Review of fundraising regulation

Charities undertake vital work, bringing communities together and providing support to some of the most vulnerable members of our society. In Northern Ireland, charities enjoy a high level of trust and confidence. However, where the behaviour of some charities falls short of what is expected of them, this has the potential to damage the reputation of the sector as a whole.

Poor fundraising practice highlighted by the media in recent years, has led to a number of changes in how fundraising is viewed and regulated across the United Kingdom, including Northern Ireland. The most significant change to date being the establishment of the Fundraising Regulator. While the focus of attention has been on charities in England and Wales, it is important that all charity trustees understand what went wrong and learn from mistakes made.

The Commission has produced guidance, Fundraising for charities: A guide for charity trustees and the public, designed to support charity trustees to address their obligations and improve their fundraising practice. It is also aimed at supporting members of the public, providing guidance on the standards of practice they can expect from charities engaged in fundraising.

Understanding what lies behind recent changes to how fundraising is regulated can help charity trustees to learn from the mistakes of others and put in place the necessary checks and balances to ensure their fundraising practice meets the high standards expected. Further information on the background to these changes is outlined below.

What has changed about how fundraising is regulated in the United Kingdom (UK) and why?

In 2015, a strategic review of fundraising, commissioned by government and led by Sir Stuart Etherington, made a number of key recommendations for the future of fundraising regulation. Regulating fundraising for the future: Trust in charities, confidence in fundraising regulation reports that some fundraising techniques, or the manner in which they are used, presents a clear risk of damaging the charity sector's reputation in the eyes of the public. The report calls for charity trustees to take a more active role in the oversight of fundraising, concluding that trustees have too little involvement, knowledge and oversight of the fundraising activities carried out by or on behalf of their charities.

Key recommendations from the report can be summarised as follows: establish a system of co-regulation; create a new Fundraising Regulator; develop a single code of fundraising practice; create a Fundraising Preference Service; and promote a 'three lines of defence' model for fundraising regulation. These recommendations were accepted in full.

What other developments have impacted on fundraising regulation?
Within the context of the Etherington report, the Charities (Protection and Social Investment) Act 2016 was introduced, bringing in new legal powers that impact on charities registered in England and Wales, including provisions on fundraising. The Commission is working with the Department for Communities to review this Act and take forward provisions for Northern Ireland as appropriate.

A number of other key reviews and inquiries also contributed to the recent drive to improve fundraising practice:

- The Fundraising Standards Board (FRSB) launched its own investigation in May 2015 in response to the death of 90-year-old, Olive Cooke and media exposure of unacceptable fundraising practices by some well-known charities. The FRSB's report highlights how fundraising activity can escalate and leave a committed donor feeling under pressure to give.
- Alongside the Etherington review, the Public Administration and Constitutional Affairs Committee (PACAC) launched a separate inquiry, looking at both the regulation of charity fundraising and the way in which trustees of large charities govern fundraising. A key finding of the Committee was that in all cases examined, it was not just a failure of process, but a failure of trustees to understand that their primary role is to sustain the mission, values and reputation of their charity.
- The Information Commissioner's Office (ICO) also conducted a series of investigations over an 18-month period, looking at charity fundraising practices across a range of charities in England and Wales. The ICO uncovered practices that seriously violated the principles contained within the Data Protection Act 1998.
- Ongoing changes to data protection legislation, and the introduction of new standards for the protection of general data under GDPR, continue to contribute to the revised regulatory framework. The impact of the GDPR on the future of fundraising practice is highlighted in the Commission's fundraising guidance available to read and download below.

🌟 What does this mean for charities in Northern Ireland?

In response to these developments, the Northern Ireland Council for Voluntary Action (NICVA) was tasked by the Northern Ireland voluntary, community and social enterprise sector to develop a range of possible options for the future of fundraising regulation in Northern Ireland.

NICVA established a Northern Ireland Fundraising Regulation Working Group to develop a range of options for consultation with the sector. The sector concluded that the best option for fundraising regulation in Northern Ireland was a system of self-regulation, overseen by the Fundraising Regulator. This is now in place.