

BEST PRACTICE IN FUNDRAISING: A GUIDE FOR TRUSTEES



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On 21 November 2016, NPC and [The Clothworkers' Company](#) held a seminar exploring the role of trustees in charity fundraising. This report outlines the issues discussed and summarises advice from our speakers. It draws on [resources published by the Institute of Fundraising](#)¹, which were shared with delegates ahead of the event.

Speakers

The seminar was chaired by **Sally Bagwell**, Deputy Head of the Charities Team at NPC. The panellists were:

- **Ian MacQuillin** (Director of fundraising think tank [Rogare](#)) spoke about the ethics of fundraising and posed questions on the topic for trustees and staff to consider.
- **Rachel Bartholomeusz and Liz Jorden** (Trustees of [Challengers](#)) gave insights on taking a strategic approach to fundraising, and how their board provides effective oversight of such activities.
- **Gethyn Williams** (Director of Development and Engagement at [Contact a Family](#)) focused on practical advice for trustees in supporting and overseeing charities' fundraising, particularly in the current context.

The panellists' comments were followed by roundtable discussions where delegates discussed common issues they face as charity trustees. There was then a question and answer session where the speakers offered advice and tips for dealing with these challenges.

Introduction

In many circles, 'fundraising' seems to have become a dirty word. Recent scandals have seen the media focus on examples of poor practice and the rights of the public to remain undisturbed. Yet charities *must* fundraise in order to provide services for the people or causes in need of help. So how can trustees support their charities to raise funds responsibly but with conviction?

The role of a charity's board is to keep an overview of the organisation's activities and ensure they are aligned with its mission. So trustees play a crucial role in keeping a charity's fundraising activities on course. Fundraising has always been an important aspect of a trustee's role, and trustees are often directly involved in such efforts: meeting with prospective donors or, particularly in smaller organisations, helping with bids and applications. But changes to the landscape of fundraising regulation, to Charity Commission guidance on trustees' duties, combined with the hostile tone of public debate towards fundraising can leave trustees feeling uncertain: How

¹ See the Institute of Fundraising website: <http://www.institute-of-fundraising.org.uk/guidance/research/trustees-and-fundraising/>

closely involved do they need to be with the ins and outs of their charity's fundraising practices? How best can they balance an engagement with fundraising with the various aspects of the trustee role? In the following pages we draw on insights from practising trustees in an aim to help boards approach these issues.

Why does fundraising matter for trustees?

'A good fundraiser is an invisible conduit between the donor and the cause.'

Liz Jorden, Challengers

For any charity to do what it does—to help the people it aims to help and to have the impact it seeks to achieve—it needs to raise sufficient funds. A successful fundraising programme can transform a charity's prospects, giving it flexibility to grow its impact, develop new partnerships or test new approaches, and plan for the long term. It also offers a route for supporters to engage with the charity. More income usually means the charity is able to reach more people, or to do so more effectively, or often both. If it cannot fundraise, this will have a knock-on effect on the people or issue the charity is trying to help.

As 'guardians of purpose', trustees are responsible for ensuring funds are spent on the charity's mission. This means being transparent about how funds are spent, ensuring that money raised for a particular purpose is spent on that purpose. Equally, it means avoiding 'mission drift', where the charity is led by donor preferences rather than by its own core purpose. Meeting these two essential requirements requires good communication skills and diligent financial accounting.

Trustees are also in part responsible for safeguarding their organisation's reputation, which is a crucial currency for charities. For many people, donating to a charity is their only engagement with an individual charity, or indeed the sector as a whole. Fundraising practice is therefore closely connected to building and maintaining the public's trust in and support for a charity's work. Trustees do not need to be fundraising experts, but they do need to engage with fundraising as part of their governance role.

What role should trustees play in fundraising?

Fulfilling core duties with the board

Trustees' duties in relation to fundraising are set out in the Charity Commission's [CC20 guidance](#)². The Commission outlines six key principles:

1. **Plan effectively:** Trustees should agree and monitor the charity's overall approach. The fundraising plan or strategy should take account of the charity's values, of its relationship with donors and the wider public, and its income needs and expectations. The plan should also consider risks.
2. **Supervise fundraisers:** The charity should have systems in place so that trustees can oversee fundraising carried out on behalf of the charity, whether by staff, volunteers, or third parties.
3. **Protect the charity's reputation, money and other assets** by identifying and managing risks.
4. **Comply with any laws or regulations that apply to your charity's fundraising:** These might be not be specific to the charity sector—for example, laws relating to data protection (the Information Commissioner's Office), lotteries (Gambling Commission), licensing or working with commercial partners may apply.
5. **Follow any recognised standards that apply:** These are set out in the [Code of Fundraising Practice](#)³.

² See the Charity Commission website: <https://www.gov.uk/government/publications/charities-and-fundraising-cc20/charities-and-fundraising>

³ See the Institute of Fundraising website: <http://www.institute-of-fundraising.org.uk/code-of-fundraising-practice/>

6. **Be open and accountable**, both in relation to statutory accounting and reporting requirements, and also in communications with donors and supporters.

Navigating the charity towards success

'As a trustee, you are both an ambassador and a navigator for your charity.'

Gethyn Williams, Contact a Family

As trustees go about fulfilling their duties, they can do so in a way that sets their charity on the right course. This involves:

- Establishing a clear and sustainable fundraising strategy, which considers both opportunities and risks and which will enable the organisation to achieve its objectives.
- Setting out the culture, values and fundraising standards for the organisation.
- Ensuring the charity complies with best practice, treating supporters fairly and with respect.
- Implementing clear policies defining the organisation's approach to sensitive issues, including making sure that complaints are handled appropriately.
- Managing risks—and balancing them appropriately.
- Supporting the chief executive and fundraising team, but challenging them too.
- Instilling an open and accountable approach.

In order to fulfil this oversight role effectively, trustees need to have a good understanding of the charity's accounts (so they know where money is coming from) and be informed about current perspectives on best practice in fundraising. The panel advised trustees not to be afraid of challenging the status quo or asking questions, and not to accept *'because that's how we've always done it'* as a good enough answer.

Fundraising: Five golden rules for trustees, from the Institute of Fundraising⁴

Everything begins with a strategy: Have a clear fundraising strategy and ensure it is integrated into your overall strategic planning.

Think long term: Ensure sustainable planning is at the heart of your fundraising.

Do the right thing: Always consider the legal and ethical implications of your fundraising.

Don't put all your eggs in one basket: Where possible, diversify your fundraising strategy.

Play your part: What can you do to ensure that your organisation's fundraising achieves its potential?

Acting as ambassadors for the charity

'Never miss an opportunity to talk about your charity.'

Gethyn Williams, Contact a Family

Beyond their work behind the scenes, trustees can act as excellent ambassadors for their charities. Even on a small scale, such as one to one within their own personal and professional networks, trustees can increase the charity's visibility by sharing their enthusiasm and talking about the cause.

⁴ See the Institute of Fundraising website: <http://www.institute-of-fundraising.org.uk/guidance/research/trustees-and-fundraising/>

Gethyn Williams advised the audience to '*tell good stories*'—the human impact of the charity's work. This is easier to do where trustees are more closely engaged with the charity. Staff can help ensure trustees have the knowledge and experience to be able to do this.

Sporadically, fundraising opportunities can arise—such as, for example, social media campaigns like #FirstFiver, which recently provided an opportunity for people to talk about the cause they support. But trustees can be more proactive about championing their cause in a way that could help raise funds. Every interaction helps to raise awareness, and as people who know the organisation first-hand trustees can be powerful advocates. If you believe in what you are doing, shout about it.

Should trustees be expected to donate to the charities they serve?

Delegates discussed this tricky question, and opinions were divided. In the USA, it was noted, there is a clear expectation that trustees should donate to the charity they serve. However, many trustees in this country may feel that the time they put into being a trustee is their way of making a contribution. Views on this differed among the panel, but there was agreement that different people have different means, and that this should not be a barrier to people becoming a trustee—particularly given the imperative to increase board diversity within the charity sector.

People should be able to give in a way that is meaningful to them. There ought to be a range of ways in which trustees can become more engaged in the charity—for example through campaigning or volunteering, not just donating financially.

Some delegates highlighted the benefit of being able to say that trustees are also donors. In one example, a major donor had been approached to be a trustee. This helped to shift the culture of the board towards being more positive about fundraising, more ambitious in its approach, and had encouraged other trustees to donate. Boards should be cautious, though, that financial support from a trustee does not grant that individual unreasonable influence when decision-making on behalf of the charity.

How can trustees support good practice in fundraising?

Connecting fundraising with the charity's values and culture

The panel all emphasised how crucial it is that a charity's values, purpose and culture guide the organisation's fundraising activity. They recommended that trustees ask themselves, '*What does 'good' fundraising mean for our charity?*'

Setting out what your charity's values are and how they apply in the context of fundraising can be a helpful exercise. Making this commitment public is even better; [Challengers has published its own standards](#)⁵ so that donors know how they can expect to be treated.

Increasingly, charities are asking themselves how their values and goals apply to the way they portray beneficiaries in fundraising campaigns. In some contexts, a message that could prove beneficial to a charity in terms of bringing in revenue could do damage to its mission in the long term. Some charities have changed their fundraising approaches so that they avoid presenting beneficiaries as victims. Instead, they seek to present a more positive view of their beneficiaries' agency and circumstances.

⁵ See Challengers website: <http://disability-challengers.org/wp-content/uploads/2016/09/Fundraising-Standards-1.pdf>

Beyond the matter of preferences specific to a charity's work, all charities must remember that donors themselves may be vulnerable. Poor practice—targeting those who are sick, disadvantaged, or otherwise vulnerable—undermines the good that charity may be doing elsewhere. In health and social care regulation, the Care Quality Commission asks its inspectors to consider whether they would be happy for someone they love and care for to use the service they are inspecting. At NPC, we have suggested fundraisers could similarly adopt a 'gran test', asking themselves whether they would be happy with their charity's fundraising practices if their own grandmother were approached with these methods. Where trustees are themselves donors or receive fundraising communications, this is easier for them to judge.

Ensuring beneficiaries are part of the conversation

'Fundraising is ethical when it balances the duty of fundraisers to ask for support on behalf of the charity's beneficiaries with the right of the public not to be put under undue pressure to donate.'

Ian MacQuillin, Rogare

It is also worth charities asking themselves whether and how beneficiaries could themselves be involved in fundraising—and remembering that for many charities, beneficiaries are often donors too.

As Ian MacQuillin highlighted, much of the discussion of fundraising and fundraising ethics in the UK focuses on charities and donors, without touching at all on those who actually use the charity. The needs of beneficiaries—the reason fundraising matters—has been largely absent from public debate on charities' fundraising activities.

Ian advised trustees to think about *how* they judge what is ethical, and set out different theories that might be used to make that judgement. For example, one might say that something is ethical where it protects public trust, what he called the 'trustism' approach—although there is a risk that this leads to charities being overly cautious. Equally, one might take a 'donor-centric' approach whereby serving donors' wishes and needs takes priority—although there is a risk of mission creep, with the charity losing focus on its core purpose. He advised trustees to think carefully about how they made ethical judgements, and remember that personal preferences vary: for example, just because one trustee does not like being asked for money that does not necessarily make it wrong to ask.

Ian MacQuillin advocated an approach that recognises that both donors and beneficiaries have rights, and so charities have duties to both groups. Donors have the right to be asked to help respectfully, for example, while beneficiaries have a right to access services that will improve their lives. A charity's approach to fundraising should balance these rights and duties by raising sufficient money to provide services, without subjecting donors to undue pressure to donate.

Establishing board effectiveness

All trustees need to take responsibility for fundraising, just as they would with any other area of governance. Some simple elements of good practice can help board effectiveness in this area. A skills audit helps trustees to review whether the board has the necessary mix of skills and expertise. It can help to identify any gaps, which the charity can then set out to fill through recruitment, training, or by seeking out expert advice. A diverse board with a range of perspectives and experience can also help to ensure that the board has a balanced view and avoids decision-making from a narrow perspective. Rachel Bartholomeusz told the audience that, as a trustee of Challengers, she not only brings her professional marketing expertise to the role. She also draws on her experience as a volunteer with the charity, her knowledge as someone whose family had used its services, and her perspective as a younger person.

Providing a role description for trustees is good practice, and can help by setting out clearly what the role involves and what sort of skills the charity is looking for. For many charities, particularly smaller ones, trustees are a vital

part of the fundraising team and it is useful for both sides if expectations are clearly set out from the outset. Where a board has identified a fundraising skills gap that it is seeking to fill through recruitment, a role description will help attract the right people.

It is not just about having the right people on the board, however—the right structures will help the board function effectively. By bringing smaller groups of trustees (and potentially others) together around particular topics, sub-committees are a good way to dedicate extra time to important issues and look at them in greater detail. The board still has full responsibility, though, so trustees should ensure there is good communication between any sub-committees and the board itself. The Challengers board uses sub-committees to good effect: a fundraising and communication focus group tests ideas and reviews the draft fundraising strategy. Meanwhile, a finance and risk committee monitors progress against fundraising targets (see page 7 for more on how the Challengers board oversees fundraising). Such a structure can help ensure that a charity brings in money successfully and in the most mission-focused manner possible.

Getting the relationship right between the board and the executive

A consistent theme throughout the discussion was the relationship between the board and the executive team, which should be one of supportive and constructive challenge. Trustees need to test assumptions and monitor risks but also ask *'how can we help?'* Fundraisers need support, as they have an important but often thankless task.

The role of trustees is to question targets and assumptions, not to set them—and once a strategy has been agreed, to oversee and support delivery. As one delegate said, this is the difference between saying *'Here is your target, off you go,'* and *'What should our target be? What are the challenges? How are we going to meet the target?'* Discussions also highlighted the differences between the level of information trustees of different charities receive. Inviting the Director of Fundraising to present at the board, for example, is a simple way to gain a better understanding of fundraising within your charity.

Managing risk

For Gethyn Williams, the 'navigator' side of a trustee's role is all about risk management. He offered advice on ways that trustees could do this, such as by taking a more active role in setting the board meeting agenda, and perhaps using the risk register as a tool to structure the discussion. Other advice for trustees managing risk includes:

- Encourage your fundraisers to be innovative but not reckless—they should always consider the risks (both financial and reputational).
- If you have any high cost fundraising activities, know why this is and what is the likely return.
- Have a clear complaints policy, with oversight of any areas of common concerns.⁶
- Where possible, have a diversified range of fundraising activities—but avoid spreading yourself too thin.
- When making difficult decisions, ensure that the decision you have reached is something that you, your board colleagues, staff and volunteers would be willing to stand up for.

Supporting the fundraising staff

Fundraising is a specialist skill that requires investment. Make sure staff or volunteers involved in fundraising have the right level of resources, training and support. Particularly in a very new charity, or one that has recently invested in fundraising capacity, trustees can play a valuable role supporting staff to develop their own networks by offering advice, expertise and contacts.

⁶ Charities should also be aware of the role of the new Fundraising Regulator with regards to complaints about fundraising tactics: <https://www.fundraisingregulator.org.uk/about/purpose-strategy/>

Monitoring any outsourced fundraising

Trustees can be anxious about situations where fundraising is outsourced to third parties, and delegates sought advice from the panel of speakers about how best to manage these situations.

Firstly, it is important that you know who manages and delivers your charity's fundraising: is it staff, volunteers or third parties? External help can be useful in providing extra capacity, but the charity itself remains responsible—so trustees need to maintain ownership and oversight. Have a written agreement between your charity and any third parties it works with, and check there are systems in place to monitor this. 'Mystery shopping'—where someone acts as a customer (or in this case, as a donor) in order to check how the service is being delivered—can be a good way to check the approach and quality of any outsourced activities. This is a practical way that trustees can help.

Case study: Challengers' fundraising strategy and the role of its board

About the charity

Challengers, based in Guildford, provides inclusive play and leisure opportunities for disabled children and young people in Surrey, Hampshire and beyond. The charity runs play schemes and activities for disabled children and young people aged 2 to 25 years. It is inclusive of disabled and non-disabled children, and regardless of their impairment finds a way to support every child or young person to participate and have fun.

The new fundraising strategy

To help achieve its mission, Challengers aims to increase the level of its reserves and get a better balance between different sources of income (Local Authority contracts currently account for 41% of the charity's annual income). Both of these goals require an increase in the level of voluntary income.

The charity's fundraising strategy—reviewed, revised and approved by the trustees—sets out how it will achieve these goals, and focuses on a three key areas. Firstly, increasing sustainable income such as regular giving from supporters in the community and multi-year funding from trusts and foundations. Secondly, playing to the charity's strengths—its strong local reputation and network of supporters and volunteers. Through building on these strengths, the charity is also exploring new approaches such as developing trading income through social enterprise. Finally, it aims to improve the return it receives on investment—making sure that money invested in fundraising delivers good results.

How the trustees are supporting this work

The board does a skills audit each year, which has resulted in a well balanced board. Between them, trustees have a wide range of relevant skills: in business, finance, law, fundraising and marketing, as well as clinical practice, youth work, local government and as parents who use the charity's services. This balance means that whatever the issue at hand—fundraising included—it is likely that at least one member of the board will have significant experience. It also means there are clear expectations among trustees: *'we know what we are there for,'* says Liz Jorden.

The board meets quarterly, but two sub-committees—one on finance and risk, and one on operations and quality—meet more frequently. The finance and risk committee reviews all of the numbers, and looks at the fundraising pipeline against the charity's budget. This means they are alert to any problems and can be proactive in dealing with them. A separate fundraising and communications focus group meets quarterly, and comprises of any trustee that wants to be involved. The group provides a sounding board for staff to test things with, and reviews the fundraising strategy before it goes to the full board. The types of question that might be asked at that meeting could be, *'What is the rationale behind these targets? Do we have the IT and staffing that we need to deliver the strategy? What might get in the way?'*

Questions for trustees to consider

To help think through how a board can best support its organisation's fundraising activities, trustees could ask themselves the following questions:

- What is your charity's fundraising strategy? Is it sufficiently ambitious? Is it sustainable? Will it allow the charity to deliver its mission?
- Is your charity's fundraising approach in keeping with the organisation's mission and values? Are you confident that your fundraising expenditure is being used as effectively as possible to achieve short- and long-term objectives?
- Are you investing wisely in fundraising? What level of return do you expect, and over what timeframe?
- Which fundraising methods do you use? Do you know where money is coming from, how it is raised and what it costs?
- Who delivers your fundraising: staff, volunteers, third parties? Are you confident that they are doing so legally, and to the highest standards? Do you have the right skills and systems in place?
- How are beneficiaries involved and portrayed in your charity's fundraising? Does this approach help or hinder your mission?
- Is your charity transparent and accountable in its approach to fundraising? Are you happy that your charity is compliant with all fundraising standards and legislation?
- Do you have robust processes in place to ensure you have appropriate fundraising policies, systems, culture and control mechanisms? Do you monitor how many fundraising complaints have been received?
- How are you monitoring the success of your fundraising, and what can you learn from it? How can it be improved?

If you do not know or are unhappy with the answers, working together to address them could help you clarify and improve your charity's fundraising practice.

Final thoughts

Effective and sustainable fundraising, which enables donors to build meaningful relationships with the charity, can transform a charity's fortunes and allow it to deliver greater impact. Trustees have an important role to play in advocating for their organisation and in overseeing its approach, in supporting staff and in challenging them, in considering the long- as well as the short-term approach. Raising funds to deliver the work is an essential element of a charity's success, and getting more engaged with fundraising—seeking out information, asking questions, helping out where appropriate and in a way that is meaningful to them—can help trustees gain confidence and enjoyment, and fulfil their role effectively.

Further reading

Institute of Fundraising in partnership with CFG, NCVO and ACEVO (2016) [*Trustees and fundraising: A practical handbook*](#).

The Charity Commission. (2016). [*Charity fundraising: A guide to trustee duties \(CC20\)*](#).

[Code of Fundraising Practice](#) from the Fundraising Regulator.

[Resources on trustees and fundraising](#) from the Institute of Fundraising

Carrington, O. and Joy, I. (2016) [*Above and beyond in trusteeship: What good governance looks like*](#). New Philanthropy Capital.

TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy which occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

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