

19 September 2017

Independent schools and the fundraising landscape

Schools' development is an emerging market. Funds raised by schools have almost doubled since 2011 from £100 million to £190 million in 2016. Like charitable organisations, independent schools must adhere to fundraising regulation and through demonstrating a commitment to best practice, donors (and potential donors) will have increased confidence in schools spending donations responsibly.

The fundraising landscape & changes to regulation

Following the negative media coverage of charitable malpractice in the summer of 2015 and a decline in public trust of charities, the government commissioned Sir Stuart Etherington to review fundraising practice and this led to the establishment of the Fundraising Regulator.

The Fundraising Regulator is responsible for overseeing fundraising regulation, including the Code of Fundraising Practice (which sets the standard expected of all charitable fundraising organisations across the UK) and the Fundraising Preference Service (FPS). The FPS offers the public an option to opt out of fundraising communication from a specific, named charity (or school).

Recent changes to the Code of Fundraising Practice now emphasise that trustees/governors are responsible for monitoring not just income raised but *how* income is being raised. Ensuring effective control is a vital part of acting in the school's best interests; managing the school's assets responsibly and minimising risk. It is also important to note, that annual reports must now feature extra disclosures around fundraising for schools that meet the audit threshold.

Developing and monitoring third party agreements has also been updated within the Code and organisations must now make all reasonable efforts and exercise due diligence to ensure the ongoing compliance of third party fundraising organisations with the Code and any legal requirements such as compliance with data protection legislation.

For schools raising money, it is important to consider where the money has come from before accepting it. It is crucial your school carries out the necessary due diligence when accepting a donation to minimise your school's reputational risk:

- to prevent money laundering or financial crime
- to avoid a potential bribe, for example in return for a place at your school
- to guarantee any restricted donations, either restricted by the donor or donations for a trust supporting a specific area, can be spent as the donor wishes/the trust dictates
- to ensure a donation does not contradict your school's ethical fundraising policy

So, what does this mean for schools' development?

1. Good governance develops supporter trust and confidence

Trustees / governors are responsible for not only maximising income, but monitoring fundraising best practice and activities. Development should be a standing agenda item at board meetings. The Girls' Day School Trust (GDST) has introduced a "fundraising champion" on each of their governing boards so that they now have an influential voice at the highest level and much more informed governing boards.

All boards should be familiar with and follow the Charity Commission's guidance:

- CC20 – *Charity fundraising: a guide to trustee duties*
- CC3 – *The essential trustee: what you need to know, what you need to do*

All boards should consider putting policies and processes into place, to save time in the long-term and to make best practice the norm:

- Ethical Fundraising policy
- Gift or donation acceptance policy
- Vulnerability guidelines
- Complaints procedure guidelines
- Standard form agreement with major donors
- Donation acceptance policy
- Third party agreements
- Whistleblowing policy (which covers fundraising)

2. Accelerated understanding of development

Working together shares the workload AND develops understanding of development. Complying with legislation is not just down to schools' development teams. Changes to legislation and regulation have given development offices greater profile within our schools as senior leadership take an increased interest in fundraising compliance and data protection. At GDST they are taking a whole school approach to changes to fundraising regulation and data protection legislation, but also investing in data protection specialists and champions.

3. Fast track good practice

The new regulations and changes to data protection give school's licence to review and improve current practices.

GDST has introduced health checks, 'audits' across its schools to assess fundraising compliance / practices, which has led to formal recommendations to improve or introduce better practice, and training for senior leadership to share what best practice looks like.

4. Re-focus on supporter engagement

The changes to fundraising regulation are an opportunity for schools to reinforce their vision and reinforce how development can make a difference. Schools are ahead of the curve. Schools have well-established alumni relations' programmes, which recognise the importance of developing relationships and fostering a school's community. It is important to have honest conversations with your school's community regarding changes to regulation but GDST are using this as an opportunity to update supporter contact details and the "preferred form of communication" - this higher level of transparency has led to increased confidence and reassurance in GDST communities.

Don't forget IDPE are here to help, to keep your school informed about the changes to fundraising regulation, to benchmark best practice in schools' development, to provide case studies of schools doing fundraising well, and through our professional development programme and conference meet the training needs of those working in schools' development. For more information contact info@idpe.org.uk or 01225 829030.