

STUART ETHERINGTON'S SPEECH AT EVOLVE 2015

15 June 2015

CHECK AGAINST DELIVERY

Thank you Martyn.

Good evening. I shan't keep you from your dinner for too long but there are a number of important things I would like to talk briefly about.

Last week we published the 2015 UK Civil Society Almanac, a comprehensive overview of what's happening in the voluntary sector.

It paints a picture of a large, strong sector which continues to play a vital role in society – but it also shows a sector which, in some areas, still has a fight for survival on its hands.

The sector's overall income has fallen back a little from its peak in 2007/8, and has stagnated since.

Despite this, I firmly believe we have not yet seen the real peak of the voluntary sector's scale and its contribution.

Among the challenges, there is cause for hope. The sector has seen a rise in income from individuals, particularly earned income.

Charities are diversifying – looking for, and finding, alternative sources of funding.

We are increasingly recognised as experts and our services sought out – in principle, at least – by government. Although in practice, as you know, there is much work to do when it comes to translating encouraging words on public services into actual procurement practice.

And we live in a generous country, in terms of both money and time.

So, I am, on the whole, optimistic.

But we should make no mistake: many in this sector are in an exposed position, not directly, or not only, as a consequence of financial issues, but because of changes in society.

We are confronted by a growing distrust in institutions, and a public increasingly prepared, rightly, to question.

The barriers to entry for new, disruptive organisations are low. An online campaign can build nationwide momentum overnight, hundreds of thousands can be raised in a day.

This is a good thing.

But for established charities to maintain their appeal in this era, they must ensure they are seen as inclusive, involving and open. And they must be seen as unimpeachable in their values.

We cannot afford further scandals. And the surest way avoid them is to work to high standards.

Clearly, one of the most significant reputational issues facing the sector at the moment is that of fundraising.

It was said by some that the sad death of Olive Cooke, a life-long volunteer fundraiser, was prompted by aggressive fundraising techniques. There is no doubt in my mind that the headlines making this link will turn out not to be a reflection of the facts. Her family have gone out of their way to make clear that this was not the case.

But there is equally no doubt in my mind that there is clear public concern over fundraising which deserves to be taken seriously. We cannot write it off as some have sought to do.

There has been much heat but little light on this topic in recent weeks. The important thing before us is to address the substantive issues.

That is to say, how might we go about securing public trust in fundraising, and by extension, charities?

I would start by saying that the correct regulatory regime is not one that is convenient for those who are being regulated, but one that adequately balances the interests of the public and the regulated.

If this can be done satisfactorily through self-regulation, then it makes sense to do so. But let me be clear: self-regulation is not working in its current form.

I think fundraising self-regulation can be successful in securing the confidence of the public, the sector, and government.

But it will only be so when it is both sufficiently robust and seen to be sufficiently robust.

We must develop it to a point where an objective observer would say beyond doubt that the interests of the public are sufficiently represented.

The fundraising bodies are capable, I believe, of doing this. But they must not duck the challenges involved, or we will simply be back here again, and sooner, perhaps, than you may imagine.

The alternative to self-regulation is, of course, government-backed regulation.

This government is not, by inclination, keen on extending regulation. But it would be naïve to assume that, as such, they would be unwilling to act.

The legal power exists already. It would simply take a stroke of the minister's pen to set government regulation of fundraising in motion. Indeed some peers proposed an 'Olive's Law' as the Charities Bill was debated in the House of Lords last week.

I'm not sure it's a potato the Charity Commission would particularly like to catch – it's kind of hot, if you hadn't noticed. But I certainly don't think such a move would be unpopular with the public.

To be clear: right now, fundraisers are asking the government not to implement a popular, easy and relatively cheap policy. We are asking the minister to defend in parliament to a system many of us would privately express significant doubts about.

We will need to act decisively in order to justify this faith in us.

So – what would convincing self-regulation look like – and how might we get there?

I do not claim to have all the answers. We will set out more detailed proposals in due course. But, in brief, my instinct is that the way to solve it is along these lines:

A conspicuous issue in the current setup lies with the Institute of Fundraising's dual identity, being both the champion of fundraisers, and a body with a key role in regulating fundraisers, in that it sets the code which the Fundraising Standards Board adjudicates against.

I would encourage the IoF either to divest itself of its role in setting the code, or instead, to dramatically overhaul the governance of the code such that it befits a self-regulatory body rather than a trade association.

The first option, passing over responsibility for setting the code, may be the more pragmatic one. It would leave us, and the public, with a clear and comprehensible division between regulator and champion.

The code could live with the FRSB, overseen by a committee of fundraisers and lay members. In which case, there has to be adequate distance between code-setting and adjudication.

If the code is to remain with the IoF, however, they must put clear blue water between the standards committee and the rest of the organisation. Some sort of arms-length arrangement may be appropriate.

The FRSB, for its part, must then be bolstered. Both in terms of its operational capacity, and its dialogue with the public in setting and maintaining standards. It should look and feel like a serious regulator. It should adjudicate on the whole sector's fundraising, abandoning a membership model, and we should discuss its funding in order to accommodate this.

And then it must demonstrate the courage of its convictions.

No more of the 'no cold calling stickers don't apply to charities' nonsense.

As ever, if we as the voluntary sector wish to be taken seriously, in every aspect of our work, then we have to play by the rules.

Finally, the Charity Commission should then make it clear that compliance with the FRSB is expected of all charities that undertake fundraising, and ask questions of any that commit serious or repeated breaches.

Others will have different proposals, some perhaps more radical. In any case, I believe that any solution which leaves us with another blurry line between champion and regulator will do us no favours in the long term.

It took fully two years following Lord Hodgson's recommendations on fundraising self-regulation in 2012 before the IoF, FRSB and PFRA published their response.

It is not my place to suggest a timetable for the changes that must now be embarked upon, but I would advise they should be a little more speedy than that.

When we have done all this, I hope fundraisers will be able to be proud that not only do they do crucial work, but also that they work in an industry that is, quite clearly, held to high standards.

But there is something more powerful for how we are perceived than the right structure of self-regulation.

That is our own values. They should be why we are in this sector in the first place.

It is a charity's trustees who are the ultimate guardian of the organisation's values.

Right now, trustees of all major fundraising charities should be demanding clear and detailed explanation of what the fundraising strategies they have authorised mean on the ground.

The ends, no matter how important, do not justify any means possible being deployed.

If you would be unhappy being on the receiving end of your organisation's fundraising techniques, then they require reassessment.

This may mean giving fundraisers a mandate to focus on methods that are sustainable over the long term.

And trustees must remember too that when we outsource work, we do not outsource responsibility. There must be mechanisms in place to reassure boards that fundraising contractors are working in accordance with their values.

I am optimistic about where the voluntary sector can go, as I said, but we must make bold moves in the right direction now, and we cannot afford to put a foot wrong. We must live and demonstrate our values at every step, whether we think anyone is watching us or not.

So – that's my perspective on where we are. Plenty of opportunity, zero room for complacency.

Please do enjoy your evening – thank you.