

FUNDRAISING SUMMIT

4 December 2015

Sir Stuart Etherington

As a vital public interface for charities, fundraising is one of the most significant reputational issues facing the sector at the moment. Fundraising is a critical, necessary way for charities to support those in need, and it is therefore fundamental to the charity sector's success, sustainability and independence.

For fundraising to be successful in maintaining and increasing public support, it must be undertaken responsibly and regulated in a way that empowers charities and gives the public confidence.

Unfortunately, the revelations over the Summer showed that some fundraising practice has fallen short of the public's expectations.

In the face of growing demand, we have seen examples of charities feeling that they have to push harder for the donations they need to carry out their work. Some of the techniques used, or the manner in which they have been used, present a clear risk of damaging charities in the public eye.

When the review started, myself and the rest of the panel heard repeatedly that there is a risk of a fall in donations if anything is done to hamper fundraising practices. And it is true that, by and large, people give when they are asked to give, rather than spontaneously.

But as much as there may be a risk of a decline in income in a move to tightened fundraising regulation, there is a far greater risk should the public lose faith in charities.

Key principles and recommendations

We agreed that there was a need to change the way fundraising is regulated. The present system is too complicated with too many bodies covering different yet sometimes overlapping aspects.

The recommendations we have made aim to achieve a better balance between the public's right to be left alone and charities' right to ask.

Contrary to what one may think by reading some of the coverage and commentaries, our focus was on creating a simple and clear regulatory system, comprehensible to

the public and charities, which would ensure fundraising is undertaken in a responsible, respectful manner that views donors as long-term partners. It was not about establishing a Fundraising Preference Service that would be the death knell of charity fundraising.

Our key recommendation was therefore the establishment of a new fundraising regulator with increased powers, to replace the FRSB.

This new regulator will have control over the Code of Fundraising Practice.

It will also have tougher sanctions, including a power to name and shame, and require charities to cease fundraising campaigns if it identifies serious problems with them.

There is also a shift to co-regulation: the new regulator will be expected to work in co-operation with the Charity Commission (and other appropriate regulators such as OSCR in Scotland, and HEFCE for universities).

These statutory regulators will act as an additional 'backstop'.

Why the Review recommended the FPS

Our other key recommendation is the creation of a 'Fundraising Preference Service', as an easy way for the public to stop unwanted fundraising communication from charities.

We are very clear that charities have a right to ask. But it is equally clear that the public have a right to be left alone – and for some, that balance has gone awry.

The Fundraising Preference Service is a way in which people can be given more control over the communications they receive.

We deliberately left the recommendation broad, so that the details of how the FPS should be set up and operate in practice could be discussed and decided in consultation with the sector.

The Review's thinking was limited to the following key elements:

- That the FPS would be run by the new Fundraising Regulator
- That one of the ways in which the FPS would act would be as a simple 'reset button', allowing members of the public to fully opt-out if they no longer want to be contacted for fundraising purposes.

There is nothing stopping the sector from further developing the FPS so it can work both as a service for those parts of the public who wish to be left alone, and for

charities that wish to maintain their reputation by not contacting those who do not wish to be approached.

Progress so far

I'm very pleased that since the publication of the report there has been significant support from the vast majority of charities for its recommendations.

Most of the recommendations have been welcomed by charities and the wider fundraising sector, including the bodies directly affected such as the IoF and PFRA.

Government has accepted the recommendations in full.

The sector is now moving quickly to implement the recommendations.

A key step was on 12 October, when I co-chaired a meeting with the Minister to discuss practical implementation issues and ensure engagement of a key stakeholders.

At this meeting:

- FRSB agreed to assist in setting up new Fundraising Regulator, while continuing to carry out its regulatory functions in the interim.
- IoF agreed to hand over responsibility of the Code to the new Fundraising Regulator.
- IoF and PFRA outlined plans for merger, which has been brought forward and is planned for Spring 2016.
- Representatives of large fundraising charities agreed to provide funding for set up costs of the new Fundraising Regulator.

Following the meeting:

- A working group is being set up to develop proposals on how to establish the 'Fundraising Preference Service', with a view to having this operational by Spring 2016.
- NCVO has been engaging with the Information Commissioner and the CEOs of some of the largest fundraising charities, to discuss what the new EU General Data Protection Regulation will mean.
- We are in the process of setting up a working group of CEOs who, as a demonstration of their commitment to meet the new requirements, will develop proposals on how charities move towards a system of 'opt in' in their fundraising.

Conclusion

The review sets out the way in which our sector can make a success of what is the last chance to demonstrate that it can bring its own house in order.

Let me be clear that this is self-regulation: the emphasis on 'self' means that it is not statutory regulation simply financed by the sector, but it is regulation nonetheless.

It is therefore important that we all engage in implementing the recommendations and developing the rules that will strengthen the system.

Ultimately what is most important is for fundraising to move above and beyond regulation and compliance, from simply just doing things right to also doing the right thing.

Today is one opportunity to do this and demonstrate that we have taken full responsibility and are committed to rebuilding our relationship with donors and the public so that confidence is not simply restored, but strengthened.