that nothing gets done.” (#79)

“Nobody is making the point that at the moment membership of the FRSB is voluntary (and costs money to join – I know 'cos we've just joined it). It just needs to be made mandatory and maybe given some teeth.” (#85)

“mostly this is about misrepresentation - perhaps giving to charity should come under a law similar to sale of goods act, where misrepresentation is an offence. What they have done just increases red tape without any benefit” (#89)

Conclusion

The majority of respondents are of the opinion that, should the recommendations be implemented in their present form, charities will suffer a reduction in income from the public. This would indeed be worrying in the present environment in which demand for services is increasing and the supply of resources is dropping away, leaving around three quarters of charities feeling they are unable to cope (LocalGiving 2015).

The proposal for a new Fundraising Preference Service is the cause of great anxiety among charity professionals, as evidenced above. Charities are concerned that they will lose the ability to contact existing donors without the proper safeguards against unintended consequences of opting-in to a suppression list. Charities are also concerned that it will make finding new supporters difficult and resource heavy. Closer consideration is therefore needed to find ways of ensuring the recommendations of the Fundraising Review does not impact negatively on charities and their relationships with regular supporters.