

## **Written Ministerial Statement – Self-Regulation of Fundraising**

### **The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins MP):**

I am today setting out the principles on which the Government will base its assessment of the success of the self-regulation of voluntary sector fundraising. This follows consultation with the fundraising sector last year and the announcement from the Institute of Fundraising yesterday of the appointments of a chair and director for the scheme following open competition.

Self-regulation of fundraising was a recommendation of the Prime Minister's Strategy Unit. The Strategy Unit reviewed the charitable and wider not-for-profit sector and in 2002 published its report "Private Action, Public Benefit" which made a number of recommendations. We accepted this recommendation and have made provision in the Charities Bill for statutory regulation should self-regulation fail.

The main aim of the self-regulation scheme is to maintain and build on the high levels of public trust and confidence in the voluntary sector's fundraising activities. The scheme will help the sector guard against future threats to these high levels of public confidence. It will promote best practice and enable the sector to respond to criticism.

The Institute of Fundraising has led the development of the proposals for self-regulation, with significant support from the sector. However, the Regulation of Fundraising Scheme (RFS) will be run independently of the Institute. The scheme, which will be voluntary, will be open to all charities and fundraising organisations throughout the UK. It is expected to be up-and-running and open for membership this summer. The Government supports self-regulation of fundraising, and (along with the Scottish Executive) is providing funding to enable the scheme to establish itself. In the longer term, the scheme is expected to become self-funding through membership subscriptions.

We have not set out specific long term targets for the RFS, as these could be inflexible and restrictive. Instead we have focused on what the Government expects the scheme to deliver, and how that could be measured when the Government is considering the scheme's success. External factors would need to be taken into account, and over time we would also expect the fundraising scheme to develop its own performance monitoring and reporting. Respondents to last year's consultation were broadly supportive of this approach.

The expectations which the Government has for the RFS, and which will be considered in any assessment of its success are as follows:

- The scheme will need to attract high levels of voluntary participation across the sector, although it is appreciated that it will take time to build up

levels of participation. Participation should reflect the diversity of voluntary sector fundraising.

- The scheme and its participants must provide a clear public promise of what should be expected from fundraisers who are participants in the scheme, and from the scheme itself. The Codes of Practice underpinning the scheme should go beyond requiring compliance with the law, and should set a high standard of good practice.
- The scheme and its participants should actively encourage awareness amongst non-members and the public of the scheme's existence, and good fundraising practice.
- The scheme should promote openness, transparency and accountability in fundraising practice.
- The control of the scheme must be independent and impartial. Its governing body must include consumer representatives and those with fundraising experience.
- Compliance with the scheme must be monitored proportionately. But there should not be complete reliance on self-certification.
- There must be fair and effective sanctions for non-compliance which are proportionate to the nature and extent of any non-compliance. The initial focus should be on improving performance.
- The scheme must have a clear and effective complaints handling process which is easily accessible to the public and which provides fair redress.
- The scheme must be clear about its remit and should work effectively with other regulators, particularly where issues are outside its remit.
- The scheme must be accountable through the publication of an annual report which details the scheme's performance. The scheme should also develop its own meaningful performance indicators following consultation with stakeholders.
- The scheme should identify emerging trends in fundraising practice, and the public's perception of it, and be sufficiently flexible to quickly adapt and evolve Codes of Practice where necessary.
- Regulation should be proportionate and the scheme should keep to a minimum any regulatory burden to participants.

We will review the development of the scheme on an annual basis, and agree specific targets, whilst the scheme is supported by Government funding. However we want to give the scheme sufficient time to become established and prove its effectiveness, before we judge its success. We therefore propose that a formal review of the success of self-regulation take place as part of the review of the impact of the Charities Bill which is due within five years of enactment and will report to Parliament.

If self-regulation were to fail, any proposals under the reserve power for statutory regulation of fundraising would require consultation and would be subject to the affirmative resolution of Parliament. A similar reserve power

exists in Scotland, in the Charities and Trustee Investment Act 2005. Charity law and regulation is a devolved matter, and in Scotland it would be for the Scottish Executive to decide whether or not to pursue statutory regulation there. However, we will work closely with the Scottish Executive in monitoring the progress of the self-regulation scheme, and reviewing its success.

A summary of responses to the consultation has been deposited in the Library and is available on the Home Office website at [www.communities.homeoffice.gov.uk/activecomms/charity-law-and-reg](http://www.communities.homeoffice.gov.uk/activecomms/charity-law-and-reg).

I am grateful to everyone who has helped to develop the proposals for self-regulation, and those who responded to the consultation on the criteria for assessing its success. Further details of the self-regulation scheme are available from the Institute of Fundraising ([www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk)).