

## **Fundraisers' perceptions of fundraising regulation reform and the Fundraising Preference Service**

Results of a survey of conducted by the Plymouth Charity Lab

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# 1. Introduction

Against the backdrop of a suite of changes being recommended to the system of self-regulation in the United Kingdom, a survey was conducted of fundraising opinion between the 1<sup>st</sup> and 13<sup>th</sup> November 2015. A snowballing technique was employed to distribute the survey electronically through a variety of fundraising groups, lists and agencies. The aim was to obtain as wide a cross-section of opinion as possible. The survey was administered through the medium of Qualtrics.

In total 524 completed responses were received.

It should be noted that the presentation of the questions was randomized to avoid the possibility of any 'order' effects in our results.

## 2. Profile of respondents

The mean age of respondents was 38. Sixty per cent of the sample were female. Respondents had been in their post for an average (mean) of five years.

Table 1 indicates the job titles held by respondents. Given the age profile it is perhaps to be expected that almost half our sample hold senior positions within the profession.

**Table 1: Post Held by Respondents**

	<b>Post Held</b>	<b>%</b>
	<i>Head of Fundraising/Director of Development</i>	21.5
	<i>Head of Fundraising Department (e.g. Head of Legacies, Head of Individual Giving)</i>	23.2
	<i>Fundraising Officer/Assistant</i>	19.3
	<i>CEO</i>	4.6
	<i>Board Member</i>	1.7
	<i>Fundraising Consultant</i>	7.9
	<i>Other Consultant</i>	2.1
	<i>Other</i>	19.9

The other category was found to include a variety of specific fundraising roles, or roles that support the fundraising function (e.g. fundraising analyst).

As Table 2 indicates respondents were drawn from organizations of various sizes

**Table 2: Income Profile of Respondents' Organizations**

<b>Income of Respondent Organizations</b>	<b>%</b>
<i>More than £50m</i>	14.5
<i>£40m - £49.9m</i>	5.0
<i>£30m - £39.9m</i>	4.7
<i>£20m - £29.9m</i>	7.3

<i>£10m - £19.9m</i>	11.2
<i>£5m - £9.9m</i>	15.2
<i>£1m - £4.9m</i>	26.2
<i>Under £1m</i>	16.0

The majority of the sample were found to be working in England, although almost 7 per cent of respondents were based in Scotland. Table 3 reports the detail.

**Table 3: Location of Respondents**

<b>Country</b>	<b>%</b>
<i>England</i>	90.4
<i>Northern Ireland</i>	1.0
<i>Scotland</i>	6.8
<i>Wales</i>	1.8

Respondents were also found to be working in a variety of different categories of cause. Table 4 reports the detail of this analysis

**Table 4: Category of cause**

<b>Sector</b>	<b>%</b>
<i>Arts and Culture</i>	3.9
<i>Health Services/Medical Research</i>	24.5
<i>Human Service</i>	9.3
<i>Nature/Environment</i>	4.3
<i>Human Rights</i>	2.4
<i>Religious and Spiritual</i>	2.2
<i>Animal Rights/Welfare</i>	2.9
<i>Public Society/Advocacy Group</i>	2.9
<i>Sports and Recreation</i>	0.6
<i>International Development/Emergency Relief</i>	15.6
<i>Education</i>	17.0
<i>Other</i>	14.5
<i>Total</i>	100.0

Finally, we profiled respondents according to whether they were members of the Institute of Fundraising, or not.

75.6 per cent of respondents were found to hold some form of Institute of Fundraising Membership (i.e. corporate member, individual member, fellow)

### **3. Perceptions of changes to the regulatory regime**

The survey then gathered data about fundraiser perceptions of the need for a new fundraising regulator. As Table 5 indicates, on balance there is support for the creation of a new regulator, as proposed by the Etherington review.

**Table 5: How do you regard the creation of the new fundraising regulator?**

<i>Perception</i>	<i>%</i>
<i>Very Unnecessary</i>	11.9
<i>Unnecessary</i>	28.8
<i>No opinion/Neutral</i>	13.3
<i>Necessary</i>	37.8
<i>Very Necessary</i>	8.2

Respondents were then asked how they believed the new regulator should be funded. Table 6 reports the detail of this analysis

**Table 6: How should the regulator be funded?**

<i>Perception</i>	<i>%</i>
<i>Through a membership fee where the fee paid is dependent on the size of the charity.</i>	43.7
<i>In its entirety by central government</i>	26.5
<i>Through a levy on the larger UK charities</i>	8.7
<i>By taking a small percentage of Gift Aid</i>	7.1
<i>Through a membership fee that all charities must pay to join the regulation scheme</i>	4.4
<i>Other</i>	9.5

We then focused attention on the proposed new Fundraising Preference Service (FPS).

**We found that 76.7 per cent of our respondents were NOT in favour of its introduction.**

We then asked respondents what they felt the sector's response should be to the proposal for a Fundraising Preference Service. The results reported in Table 7 indicate that almost half our sample believe that the FPS should be actively opposed, while a third believe that we should accept its introduction and attempt only to influence it.

**Table 7: How should the sector respond?**

<i>Response</i>	<i>%</i>
<i>We should oppose it</i>	46.3
<i>We should accept that it is happening and try and influence it</i>	35.1
<i>We should welcome it – fundraising really does need the FPS</i>	8.2
<i>Other (please specify)</i>	10.5

Comments included in the 'other' category included:

- A mix of welcoming and influencing. The FRSB had very little understanding of how fundraisers work and the mechanics. I believe experienced fundraisers should be a part of it.

- *Accept that something needs to happen, be involved to demonstrate and explain the weaknesses/issues of the 'reset' button idea. Work with the regulator to find and implement alternatives that meet Etherington's aims of stopping excessive communication.*
- All charities should abide by DMA guidelines and a revised IoF Code of Practice in the use of the MPS.
- *Another solution needs to be found which balances both the needs of charities to fundraise and individuals not to be contacted when they don't want to be. The problem I foresee with the FPS is once you are on it you may always be on it, missing out on supporting organizations you might wish to support.*
- Do a better job of promoting the good achieved by charities and be up front about how charities are funded.
- *Do you not think that the MPS, TPS and FPS is likely to lead to confusion? Are individuals going to get to opt out of certain charities and not others?*
- I applaud the need for this in general. However, there are some areas, like my own in Higher Education fundraising where the proposals significantly harm our already established relationships with our alumni and therefore our ability to approach them for fundraising purposes.
- *I don't see the need to duplicate. Just improve the FRSB.*
- I feel strongly that in the broad light of day this is a nonsensical knee jerk measure that has been proposed as a disproportionate attack on the charity sector by those who do not understand the social implications of the FPS.
- *I could live with it if it was used as part of the de-duping process for new donor acquisition via direct marketing. People have been reported as saying that they feel overwhelmed by charity communications. I believe this is due to their names being on lists and being sold. If there was a FPS for acquisition purposes I could live with that. NOT for the file to run against existing donor files.*
- I think we should propose less confusing/potentially costly alternatives and to highlight best practice rather than reacting as a sector to a small number of cases of poor practice.
- *I think we should really debate this further before being railroaded into something that is a complete knee jerk reaction. Commercial companies would not accept this. Why should we?*
- I believe ideally we should oppose, but public opinion has been allowed to get to the point where it would damage our reputation as fundraisers. We're going to have to try and influence it and continue to promote best practice publicly to win back the public trust.
- *Oppose it very vocally.*
- Oppose it and as a sector identify that we need a simple system that covers all charities and methods of direct communication with the public (i.e. email, SMS as well as mail and phone). It needs to meet the needs of two distinctly different groups (1) the vulnerable and (2) people who don't want any direct media. Ideally it should also allow people to 'opt-in' to charitable fundraising.

- *We need more detail on what it is, including how it interacts with activities such as the TPS before a considered position can be taken.*
- *We need to acknowledge the reasons it is being proposed, but argue that some of the other changes being discussed (e.g. ban on charity selling/sharing data) should go a very long way to alleviating public concerns. If, after a further year or two there is still a problem then introduce the FPS.*
- *We need to be the critical friend recognising the need for reform and enforcement but against a backdrop of constructive engagement.*
- *We need to understand what it means first, but then seek to challenge.*
- *The public need to understand the need for professional fundraising. I also don't understand how it can work as people get fundraising asks all the time, my daughter's nursery, walking down the street, my television. How in reality are you going to stop fundraising asks reaching me?*
- *We should ask for a study of long term impact before opposing or accepting it.*
- *We should oppose it first, but if it becomes a reality try and influence it.*
- *We should offer viable alternatives to FPS. There is definitely a need for more regulation, but I don't see the FPS as a solution.*
- *We should oppose it succinctly and work to a joint resolution that serves all parties.*
- *We should recognise that there is a need for an overhaul of the rules and regulations around DM but it shouldn't just be for the charity sector.*

We then asked those respondents who had indicated that the sector should oppose the FPS how they felt the sector should collectively proceed to do that. The results of this analysis are reported in Table 8. Respondents were able to support every option that they felt applied.

Around a quarter of the sample felt that the IoF should withdraw from the group established to implement the FPS. A larger percentage (44 per cent) felt that the Institute should be mandated to actively oppose the FPS. Almost half the sample felt that a coalition of influential individuals might be assembled to assist in opposing the measure.

The detail is reported in Table 8.

**Table 8: How should the sector oppose the FPS?**

	<b>Action</b>	<b>%</b>
<i>Enlist the help of influential and knowledgeable advocates, such as trustees or academics, to do this on the profession's behalf.</i>		48.5
<i>As it is a membership body, mandate the IoF to oppose the FPS</i>		44.2
<i>Form a group to represent the views of fundraisers opposed to the FPS that is independent of the IoF. Such a group could then act as a focus and initiator, such as organizing a letter writing campaign to MPs</i>		43.8
<i>Form a group to defend fundraising, similar to Dan Pallotta's Charity Defence Council in the USA</i>		38.5
<i>Lobby the IoF to withdraw from the joint group established to develop and set up the FPS</i>		25.0
<i>Form a special interest group of the IoF to represent the views of fundraisers opposed to the FPS. Such a group could then act as a focus and initiator, such as organizing a letter writing campaign to MPs</i>		24.6
<i>Resurrect the IoF's Proud to be a Fundraiser Campaign</i>		18.8
<i>Refuse to cooperate with the development of the FPS</i>		8.1
<i>Other</i>		10.0

Comments in the other category included:

- Calculate the human impact of fewer donations.
- *Clearly demonstrate the impact on vulnerable people.*
- Quantifying the value to society lost by a reduction in services.
- *Demand that government consult with fundraisers as well as the wider population.*
- Demonstrate the impact it will have on some of the small charities and their services.
- *Engage in meaningful conversation about how the FPS does not meet the objectives and is difficult to implement and will be confusing to the public.*
- Making common cause with ICO who think FPS is a bad idea might be both politically astute and effective. I don't think lobbying IoF to withdraw will achieve the goal of not having a FPS.
- *I think the most important thing is to start doing some organized lobbying and form a campaigning group.*
- I think the IoF should lead, but if it is unable/unwilling then it could be done independently. Alas, proud to be a fundraiser is about us. It needs to be about donors. A proud to give campaign using some of the recent research on donor satisfaction would have a bigger impact in my opinion.
- *Legal challenge – as it is against EU law to restrict/block communication with 'active' consumers.*
- Lobby the minister hard.
- *No-one has thought through the implications of the FPS in a complex and diverse fundraising landscape.*
- Seek public opinion about what they feel would be appropriate.

This sub-set of respondents were then asked what they felt that fundraisers might do individually to oppose the introduction of the FPS. The results of this analysis are presented in Table 9. The consensus

in this section appears to be that individuals should encourage their management and/or boards to speak out about the impact of the changes.

**Table 9: How should individual fundraisers oppose the measure?**

	<b>Action</b>	<b>%</b>
<i>Persuade their CEOs and senior management teams to speak up against the FPS</i>		55.4
<i>Persuade their boards to speak up against the FPS</i>		46.5
<i>Write to their MPs</i>		36.5
<i>Start and lead a group that will collectively oppose the FPS</i>		35.8
<i>Resign from the Institute of Fundraising unless it changes its stance</i>		16.9
<i>Nothing – we can resolve this through collective action, but individual fundraisers can't achieve change by speaking or acting on their own</i>		13.5
	<i>Other</i>	6.5

Comments in the other category included:

- Bold moves, but are we brave enough?
- Did anyone ask beneficiary groups how they feel? Maybe they'd like to add their voice?
- Get their organizations campaigning and doing media work.
- Happy to join with others and help lead a group.
- I'm not sure we could galvanize enough public support to bring pressure to bear on the Minister. We need to lobby to enforce/enhance existing regulations.
- I have been tempted to resign from the IoF but am aware that if I do I then have no voice within that body. Government still regards it as the voice of fundraisers. If we all resign then the body could be fatally wounded and I don't think that's a desirable outcome.
- I would say resign from the IoF but ONLY if the majority of members oppose FPS and they still refuse to oppose it.

Those respondents who had earlier indicated that they felt we should accept the introduction of the FPS and try to influence its implementation were asked how that might happen. Table 10 reports the detail of this analysis. For the respondents in this category there was overwhelming support for the Institute of Fundraising's current position.

**Table 10: How might we influence the changes?**

	<b>Action</b>	<b>%</b>
<i>The IoF should work closely with government and NCVO to set up the FPS</i>		57.5
<i>The IoF Should do whatever it takes to get the best outcome for fundraisers</i>		28.1
<i>Fundraiserz should not rock the boat by overly criticising the proposals, the government, NCVO and others in favour of the FPS</i>		3.3
	<i>Other</i>	11.1

Comments in the other category included:

- First and foremost in mind should be the simplest journey for donors and donors should be consulted.
- *I don't think this is solely about the IoF. They are part of the picture but where are the charities, large and small, in this?*
- IoF should do what is necessary to develop public confidence but ensure income to charities does not drop significantly.
- *Need to make sure that this is not a knee jerk reaction as it could have huge ramifications for future fundraising potential.*
- Protecting the future of access to major gift opportunities and consultation of philanthropists.
- *The funds don't raise themselves – it's not as if the government, with their cuts to social services are going to fund a shortfall.*
- The IoF should work with others, but not lose sight of the donors and the beneficiaries. There has been precious little mention of the purpose of fundraising. It is a means to an end, not an end in itself.
- *The sector needs to come up with ways that we can make this work. It needs charity input to provide a few of the impacts and possible repercussions. I think FPS is inevitable so we need a strong voice to show the impact on our fundraising.*

Finally, those respondents who indicated that they supported the creation of the FPS were asked to indicate why they supported the measure. Our results are reported in Table 11 and indicate that the majority of these respondents believe the FPS will be beneficial because it will significantly increase public trust in the sector.

**Table 11: Why should fundraisers support the FPS?**

	<b>Reason</b>	<b>%</b>
	<i>The FPS will significantly increase public trust in our sector</i>	56.5
	<i>As a sector we should be held to a higher standard than colleagues in the for-profit sector. The FPS will achieve this</i>	30.4
	<i>Individual charities behave responsibly, but a mechanism is needed to regulate and their collective activity to stop people feeling overwhelmed</i>	30.4
	<i>Most fundraisers care more about short-term targets than building long-term relationships with donors – so the FPS will protect people from over solicitation</i>	15.2
	<i>Most fundraisers want to build long-term relationships with donors but are forced into short-term targets by their boards and CEOs. The FPS is a necessary evil to protect people from over solicitation</i>	15.2
	<i>Most fundraisers cannot be trusted to manage their relationships with their donors and prospective donors responsibly. The FPS will require them to do so.</i>	4.3
	<i>Other</i>	8.7

Comments in the other category included:

- It might shut the whingers the hell up!
- *It's about the supporters. If a supporter doesn't want to be contacted there is no point in contacting them. This will root out people who won't give anyway. It's quite an active thing to opt-in so those that feel neutral about it won't register.*
- The current model doesn't work.
- *The review implies that the FPS will be similar to the TPS and charities would have to check their data against it for high volume campaigns and communications.*
- This would be valuable as some donors are clearly being overwhelmed by the high volume/direct marketing fundraising requests they are receiving.

All respondents were then asked whether they felt that the Institute of Fundraising was doing a good enough job in opposing the introduction of the FPS. As Table 12 clearly indicates almost 80 per cent of respondents do not believe the Institute is doing an adequate job.

**Table 12. Is the IoF doing an adequate job in opposing the FPS?**

<i>Response</i>	<i>%</i>
Yes	7.4
No	77.4
<i>The IoF should not oppose the FPS at all</i>	15.2

**When respondents were then asked whether they felt the Institute currently speaks for them in relation to the FPS 87 per cent of respondents said NO.**

The survey then moved on to explore what respondents felt would be the specific impact of the changes on their fundraising. We measured this in two ways, beginning with a five-point scale ranging from 'a very significant negative impact', through to 'a very significant positive impact'.

As one might expect the move to an 'opt-in' and the introduction of a FPS give rise to the most serious concerns.

**Table 13: Impact of specific measures on our ability to generate income**

	<b>Very Significant Negative Impact</b>	<b>Significant Negative Impact</b>	<b>No Impact</b>	<b>Significant Positive Impact</b>	<b>Very Significant Positive Impact</b>
<b>Moving to an opt-in (rather than an opt-out) for donor communications</b>	47.7%	34.7%	9.3%	7.2%	1.2%
<b>Moving to an explicit opt-in to list swop or reciprocal activity</b>	13.4%	22.1%	51.7%	9.9%	2.9%

The introduction of a Fundraising Preference Service	39.7%	40.9%	10.5%	7.0%	1.9%
The introduction of a new fundraising regulator	5.8%	20.3%	40.5%	28.5%	4.8%
The review and probable introduction of new data protection guidelines	8.7%	38.4%	21.7%	26.4%	4.8%

We then asked respondents to focus on the FPS and indicate the nature of the impact that they felt it would have on various facets of their fundraising. Table 14 indicates that the FPS is regarded as a substantial treat to overall income generation and the ability to attract new donors.

**Table 14: Aggregate impact of all measures on specific aspects of fundraising**

	Very Significant Negative Impact	Significant Negative Impact	No Impact	Significant Positive Impact	Very Significant Positive Impact
Your ability to conduct new donor acquisition	42.4%	38.4%	15.4%	3.0%	0.8%
Your ability to retain existing supporters	31.1%	42.8%	18.8%	5.9%	1.4%
Your ability to raise income	39.0%	43.8%	11.7%	4.4%	1.0%
Donor satisfaction with the quality of service provided	16.6%	20.2%	43.8%	15.6%	3.8%
Public perceptions of the charity sector	14.5%	15.4%	38.0%	24.2%	7.9%
Public trust in the charity sector	12.9%	15.2%	40.6%	23.4%	7.9%

We then asked respondents to quantify the nature of the impact on their fundraising income of the package of changes that have been proposed.

**A mean decrease in fundraising income of 14 per cent is expected in the financial year beginning in 2016.**

**By 2020 respondents were anticipating a fall of 17 per cent in their fundraising revenue on what would have been achieved in the absence of these measures.**

It is interesting to note that our own analysis of the impact of the changes identifies that individual giving would be impacted by around 20 per cent in year five.

**Based on current giving levels that would equate to a loss for the sector (in 2020) of around £2 billion in income.**

Longer term projections are even more troubling as the effect of the changes will compound over time as fewer donors are recruited, the quality of service they receive falls and levels of attrition begin to rise.