

ASKING FOR IT

Honest answers to tough questions

The essential Q&A for all charities

July 2005

PEOPLE WANT TO KNOW, PEOPLE NEED TO KNOW...

People who work for charities are constantly being asked tough questions about their charity and charities in general. Every charity is different, but all charities have things in common.

The purpose of this Q&A Toolkit is to help people in charities:

- answer basic questions that people are entitled to ask because all charities depend on public funds for their existence;
- give consistent answers that increase public awareness of the facts and build more understanding and support;
- refute inaccurate and negative press coverage and so make misrepresentation less likely or acceptable.

This Q&A Toolkit will help you to:

- show the effectiveness of your charity and charities in general;
- justify and explain fundraising costs and methods;
- outline how donations are used for the charity's aims.

Charities have nothing to hide from the general public. In fact, by giving people straight, honest answers, charities have everything to gain.

...HELP PEOPLE UNDERSTAND

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CHARITIES ARE SET UP TO BE EFFECTIVE ORGANISATIONS

Q1 How are charities governed?

A1 Every charity must be registered with the Charity Commission, have a governing document and a trustee body.

- **Every charity must be registered with the Charity Commission**
The Charity Commission is established by law as the regulator and registrar for charities in England and Wales. In Scotland, a new regulator has been established with similar responsibilities to the Charity Commission.

The Charity Commission fulfils this role by:

- securing compliance with charity law;
- dealing with abuse and poor practice;
- enabling charities to work better within an effective legal, accounting and governance structure.

It has powers to intervene in a charity to protect its assets where a formal investigation establishes serious mismanagement or abuse.

- **Every charity must have a governing document**
The governing document sets out the charity's objects and usually how it is to be administered.

It may be a trust deed, constitution, memorandum and articles of association, rule, conveyance, will, Royal Charter, Scheme of the Commissioners or other formal document.

- **Every charity must have a trustee body**
The trustee body must be constituted in accordance with the governing document.

Charity trustees are volunteers who, under the charity's governing document, are responsible for the overall control of the charity and ensuring that it is properly managed.

The trustees are under a duty to ensure that:

- the charity keeps proper books and records;
- they prepare annual accounts and, in many cases, an annual report of the charity's activities, including at least a summary of the financial accounts;
- they formally approve the charity's annual report and accounts;
- the accounts are subjected to external scrutiny, if required by legislation
- or by the charity's governing document;
- the charity does not spend money on things outside its remit

Q2 How do you ensure your staff/trustees are equipped to run an organisation that is funded by the public?

A2 Charities employ excellent people to provide excellent service. Charities operate by employing full and part-time paid employees and taking on unpaid volunteers and trustees.

All are subject to the laws and regulations governing the charity, charities in general and, where appropriate, employment law. Charities give as much training to their people as other organisations and measure their performance in similar ways.

- **We employ excellent staff to provide excellent service**
We acknowledge that public funding means we need to provide excellent service. To meet this, we ensure we recruit and train excellent staff.
- **We employ full and part-time paid staff as well as volunteers**
Charities recruit people to specific paid roles in the same way as other organisations – through internal and external advertisements and recruitment agencies, by specifying the skills and experience required. Like any organisation, we employ people by contract, set our employees targets and try to appraise them regularly.
- **Paid staff manage unpaid volunteers**
Charities need the help of unpaid volunteers but all volunteers are managed by paid employees who answer to the trustees, who are themselves answerable to the charity's governing documents and charitable law.
- **Trustees take their responsibilities seriously**
Although by law trustees cannot be paid, they do not take their activities lightly, due to the regulations governing their roles that makes them personally responsible. As a result, charities have to work hard to recruit appropriate trustees, often using similar methods for recruiting paid employees, such as advertisements. Charities look for trustees with experience in the area the charity works in and/or who can bring specific skills needed to run the charity, such as business experience, finance, marketing and fundraising.
- **Charities train people, just like other organisations**
Training is as important to people in charities as it is in other organisations. Like other organisations, charities try to make a range of appropriate training available to staff, volunteers and trustees. Some they provide themselves and some is provided through other organisations like the National Council for Voluntary Organisations (NCVO), the National Association of Councils for Voluntary Service (NACVS) and the Directory of Social Change (DSC).

Q3 How much income does your charity raise in a year?

A3 The figures from the last published accounts are...(charity-specific)

Q4 How does your charity decide what to spend its income on?

A4 We have people who use their experience and expertise to assess information and circumstances to help the trustees decide on our priorities. Then they formulate plans about which beneficiaries to help, according to our charity's aims. They submit these plans to trustees who are ultimately responsible for approving them.

Q5 What has your charity done over the last 12 months that has made a genuine difference?

A5

- **We've helped a number of beneficiaries**
How many beneficiaries the charity has helped.
In which broad ways the charity has helped beneficiaries.
- **We've worked to change certain circumstances**
How the charity has changed the wider circumstances affecting beneficiaries.
- **We've worked in co-operation and partnership with other organisations**
How the charity has co-operated and formed effective partnerships with other relevant bodies in its area of work.
- **We can point to specific examples of our work**
Clear, concise examples of relevant outcomes.
- **We've hit targets set by ourselves and others**
How the charity has met any stringent reporting requirements of external funding bodies and/or other supporters, particularly where funding has been renewed or continues in recognition of the effectiveness of the charity's work.
- **We've won awards**
Any awards the charity has won for aspects of its work.
- **We've raised awareness of the issues**
How effectively the charity has campaigned or otherwise raised public or target group awareness, including press mentions.

Q6 Why do charities receive money from the government?

A6 Charities have a distinctive function in meeting social need which often complements government's social policy objectives. As experts in our fields, charities can use public money to achieve value-for-money improvement. Besides, government working with charity in this way has been a British tradition for a long time.

- **In many ways, government and charity are complementary functions**
Look at the similarities. Government exists to fulfil society's needs and many charities exist to fulfil specific social needs. Cross-over is inevitable.
- **It's all about helping experts meet the need**
The issue is that the need faced by charities is far greater than the total resources available to charities. Yet charities have a long history of expert innovation in meeting the needs of particular groups in society and government has seen the usefulness of helping to fund this innovation and taking up the improvements found.
- **It's also about value-for-money social improvement**
When the good practice identified is taken up by government, the tax payer gets better value for money through something that has been tried and tested. The donor has the satisfaction of knowing their donation is being multiplied many times over.
- **It's the British tradition**
As people have always had different views about how little or how much government should fulfil society's needs, governments of all kinds have always given public funds to charities who fulfil specific needs, to a lesser or greater degree.

Q7 How can your charity maintain independence when you get your money from the government?

A7 We do not see ourselves as having lost independence by taking government money. Besides, the percentage of our work funded by government is low. (amend as applicable)

Q8 How can charities maintain independence when they get their money from the government?

A8 Between them, charity trustees and public scrutiny will always ensure that charities maintain their independence.

- **Trustees help charities maintain their independence**
Charities have independent trustees who are bound by charity law to ensure that the charity works towards the best interests of its beneficiaries, not to any government's agenda. So long as the government money is in line with their own objectives, charities are not compromising their independence by receiving it.
- **Public obligation helps charities maintain their independence**
The obligation to report to the public on the charity's achievements acts as a safeguard.

Q9 **Wouldn't you be more effective and efficient if you merged with all the other charities that work in your area?**

A9 **We are increasingly conscious of the need to consider any possible risks of duplication of effort. We are constantly aware of big mergers. Charities are set up to meet perceived specific needs – a particular aspect of a problem, often in a local context. So, every charity's work is important and we do often work together.**

- **Like many charities, we were formed to meet a specific need**
Many of the problems faced by beneficiaries are complex and change through time and so different approaches help to find the best solutions.
- **Many charities (like us) exist to meet a local need**
Most charities are small and set up by individuals to meet a local need – this ensures that charities remain relevant and responsive to need.
- **Distinctive charities help people choose where to give**
We live in a culture where people wish to give to particular causes, so the variety of charities helps the public give money to the specific needs that interest them. And charities that merge have to be sure that they are reflecting the needs of their supporters.
- **Charities with similar beneficiaries can still work together**
Mergers such as that between the Imperial Cancer Research Fund and the Cancer Research Campaign to form Cancer Research UK, are one of many responses to this issue. But there are other widely adopted methods to avoid duplication of effort, including co-operation, information sharing and joint campaigning on particular issues.

Q10 **What is the difference between you and (name) / your nearest competitor(s) / charities working in the same field? (amend as appropriate)**

A10 **We work in different geographical areas, on different aspects of the issue, in different ways, with different beneficiaries and different goals.**

- **There are different geographical areas**
We work in...they work in...
- **There are different aspects of the issue**
We focus on...they focus on...
- **We have different ways of working**
We work by...they work by...

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- **We have different beneficiaries**
Our beneficiaries are people who...theirs are people who...
- **We have different goals**
We aim to...they aim to...

THE COST OF FUNDRAISING IS MONEY WELL SPENT

Q11 Why employ a private company to fundraise for you (e.g. street fundraising)? Why not use volunteers?

A11 We're the experts with our beneficiaries, whereas in certain instances the role of private fundraising companies is to concentrate on bringing money in. They can do it better than us and raise more money than we could, saving us time and allowing us to use our precious resources elsewhere.

- **By employing private companies we are actually minimising our risk**

You have to remember that, as odd as it sounds, diverting resources into fundraising is a necessary risk for a charity. It's not so much that our people could be doing something else, but that they might not bring in the money the charity needs. The truth is that buying in specialist expertise is cheaper than employing staff directly and there's less risk.

- **We are trying/have tried to recruit volunteers for fundraising**

We have tried/are trying to recruit volunteers for fundraising and we know that other charities do manage to do so. We have tried using and training our own staff, but have recognised how specialised an activity fundraising is.

- **Asking for money is a talent**

Asking people for money is not something just anyone can or is prepared to do. Some fundraising methods, like street fundraising, are even harder to do. Just because somebody volunteers for a charity does not mean they are suited to asking people for money. After all, charities depend on such money and it is often best for us to get staff or volunteers to use their skills and commitment on some other function for the charity.

- **Private companies have the expertise and they save our resources**

For us, it is more efficient and better value to use a private company. Our expertise is not in asking for money, it's with meeting the needs of our beneficiaries. Private fundraising companies have trained full time staff who are able to build up better experience than volunteers working on a part time basis. They have a large enough number of staff to make initiatives efficient and they can work to co-ordinate activities, which allows our staff to concentrate on our key activities.

- **Private companies raise more money than we could**

Charities are careful to ensure fundraising initiatives have a good return on investment and allow them to raise even more money for their cause. We have found that fundraising through private companies gives us the biggest return on investment.

Q12 Why do you employ a marketing agency to produce your donor appeals?

A12 We're the experts with our beneficiaries, whereas marketing agencies are the experts at producing donor appeals. Charities that use agencies find it a cost-efficient way to work. The agencies raise more money for us than we could ourselves, saving us time and allowing us to use our resources elsewhere.

- **We do not have an internal marketing department**
We need to concentrate our resources on the needs of our beneficiaries, so we cannot afford the costs of a permanent in-house marketing function covering all professional specialisms. To have effective communications, we have to buy in expertise as and when needed, making sure we get the best value for money.
- **It's a business decision**
If we use a marketing agency, it's a business decision based on cost-efficiency. The agency has the resources and systems to do this work. When we use an agency, it 's because we've seen it's crucial to invest in professional expertise so that our communications have the best chance of attracting a response.
- **Don't worry, we measure the agencies' effectiveness**
We always measure the impact of our agencies' work on marketing and donor campaigns. We set specific financial and public awareness targets to measure their effectiveness and ensure that money isn't wasted.

Q13 Why do you spend so much money sending mailings asking for a donation?

A13 Mailings are the cheapest way for charities to get donations from large numbers of supporters.

- **Mailings are cost-effective and people respond to them**
Most charities are reliant on donations from supporters and could not fund their work without them. We use mailings because they are a cost effective and efficient method of raising money to which many people respond.
- **If mailings don't raise money, they can raise awareness**
Some people will inevitably not be interested in contributing, but do learn more about the work of the charity, which is valuable in raising public awareness.
- **As targeting is not an exact science, please don't suffer in silence**
Charities seek to target our mailings as closely as possible to people who might be interested in contributing or finding out more. However,

this is not an exact science, so if you don't wish to receive these mailings or would like to receive fewer, then do let us or any other charity know.

Q14 Why do you waste money by sending me pens or other gimmicks?

A14 We don't waste money. We always consider the cost of the pen or the 'gimmick' carefully. We know that a prompt, such as a pen, actually increases the level of awareness as well as the donations the charity receives and far outweighs the cost of the 'gimmick'.

Q15 Why do you prefer people to make regular gifts?

A15 Long- term regular donors are ultimately a crucial source of cost effective donations that enable charities to plan for the future and ensure money is provided where it is needed most.

- **Predictable income means better planning**

Regular gifts mean charities have a consistent, predictable income, so we can plan and budget better and therefore be more efficient.

- **Regular gifts give long-term security and enable short-term response**

They give security and confidence to react to situations as soon as they arise; and the income to carry on with our work whether issues are receiving media coverage or not.

- **Regular gifts mean less spent on support costs**

Regular gifts also mean lower support costs and cheaper bank charges so that more of your money goes to our work.

- **Ongoing support helps us recoup the higher costs of securing new donors**

Securing new donors' support is crucial to allow the charity to keep functioning. However, there is a certain cost associated with reaching those donors. If people commit to giving regularly for a year or more, charities will recoup those costs.

WE USE THESE FUNDRAISING METHODS BECAUSE THEY WORK

Q16 A lot of charity fundraising is intrusive – ringing people at home, stopping people in the street. Why don't you just advertise in the press?

A16 We know from experience that press advertising is cost-effective in some but not all circumstances. In a multi-channel world where people get their information in all sorts of ways, we can't afford not to cover as many bases as possible.

- **Press advertising is not always cost-effective**
Experience again has shown that press advertising is only cost effective in certain situations (for example, around humanitarian emergencies).
- **We're experienced enough to know better**
We do try to target communications to reach those people most likely to be interested in our work, but this is not an exact science. Experience has shown that if charities don't ask people for support using different methods it is much less likely that we will be able to raise the funds necessary to our work.
- **In our multi-channel world we can't afford to miss out**
In addition, different people get their information from different places; not everyone can be reached using the press, so we would risk not communicating with potential supporters. Ultimately, we have to deal with people the way they are. People are different so respond to different things. Some are visual, some are aural, and so our fundraising methods need to take this into account.

Q17 Why use street / direct / telephone fundraising when it annoys some of the public?

A17 We have to use tried and tested fundraising methods that will bring us the biggest return on investment. Otherwise we would be failing our charitable purpose. Some people will always be annoyed by being asked for money. But, while we try to minimise our negative impact on potential donors, our concern for positive social change has to take priority over what is really only a slight inconvenience to people who only have to say 'No'.

- **Charities need to reach as many people as possible**
We feel that our work is very important and want and need to reach as many people as possible. Asking for money will always annoy some people, however it is done. But the role of charity is changing to adapt to the world around it. We can no longer afford to just stand passively on a street corner holding out a collecting tin for spare change. So, we are always seeking new ways to raise more money in

order to improve our services. Our supporters tell us they want us to do this.

- **We recognise complaints and try to adapt our approach**
We monitor the number of people who complain about certain fundraising activities and the numbers are low. When we recognise that for some people a certain communication style is not appropriate, we take steps to make sure that we don't communicate with them in that way again.
- **We use street fundraising because it works**
Street fundraising has been a very successful fundraising source for many charities for nearly ten years in the UK and in Europe. According to the Public Fundraising Regulatory Association (PFRA), the supporters recruited in 2002 by charities will generate £240m for charities in 5 years (from 2002 – 2007). It has been particularly successful in engaging younger donors, who are traditionally less involved with giving to charities than older people. It would not be right for us to turn our backs on fundraising methods that work so well despite the fact they may annoy some people. Other people's lives may depend on it. To put things in perspective, this is a way of asking people to contribute a bit of money to positive change. It's not a call to arms or national service. All people have to do is say no.
- **We work with street fundraisers who have a code of conduct**
We work with the street fundraisers to make sure that they only initiate conversations with people who are interested. The PFRA, the association that regulates street fundraising, has a code of conduct which states that street fundraisers:

“always end a conversation in a polite and respectful manner as soon as.. [they] are asked to”
AND
“never say or do anything that could pressurise or harass people and .. do not use manipulative techniques.”
- **It's a myth that street fundraisers are paid on commission**
Street fundraisers are paid a fixed salary rather than on commission basis, which helps to ensure they focus on the quality of work. They are persistent because the nature of their work needs them to be.

Q18 Do you employ street fundraisers directly?

A18

- **Yes.**
We prefer to employ our own fundraisers because we find it the most cost-effective way of working. This means we can provide comprehensive training, ensure that our street fundraisers communicate to the public effectively and monitor progress more closely.

OR

- **No.**
It would not be cost-effective to employ people ourselves to do this work. We would not be able to use them full time, and would also have to be fully responsible for their day to day management and personnel needs. This would take up existing staff time and take people away from their other activities. By using an external street fundraising company, we can choose when to use them, and use our time to brief them about our work. The external company provides the same service to a wide variety of charities and can take advantage of economies of scale, which makes their service more cost-effective than each individual charity employing their own staff.

OR

- **Occasionally.**
We employ our own people for fundraising purposes, some of which includes street fundraising. We also employ external fundraising agencies from time to time, depending on circumstances. For us, this dual approach is the most cost-effective way of ensuring that we raise as much money as possible while retaining as much control over how the fundraising is done as possible. We believe that spreading the risk in this way gives us greater security

Q19 Aren't you misleading the public that street fundraisers are part of your charity?

A19 No. We don't have to employ street fundraisers directly and we see no need to. We're quite happy about using people from external agencies and are open about why and how we use them. The street fundraisers we work with have to state by law that they are not employed directly by us.

- **We work with street fundraisers who are regulated by law**
Under the 1992 Charity Act, third party suppliers who are fundraising on behalf of a charity have to state that they are not employed by the charity. In addition, street fundraising is regulated by the Public Fundraising Regulatory Association (PFRA), which has a code of conduct that stipulates that third party fundraisers must:

"always carry and display ID so that any potential donor can verify who we are, whom we are working for and on whose behalf we are fundraising".

Q20 Where have you got my name from? Did you pay for it? What about the Data Protection Act?

A20 Somewhere along the line, you will have given your permission - by being a mail order customer, responding to a questionnaire or subscribing to something.

Under the Data Protection Act, anyone we contact must have given their permission to be contacted about services that may be relevant to them. These services include charitable causes. But if you don't wish to be contacted by the charity, just let us know.

- **We rent mailing lists**

Renting mailing lists (such as mail order customers, respondents to a variety of questionnaires, subscribers to publications) is a recognised and effective route for charities to find potentially interested donors. The cost of a name is very low – around 10 pence per name. We do screen these mailing lists to try to avoid duplication and only approach the people we think are most likely to be interested.

- **We swap mailing lists**

We may have got your name by swapping our mailing list with another charity (if appropriate) we have identified as addressing a similar need to ours. If so, you will have given your permission to this charity to pass on your name where appropriate.

Q21 How is fundraising regulated? Is it licensed in any way?

A21 Registered charities are regulated by the Charity Commission in England and Wales. New legislation aims to make all aspects of charitable activity much clearer.

- **Charities must be registered with the Charity Commission**

Look for the charitable registration number for charities in England and Wales. It should be printed on all materials. All charities have to be registered by the Charity Commission, which is established by law as the regulator and registrar for charities in England and Wales. The Charity Commission is responsible for establishing charity status and securing compliance with charity law. If charities are deemed to have broken the regulations, they will be de-registered and no longer able to call themselves a charity.

- **Most charities have to produce audited accounts**

Under the regulations, all charities with a gross annual income over £10,000 have to provide audited accounts of income and expenditure.

- **New charity legislation will make charitable activity clearer**

There is legislation in the pipeline which aims to clarify what constitutes charity. This will also develop a new licensing system to cover public collections such as street and door-to-door fundraising. Currently, these areas of fundraising are self-regulated through

membership of the Public Fundraising Regulatory Association (PFRA).

Q22 How do I tell the difference between a genuine fundraiser and a bogus one?

A22 There are some simple information checks you can make to protect yourself against bogus fundraisers.

- **Check the registration number or phone them back**
If an organisation or individual purporting to raise money for charity approaches you, check that they have a charity registration number. If you want to support the charity, but still feel uncertain, ask for a phone number and contact them. From May 2005, you can also refer to 'Guidestar', an online listing of charities which outlines their objectives and their financial status.
- **Check a street fundraiser's credentials**
Street fundraisers will be wearing clothing bearing the charity logo, have an identity badge and, in some cases, a letter from the charity stating that they are paid to recruit new supporters on the charity's behalf.

Q23 How do the different types of fundraising compare?

A23 Each charity has its own criteria for judging the effectiveness of different types of fundraising. Essentially, charities judge fundraising by return on investment over time but each charity has to evaluate the audiences it wants to address and what will appeal to them.

- **Charities look at return on investment over time**
At the most basic level this is the return on the investment made over a certain period. Although some forms of attracting new supporters won't make a positive return on investment in 12 months, the charity will have decided that the returns over a longer period are such that this is justified.
- **Every charity has to evaluate the audiences it wants to appeal to**
Clearly some forms of fundraising have a better return on investment (even with varying periods to judge returns) than others. Some reasons why charities do not only invest in the fundraising activity that gives the best return are:
 - Some methods will have the potential to raise a much higher volume of income than others, although they may have a lower return on investment;
 - The charity has made the decision to spread the risk among a number of types of fundraising in case some of them fail to be as effective over time;

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- Some types of fundraising generate gradual but continuous growth over time, whereas others just provide a one off injection of cash;
- Different audiences can be accessed using different methods. Charities have to evaluate on an individual basis which audiences they want to address and who might be interested in supporting their work.

Q24 Why do you make your appeals as emotive as they are?

A24 We use real case studies, reflecting the reality of the lives of our beneficiaries. Even in a world where so many charities are competing for limited funds, merely stating the facts can be quite emotive, but you can't blame us for making sure our message stands out from the crowd.

- **The circumstances of our beneficiaries are emotive**
Charities are many and varied but all would say they are trying to bring about positive social change from difficult circumstances that would otherwise remain bad or get worse. The environment in which charities operate often involves human or animal suffering and misery. What can seem like an emotive appeal is really only a reflection of the reality of the lives of our beneficiaries.
- **There are lots of charities and limited funds and we need to be heard**
There are many charities meeting many needs, but the provision of our services relies almost entirely on the donations of our supporters, which is why it is so important that our fundraising activities are visible and effective. It is crucial that our appeals make an impact on both existing and potential donors and demonstrate that we are passionate about our cause. That said, we try not to sensationalise the facts.

Q25 Why do you ask for specified amounts of money in your appeals?

A25 Prompts actually make the decision easier as well as clarifying the difference such an amount can make, but the choice is still yours.

- **Prompts actually make the decision easier**
We provide 'prompts' because many supporters prefer to be given guidance as to the level of their donation and it actually makes their decision easier and more efficient.
- **Prompts clarify use of funds**
They also serve to illustrate what donations will pay for, for example, relating the amount given to how much it costs to run a service.

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- **People can give other amounts if they wish**
Prompts are usually based on the average donation, but an 'Other' prompt is included so supporters can give a different amount if they wish. The prompt is not supposed to pressurise people into giving that level of gift. On the contrary, we are delighted when people decide to support our work and value donations of any amount.

YOUR DONATION PAYS FOR POSITIVE CHANGE

Q26 How much of my donation goes on fundraising/administration?

A26 We're quite clear about how much goes on fundraising and support. Like any other kind of organisation, charities have support and income- raising costs to ensure their existence and effectiveness.

- **This is how we spend your money**

For every £1 we raise, we spend xx on support, yy on raising another £1 and zz on our work for our beneficiaries.

- **Fundraising costs ensure we survive**

In order to secure income to achieve our work it is necessary to spend money on communicating our need for funds. These fundraising costs vary depending on whom the organisation is asking (government, private individuals, companies or foundations). We seek to raise funds from a variety of sources in order to maximise the amounts of money raised and reduce reliance on a small number of funders, who could pull out leaving the charity in difficulty.

- **Support costs ensure we are effective**

To ensure as much money as possible goes to the cause charities have to be efficient and manage their organisations very effectively. The support costs spent on IT, HR, finance, planning and project management ensures the charity's infrastructure supports its aims and delivery.

Q27 What level of administration costs is appropriate?

A27 Every charity, like every business, makes its own decision based upon its own needs and circumstances. Every charity operates in a different environment and performs different activities, so the level of support costs appropriate to these circumstances varies accordingly.

- **All charities aim to minimise support costs**

There are no hard and fast rules about the maximum a charity can spend on support costs. All charities try to be aware of the relationship between their own efficiency and effectiveness and the need to keep support costs as low as possible for the circumstances.

You can check this information, which is published as part of the charity's financial reporting obligations. You can also make comparisons by referring to 'Guidestar' – launching in the summer of 2005 - an online listing of charities which outlines their objectives and their financial status.

Q28 How much of my donation actually goes to the cause (that the project or appeal advertises)?

A28 This depends on the individual project or appeal and we should have made it clear in the materials you read or the conversation you had.

- **Our obligation is clear**

We have an obligation under the 1992 Charities Act to ensure that your donation goes to the work that it was asked for, unless stated otherwise.

- **Some projects represent a whole area of work**

In some instances, we use a specific project to illustrate our work on that area or issue, with funds raised going to the general work in that area.

Q29 How can £2 a month/ £15 really make a difference?

A29 In the same way that the NHS could not run if we all failed to contribute our individual amounts of National Insurance, charities depend on lots of people giving small amounts of money and the combined effect can be massive.

- **Thousands of small donations make a big impact**

£2 a month seems like a small amount, but over many months and with lots of people giving similar amounts, the combined effect can be very large and have a substantial impact. Not everyone can afford to give large amounts, but when many individuals give small amounts such as £15, they add up to a substantial contribution.

Q30 How many paid staff do you have? Why do you pay your staff when people are willing to volunteer for you?

A30 Charities have a serious obligation to society and need to have professional, paid staff to fulfil this. At the same time, volunteers are crucial to our work.

- **We need both professional staff and committed volunteers**

It isn't a question of either staff or volunteers. We believe our work is very important and to fulfil our mission we need both paid staff and volunteers. We have xxxx paid staff, but we also have xxxx volunteers.

- **An effective charity needs paid staff**

In order to attract the calibre of full time staff needed to run a charity it is necessary to advertise and recruit paid staff. We need to run a professional organisation to ensure we are efficient and provide the best possible service to our beneficiaries and supporters.

- **We need and welcome volunteers**
Volunteers will always play a vital role by contributing their time and expertise free and so helping to reduce the overall overheads.
- **Our trustees, the people ultimately responsible for our work, are volunteers**
Our trustees, like those of any charity, are ultimately responsible for delivering on the charity's objectives. They are all volunteers because they do not get paid.
- **Any form of work for a charity is a personal commitment**
In almost all cases staff employed in the voluntary sector earn less than the equivalent role in the private sector. Charities rely on people willing to be paid less than they could earn elsewhere, but who make the choice to use their skills and experience in order to contribute to the goals of the organisations they work for.

Q31 How much of my donations are spent on your CEO/directors' salaries?

A31 We don't set our directors' salaries as a percentage of income. Our directors' salaries are part of our support costs. Just as we need professional staff to fulfil our obligations to society, so we need high-calibre directors who can lead the organisation and be paid appropriately for their effectiveness. You can check this information in our annual report, which is published as part of the charity's financial reporting obligations.

- **We need professional staff and expert, committed professionals to lead them**
Charities are complex organisations with the same need for professionalism and effective management structures as any other organisation in the private or public sector. In order to attract the calibre of chief executive or directors to do this it is necessary to pay senior staff at a level commensurate with the responsibility. However, CEOs and directors of charities are not generally paid at the same rates of most private sector organisations with the same annual turnover. Our information on directors' salaries is in our annual report.

Q32 Where else do you get money from?

A32 To minimise the risk, we seek our funds from a variety of sources, which is the case for most charities. You can check this information in our annual report, which is published as part of the charity's financial reporting obligations.

- **We have to seek funds from a variety of sources**
Most charities get the bulk of their income from private individuals giving modest amounts. In order to spread risk and maximise income,

we try to ensure that we don't have just one funding source. Our annual report shows the % split of our fundraising income. Other charities get their income from similar sources, as well as charity shops, statutory funding, gifts and promotional income from companies and their employees and donations from trusts and foundations.

Q33 Why do you have your head office in London where the cost of office space must be higher than elsewhere?

A33 Choice of head office for any charity is a compromise between costs, skill base and the need to be in the most influential position.

- **Office costs can be high in any city**
Office costs in other cities can be just as London. Like other charities, we follow good practice procedures and regularly review our location and associated costs.
- **A charity is only as good as the people it can get to work for it**
We have to balance cost of location with our need for a strong skill base to cover the range of specialist professional requirements for our work.
- **An effective charity works in partnership with other organisations**
Many charities can benefit from working closely together. Besides being the centre of influence in the country, London has more organisations of the kind we need to work with than anywhere else in the country. Being near them minimises the time and cost of travelling around the country.

Q34 Why do you have reserves?

A34 We have reserves to provide long-term security for projects and to allow us to commit to others in the short-term. You can check the extent of our charity's reserves in our annual report, which is published as part of the charity's financial reporting obligations.

- **Reserves keep us afloat**
Besides covering administration, fundraising and support costs without which the charity could not function, maintaining reserves helps us avoid the necessity of realising fixed assets held for the charity's use and keeps us solvent.
- **Reserves enable us to meet emergencies**
They provide funds which can be designated to specific projects to enable these projects to be undertaken at short notice, for example to assist in an emergency situation,

Q35 Why do you have large reserves? What is the appropriate level of reserves a charity should have?

A35 Charities are left to determine the amount of reserves according to their own need but are obliged by law to have a regularly reviewed reserves policy, which can be enforced by the Charity Commission.

▪ **Our reserves policy makes sure our reserves meet our need**

We are required by law to have a reserves policy which outlines why we need reserves. Without a reserves policy, our trustees would not be confident that our reserves level matches the charity's needs at any time. Without a regularly reviewed policy, we could be holding reserves that are too high or too low for our needs (resulting in holding money back, which could be used for direct charitable expenditure or the risk of financial insecurity and insolvency).

▪ **The Charity Commission ensures that a charity's reserves are not too high**

Although any charity with reserves should review levels regularly, the Charity Commission can intervene when levels appear to be too high, working with the charity's trustees to revise their policy. Where mismanagement or misconduct occurs, and the charity's resources are at risk or where breaches of the law remain uncorrected, the Charity Commission can intervene directly by using their statutory powers.