FUNDING
& FINANCE

Charities and Fundraising

CHARITY COMMISSION

The Charity Commission

The Charity Commission is the independent regulator of charities in England and Wales. Its aim is to provide the best possible regulation of charities in England and Wales in order to increase charities' effectiveness and public confidence and trust. Most charities must register with the Commission, although some special types of charity do not have to register. There are some 180,000 registered charities in England and Wales. In Scotland the framework is different, and the Commission does not regulate Scottish charities.

The Commission provides a wide range of advice and guidance to charities and their trustees, and can often help with problems. Registered charities with an annual income over £10,000 must provide annual information to the Commission. The Commission has wide powers to intervene in the affairs of a charity where things have gone wrong.

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Contents

A. Introduction

Fundraising is a key source of income for many charities; for some, it is their sole source of income so it is important for the Commission to help charities and their trustees fundraise effectively, efficiently and legally. The aim of this guidance is to help charities and fundraisers work in a way that complies with legal requirements and good practice.

A1. What is this guidance about and who is it for?

This guidance is about fundraising from the public for the benefit of charities and their beneficiaries. It is primarily intended for charities and their trustees, but it may also be of interest to professional fundraisers, businesses and consultants working in fundraising and to donors. Charity law applies to both organisations and individuals who appeal for funds for charitable purposes.

This guidance includes information on charity law as it applies to fundraising, general principles charities should follow when developing a fundraising strategy, where the sector's self-regulatory *Codes of Fundraising Practice* apply and information on issues that charities may encounter. This guidance does not include information on how to fundraise unless there are laws specifically related to that method of fundraising. For information on each fundraising method, the Institute of Fundraising's self-regulatory *Codes of Fundraising Practice* provide specialised guidance.

A2. 'Must' and 'should': what we mean

In this guidance, where we use '**must**', we mean it is a specific legal or regulatory requirement affecting trustees or a charity. Trustees must comply with these requirements. To help you easily identify those sections which contain a legal or regulatory requirement we have used the **L** symbol at the head of that section.

We use '**should**' for items we regard as minimum good practice, but for which there is no specific legal requirement.

We also offer other advice and recommendations that trustees may find helpful in the management of their charity.

A3. Previous guidance

This guidance is an update of Charities and Fundraising (CC20) which was last updated in April 2008. This has been revised and updated to include changes to the law brought in by the Charities Act 2006 and the sector's adoption of self-regulation for fundraising.

A4. Definitions

Although we have tried to write this guidance in everyday language, we have had to use technical terms in places. This list explains some of them:

The **1992 Act** is the Charities Act 1992.

The **1993 Act** is the Charities Act 1993.

The **2006 Act** is the Charities Act 2006.

The **1994 Regulations** are the Charitable Institutions (Fund-Raising) Regulations 1994.

Beneficiary or beneficiaries are the people an organisation's 'objects' (its aims or purposes) are intended to benefit.

A **commercial participator** is not a fundraising business but a commercial enterprise that takes part in a promotional venture, such as an advertising or sales campaign, where the public are informed that contributions will be given to or applied for the benefit of a charity. A commercial participator may be subject to the same regulatory requirements as professional fundraisers if all of its activities are for 'charitable purposes' (see Part G)

A **connected company** is a company that is controlled by a charity, or group of charities, through the votes it, or they, can exercise at a general meeting of the company.

A **fundraising agreement** is a written agreement signed by both parties that sets out the objectives and terms under which a professional fundraiser or commercial participator may raise funds on behalf of a charity (see Part G).

A **governing document** is a legal document setting out the charity's objects (its aims or purposes) and how it is to be administered. It may be a trust deed, constitution, memorandum and articles of association, will, conveyance, Royal Charter, scheme of the Charity Commission or other formal document.

Objects are the legal charitable purposes for which a charity exists or the things that it was set up to achieve as set out in its governing document. The objects may be worded quite broadly and expressed in legal language. They direct, and consequently restrict, how the charity's assets must be used.

A **professional fundraiser** is anyone who carries on a commercial fundraising business, wholly or mainly fundraising for charitable purposes; or any other person who is paid to solicit money or other property for charity. This does not include:

- a charity or a 'connected company' (see below)
- any officer or employee of the charity or connected company

- a trustee of the charity, acting as trustee
- any public charitable collector, other than promoters
- people who solicit funds on TV or radio
- any commercial participator
- anyone who is paid no more than £1,000 for a particular appeal, or no more than £10 per day or £1,000 per year where there is no specific appeal

A **solicitation statement** is a statement that must be made by:

- professional fundraisers when soliciting funds from the public
- commercial participators when explaining how a charity will benefit from a promotional venture
- any other fundraiser who is not a volunteer when taking part in a public collection

The statement must explain the individual's or body's relationship with the charity and the payment that they or the charity will receive (see Section E7 and Part G).

Trustees are the people who serve on the governing body of a charity. They may be known as trustees, directors, board members, governors or committee members. Trustees are responsible for the general control and management of the administration of a charity.

B. Charities and fundraising at a glance

These pages provide a summary of the issues that charities need to consider if they carry out fundraising activities.

Trustees' duties and responsibilities L

Trustees must ensure their charity complies with the law relating to fundraising and follows best practice. This includes all aspects of fundraising including fundraising methods, the costs involved, the financial risk and how the money raised is spent. Trustees need to think about the impact their fundraising methods will have on public opinion and the reputation of their charity. For more information see Sections C3 and C4.

Self-regulation

Self-regulation means charities and professional fundraisers set and follow their own standards of fundraising practice. Self regulation is supported through the self-regulatory codes developed by the Institute of Fundraising and through the work of the independent complaints body, the Fundraising Standards Board (FRSB). Charities become members of FRSB to identify themselves as charities that follow good practice. For more information see Part D and Part G.

Fundraising and the law L

Some aspects of fundraising are subject to specific regulation and law:

- public collections
- gaming activities such as lotteries, raffles etc
- event fundraising
- broadcast and telephone fundraising
- fundraising involving children
- online fundraising
- door-to-door collections
- fundraising involving professional fundraisers
- fundraising involving fundraisers (other than professional ones) who are paid by the charity
- fundraising involving commercial participators

Fundraising may also be subject to other laws that fall outside of charity law such as those relating to gaming, taxation, insurance, child protection and data protection. For more information see Sections E4 and H1.

Fundraising issues

Potential issues that charities may face are detailed in Section F. These include:

- Dealing with complaints

  Charities should have an open and accessible complaints process which will not only enhance public confidence but will also help identify fraudulent fundraising activity. For more information see Sections F5 and F6.

- Fundraising fraud

  Charities can be the victims of fraud or financial crime in the same way as other organisations. Trustees should take reasonable steps to stop fraudulent activity including reporting it to the police. Trustees should also report fraud to the Charity Commission as a serious incident. Further information can be found in our guidance on *Reporting Serious Incidents*.

  Donors and members of the public concerned about the legitimacy of a fundraising activity should contact the charity directly. Any concerns that an appeal or activity may be fraudulent or bogus should be reported to the police.

- Fundraising costs

  There is no set level for fundraising costs, either in law or in good practice. This is because there are many factors that affect the levels of costs that can be incurred, including the method of fundraising, the popularity of the cause and the size and profile of the charity. Charities should secure the best terms for fundraising activities they can for the charity and be open and transparent about these costs.

Charities and commercial partners

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Commercial partners include professional fundraisers whose core business is to provide fundraising services to charities; and commercial participators which are companies who donate a proportion or fixed sum of money from the sale of goods, services or from a promotional venture.

Although charities engage with commercial participators and professional fundraisers very differently, both partnerships are regulated in a similar way. Charities should be aware of the legal requirements that govern fundraising agreements, solicitation statements and how the funds raised are managed. For more information see Part G.

C. Trustees' duties and responsibilities

C1. What are trustees' legal duties in relation to fundraising?

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The short answer

Trustees have an overriding duty to act in the interests of the charity. In doing so, they must act prudently, balancing issues of resourcing and potential risks to the charity. Trustees' duty of care requires that they exercise reasonable care and skill in carrying out their responsibilities.

Where members of the public or volunteers are fundraising on behalf of the charity or where the charity employs a professional fundraiser, trustees should ensure that they have proper and appropriate control of funds. This includes ensuring that funds are only spent for the purpose for which they were raised.

In more detail

Trustees have ultimate responsibility for directing the affairs of a charity, and should ensure it is solvent, properly run, and delivering the charitable outcomes for which it has been set up for the benefit of the public. This means complying with charity law, acting in the best interests of the charity, complying with the legal principles of duty of care and duty of prudence and maintaining control of charitable funds.

In general, trustees must:

- ensure that the charity complies with charity law, and with the requirements of the Charity Commission as the regulator - in particular ensure that the charity prepares reports on what it has achieved and annual returns and accounts as required by law
- ensure that the charity does not breach any of the requirements or rules set out in its governing document and that it remains true to the charitable purpose and objects set out in it
- comply with the requirements of other legislation and other regulators (if any) which govern the activities of the charity
- act with integrity, and avoid any personal conflicts of interest or misuse of charity funds or assets

Acting in the best interests of the charity: Trustees have an overriding duty to act in the interests of the charity and its beneficiaries. This means:

- trustees must not allow their personal interests, or the interests of another organisation or body, to influence decisions made on behalf of their charity
- trustees should not without good reason place restrictions on themselves, or allow restrictions to be placed on them, that would limit their ability to make decisions in the interests of the charity

Trustees should consider both the current and future needs of the charity. For example, trustees may feel there are short-term advantages to be gained from a controversial fundraising appeal that boosts income significantly. However, if the appeal generates negative publicity the long-term impact may damage the reputation of the charity. Trustees should bear in mind that even when the day-to-day management of fundraising has been delegated to staff or volunteers, trustees still carry the ultimate responsibility.

To comply with trustees' **duty of care**, trustees:

- must use reasonable care and skill in their work as trustees, using their personal skills and experience as needed to ensure that the charity is properly run and efficient
- should consider getting external professional advice on all matters where there may be material risk to the charity, or where the trustees may be in breach of their duties

To fulfil these responsibilities properly, trustees should make sure that they keep up to date with the charity's activities and how the charity is run. Trustees should ensure they give sufficient time and energy to conducting the business of the charity such as through regular attendance at board meetings to make strategic decisions. How this is done will vary between different types and sizes of charity.

To comply with trustees' **duty of prudence**, trustees should:

- ensure that the charity is and will remain solvent
- use charitable funds and assets reasonably, and only in furtherance of the charity's objects
- avoid undertaking activities that might place the charity's endowment, funds, assets or reputation at undue risk

- take special care when investing the funds of the charity, or borrowing funds for the charity to use

Control over charity funds: Where the charity gives permission for people to raise money on its behalf, such as someone undertaking a sponsored event or where it employs people to undertake fundraising on its behalf, trustees should ensure the charity receives all the money to which it is entitled. All funds raised should be paid into a bank account in the charity's name before deduction of any expenses. The charity's accounts must show the gross amount of funds raised before the deduction of any fundraising costs or fees and these deductions must be shown as a separate expenditure item in the accounts.

Where the charity has given permission for people to raise funds on their behalf, trustees should ensure that:

- the appeal literature accurately describes the aims of the appeal
- where professional fundraisers are employed as agents for the charity, there is a written agreement that meets legal requirements (further detail in Part G)
- where they enter into a venture with a commercial partner, there is a fundraising agreement that meets the requirements of the 1992 Act

Trustees should also monitor costs against the budget and ensure the costs incurred do not exceed the planned budget. For further information about financial controls (for example, controls over collection boxes and counting, controls over fundraising events) see our guidance *Internal Financial Controls for Charities* (CC8).

The Charity Commission offers information and advice to charities on both legal requirements and good practice to help them operate as effectively as possible and to prevent problems arising. In the few cases where serious problems have occurred we have wide powers to look into them and put things right. Trustees may also be personally liable for any debts or losses that the charity faces as a result. This will depend on the circumstances and the legal structure of the charity. However, personal liability of this kind is rare, and trustees who have followed the requirements will generally be protected.

For more information about trustees' duties, see *The Essential Trustee: What you need to know* (CC3).

C2. What should trustees consider before launching a fundraising appeal?

The short answer

Trustees are responsible for deciding the charity's overall approach to income generation and mission.

Trustees should ensure that the appeal is well planned and adheres to the charity's values and objects, taking into account any financial or reputational risks connected with the proposed fundraising appeal. With any significant fundraising appeal, this may require a business plan, a budget and possibly require professional legal and accountancy advice. The objects, reputation and values of the charity should be carefully considered prior to launching any fundraising appeal, as fundraising is frequently the only interaction the charity has with the public and will consequently affect the charity's reputation and influence the opinions of potential donors and supporters.

In more detail

When launching a fundraising appeal, trustees should ensure that the appeal is in the best interests of the charity and in doing so, is following good practice.

In most cases, it will not be the trustees themselves who raise funds for the charity or organise fundraising on a day-to-day basis. The trustees retain overall responsibility for every aspect of the charity's activities and they should have proper mechanisms for delegating activities such as fundraising, with clear terms of reference for those exercising the delegated authority. The trustees should take an active interest in fundraising and ensure that they receive regular reports on performance targets in order to exercise proper oversight. For small charities such as local grass-roots community groups, it may not be appropriate to have formal mechanisms in place such as terms of reference. However, it is essential that trustees of small charities are still aware of their responsibility to ensure the proposed fundraising appeal is well planned and well executed.

Here are some basic questions trustees and their charities should ask prior to launching the appeal. These questions will also help to show that the trustees are discharging their legal duty to act in the best interests of the charity when making decisions.

Determine what the fundraising is for

Is it for a specific purpose or the general purposes of the charity?

- If it has a specific purpose, such as to buy a particular building or piece of equipment, charities should specify how the funds will be applied if the funds cannot be used for the purpose, for example, if insufficient funds are raised to fulfil the main purpose of the appeal or if surplus funds are raised.
- Trustees should set a start and end date for any appeal for a specific purpose.
- Where the appeal is for general funds and a specific project is mentioned in the appeal literature, this should be clearly identified as an example of the charity's work. Care needs to be taken not to mislead donors into thinking that their money will only be used for a particular project when this is not the case.

Does the appeal have a specific target? Is there a minimum amount the appeal needs to raise or are there a series of targets or thresholds depending on how much is raised?

- Determining the amount you need to raise will help you choose the most appropriate method of fundraising for your appeal and provide an estimate of how long it will take to achieve that target.

Develop a plan

What expenditure is required to run the fundraising appeal?

- Fundraising costs money, and to be effective, it may require initial investment from the charity. A major fundraising appeal can be a significant financial commitment that will involve planning and an assessment of the risks and setting of a budget. Trustees should balance their investment with the expected income, ensuring it is a reasonable investment.

What fundraising methods will be used?

- There are many ways to raise money. The most appropriate method will depend on balancing factors such as resources, time frame and the existing or potential donor base.

What is the budget and projected timeline on this appeal?

Does the proposed appeal require professional legal or accountancy advice? • If you do require professional legal and accountancy advice, have you budgeted for the costs of this advice?
Does the charity have enough staff or volunteers to run this appeal? Will you require the recruitment of new staff, volunteers or professional fundraisers to achieve your goal? • It is important to ensure you have enough staff or volunteers to ensure the appeal is run smoothly and the funds are collected correctly. You may also consider recruiting volunteers to assist in the appeal.
Do staff or volunteers need to be trained and has this cost been incorporated in the budget?
Risk Assessment
What are the financial risks?
Is there a risk to the charity's assets or data?
Is the appeal financially viable? • Are the projected costs of the appeal higher than the return? Should the appeal fail to raise enough funds, will the charity remain solvent? How likely is it that the appeal will raise sufficient funds?
What are the reputational risks? • Is there a risk of alienating your donors, beneficiaries or the public when employing particular methods of fundraising? Are there any ethical issues that should be taken into account?
Is the appeal in line with the charity's values and mission?
Choosing a fundraising method
What is the most effective method of raising the required funds?

Is there a secondary purpose to your fundraising such as awareness raising or public education? Will this affect the budget and the chosen method of fundraising?

Is the chosen method in line with the values and ethos of your charity?

- Fundraising can shape the character of a charity, and can affect organisational values. The fundraising strategy should be influenced or determined by the charity's values, not the other way around. It is important that people who fundraise for the charity understand from the outset the charity's values and recognise that they are representing the charity. For example, if a charity's beneficiaries are gambling addicts, it would not be appropriate to fundraise using lotteries.

Do you need to take professional advice?

- If this is a fundraising method new to your charity, will you require some professional advice, whether this is legal, accounting or industry expertise?

Have the Institute of Fundraising's *Codes of Fundraising Practice*, been consulted and followed?

If you have determined you will need the services of a professional fundraiser or commercial participator to carry out the appeal, these are some questions trustees and charities should ask.

Professional Fundraisers

How should the charity choose a professional fundraiser?

- Seeking quotes from several professional fundraisers will help your charity to get a competitive price. Exercise your right to inspect the accounts and records of the professional fundraiser and seek references from former clients if you are unsure.

Has the charity negotiated a fundraising agreement that is in the best interests of the charity?

- Trustees should ensure that no legal document is signed unless they are satisfied the terms, especially the cost of the service, are in the charity's best interests; to do otherwise is likely to be a breach of duty. It is therefore essential for trustees to consider whether there is a need for legal and accountancy advice. Care should be taken to record the advice taken and the discussion around any major decision or commitment so that the trustees' decision-making process is documented should the decision be revisited for any reason.

Has the marketing material been approved by the charity before release?

- Trustees should take reasonable steps to ensure that the charity's good name is protected. Trustees, or members of staff to whom responsibility is delegated, should approve fundraising material, the use of the charity name, image and logo and ensure that there is control over any intellectual property rights, especially when dealing with third parties such as professional fundraisers and commercial participators.

Commercial Participators

Has the charity negotiated a fair fundraising agreement with the commercial participator?

- Like fundraising agreements with professional fundraisers, trustees should ensure that no legal document is signed unless they are satisfied the terms are in the charity's best interests; failure to do this is likely to be a breach of duty.

Has the marketing material been approved by the charity before release?

- Charities should ensure they exercise control over the use of their charity's name, image and logo on any marketing material such as packaging, advertisements and notices.

Having considered all these questions and issues, trustees should ensure a review and monitoring process is in place to enable the trustees to evaluate the success or failure of the fundraising appeal.

C3. What should trustees consider when choosing a method of fundraising?

The short answer

Trustees should be aware of and comply with the law governing fundraising (as explained in Part E of this guidance) and whether the proposed activities correspond with the charity's values. Trustees should also reflect on the financial and reputational risks, for example, the possible consequences of a contentious appeal.

In more detail

The Commission encourages charities to be innovative in their approach to fundraising but reminds trustees of the need to consider the advantages and disadvantages, including potential financial and reputational risks and the ethical implications of any method of fundraising prior to adoption. It is ultimately the responsibility of the trustees to ensure that any fundraising method is in the best interests of the charity. Some charities have been particularly successful in adopting new approaches to raising funds, such as appeals driven through social networking.

Some fundraising methods are contentious and sometimes unethical, which may alienate or upset members of the public, such as the use of:

- excessively emotive language
- distressing images of beneficiaries
- targeting and pressuring vulnerable donors who may not be able to afford or understand the terms of the donation or ongoing donations they are committed to
- insistent and repeated phone calls, mail or emails
- enclosing a product such as pens, umbrellas or other items in mailings to generate donations through financial guilt

Although the charity may see a short-term gain to employing such methods, donors may feel that they are being unduly pressured into donating and develop a negative perception of the charity and charities generally. Trustees should be aware of potential issues and risk factors before agreeing to a method of fundraising that may be considered contentious. Charities should not use any methods of fundraising that may damage public trust and confidence in charities.

Trustees are strongly advised to be aware of legal, good practice and ethical considerations of their chosen fundraising methods prior to authorising a fundraising appeal. See Part E and H for more information on legal and regulatory requirements.

Any charity considering any of the following fundraising activities, in particular, should consider the guidance in the Institute of Fundraising's (IoF) *Codes of Fundraising Practice* and if necessary take further professional advice:

- 'charity challenges' or outdoor events such as sponsored activities or overseas aid work
- events such as fêtes, auctions, dinners or concerts
- face-to-face fundraising, the public solicitation of committed giving by direct debit or standing order
- telephone or broadcast collections
- online fundraising appeals
- payroll giving
- raffles and lotteries
- legacy fundraising
- telephone recruitment of collectors
- use of 'chain' letters or emails - this is strongly discouraged by the Charity Commission and sector bodies as chain letters can be an annoyance to potential donors and charities quickly lose control of the content of the letters leading to a high risk of fraud and significant damage to the charity's reputation

Charities should consult the Advertising Standards Authority's Advertising Codes for more information on advertising standards for mailings, television advertisements and other media.

C4. What risks should charities be aware of?

The short answer

Charities face some level of risk in most of the things they do, including fundraising. The diverse nature of the sector, how it fundraises and its activities mean that individual charities face differing levels of risk and exposure.

In more detail

Identifying and managing the potential risks that a charity may face is a key part of effective governance for charities of all sizes and complexity. Trustees should have a written risk management plan in place to ensure they are confident and well informed in making their decisions and the charity is able to withstand the associated risks.

By managing risk effectively, trustees can help ensure that:

- significant risks are known and monitored, enabling trustees to make informed decisions and take timely action
- the charity makes the most of opportunities and develops them with the confidence that any risks will be managed
- forward and strategic planning are improved
- the charity's aims are achieved more successfully

Reporting in its trustees' annual report on the steps a charity has taken to manage risk helps to demonstrate the charity's accountability to its stakeholders including beneficiaries, donors, funders, employees and the general public.

Types of risk

Major risks are those risks that have a major impact and a probable or highly probable likelihood of occurring. If they occurred they would have a major impact on some or all of the following areas:

- Governance

  For example, a governance risk is a charity lacking direction, strategic and forward planning which can jeopardise the sustainability of the charity. This risk can easily be managed through the implementation of financial planning, strategic planning and ongoing monitoring of the financial and operational performance. Other examples of governance risks include a lack of appropriate trustee oversight and skills, trustee conflicts of interest and the loss of key staff.

- Operations

  Operational risks include contract risk, competition from similar charities and security of assets. For example, competition from similar charities may include a charity choosing to run a fundraising appeal on the same day as a major appeal from a high-profile charity. The smaller charity with a lower profile will be unable to attract the expected media attention or projected donations owing to the larger charity's appeal. This risk could be avoided by prior research into planned major appeals and choosing another date.

- Finances

  Financial risks include poor budgetary control and financial reporting, dependency on income sources and fraud. Where charities are dependent on a single source of income, whether this is fundraising, grants from a single funder or trading, any issues with this income stream will have significant consequences for the sustainability of the charity. This risk can be mitigated by identifying the major dependencies, implementing an adequate reserves policy and considering a diversification plan.

- Environmental or external factors such as public opinion or relationship with funders

  Environmental and external factors include public perception, adverse publicity, relationships with funders, demographics of donors and government policy. Damage to reputation arising from adverse publicity can have long-term consequences. Public and donor trust hinges on the good reputation of a charity and its brand. If it is widely publicised that a charity is misusing charitable funds, funders and donors will no longer support the charity. Adverse publicity may also arise from external factors such as a bogus collector who is using your charity's brand to raise funds for personal gain. These risks can be managed through the implementation of an external and internal complaints process so that issues are caught and resolved by the charity.

- A charity's compliance with law or regulation

  Compliance risk is when the charity fails to comply with law or regulation, resulting in penalties, loss of public trust and possible loss of funding. This risk can be avoided by identifying key legal and regulatory requirements, allocating responsibility for key compliance procedures and implementing compliance monitoring and reporting systems.

Any of these major risks and their potential impacts could change the way trustees, donors or beneficiaries interact with the charity and endanger stable fundraising income streams. Following identification of the risks that a charity might face, a decision will need to be made about how they can be most effectively managed.

There are four basic strategies that can be applied to manage an identified risk:

- transferring the financial consequences to third parties or sharing them
- avoiding the activity giving rise to the risk completely
- management or mitigation of risk
- accepting or assessing it as a risk that cannot be avoided if the activity is to continue

Being aware of and managing risks is a simple task that enables trustees to develop measures to ensure the sustainability of their charity and foresee any potential issues and avoid them. Simple procedures to measure risk include taking greater care to examine contracts carefully, developing a budget and financial plan, purchasing insurance, keeping informed of government polices through sector news. The complexity and formality of these measures will vary between charities, depending on their size, security of their funding, levels of risk and existing procedures in place.

For more information on risk management, see *Charities and Risk Management* (CC26).

D. Self-regulation in practice

The principle behind self-regulation is that charities and professional fundraisers set and follow their own standards of fundraising practice, with the aim of enhancing the public's confidence and trust in the sector.

D1. What does self-regulation mean?

The short answer

The Commission does not routinely regulate fundraising as an activity in its own right. Trustees and their charities follow the *Codes of Fundraising Practice* developed by the sector, through the Institute of Fundraising, and regulated by the Fundraising Standards Board. Charities should ensure they are fundraising appropriately and responsibly, protecting public trust and confidence in charities' work. The Commission supports the sector's self-regulation of fundraising activities.

In more detail

The principle behind self-regulation is to allow charities and professional fundraisers to demonstrate good practice, eliminate poor practice and increase public trust and confidence in charities and the wider voluntary and community sector. Industry-developed *Codes of Fundraising Practice* set out practical systems and standards for charities to fundraise in ways which are accountable and transparent. These measures enable the public to make decisions to donate based on how well charities operate and how their donations are raised, managed and spent on beneficiaries. Accountability and transparency are crucial to an open and honest relationship between a charity and its donors, members of the public and beneficiaries.

If the current system of self-regulation is unsuccessful, there are reserve powers in the 2006 Act to introduce statutory regulations to control fundraising.

The Institute of Fundraising (IoF) has developed the *Codes of Fundraising Practice*. The Commission works with the IoF on the Codes.

The Fundraising Standards Board (FRSB) is the independent body which handles complaints from the public about their members' fundraising practices that contravene the Codes. FRSB's members use the FRSB 'Give with Confidence' tick to enable the public to recognise charities who comply with good practice.

How does self-regulation work?

The responsibility for ensuring that fundraising is conducted in a way that is legal, effective and efficient falls on the charity and its trustees. Trustees should ensure that they are following good practice and that they have considered the impact of their proposed fundraising appeal on the charity's budgets and the associated risks and potential benefits.

There are issues that can arise in the context of fundraising that are the subject of formal regulation by the Charity Commission and other regulators. Part E of this guidance outlines the legal issues that trustees should be aware of.

D2. Who are the self-regulatory bodies and where can guidance on good practice be found?

The short answer

The Institute of Fundraising (IoF) developed *Codes of Fundraising Practice*. Trustees should be aware of and ensure that their charities follow these Codes. Contact details are provided in Section H3.

In more detail

The self-regulation framework: The Institute of Fundraising and the Fundraising Standards Board (FRSB) are two of the voluntary sector bodies that are responsible for the self-regulation framework. These bodies are a source of advice and information about good practice in fundraising. Trustees who employ professional fundraisers or staff who fundraise can identify those following good practice by checking whether they are members of IoF and FRSB, or where appropriate, the Public Fundraising Regulatory Association.

The **Institute of Fundraising** is the professional body that represents fundraising in the UK. IoF produces a guide for trustees on fundraising. It has also developed the *Codes of Fundraising Practice*, which represent a benchmark of good fundraising practice.

The **Fundraising Standards Board** deals with complaints about breaches of the IoF's *Codes of Fundraising Practice*. FRSB's members abide by the IoF's Codes of Fundraising Practice and the FRSB Fundraising Promise in addition to using the FRSB 'Give with Confidence' tick (pictured below) to enable the public to recognise charities and professional fundraisers who comply with good practice.

Specialist self-regulatory bodies

The **Public Fundraising Regulatory Association (PFRA)** is the voluntary membership body for direct debit donations through face-to-face and door-to-door fundraising. The PFRA promotes and implements the IoF's Face-to-Face Activity Code, its own good practice guidance and coordinates street collections with local licensing bodies.

Please note, there are many other associations dedicated to supporting and providing advice and information on specific fundraising methods. These organisations do not usually have the same level of responsibility for dealing with complaints about breaches of fundraising practice. IoF maintains a list of organisations that can be found on the IoF website.

D3. How can charities assure members of the public that they are giving to a genuine cause?

The short answer

Charities can assure the public they are giving to a genuine cause through being accountable and transparent in the charity's governance, operations, fundraising and how the charity serves its beneficiaries.

In more detail

Charities should be prepared to answer questions from members of the public such as:

- What are the charity's objects, mission and who are beneficiaries?
- How have the objects and mission of the charity been achieved in the past year?
- How does the charity intend to achieve its objects in the next year?
- How does the charity intend to use the funds raised in the appeal?
- What will happen to the surplus funds if they raise more than required for the specific purpose?

The Charity Commission recommends that fundraisers:

- be able to produce a valid local authority or police licence
- where applicable, make a solicitation statement (see Part E7 of this guidance)
- wear an official identity badge from the charity or professional fundraiser
- have a sealed collection container with the charity's registration number and name on it that matches the details on their identity badge
- be able to tell members of the public how to contact the charity directly and how to donate using other methods
- be able to prove that they have the charity's permission to collect

Professional fundraisers and commercial participators must, by law, declare how much of the donation will be paid to the charity and should be able to produce a copy of a written agreement with the charity.

Finally, the charity is required by the 1993 Act to supply a copy of their most recent annual accounts to any member of the public who requests a copy. For charities with an income over £25,000, the annual reports and accounts can be found on the Commission's Register of Charities, along with other useful information about the charity such as size, objects, financial history, activities and income. For charities below this threshold, information about objects, financial history, accounts and activities can be found on the register at the *Register of Charities.*

The Institute of Fundraising's *Accountability and Transparency Code in Fundraising* provides useful guidelines for charities.

E. Fundraising and the law

Certain fundraising activities are subject to specific regulation. This part of the guidance describes the main regulations that trustees need to be aware of.

E1. How should a charity report on its fundraising to the public and donors?

L

The short answer

For charities with a gross income over £500,000 which are required to have an audit, the Statement of Recommended Practice requires that the trustees comment on any fundraising activity undertaken during the year. Smaller charities might find this a useful activity to do as well.

In more detail

The Statement of Recommended Practice (SORP) is issued by the Charity Commission and the Office of the Scottish Charity Regulator and gives instructions on how charities are expected to report on their activities, income and expenditure and financial position in their annual report and accounts.

SORP requires that the trustees should report on fundraising activities undertaken by the charity in the year. This report should include details of the performance achieved against the objectives set for the fundraising activities. It should also comment on any expenditure on future fundraising activities based on their income strategy and explain the effect on the current year's fundraising return and anticipated income generation in future periods. Charities with a gross income over £500,000 are required to follow the recommendations of SORP in full.

Every registered charity is expected to produce an annual report and accounts that explains where its money comes from and how the charity disbursed the funds. However, SORP only applies if the charity prepares accruals accounts. Accruals accounts report financial activities on the basis of when the activity happens, rather than when the cash is received and spent.

For more information, see *Help with preparing Charity Accounts and Reports.*

E2. Do charities have to pay tax on the money they raise?

L

The short answer

Charities may be able to benefit from VAT and direct tax reliefs but conditions apply.

In more detail

Fundraising events and VAT

Charities should consider the tax implications of any fundraising event held. In some circumstances, charities may qualify for a VAT exemption. For more information and to see if your charity event qualifies for an exemption, see HMRC's guidance on *charities and VAT.*

Tax-effective donations (Gift Aid)

Trustees should make use of tax relief schemes available to increase their charity's income. One way that charity trustees can maximise the value of the cash donations they receive from UK taxpayers is to ensure that donations fall within the *Gift Aid scheme.* Charities need to ensure that they obtain completed Gift Aid declarations from their donors in order to benefit from the scheme. IoF have also produced a guide to *tax-effective giving.*

For a complete listing of HMRC's charities guidance, see www.hmrc.gov.uk/charities/tax/index.htm and www.hmrc.gov.uk/charities-donors/index.htm

E3. When a charity is fundraising is there a legal requirement to state that it is a charity?

L

The short answer

Yes, if you are a registered charity with an income above £10,000 a year. These charities must state they are a registered charity on a range of documents including on their website, advertisements and other documents such as receipts. This requirement extends to any notices, advertisement or documents used to fundraise. There are additional rules for charities that also operate in Scotland.

In more detail

Section 5 of the 1993 Act says that registered charities with a gross income of £10,000 or more in the last financial year must state, on a range of official documents, that the charity is registered. These documents include notices, advertisements, material placed on websites, invoices, receipts and other documents issued by or on behalf of a charity that are intended to persuade the reader to give money or property to the charity. This includes the solicitation of membership subscriptions.

It is good practice to include your registered charity number on your website and all correspondence. This can give confidence to donors and members of the public that your charity is legitimate and enable them to research your charity on the Commission's Register of Charities.

Charities in Scotland are regulated by the Office of the Scottish Charity Regulator (OSCR) and are subject to Scottish law. If a charity established under the laws of England and Wales wishes to fundraise in Scotland, it should check whether or not it also needs to register as a charity with the OSCR. The publications and guidance page on the *OSCR website* provides guidance on this issue specifically aimed at English and Welsh charities.

E4. Which fundraising activities are subject to specific regulation?

L

The short answer

There are specific regulations for public collections (street collections, door-to-door collections, face-to-face collections), fundraising involving professional fundraisers, fundraising involving commercial participators, charity staff paid to fundraise in public places and lotteries.

There are also other laws and regulations that affect fundraising that may apply such as data protection, child protection and the telephone preference system.

In more detail

The fundraising activities below are subject to specific legal requirements, depending on how they are structured and whether professional fundraisers or commercial participators are involved. A list of the relevant legislation charities must comply with can be found in Section H1.

All fundraising that involves recording or taking down personal details is subject to data protection laws. Charities that use face-to-face fundraising, online fundraising, direct mail, events, broadcast or telephone fundraising who handle personal details such as names, contact details and credit or debit details should be aware of and comply with the Data Protection Act 1998. For more details, contact the Information Commissioner's Office.

Public collections

When a charity carries out a public collection, they must seek a licence from the local authority or in some cases, the Metropolitan Police. Fundraisers must give a solicitation statement, detailing how they are remunerated, to the donor.

Gaming activities

Lotteries, bingo, raffles and other gaming activities are subject to regulation under the Gambling Act 2005. The Gambling Act is administered by the Gambling Commission.

Event fundraising

This can be subject to a number of regulations, including local licensing laws, and those for alcohol licensing (if required), food safety and consumer protection. The Home Office's Good Practice Safety Guide provides information on safety at small events and sporting events on the highway, on roads and in public places. Copies can be requested from the Home Office.

See also *Providing Alcohol on Charity Premises* (CC27).

Broadcast and telephone fundraising

In addition to data protection laws and charity law, broadcast and telephone fundraising must comply with Part II, section 59 of the 1992 Act ensuring that donors have a right to a refund if they donate over £100. For more information see Section E8.

Telephone fundraising

Charities should ensure they do not make unsolicited calls to numbers registered on the Telephone Preference System (TPS). Charities may continue to call donors on TPS who they have an ongoing relationship with and who have agreed to be contacted by the charity.

Fundraising involving children

Fundraising that involves children is subject to child protection laws. Any person working with children should be vetted in accordance with the relevant child protection laws. The Commission has produced *Safeguarding Children: Protecting Children in your Organisation*.

Online fundraising appeals

Online fundraising appeals must comply with Privacy and Electronic Communications Regulations 2003 and the Consumer Protection (Distance Selling) Regulations 2000.

Fundraising involving professional fundraisers, commercial participators and fundraisers who are paid by the charity

Part II, section 60 of the 1992 Act requires fundraisers listed above to make a solicitation statement that informs the donor of how they are remunerated. More information can be found in Sections E7, G1 and G2. Commercial participators and professional fundraisers are also subject to regulations in the Charities Act that require charities to have a fundraising agreement with the professional fundraiser or commercial participator prior to fundraising. More information can be found in Part G.

Door-to-door collections

Charities running door-to-door collections are subject to the House to House Collections Act 1939 and local licensing laws. Charities must obtain a licence to fundraise house to house from the local authority, or the Metropolitan Police, unless the charity holds a national Exemption Order from the Cabinet Office.

Legacy fundraising

Legacy fundraising is not subject to any particular laws but is subject to a general legal principle of 'undue influence'.

In addition, charities should be aware that there may be tax implications in undertaking certain kinds of fundraising activity. Further details can be found in our guidance *Trustees Trading and Tax* (CC35) and on the HM Revenue & Customs website; the contact details can be found in Part H.

E5. Can charities run lotteries?

L

The short answer

Yes, although trustees must comply with the relevant legislation overseen by the Gambling Commission, Part II of the 1992 Act and any other relevant legislation depending on how and where the fundraising is carried out.

In more detail

Lotteries are arrangements where people pay to participate for the chance of winning a prize, and are a form of gambling. Raffles, tombolas, and sweepstakes are all types of lottery. Gambling is regulated in Great Britain by the Gambling Commission and trustees considering running a lottery should contact them to find out whether they require a licence.

Different kinds of lotteries:

There are a variety of different types of lotteries. These are the ones most relevant to charities and fundraising:

- **Large society lotteries** are single lotteries that have ticket sales over £20,000, or where an organisation sells more than £250,000 worth of tickets a year. These must be licensed by the Gambling Commission.
- **Small society lotteries** are lotteries where ticket sales in a single lottery are £20,000 or less or where an organisation takes £250,000 or less from all lotteries in the same calendar year. These do not require a licence, but must be registered with the relevant local authority.
- **Incidental non-commercial lotteries** are those held at events where all tickets are sold and the winner is drawn at the event and all money raised at the event goes to purposes that are not for private or commercial gain. They do not require registration, but must be run in accordance with the relevant regulations (The Gambling Act 2005 (Incidental Non-Commercial Lotteries) Regulations 2007). These restrict the total costs that can be deducted for prizes (currently £500) and administration costs (currently £100).

It will also be necessary to comply with the fundraising provisions in Part II of the Charities Act 1992 where these are applicable.

Trustees must ensure that they comply with all relevant regulations, and should contact the Gambling Commission for further information; contact details are in Part H2 of this guidance.

See the Gambling Commission's *licence conditions and code of practice*

The Gambling Commission also produces useful guides for charities on how to run and promote lotteries and other gaming activities such as:

- *Running a lottery*
- *Running small lotteries*
- *Promoting society and local authority lotteries*
- *Advice on non-commercial and private gaming and betting*
- *Race night, casino night quick guide*

E6. Does a charity need permission to collect funds in public?

L

The short answer

Yes, for door-to-door and street collections. Any charity carrying out one of these collections must obtain permission from the relevant licensing authority, either the local authority or, in some areas, the Metropolitan Police. Other public collections may need an owner or landlord's consent.

In more detail

Public collections are the personal solicitation of money or committed gifts, such as cash, direct debits and standing orders, in an area where the public have free access, such as on a street. If the charity is running a fundraising event, the charity must obtain a licence to fundraise from the local authority in addition to a licence to run the event. Public collections also include **street collections or sales** which usually require a licence or permit from the relevant licensing body. Local authorities have powers to make regulations controlling the way in which street collections may be carried out. Most local authorities publish their regulations on their website, or they can be found by contacting the relevant licensing department.

Door-to-door collections must have a licence or an Exemption Order.

Licences are granted by either the appropriate local authority or, if the collection is in Greater London, the Metropolitan Police or the City of London.

Exemption Orders may be granted by:

- the Minister for the Cabinet Office – for a collection over a wide area, the whole of England and Wales or a substantial part of it (applications for these orders are dealt with by the Office for Civil Society)
- the local police – for a local collection to be completed within a short period

The term 'collection' in this context, includes visits from house to house, to public houses (although not for a single collection in an individual public house) and to offices and factories to appeal for money, other property (for example, clothes) or to sell things on the basis that part of the proceeds will go to a charity. At present these collections are regulated by the House to House Collections Act 1939 and the House to House Collections Regulations 1947 and 1963.

The 2006 Act contains provisions for a new regulatory regime for public charitable collections. The provisions have not been implemented and the issue will be considered as part of the review of the Act, which is expected to be completed in 2012.

Other collections from the public: Charities can collect in places where the public has free access but which are not considered public places, and so are not subject to regulations. This includes places such as churches, railway stations and the precincts of shopping centres. Collections here may still require permission from the owner or landlord. Charities should make sure they have the right to undertake collections in such areas and should seek permission.

E7. Do fundraisers have to tell donors how they are paid?

L

The short answer

Yes. The 1992 Act requires fundraisers who are paid, including charity staff, trustees who are paid, professional fundraisers and commercial participators, to declare their status by making a solicitation statement.

In more detail

Solicitation statements are a requirement of the 1992 Act (as amended by the 2006 Act) and are intended to convey useful information to donors. Most fundraisers are obliged to make solicitation statements, including:

- **professional fundraisers** when requesting money or property for the benefit of one or more charities
- **commercial participators** when representing that the contribution will be made to one or more charities during a promotional venture
- **other paid fundraisers** engaged in door-to-door or street collections, such as trustees, officers and employees who are officially acting on behalf of their charity (or a connected company) who are paid for collecting

A paid fundraiser must state:

- for which charity or charities they are fundraising, or, if relevant, that they are fundraising for charitable purposes and not for the benefit of a specific charity or charities
- the proportions in which the charities will benefit (if they are fundraising for more than one charity) or how the proceeds of the appeal will be distributed to different charities (if they are fundraising for charitable purposes)
- whether they are an officer or employee of a charity or connected company or trustee of such an institution and are acting as a collector in that capacity
- that they are paid for acting as an officer, employee or trustee, or for acting as a collector

A professional fundraiser, in addition to the above requirements, must state how their remuneration, in connection with the appeal, is to be calculated and the amount of that remuneration.

Commercial participator solicitation statements vary from other paid fundraisers. A commercial participator must clearly indicate:

- which charity or charities will benefit from the promotional venture
- if there is more than one charity that will benefit from the venture, in what proportions the charities will respectively benefit
- what proportion of the proceeds of the goods, services or promotional venture sold will be given to the charity or charities, or the total amount of the donation given to the charity as a result of sale of goods, services or running the promotional venture

The Office for Civil Society has produced detailed guidance on solicitation statements.

E8. Are there special rules for broadcast and telephone appeals?

L

The short answer

Yes, within a certain timeframe donors have the right to request a refund.

In more detail

The 1992 Act contains special requirements about written statements and refunds in relation to telephone fundraising and broadcast appeals. Where a donor pays £100 or more to a professional fundraiser or commercial participator, regardless of the amount received by the charity, the donor has the right to a refund if it is requested within seven days of either receiving the required written statement from the telephone fundraiser or of the broadcast appeal. These provisions apply to any method of payment used in response to telephone fundraising and to payment by debit or credit card in response to a broadcast appeal.

Charities running telephone and broadcast appeals must also comply with consumer protection (Consumer Protection (Distance Selling) Regulations 2000 and Consumer Protection from Unfair Trading Regulations 2008) and the Data Protection Act 1998 where relevant.

There is further information in The Office for Civil Society's guidance on fundraising.

E9. Can my charity run a disaster appeal?

L

The short answer

Depending on your charity's objects and geographical scope, you may or may not be able to run a disaster appeal.

Even if it is within your charity's objects to run a disaster appeal, trustees should first consider whether they are best placed to organise and run such an appeal or whether other charities are in a better position to do so.

In more detail

When disasters happen, charities play an important role in responding to the crisis, providing much needed aid and support to those affected by the crisis. Before launching an appeal, trustees should consider whether it is appropriate and legal for their charity to run an appeal.

Trustees should ensure the objects of the charity allow the charity to fundraise for the disaster prior to launching the appeal. For example, if the charity's objects are to provide healthcare to elderly people in England, it would not be legal or appropriate for the charity to fundraise for an overseas disaster.

Trustees should also consider the practicalities for the charity of providing support and aid to a disaster. If the charity does not have the capacity or local knowledge to provide the services required but wishes to assist in raising funds, there are other options such as redirecting potential donors to a charity or umbrella body better able to assist or raising the funds on behalf of another charity and directing the funds to the charity or umbrella body working in the disaster area.

Recent disaster appeals have shown that charities should be careful when wording their appeals. The 2004 tsunami appeals raised more money than the charities were able to apply. The Commission strongly recommends that charities make a provision in the wording of the appeal, for how the charity would deal with either excess funds which cannot be applied to the purpose or a shortfall. For more information on failed appeals see Section F1.

The Commission strongly advises careful consideration before starting a new charity in response to a disaster. Well established aid agencies have better networks, infrastructure, expertise and systems in place to respond quickly to disasters. The Commission advises individuals who wish to assist to contact an established aid agency to volunteer their time and expertise instead.

For more information, see *Disaster Appeals* (CC40) and *Charities working internationally*.

E10. Can we raise funds for other charities?

L

The short answer

Yes, if the recipient charity's objects are consistent with your charity's own objects. Donors should also be told how funds will be allocated (whether solely to another charity or proportionately to each charity). In such appeals, trustees should also have permission to raise funds from the recipient charity to raise funds on their behalf.

In more detail

Charities can raise funds for other charities where their objects allow it. Before arrangements for an appeal are finalised, the fundraising charity should discuss with the receiving body the terms on which the appeal funds will be transferred and may want to consider attaching conditions on how the funds are used. Once the proceeds of the fundraising have been transferred they will be out of the fundraising charity's control.

Trustees must also ensure the purpose for which they are raising funds is compatible with their charity's objects and that the proposed fundraising method is an appropriate way of furthering them. For example, many charities' objects are restricted to a local area. Such charities cannot properly raise funds for a purpose outside that area.

Recipient charities should consider the origin of the funds and the methods used to raise them (see Sections F3 and F4). A charity's good name is a key asset and may easily be tainted by links to unscrupulous fundraising. Charities should consider issues of risk in relation to partnership with another charity (see Section C4).

F. Fundraising issues

Fundraising can present many challenges for a charity. This part of the guidance addresses some common issues and questions.

F1. What is a 'failed appeal'?

L

The short answer

An appeal can fail in two ways: it could raise insufficient funds or funds in excess of the purpose of the appeal. If an appeal for a specific purpose does not raise sufficient funds, donors may be entitled to a refund. If it raises excess funds, legal authorisation or a scheme from the Commission may be needed before the excess funds can be directed to a similar purpose. These issues can cost time and resources, so trustees should take steps to prevent this occurring where possible.

In more detail

An appeal fails when some or all of the funds cannot be applied for the purposes stated in the appeal. This may be because insufficient funds were raised or because surplus funds remain after the purpose has been achieved.

Preventing failed appeals

Trustees should take steps to prevent appeals from failing. When framing appeals for a specific charitable purpose such as building a village hall, the trustees should always consider including a secondary, wider charitable purpose within the charity's objects, for which funds could automatically be applied if they cannot be applied for the original purpose of the appeal. For example:

'We are raising funds to buy a scanner for the hospital. If for any unforeseen reason we are unable to purchase the scanner, or there are surplus funds left over, we will use the donations to purchase other much needed equipment for the hospital.'

Alternatively, charities can make an appeal for their general purposes, for example:

'This is one of the projects we run to support our beneficiaries. To support this and other projects that we run, please donate to our charity.'

Failed appeals cost charities unnecessary stress and incur staffing costs and administrative issues. Including a secondary, wider charitable purpose in your appeal means charitable funds are not restricted and there is no risk of a failed appeal.

When an appeal fails

The 1993 Act treats excess and insufficient funds differently. Where insufficient funds were raised and/or the purpose of the appeal was not achieved, it is called **initial failure**; where the purpose has been achieved and there are surplus funds it is called **subsequent failure**.

Initial failure is when insufficient funds are raised for the purpose to be achieved. Unless the appeal stated what would happen to any unused money, it is the trustees' duty to try to return donations to donors who can be identified.

Once the trustees have fulfilled their obligations to contact donors and, where applicable, returned donations, the Charity Commission can make a scheme allowing any remaining funds to be applied for similar purposes.

Subsequent failure is when the purpose of the appeal is met but there are surplus funds. Where there are surplus funds and the appeal did not specify what would happen to them, the Commission should be contacted to advise on whether a scheme or other legal authorisation will be required to enable the money to be used for other similar charitable purposes. Donors do not have any right to a refund.

For further information see *Charitable Appeals – avoiding and dealing with failure* (OG53).

F2. How much should a charity spend on raising funds?

The short answer

There is no set amount a charity should spend on fundraising costs but trustees should take steps to ensure the costs of running a fundraising appeal are proportionate to the income it is expected to generate. This proportion will be dependent on the profile of the charity, the risks involved, whether third parties are involved and the method of fundraising used.

In more detail

Costs vary between different forms of fundraising and from year to year. A level of fundraising costs that is appropriate for one charity may not be appropriate for another. For example, a charity may have to spend more on marketing the fundraising appeal if its cause has less public support than other causes. Fundraising costs can fluctuate depending on the method of fundraising chosen, when and where the appeal is run, the popularity of the cause, size of the charity and unforeseen circumstances such as poor weather disrupting the turnout to a fundraising event, competing appeals with greater popularity and the economic downturn. Appeals can also have secondary purposes such as raising awareness of the cause, public education campaign or the appeal incorporates an activity that beneficiaries take part in. These additional purposes may cause the costs of the appeal to fluctuate.

If a charity has entered an arrangement with a professional fundraiser or commercial participator, the trustees can only be sure that the costs are fair to the charity if they exercise their right to inspect the accounts and records of the professional fundraiser or commercial participator and see for themselves the results of the venture. Trustees should seek professional advice if they are unsure whether the agreement is in the best interests of the charity.

Like any new business, the start-up costs for a new venture may be high and the level of risk may also seem high. As the venture matures, the costs and the financial risks should fall. If the professional fundraiser has taken on the higher risk involved at the outset of an appeal, their fee should generally decrease as the risk becomes smaller. Trustees should therefore keep any fundraising agreement under review.

Charities should be able to explain their costs and should be transparent about how money is spent and how beneficiaries benefit. An effective charity will incur reasonable costs in both its general administration and in its fundraising. Ensuring these costs are reasonable and educating donors about these legitimate expenses will help to build public trust.

F3. If someone is fundraising using the name of a charity without the trustees' permission, what should they do?

L

The short answer

If trustees become aware of unauthorised fundraising, they should take appropriate steps to ensure that it stops, using legal powers where necessary, and that all donations are then passed to their charity. If the fundraiser is genuine and has been acting in good faith, the trustees may authorise the continuance of the collections but on terms they have agreed in writing.

In more detail

Well-meaning members of the public may decide to run fundraising appeals to support your charity's cause without seeking your permission and guidance. For example, this could be a local cake sale organised by a member of the public who did not realise they should ask for the charity's permission before using the charity's name. In such circumstances, it may be more appropriate to give permission to fundraise on the charity's behalf and provide some guidance to the organiser to ensure the collection is done legally.

For larger-scale events, such as a dinner and auction event, where the fundraiser is acting with the best intentions and is fundraising effectively and with accountability, the trustees may wish to authorise the continuation of the fundraising appeal but ensure that the fundraiser has a written agreement with the charity, which complies with good practice and all relevant laws and regulation. Your charity's reputation is an asset that should be carefully protected.

In the event of fundraising activity using your charity's name where there is a suspicion of fraud or theft (or loss due to any other actual or suspected criminal activity), the trustees should report the matter to the police. They should also report it to the Charity Commission.

The 1992 Act and the 1994 Regulations enable charities to seek an injunction restraining someone from raising funds in the name of the charity where any of the following apply:

- the fundraiser is using methods to which the charity objects
- the fundraiser is not a fit and proper person to raise funds for the charity
- the charity does not wish to be associated with that fundraising venture

The charity must, at least 28 days before seeking an injunction, give notice in writing to the person who is raising funds:

- stating that they object to the fundraising on the charity's behalf
- giving details of their objection
- requesting them to stop
- advising them that if they do not comply with the notice, an injunction will be sought

The unauthorised use of a charity's name is a serious issue that could damage a charity's reputation. As the charity has no knowledge or control over unauthorised fundraising appeals, the unauthorised fundraiser may be breaching charity law, misrepresenting the charity to the public or even committing fraud. Once trustees become aware of unauthorised fundraising, trustees should take action to ensure any unauthorised fundraising activity is stopped as soon as possible.

The Commission also works to ensure that charities and donors are protected from scams such as bogus fundraising appeals and bogus clothing collectors through public awareness campaigns.

F4. Can a charity accept donations that have conditions attached?

L

The short answer

Yes, charities are free to accept donations with conditions attached, provided that those conditions are compatible with the purposes, priorities and activities of the charity.

If the conditions are so stringent that they could undermine the charity's independence, the donation may need to be refused. Further information can be found in the Institute of Fundraising's Acceptance and Refusal of Donations Code of Fundraising Practice.

Some charities have been victims of criminal activity as the charity has been used to launder funds. Charities should be careful to identify possible loans or donations that are suspicious and report them to the Charity Commission.

In more detail

Donating for a specific purpose: Many fundraising appeals are for a specific project rather than for the general purposes of the charity. Money that is donated for a certain appeal has to be used for that purpose. A donor may attach conditions to a donation that may be uncontroversial: for example, a donation to a medical research charity may have the condition that the money is spent on research into a particular disease. The charity should consider, with reference to its objects and planned activities, whether it is practical to fulfil the condition in the particular circumstances. Donations with conditions attached are likely to create restricted funds for accounting purposes.

When to say no: There may be occasions where it would be in the interests of the charity to decline a gift. If a donor, for example, were to insist that the charity adopt a particular policy or allow the donor to have a say in selecting beneficiaries, the trustees would have to consider very carefully whether it would be in the interests of the charity to accept the donation. Trustees should not surrender their discretion, and should not restrict their discretion unless there are exceptional circumstances.

Money laundering or other criminal activity: The Commission is aware of cases where donations or loans to charities have been used to facilitate money laundering or other criminal activity. Charities should have policies and procedures in place both to ensure that staff and volunteers are aware of this risk, and to ensure that trustees and staff are alerted to any suspicious donations. For example:

- if offered large donations or interest-free loans from individuals or organisations unknown to the charity
- if conditions attached to a donation mean that the charity would be merely a vehicle for transferring funds from one individual or organisation to another
- where the donation is for a certain period of time, giving the charity the interest but with the principal sum to be returned at the end of the specified period, and possibly to another person or organisation
- where donation is given in foreign currency, with the provision as above, but the principal sum to be returned as a sterling cheque or to a different organisation

Whilst some of the examples above may be donations made in good faith, other factors combined with these examples can alert the trustees that the donation could be suspicious. For instance, trustees should consider the timing of the donation, the country of origin, the amount donated and the frequency of the donations. In such cases the trustees may wish to make further enquiries before accepting the donation, and may refuse a donation if they do not receive satisfactory replies to their enquiries.

If the trustees suspect that the purpose of the donation may be to facilitate money laundering or other criminal activity, they should contact the police and the Charity Commission. For more information see the Commission's guidance *Reporting Serious Incidents.*

F5. How should charities manage complaints about fundraising?

The short answer

Charities should have a complaints procedure that is accessible, open and transparent, and should deal with complaints within a reasonable time frame.

In more detail

Trustees should ensure their charity has a complaints procedure in place that is accessible, open and transparent. By having a formal complaints procedure in place, the charity can act to protect their name and reputation by addressing any concerns raised by members of the public quickly and directly. In particular, complaints regarding fundraising practice by staff or others fundraising on their behalf should be dealt with in a timely manner through the complaints procedure so that poor or controversial fundraising methods or approaches are not repeated in the next appeal. If charities follow good practice, many complaints can be avoided altogether.

For example, a member of the public may:

- Complain about the content of a fundraising letter. Trustees should ensure that anything that goes out in the charity's name follows good practice, for example is not deliberately offensive or does not target vulnerable groups.
- Have indicated that they do not wish to be solicited for a donation – they may have joined the mailing preference service or have a sign on their home saying they do not wish to receive cold callers. Charities should respect such wishes and ensure that their agents and representatives do so as well.

Complaints about fundraising practices may indicate that a charity is poorly run or does not consider the views of the public to be important. In such cases the Charity Commission may deem investigation necessary. In our Research Report *Cause for Complaint* (RS11), we recommend that a good complaints procedure should ensure:

- that a complaint is recognised as a complaint
- accountability for the services a charity provides
- support for all those involved in complaints and in dealing with complaints
- that the complaints procedure is accessible to those who may want to use it

- that complaints are managed effectively
- that the charity benefits by learning from complaints

Not everyone who makes a complaint will be satisfied with the charity's response and may wish to seek an independent body to investigate their complaint. In this circumstance, charities can refer the complaint to the Fundraising Standards Board which is able to make an independent determination about complaints made against its members when that charity's own internal procedures have been exhausted.

More information can be found in *Complaints about Charities* (CC47).

F6. When would the Commission become involved in a complaint about fundraising?

L

The short answer

The Commission involves itself in complaints only when there are signs that there has been serious mismanagement, a serious risk of harm to the charity and its funds, or signs of funds raised for charitable purposes or in the name of the charity have been misappropriated or when public trust and confidence has been damaged by a charity. Otherwise, the Commission will refer most complaints about poor fundraising practice to the Fundraising Standards Board where relevant.

In more detail

The Commission becomes involved in complaints when a charity is damaging public trust and confidence through its fundraising activities or the fundraising activities of others working on its behalf. The Commission's regulatory concern about fundraising is limited to ensuring funds raised for charitable purposes and in the name of charity have not been misappropriated or are otherwise at risk and that trustees are carrying out their legal duties and responsibilities.

The Commission is a risk-based regulator and acts in a proportionate manner and how and whether the Commission will act will be determined on a case-by-case basis. This means the Commission will target resources at the issues that pose the greatest risks. Further details on the Commission's approach to risk-based regulation can be found on our website.

Many complaints the Commission receive about fundraising are about poor or bad practices. They may involve concerns about:

- particular methods a charity or its agent chooses
- the level of fundraising costs involved
- the fees charged by the charity's fundraisers
- whether a donor's money has reached its destination

Fundraising activities have the potential to breach other regulations apart from charity law. Fundraising may be covered by legislation governing trading standards, taxation and, depending on the nature of the fundraising, gambling. In addition, any criminal activity will be a matter for the police. If there is evidence of serious criminal conduct the Commission will inform the police if the trustees have not already done so.

Examples of cases where the Charity Commission may become involved include:

- where funds may have been misappropriated; this might be the result of trustees' failure to ensure robust internal controls were in place over its fundraising income
- fundraising on behalf of defunct, bogus or non-existent charities
- excessive or disproportionate gains or profit by a professional fundraiser, which appear to have arisen as a result of poor management by trustees
- allegations of unlawful fundraising activities, which appear to present significant financial and/or reputational risk to the charity
- serious financial or other benefits to fundraisers and fundraising organisations which are closely connected to the charity, its trustees or employees - in particular, the Commission will become involved where conflicts of interest appear unmanaged and there are transactions between the charity's trustees or organisations closely connected to them
- serious breaches of charity law in regard to professional fundraising and commercial participator requirements

Further information on agreements with professional fundraisers and a case study example can be found in the Charity Commission Report *Back on Track.*

G. Charities and commercial partners

Charities that engage with commercial participators and professional fundraisers should be aware there are legal requirements that will govern how commercial participators and professional fundraisers work with charities and how the public is informed.

G1. What is the difference between a commercial participator and a professional fundraiser?

Short answer

Professional fundraisers' core business is to provide fundraising services to charities. For example, a business that sells a street fundraising appeal service provides trained street fundraisers and donation processing facilities is a professional fundraiser.

Commercial participators are companies who promote their business by advertising that a portion of their profits are donated to one or more charities. For example, a clothing retailer who has an agreement with a charity to donate a percentage from each sale of a limited edition t-shirt to the charity, is a commercial participator.

In more detail

Although the arrangement with a commercial participator or professional fundraiser to fundraise for a charity is very different, the arrangements are regulated in a similar way. Part II of the 1992 Act covers fundraising agreements, solicitation statements and how the charitable funds are managed. Regulatory requirements are explained in further detail in Sections G2, G3 and G4.

Professional fundraisers can provide the expertise or infrastructure to launch a fundraising appeal that the charity does not have capacity to develop in-house. For example, a company that provides a direct mail service to charities has the warehouse space, the printing equipment and the expertise and contacts to send out a large-scale direct mail campaign that a small charity would not otherwise be able to do. The financial outlay a charity will make for this service is likely to be less than the cost of setting up a professional in-house direct mail appeal. For a charity without direct mail experience wanting to run a one-off, large-scale appeal to widen their donor base, it would be a financially sound decision to engage a professional fundraiser.

Commercial participators can provide a charity with the opportunity to increase public awareness of their cause, secure free marketing and have a chance to raise their public profile. A promotion by a commercial participator can capture media attention which can give the appeal a level of income which may not have been possible without the involvement of a high-profile commercial participator. For a charity with an unpopular cause, such as research into a little-known medical condition, a partnership with a commercial participator can be a useful way to reach new donors and the public.

The risks

Charities should be aware that engaging in any commercial partnership introduces new risks a charity should consider before signing any agreement.

Engaging a professional fundraiser may mitigate some of the financial risks as the professional fundraiser takes on a portion of the risk of failure but it is balanced by the higher level of reputational risk as the charity cedes some control over their brand and reputation. An example of this would be engaging a professional fundraiser to run a telephone fundraising appeal. In such a case, the professional fundraiser takes on a portion of the financial risk so the financial risk is lower for the charity than if the charity developed and launched the appeal in-house, setting up the call centre, a donation-processing facility and training staff. However, the charity takes on greater reputational risk by entrusting a professional fundraiser to use their name and brand responsibly and carefully in addition to allowing the professional fundraiser's staff to represent the charity to potential donors.

Engaging with a commercial participator carries other risks. Although the financial risks are lower in this circumstance, the ethical and reputational risks can be very high. Charities should be particularly cautious as co-branding or closely associating the charity with a company can become problematic if the company is discovered to engage in unethical practices or criminal activity. Charities need to carefully research the commercial participator and should consider whether a partnership with the commercial participator is appropriate and in line with the charity's values and objects. For instance, a partnership with a company with a poor environmental track record that mass-produced products would be inappropriate for an environmental charity.

Charities should consider the best interests of the charity and the inherent risks of a commercial partnership with a professional fundraiser or commercial participator seriously before signing any fundraising agreement.

G2. What should trustees know about working with commercial partners?

L

The short answer

Charities and the professional fundraisers or commercial participators with whom they work, must comply with certain rules that ensure transparency of the relationship to the public and act to protect the charity.

In more detail

The legal requirement

Where a charity uses a professional fundraiser to raise funds on its behalf, or enters an arrangement with a commercial participator whereby, for example, the public are encouraged to buy a particular product on the understanding that a donation to a particular charity will result, the rules specifically governing professional fundraisers and commercial participators apply. These rules are in the 1992 Act and the 1994 Regulations.

Professional fundraising or promotions by commercial participators which benefit a particular charity or particular charities, is not permitted unless there is a written agreement. The written agreement must be signed by all parties and include the following:

- the name and address of each party, the date, the duration of the agreement and the terms of the agreement's termination
- a statement of its principal objectives and methods used
- that the funds must be transferred to the charity as soon as possible
- that professional fundraisers and commercial participators acting for a charity must inform the giving public of the details of the charity for which they are collecting and how much the professional fundraiser or commercial participator is receiving
- that professional fundraisers must state the method by which their remuneration is to be calculated and the actual amount of this, if it is known, at the time the statement is

made - otherwise the remuneration must be estimated and the estimate must be calculated as accurately as is reasonably possible

- that commercial participators must state for each product or item of service purchased by a member of the public the precise amount or the percentage of the price paid that will be given to the charity or charities, or must state the sum they are giving in connection with the promotional venture
- if more than one charity is a party to the agreement, it must contain a provision setting out how the proportion in which each of the charities is to benefit under the agreement is to be determined

The Office for Civil Society has produced detailed guidance on the requirements.

Good practice

It is good practice for trustees to seek advice on entering into such agreements from sources such as the Institute of Fundraising's *Codes of Fundraising Practice*. Trustees should take independent legal advice when entering into a contract, as such agreements offer potential benefits but also carry risks to the charity.

Trustees should note that the 1994 Regulations provide for the inspection of professional fundraisers' and commercial participators' books, documents or other records which relate to that charity and are kept for the purposes of the agreement. Charities should take advantage of this to ensure their charity is obtaining a fair and full return from the arrangements and that the arrangements do not set excessive payments to the professional fundraiser or commercial participator at the expense of the charity.

It is a fundamental requirement of trustees' duty of care that they obtain the best return possible from any commercial links, and failure to conduct proper oversight and control of fundraising in their name may constitute misconduct or mismanagement.

G3. How do charities engage with commercial participators?

L

The short answer

Many charities have found that they have much to gain from commercial partnerships, in addition to fundraising income, as they can expand their donor base, both from the inclusion of the commercial participator's customers and as a result of increasing public awareness of their cause.

However, trustees should fully understand the potential consequences of such agreements before going ahead. These may include the risk of a charity being exploited or inadvertently participating in fraudulent activity, which could result in regulatory involvement. Trustees should also recognise that reputational risks may arise from dealing with a commercial participator.

In more detail

Any partnership with a commercial participator must be governed by a written agreement. Trustees should satisfy themselves that the terms of the agreement are in the interests of the charity, and that the charity will receive an appropriate level of payment for the use of its name. This may involve investigating the alternative arrangements that are available.

The charity should have a policy, approved by the trustees, governing how its name and brand may be used by other organisations.

The risks: Charities need to be aware that although there are benefits in entering into a commercial participation arrangement, there are also potential risks. The venture may not generate as much money as the charity expected or a charity may not recover its costs. There are also reputational risks involved. For example, questions may be raised about the ethics of accepting donations from companies engaged in activities seen as contrary to the charity's purposes, or about the potential effect on the charity's independence.

Charities should be transparent about any relationship they have with a commercial partner and put in place the appropriate safeguards.

Taking the appropriate steps: Before entering into an agreement that allows the charity's name to be associated with a particular business or product, the charity should, in addition to the statutory requirements explained in Section G2, make sure that the:

- relationship is appropriate for the charity and will not damage its reputation
- venture would be an appropriate and effective way for the charity to raise money in the circumstances
- charity's name will not be improperly exploited
- terms are in the charity's interests
- terms are precisely drafted and kept under review
- charity has the right to prevent future use of its name if it is not satisfied with the way the commercial venture is carried out

Note: Where the venture is high risk the initial reward for the commercial participator may be justifiably high, but the reward should be lower when the venture is a proven success. The agreement with the commercial participator should be drafted and reviewed to reflect this possibility.

Charities should be vigilant when entering into deals with external bodies. If a poor rate of return is generated, it may be felt that the charity is being exploited or that it is participating in fraudulent activity. Although a charity may view any income as a good thing, an arrangement that is seen to be providing substantial private benefit, and only incidental benefits for the charity, will damage public trust and confidence in the charity sector. It may also call into question whether the trustees have acted properly and could lead to regulatory action.

The Office for Civil Society provides guidance on professional fundraisers and commercial participators.

Charities should contact *HM Revenue & Customs* with any tax queries in relation to engaging with commercial partners.

G4. How much money should a charity receive from a commercial partner?

The short answer

There is no set amount that a charity should receive, but charities should ensure that they receive a fair and appropriate level of payment.

In more detail

There have been cases where charities have received little or no benefit from fundraising appeals carried out in their name by commercial partners. Often, this appears to have resulted from naivety on the part of the charity. All charities working with commercial partners must have an agreement that sets out the terms of the contract. Charities should only use commercial partners who follow good practice and should follow the Office for Civil Society's guidance referred to in Section G2.

The Charity Commission has a duty to promote public trust and confidence in charities and this can be damaged through bad fundraising practice. The Commission may investigate and take regulatory action where there has been poor control over fundraising practice or poor financial controls.

A charity should ensure that it is dealing with legitimate commercial partners by:

- having a signed agreement with them
- having a transparent relationship
- asking for references from other charities that the commercial partner has worked with
- checking if the professional fundraiser is a member of a respected sector body, such as the Fundraising Standards Board (FRSB) or the Institute of Fundraising (IoF), which gives the charity assurance the fundraiser is committed to following good practice (please note, commercial participators are unlikely to be members of FRSB or IoF as their core business is not to provide fundraising services)
- putting any potential agreement out to open tender to ensure they are receiving best value, and monitoring the agreement while it is ongoing
- assessing the reasons provided for any proposed high fundraising costs and whether the costs are justified

These are basic precautions that trustees should ensure that their charities undertake. IoF's 'Charities Working with Business' Code of Fundraising Practice provides further information.

H. Further information, advice and resources

H1. Methods of fundraising and relevant legislation and self-regulatory codes

	Legislation	Self-regulatory codes*
All fundraising	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Children Act 1989 (and 2004) Protection of Children Act 1999 Data Protection Act 1998 Consumer Protection from Unfair Trading Regulations 2008	**Institute of Fundraising** Acceptance or Refusal of Donations Accountability and Transparency in Fundraising Data Protection Scottish Charity Law in Relation to Fundraising and Public Charitable Collections Best Practice for Fundraising Contracts Payment of Fundraisers Code of Conduct **Advertising Standards Authority** Television Advertising Standards Code Radio Advertising Standards Code British Code of Advertising, Sales Promotion and Direct Marketing
Broadcast fundraising	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998 Consumer Protection (Distance Selling) Regulations 2000 Consumer Protection from Unfair Trading Regulations 2008	**Institute of Fundraising** Charities Working with Business Data Protection Event Fundraising Fundraising through Electronic Media Raffles and Lotteries Best Practice for Fundraising Contracts Volunteer Fundraising Telephone Fundraising **Advertising Standards Authority** Television Advertising Standards Code Radio Advertising Standards Code

Commercial participators	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998 Consumer Protection from Unfair Trading Regulations 2008	**Institute of Fundraising** Best Practice for Fundraising Contracts Charities Working with Business
Direct mail	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998 Consumer Protection (Distance Selling) Regulations 2000 Consumer Protection from Unfair Trading Regulations 2008	**Institute of Fundraising** Direct Mail Handling of Cash Donations Best Practice for Fundraising Contracts Reciprocal Charity Mailing Data Protection **Advertising Standards Authority** British Code of Advertising, Sales Promotion and Direct Marketing
Disaster appeals	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998 Bribery Act 2010	**Advertising Standards Authority** British Code of Advertising, Sales Promotion and Direct Marketing

Door-to-door fundraising	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 House to House Collections Act 1939 Consumer Protection from Unfair Trading Regulations 2008	**Institute of Fundraising** House to House Collections Handling of Cash Donations Best practice for Fundraising Contracts Telephone Recruitment of Collectors Volunteer Fundraising Face-to-Face Activity **Public Fundraising Regulatory Association** Abridged Face-to-Face Activity taken from the Institute of Fundraising.
Event fundraising	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998 Local licensing laws Consumer Protection (Distance Selling) Regulations 2000 Consumer Protection from Unfair Trading Regulations 2008 Food Safety Act 1990 Alcohol licensing laws Gambling Act 2005	**Institute of Fundraising** Event Fundraising Charity Challenge Events Handling of Cash Donations Volunteer Fundraising Outdoor Fundraising in the UK Telephone Recruitment of Collectors Best Practice for Fundraising Contracts Best Practice for Fundraising Consultants The Management of Static Collection Points Raffles and Lotteries

Face-to-face fundraising	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998 Local licensing laws	**Institute of Fundraising** Face-to-Face Activity Handling of Cash Donations The Management of Static Collection Points Best Practice for Fundraising Contracts Volunteer Fundraising Scottish Charity Law in Relation to Fundraising and Public Charitable Collections Data Protection **Public Fundraising Regulatory Association** Abridged Face-to-Face Activity taken from the Institute of Fundraising. **Advertising Standards Authority** British Code of Advertising, Sales Promotion and Direct Marketing
Grant seeking	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994	**Institute of Fundraising** Fundraising from Grant Making Trusts Best Practice for Fundraising Consultants Best Practice for Fundraising Contracts
Legacy fundraising	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998	**Institute of Fundraising** Legacy Fundraising Reciprocal Charity Mailing Data Protection

Lotteries and raffles	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Gambling Act 2005 See also the Gambling Commission's Code of Practice Consumer Protection from Unfair Trading Regulations 2008	**Institute of Fundraising** Raffles and Lotteries Best practice for Fundraising Contracts Volunteer Fundraising Telephone Recruitment of Collectors Data Protection **Advertising Standards Authority** British Code of Advertising, Sales Promotion and Direct Marketing
Major donor acquisitions	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998	**Institute of Fundraising** Best Practice for Major Donor Fundraising Best Practice for Fundraising Consultants Data Protection Accountability and Transparency
Online fundraising	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998 Consumer Protection (Distance Selling) Regulations 2000 Privacy and Electronic Communications Regulations 2003 Consumer Protection from Unfair Trading Regulations 2008	**Institute of Fundraising** Fundraising through Electronic Media Data Protection Best Practice for Fundraising Contracts Reciprocal Charity Mailing **Advertising Standards Authority** British Code of Advertising, Sales Promotion and Direct Marketing

Payroll fundraising	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998	**Institute of Fundraising** Committed Giving in the Workplace
Professional fundraisers	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Data Protection Act 1998	**Institute of Fundraising** Best Practice for Fundraising Consultants Best Practice for Fundraising Contracts Payment of Fundraisers
School fundraising	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Children Act 1989 (and 2004) Protection of Children Act 1999	**Institute of Fundraising** Fundraising in Schools Volunteer Fundraising Handling of Cash Donations Best Practice for Fundraising Contracts Event Fundraising
Telephone fundraising	Charities Act 1992 Charities Act 1993 Charities Act 2006 Charitable Institutions (Fundraising) Regulations 1994 Telephone Preference System (Privacy and Electronic (EC Directive) Regulations 2003) Data Protection Act 1998 Consumer Protection (Distance Selling) Regulations 2000	**Institute of Fundraising** Telephone Fundraising Data Protection Best Practice for Fundraising Contracts Telephone Recruitment of Collectors

*These codes of practice can be found at www.institute-of-fundraising.org.uk or www.asa.org.uk or www.pfra.org.uk

H2. Charity Commission publications and guidance

- *The Essential Trustee: What you need to know* (CC3)
- *Internal Financial Controls for Charities* (CC8)
- *Charities and Risk Management* (CC26)
- *Providing Alcohol on Charity Premises* (CC27)
- *Trustees, Trading and Tax* (CC35)
- *Safeguarding Children: Protecting Children in your Organisation*

H3. Other organisations

Professional associations for fundraising

Fundraising Standards Board

The Fundraising Standards Board (FRSB) is an independent complaints handling body that has been established to operate the public-facing side of self-regulation of fundraising. The FRSB encourages charities and fundraisers to become members of their self-regulation scheme and abide by the Institute's *Codes of Fundraising Practice* to ensure that each member commits to the highest fundraising standards and they have robust procedures in place. The FRSB investigates complaints from the public about the fundraising methods of its members if an unsatisfactory response has been received to an initial complaint made directly to the charity by a member of the public.

Fundraising Standards Board
61 London Fruit Exchange
Brushfield Street
London
E1 6EP

Tel: 0845 402 5442
Email: info@frsb.org.uk
Website: www.frsb.org.uk

Institute of Fundraising

The Institute of Fundraising (IoF) is the professional membership body for fundraising. Its mission is to support fundraisers, through leadership, representation, standards-setting and education. Members abide by Codes of Conduct and *Codes of Fundraising Practice* which form the basis of self-regulation for the fundraising profession.

The IoF website is a useful source of information, with specialised guidance on fundraising methods, standard fundraising agreements for charities and other information.

Institute of Fundraising
Park Place
12 Lawn Lane
London
SW8 1UD

Tel: 020 7840 1000
Email:
info@institute-of-fundraising.org.uk
Website:
www.institute-of-fundraising.org.uk

Tax-Effective Giving Website:
www.tax-effectivegiving.org.uk

How2Fundraise website:
www.how2fundraise.org

Public Fundraising Regulatory Association

The Public Fundraising Regulatory Association (PFRA) focuses specifically on face-to-face fundraising. Face-to-face fundraisers ask people to sign up to regular direct debit donations to charities. The PFRA is a membership organisation whereby members follow a code of practice for face-to-face fundraisers. The PFRA also provides some useful information for the public and trustees on its website.

Public Fundraising Regulatory Association

Unit 11, Europoint
5–11 Lavington Street
London
SE1 0NZ

Tel: 020 7401 8452
Email: info@pfra.org.uk
Website: www.pfra.org.uk

Charity Retail Association

The Charity Retail Association (CRA) is a member organisation dedicated to supporting charities that run shops as part of their fundraising activities. It has developed a code of charity retailing that is mandatory for its members. The CRA does not provide legal advice or guidance to individuals enquiring about setting up a charity shop.

Charity Retail Association
Central House
14 Upper Woburn Place
London
WC1H 0AE

Tel: 020 7255 4470
Email: mail@charityretail.org.uk
Website: www.charityretail.org.uk

Other organisations

Charities Aid Foundation

The Charities Aid Foundation (CAF) supports charities in raising money and making that money go further. It provides information on tax-efficient giving and managing donations. Its website contains useful information, including details of new ways of raising funds.

Charities Aid Foundation
25 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4TA

Tel: 03000 123 000
Email: enquiries@cafonline.org
Website: www.cafonline.org

Directory of Social Change

The Directory of Social Change (DSC) provides training and information to the voluntary and community sectors. Its charity centre in London has a small in-house reference library. The library includes over 1,000 books, reports and leaflets, including up-to-date funding guides such as the *Guide to Major Trusts* and the *Directory of Grant Making Trusts*. The DSC produces the *Complete Fundraising Handbook*. This guide includes information on fundraising principles and strategies.

Directory of Social Change
24 Stephenson Way
London
NW1 2DP

Tel: 08450 777707
Email: enquiries@dsc.org.uk
Website: www.dsc.org.uk

ImpACT Coalition

The ImpACT Coalition exists to promote better public understanding of how charities work and the benefits they bring to society by bringing over 280 charities and trade bodies together to improve transparency and accountability and preserve public trust in the charitable sector.

ImpACT Coalition
1 New Oxford Street
London
WC1A 1NU

Tel: 0845 345 8481
Email: impact@acevo.org.uk
Website: www.impactcoalition.org.uk

National Association for Voluntary and Community Action

The National Association for Voluntary and Community Action (NAVCA) is the national voice of local voluntary and community sector infrastructure in England. Its purpose is to promote local voluntary and community action nationally. It does this through 360 local infrastructure organisations that provide a wide range of support, development and representation services to the local voluntary and community sector.

NAVCA
The Tower
2 Furnival Square
Sheffield S1 4QL

Tel: 0114 278 6636
Email: navca@navca.org.uk
Website: www.navca.org.uk

National Council for Voluntary Organisations

The National Council for Voluntary Organisations (NCVO) is the umbrella body for the voluntary and community sector in England. Its website includes information about funding, including an introduction to fundraising. The NCVO Helpdesk is a free service that provides advice and support for anyone involved in the voluntary sector.

National Council for Voluntary Organisations
Regents Wharf
8 All Saints Street
London
N1 9RL

Tel: 0800 2798 798
Textphone: 0800 01 88 111 (Mincom)
Email: helpdesk@askncvo.org.uk
Website: www.ncvo-vol.org.uk

Wales Council for Voluntary Action

The Wales Council for Voluntary Action is the voice of the voluntary sector in Wales.

Wales Council for Voluntary Action
Baltic House
Mount Stuart Square
Cardiff Bay
Cardiff
CF10 5 FH

Tel: 029 2043 1700
Bilingual Helpdesk: 0800 2888 329
Minicom: 02920431703
Email: help@wcva.org.uk
Website: www.wcva.org.uk

Other regulators and government departments

Advertising Standards Authority

The Advertising Standards Authority (ASA) regulates the content of advertisements, sales promotions and direct marketing in the UK. It makes sure standards are kept high by applying the advertising standards codes. It can stop misleading, harmful or offensive advertising.

Advertising Standards Authority
Mid City Place
71 High Holborn
London WC1V 6QT

Tel: 020 7492 2222
Textphone 020 7242 8159
Email: enquiries@asa.org.uk
Website: www.asa.org.uk

Gambling Commission

The Gambling Commission has responsibility for the regulation of betting and remote gambling. It produces information on lotteries in its *Gambling Act 2005* publication. It has an e-mail and telephone enquiry service.

Gambling Commission
Lotteries Section
4th Floor
Victoria Square House
Victoria Square
Birmingham
B2 4BP

Tel: 0121 230 6666
Email: info@gamblingcommission.gov.uk
Website: www.gamblingcommission.gov.uk

HM Revenue & Customs

HM Revenue & Customs (HMRC) have a quick link for charities on the first page of its website. On the website you can access a wide range of guidance material for charities. Information includes details of VAT and tax issues for charities, including Gift Aid. HMRC has an email enquiry service and helpline.

HMRC Charities
St Johns' House
Merton Road
Liverpool, L75 1BB

Tel: 0845 302 0203 (8am-5pm Monday to Friday)
Email: charities@hmrc.gov.uk
Website: www.hmrc.gov.uk

Information Commissioner's Office

From data protection and electronic communications to freedom of information and environmental regulations, the ICO is the UK's independent public body set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals.

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire SK9 5AF

Tel: 08456 30 60 60 or 01625 54 57 45
Website: www.ico.gov.uk

Office of Fair Trading

The Office of Fair Trading (OFT) promotes and protects consumer interests throughout the UK, while ensuring that businesses are fair and competitive, through powers granted to the OFT under consumer and competition legislation. The OFT website contains useful guidance and advice on consumer protection, doorstep selling, distance or online selling and issuing contracts.

Enquiries and Reporting Centre
Office of Fair Trading
Fleetbank House
2–6 Salisbury Square
London
EC4Y 8JX.

Tel: 020 7211 8000
Email: enquiries@oft.gsi.gov.uk
Website: www.oft.gov.uk

Office for Civil Society

The Office for Civil Society has developed guidance about what information must be provided to the public from professional fundraisers and commercial participators when they undertake a public collection on behalf of a charity.

Office for Civil Society
2nd Floor, Admiralty Arch, South Side
The Mall, London SW1A 2WH

Tel: 020 7276 6400
Website: www.cabinetoffice.gov.uk

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