

Self-Regulation of Fundraising

Regulation of Fundraising Unit - Business Plan

Executive summary

1. This business plan has been constructed to enable the proposals set out in the CAF steering group report (appendix to this report) to be implemented throughout the UK in a timely and effective manner.
2. The papers that accompany this executive summary provide the essential detail on which these plans have been developed. The CAF steering group report has been taken as a given set of proposals for the self-regulation of fundraising and this business plan provides an operational framework for their implementation.
3. The plan has not sought to replicate the market research of nfp Synergy and the Charity Commission, but it recognises the importance of this work in assessing public opinion in the trust and confidence of the sector and in fundraising in particular. It is observed that the public has, in general, a mature attitude to fundraising practices, providing they fall within a range of generally accepted principles of good practice. This is seen as an encouraging foundation for the development of plans for the self-regulation of fundraising.
4. Karl Wilding, Head of Research at NCVO has described the nature and scope of the 'market' for the self-regulation of fundraising. It is foreseen that the scheme will be open, on a voluntary basis, to all organisations engaged in public fundraising. The business plan recognises the importance of a 'core market', which is described in some detail in the body of this business plan.
5. The analysis of the core market identifies 23,643 general charities throughout the UK that fundraise and employ staff, from a total "population" of general charities of 152,696. This figure excludes peripheral charities to reflect the National Statistical Office criteria of the voluntary sector, which excludes such organisations as the Arts Council. Peripheral organisations together with philanthropic and benevolent and for- profits businesses operating in the sector will be encouraged to join the scheme but do not represent the core market on which the financial forecast has been developed.
6. The table that follows provides the headline figures:

	Total	England	Scotland	Wales	N. Ireland
No. of general charities -2002	152,696	117,845	24,498	7,303	3,050
No. of charities that fundraise and employ staff	23,643	17,986	3,975	914	768
Target market penetration for self-regulation	5,827	4,520	874	212	220
% of total membership		77.6%	15.0%	3.6%	3.8%
	2005/6	2006/7	2007/8	2008/9	2009/10
Projected members of the scheme at the year end	734	1,369	2,069	2,889	3,887
Value of public fundraising by projected scheme members (£m - 2002 prices and values)	1016.7	1686.4	2,307.4	2851.3	3297.3
% of public fundraising by UK general charities	13.3	22.1	30.3	37.4	43.2

7. The financial plan that forms part of this business plan is predicated on the above projections. The year 2005/6 is predominately the start up year and forms year '0' of the plan. The plan provides for a breakeven in the fourth full year of operations - 2009/10. To achieve this breakeven the following pricing structure has been developed which recognises the importance of encouraging small organisations to join the scheme:

Target charities with a total income £	Annual fee £
Less than 10k	30
10k-100k	75
100k-1m	225
1m- 2.5m	275
2.5m-5m	400
5m-10m	550
10m-25m	800
25m-50m	1,000
Greater than 50m	1,500

8. Full supporting financial projections are included in the plan. The core market identifies that 15% of projected scheme members will be in Scotland. This percentage has been used as the basis for a future application for appropriate funding from the Scottish Executive to support the 'pump priming' of the scheme. The funding remains to be agreed. A key principle of the scheme is that it is UK wide and that there will be a clear Scottish presence and

dimension to the scheme. This is likely to be in the form of a Scottish staff resource to interface with the media as well as Scottish postal address. Similar roll out in Wales and Northern Ireland may become desirable at a later stage but it was felt important to treat Scotland separately given the current changes in Scottish legislation.

	Total funding		From the Home Office		From the Scottish Executive	
	year	total	year	total	year	total
2005/6	840,625	840,625	714,532	714,532	126,094	126,094
2006/7	614,264	1,454,889	522,124	1,236,656	92,140	218,234
2007/8	344,306	1,799,195	292,660	1,529,316	51,646	269,880
2008/9	204,315	2,003,510	173,667	1,702,983	30,647	300,527
2009/10	0		0		0	

9. The plan recognises that this is a start up operation and that the projection of scheme membership may be subject to significant variances. If the take up of the scheme is slower than projected, some cost saving may be made. However, the Trustees of the Institute of Fundraising consider provision of contingency essential. The plan formally requests that an additional £500,000 is 'put aside' should events occur that are at serious variance with the plan projections.
10. The critical event that will affect the timing of the commencement of the plan is the appointment of the Chair of Council and Chief Executive of the Regulation of Fundraising Unit. The plan provides for advertisements to be placed in March for their appointment in June/July 2005. Any delay in the approval of these plans will impact upon these time scales.
11. In excess of thirty key stakeholders have been interviewed with the purpose of gaining their support and commitment to the launch of the scheme. Stakeholders in the sector have offered an encouraging range of support in the launch and promotion of the scheme. Consumer bodies, Which? and the National Consumer Council have expressed concern regarding the independence of the RFU from sectoral interests and would want to ensure that the governance structure puts representatives of the public in the majority. The governance section of the report seeks to address some of these issues. In addition it is recommended that best practice is followed and that the decision of the independent complaint reviewer should be final and binding. Experience shows that public trust and confidence is compromised if a body (the Council) which has sector representatives takes the decision.

12. It is currently proposed that the Council of ten should be constituted as follows;

	Public interest	Sector interest
Impartial and respected chair	1	
Institute of Fundraising and PFRA		2
NCVO, SCVO, WCVA and NICVA in rotation		1
Charity Law Association	1	
Two consumer bodies	2	
Three lay members	2	1

13. The trustees of the Institute of Fundraising believe that the RFU should be floated as an independent company as soon as circumstances permit and that a process and structure should be put in place to enable this to occur. This will enhance the position of independence from the perspective of the public and organisation representing their interests.
14. The marketing plan provides the framework for the launch of the scheme in the autumn of 2005. This allows for the Chair and Chief Executive to be in post for 3-4 months and for income from membership to be received from 1 January 2006.
15. The plan places great importance on the relationship that individual charities enjoy with the public and foresees these organisations engaging with the public in the promotion of this scheme. This methodology has been successful with other initiatives. The plan has a strong focus on engaging key players in the sector in the launch of the scheme. A focus of attention is the launch of the scheme and significant PR activity is planned in each of the four nations. The planned web-site, public relations and mailing addresses stresses the importance of the four-nation approach.
16. The plan provides for, and benefits from, the engagement of NACVS, WCVA and SCVO in the provision of four pilots during 2005/7 that will target small organisations and encourage their membership of the scheme. In addition, CEMVO have given a commitment to use their network and resources to promote the scheme to the black and ethnic community.
17. Three critical events have been identified that will be necessary to ensure the timely launch of the Regulation of Fundraising scheme.
- ◆ An agreement to the plan in February

- ◆ The release of funds in March (which would enable the placement of advertisements for the Chair and Chief Executive to be published in February/March).
- ◆ Agreement during this period by the major stakeholders on the proposed governance structure (if clear terms of reference are to be formulated for the independent RFU).

18. Agreement to these issues will provide a sound framework for a new team to execute this challenging business plan for the self-regulation of fundraising that is well supported by key stakeholders in the sector.