All-Party Parliamentary Group on Charities and Volunteering
Charity fundraising, 09.30-11.30, 9 March 2016, Committee Room 7

Chair- Baroness Pitkeathley
Speakers
- Lord Grade, chair of the Charity Fundraising Regulator
- Peter Lewis, Chief Executive of the Institute of Fundraising
- Abigail Betts, Head of Fundraising at Health Poverty Action
- Joe Jenkins, Executive Director of Fundraising & Supporter Engagement at the Children’s Society
- Elizabeth Chamberlain, Policy Manager at NCVO
- Stephen Dunmore, Chief Executive of the new Fundraising Regulator

Fundraising- action to build best practice

Lord Grade, chair, the Fundraising Regulator
- The key recommendation of the Etherington review was the setting up of the Fundraising Regulator, the first board meeting of which is today. It is a sizeable task to get the Regulator fully operational by early summer. They are currently recruiting for two more board members with fundraising experience, as well as putting in place a good practice standards committee and an adjudications committee. He also thanked the IoF, PFRA, NCVO and CAF for their support and endorsement so far.
- They recently wrote to 50 charities asking for financial support, only one has come out publically against the Regulator. They aim to consult on a levy and registration fee in May.
- The working group last week published a paper setting out the issues and options for FPS, but it is non-negotiable. To minimise unintended consequences, whilst allowing donors to opt-out, they are working closely with the Information Commissioner’s Office (ICO).
- The Regulator needs to address serious problems and shortcomings in fundraising practices. They will be transparent, with firm enforcement where necessary to make cultural change. They won’t hesitate to use sanctions, and will be working closely with the Charity Commission (CC). The ICO is currently monitoring four charities about their data use. It is not enough for charities to say it wasn’t us, or to blame the media, as they are all damaged by the current situation.
- It is important that the 2000 members of the FRSB remain supporters of the FRSB to enable a seamless handover of their great work.
- He ended by saying his hope for the future of the new Regulator is that the phone won’t be ringing and they won’t be very busy.

Peter Lewis, Chief Executive, the Institute of Fundraising (IoF)
- The IoF and the PFRA are merging to make a much stronger organisation that is better able to increase standards and compliance, meaning very little should have to fall to the Regulator.
- High standards have always been on the agenda for the IoF, which made last year’s exposures uncomfortable. The IoF took action immediately to address concerns, including changing the guidance on selling of data and establishing a minimum font size for opt-outs.
- The lesson from last year is that regulation wasn’t strong enough. Fundraisers all over the country were left in a difficult position. They would like to be able to celebrate the great work they do once again. Generally trustees have cared more about their service delivery than oversight of fundraising, as shown this year. They must have more involvement.
Abigail Betts, Head of Fundraising, Health Poverty Action

- Fundraising is a job which allows people to inspire change and help people around the world. Whilst she supports the principle of the changes, as someone from a small organisation she is apprehensive about their ability to implement changes with their limited resources. Their donated income is vital because it is unrestricted in how it can be spent. She is worried that Health Poverty Action aren’t big enough to make the changes without risking their work.
- It is important that the whole cross-section of voices has been heard. The speed of changes means there hasn’t been the necessary time to hear from those who couldn’t input to the consultation. Health Poverty Action falls below the large charities who were consulted on changes, but is too large for the exemption allowed for small charities. They have joined NCVO’s consultation for mid-size organisation to look at unintended consequences and what impact the restrictions will have on the public.
- It is important that all organisations are kept in the loop to ensure they all move in same direction together. Fundraisers want to see everyone engaging in best practice, and she has already seen movement in the right direction.

Joe Jenkins, Executive Director of Fundraising & Supporter Engagement, Children’s Society

- Fundraising is about inspiring people to get involved with social problems. It is a social good that helps brings happiness to those who donate. This is why he welcomed the changes, as fundraising needs to be held to a high standard as it plays such an important part of people’s lives. The stories of bad practice have not represented what we try to do or try to achieve.
- It is good that we are looking at how donors can express their preference in how we communicate with them. The Children’s Society have already introduced new training for all fundraisers, and set the bar high above compliance, in line with a promise they made to donors. It is really important that the Regulator gets the balance right by setting the bar high, but not stopping good practice.
- The sector needs more than just a strong code. People don’t just want forms or opt-in, they want a rewarding experience, and for the joy of giving to be key.
- The Children’s Society have written to all supporters asking for suggestions of improvements in terms of fundraising and communications, to find a long term supporter lead approach.
- Loss of public trust isn’t unique to charities and is replicated in media, government and business. The narrative that we can’t trust any of these institutions is bad for a democratically engaged thriving society. We need a positive narrative to rebuild confidence.

Question and answer session

Elizabeth Chamberlain and Stephen Dunmore joined the panel for the Q&A session

- **Lord Hodgson**: It is always claimed that the issue is with another part of fundraising, and the discussion hasn’t moved since the last fundraising review. The sector is only as strong as its weakest link. Why is a charity publically saying they don’t want to pay £15,000 for the regulator? Has there been real change in the sector?
  - **Lord Grade**: The Charity Commission is taking it very seriously, and is making trustees’ responsibilities clear. If the Regulator fails then the Charities Bill gives the government statutory regulatory powers, which no one wants. When they see the Regulator isn’t trying to interfere, just restore confidence, relationships will be better.
  - **Peter Lewis**: Whilst the IoF could have done more in the past, they have now been very quick to change. Large charities are now actually thinking about how they communicate
with donors. The creation of the Regulator, the structural changes and the merging for the IoF/PFRA will mean it is much simpler to make changes.

- **Baroness Armstrong**: Most charities don’t have fundraisers - most are just scraping by. We have many more rich people in this country now and we need to encourage them to give more. They are stopping because of the discourse, which is causing a problem recruiting trustees too. Is it fair that it is affecting small charities’ ability to raise funds?
  - **Lord Grade**: Those who aren’t misbehaving have nothing to fear. We must show that sensible regulation will fix the small issues that give the whole sector a bad name.

- **Baroness Fritchie, Chair of Lloyds bank foundation**: 80% of charities are small or medium, and local, yet local authorities are too often giving money to large national charities. How do large and small charities work together to make a difference.

- **Lord Shinkwin**: Medical research charities in particular should be more transparent about what they are fundraising for when there are particular ethics attached, such as human/animal hybrid research. There should be a duty of transparency.
  - **Lord Grade**: You would have to think hard about which body was best placed to address such an issue, which is a very serious charge.
  - **Stephen Dunmore**: Good practice is to be absolutely clear what it is you are fundraising for. The IoF has a code of guidance, as does the PFRA, and the Regulator has the challenge of making it all coherent. It is a key part of our job to look at good practice, share examples of the many charities who are doing well, and to change values in the sector.

- **Viscount Eccles**: I have an account at CAF, who donate funds to NCVO. Shouldn’t something like this be opt-in?

- **Baroness Barker**: To what extent will online fundraising be a part of the work of the Regulator? There is a lot of good, a lot of bad, and a lot of just poor practice. We do want poor practice to change but wouldn’t want to publically risk the reputation of charities to fix it. Will charities trading be going to the Charity Commission or to the Regulator?
  - **Lord Grade**: Donors don’t discern between being approached online, through the letterbox or in the street, so to us good practice is good practice. On Good/bad/poor-the Regulator will act with proportionality. On trading, I suspect if it is a trading subsidiary then probably Charity Commission.

- **Patrick Murray, New Philanthropy Capital**: It is a problem of culture, so change needs to come from the sector. Where do the charity representatives feel their boards are?
  - **Joe Jenkins**: Charities need to be proactive in seeking out what good fundraising looks like through things like the Commission on the Donor Experience. As we raise the bar bad practice will be exposed and fall away. The encouragement for trustees to get involved in fundraising is welcomed.
  - **Abi Betts**: Agreed cultural change needs to come from within. In terms of her board, they have a fundraising advisor group on the board, who are very directly involved in fundraising.
  - **Lord Grade**: If there is a very bad case early on it could have serious repercussion, given the emphasis that Charity Commission has put on trustees to be aware of how money is being raised. Hopefully trustees will be stimulated to be more inquisitive.

- **Alastair Mulvie, Abbeyfield Society**: How do we increase buy-in to the IoF?
  - **Peter Lewis**: The IoF has 5700 members from 2500 charities. Now that the code is being passed to the regulator, the role of the IoF can focus on best practice. The code already has donor protections, trustees should already know this.
• **Nigel Shattock, Seafarers UK:** How do we ensure the public perception doesn’t negatively impact on charities ability to build relations with new donors?
  - **Lord Grade:** The Regulator will hopefully avoid that tipping point. Everything we do will be informed by dialogue with stakeholders. Not everything we do will be wonderful, they can’t all like us, or we will be ineffective. Non-statutory regulation means an ability to adjust and move very quickly, without a need for consultation. No doubt we will get something wrong though.
  - **Abi Betts:** is worried about the capacity to manage the complex changes and administrative burden as a small organisation.
  - **Joe Jenkins:** The sector is very complicated; a supporter may get a mailing from someone they don’t like, sign up to FPS, without realising they will lose their school newsletter or similar. There has been new guidance for trustees to understand, all codes of conduct have been updated, some going changing overnight. We want to do perform best practice, but the scale and pace of change is a problem.
  - **Stephen Dunmore:** The only additional administrative burden will be the need to check against the FPS, as you currently need to do with the TPS and MPS. An organisation that does one can do the other. If we change the code it is because it is a necessary part of good practice that charities need to do, not a burden. I am more interested in ensuring cultural change takes place. As far as reviewing the changes, that will happen in time, but give the Regulator a chance to get going first.

• **Suzanne King, Small Charities Coalition:** How will unintended consequences of the changes be externally evaluated?
  - **Stephen Dunmore:** We will be as transparent as possible in everything we do; we will publish our plans and review and evaluate our activities regularly.

• **Lord Hodgson:** Will there be one single email, to which donors can write. Will charities have to publicise your contact details?
  - **Lord Grade:** Yes to all points.

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About the APPG on Charities and Volunteering
The All Party Parliamentary Group on Charities and Volunteering exists to provide a forum for discussing issues affecting the voluntary and community sector with Parliamentarians from across the political spectrum.

Next meeting
Social Investment, 16.00-18.00 13 April, Committee Room 6, Houses of Parliament

Please RSVP to charitiesappg@ncvo.org.uk to attend, or to be added to the mailing list.