

Changes to fundraising regulation in response to Lord Hodgson's review of the Charities Act 2006

What does Lord Hodgson say?

Lord Hodgson's review of the Charities Act 2006 found that the majority of those asked felt that more should be done to regulate the fundraising activities of charities and that the public is confused about the roles of the Fundraising Standards Board (FRSB), the Institute of Fundraising (IOF) and Public Fundraising Regulatory Association (PFRA).

The current system is one of self-regulation by charities, who pay a membership fee to sign up to upholding the FRSB fundraising "promise" and publish it on their websites. The FRSB promise sets the standard for fundraising and members commit to complying with it and having a complaints procedure in place and to direct all unsatisfied complainants to the FRSB.

Those charities which are members represent only 1,500 of the 45,000 fundraising charities within the sector. Hodgson cites this as the FRSB's greatest weakness and calls for a more proactive approach to recruiting members. He suggests that there is a need for a single, central point of responsibility. He also suggests that for the FRSB to be more effective it needs to take a greater role in monitoring compliance with its standards and auditing the complaints procedures followed by its members. Currently the only opportunity for this is where a complaint escalates to the FRSB, and he suggests that non-compliance should be punished by wider publicity of 'naming and shaming' to act as a deterrent.

He also calls for greater involvement from the Charity Commission in raising the profile of the FRSB and for a standing committee to implement and monitor changes. This would be chaired by the cabinet office would include the FRSB, Charity Commission and IOF among its members.

The Response to Lord Hodgson's Review

The FRSB, IOF and PFRA have responded quickly by coming to an agreement to redefine their roles in relation to the regulation of fundraising. The FRSB will become the first point of contact for the public in respect of fundraising of any kind. The IOF will set the standards by writing the rules and codes for all fundraising, which will be adjudicated by the FRSB. The PFRA will no longer deal with complaints but will continue to set up monitoring agreements on face to face fundraising with local authorities.

Future Challenges

To regulate complaints procedures more proactively and eventually audit compliance with its fundraising standards the FRSB would require hugely increased resources. A substantial increase in membership would help to increase funds. Hodgson believes this could be achieved by an "expectation" of membership for larger charities with an income of £1million or more rather than compulsory membership at this stage, which he suggests that the FRSB could not yet cope with.

In order to attract the levels of membership needed to meet with Hodgson's proposed changes the FRSB brand would need to be recognisable and meaningful to the public in order to create an incentive to charities to join. Having the FRSB as the sole face of fundraising regulation should assist in this but it will not be enough on its own.

For further information please contact:

Andrew Studd

Partner

+44 (0)20 8394 6414

Andrew.Studd@russell-cooke.co.uk

Tamsin Priddle

Solicitor

+44 (0)20 8394 6438

Tamsin.Priddle@russell-cooke.co.uk

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