

Quick approaches to seeking income electronically – for charities normally having substantial income from cash gifts

Does your charity depend on cash gifts?

Many charities still rely to a considerable extent on cash gifts made when people are on your premises or at your events. These are being dramatically affected by the current Coronavirus crisis. For example:

- Church collections. (Even if you have committed donors using envelope schemes, you only get the money when they bring their envelopes to church – and if the church is closed for – say – 3 months, how many will remember to make 13 weeks of gifts when they return?)
- Museums, galleries and other facilities which do not charge an admission fee, but which rely heavily on encouraging visitors to make a realistic donation.
- Charities of all kinds that depend heavily on collecting cash at fundraising events (especially galas, street processions and other festivals where substantial amounts are collected in buckets).

This bulletin offers a few suggestions on possible ways forward. None of these will completely address the issues but they may help.

Do your members and supporters still wish to give?

Before thinking about alternative *methods* for giving, it may be better to start from first principles. If your members and supporters believe in your cause, they are probably still willing to give at this time, and hopefully many will accept the need to give by different means from normal in the current circumstances.

However, care is needed to ensure fundraising communications are sensitive to the situations people face. Some have faced a huge loss of income at this time. But others who are on pensions or regular salaries will generally have the same income as normal but reduced expenditure and so be in a good position to respond.

Where principles of charity fundraising are taught formally, we always stress the notion of the *fundraising cycle* (first documented clearly by the writer Redmond Mullin). It can be applied to almost all charitable causes and fundraising approaches. He argues that there are four stages to consider in any fundraising plan:

- (1) The *case for support* – why would people support your charity in the first place – what's the cause and what difference can money make?
- (2) The *constituency of support* – who are the potential donors and funders who might be sympathetic to the case and might be in a position to give money (or who might support you by buying things in the case of charities dependent on trading income).
- (3) How to *communicate the case* – the actual fundraising methods by which you reach people and invite them to engage with the cause, where you ask them to make a decision on whether or not to give.
- (4) The process of *handling the response* – what are the actual practicalities by which people give, and how are their gifts recorded (including feedback to supporters, reclaiming tax on gift aid donations, etc).

If you are asking people to switch from cash gifts to another method of giving, you might feel this is only about stage 4. But, you will never persuade people to give by new methods unless they believe in the cause (stage 1) and you still need a clear constituency to approach (stage 2) and a means of communicating persuasively and sympathetically with them (stage 3).

So take a moment to go back to first principles on the case for support:

- What is your charity about – why does it exist in the first place? Is it a building or more? What are you ultimately seeking to do (you may want to go back to your charitable objects in your governing document).
- If your premises are closed, can you still advance those objects in other ways? For example:

- ▶ If your charity is a church with objects concerned with “the advancement of the Christian faith”, what can be done to advance the Christian faith even (or especially) at a time of crisis?
- ▶ If your charity is conserving a building or art collection for public benefit, why is that important, how do people benefit, and why are funds needed even when the premises are closed?

Can you still reach your members and supporters?

Obviously you cannot ask people to give in different ways unless you can reach them. This is extremely difficult if you just rely on casual visitors with no records. But if you have some records of your existing donors or supporters, use that information to contact them – so long as it is sensitive in the light of their circumstances.

Provided you have some records of your members or supporters or people who have expressed interest in your work, even if it is a dusty paper record or a card index or only a visitors’ book, now is the time to use it.

Methods of communication?

For many charities, email will be the simplest and quickest means of communication at a time of crisis like this if you have a record of your supporters’ email addresses. A clear email is likely to receive a positive welcome if it reminds people about why the charity exists, why income is going to be down because of not receiving cash giving and clearly offers a simple alternative means to give.

If you don’t have email addresses but still have names and postal addresses, don’t be afraid to use the postal service (which is still operating well during the crisis). Many local charities assume that sending communications by post is prohibitively expensive, but if a volunteer can prepare and stuff the letters the total cost, including a stamp, is likely to be less than £1 per recipient. If you are mailing existing members or supporters who are known to be sympathetic, this is likely to be very cost effective.

Beyond these direct methods are a wide range of communication channels using social media. But it is dangerous to assume that everyone will see a message you put out on Facebook (for example). You will probably have many supporters who do not use Facebook at all, or who do not follow your account, or who do not check Facebook as frequently as you imagine. Likewise with other social media. So in most cases social media may be a helpful *additional* method of communication but generally not the main method.

A further possibility is telephoning supporters individually. But relatively few smaller charities have the means to accept donations directly by phone, so even if someone is sympathetic you would need to ask them to take action in other ways. And unsolicited phone calls are more likely to cause annoyance than letters or emails.

Privacy and GDPR

Of course, all this needs to be considered in the light of GDPR requirements – but that is not necessarily a barrier. (GDPR = General Data Protection Regulation: underpinned in the UK by the Data Protection Act 2018). People have a right to privacy and not to receive unwanted communications. But, GDPR does *not* mean you can never contact people without their prior consent. There are six possible reasons for processing personal data, including consent, contract, legitimate interest – see <https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/lawful-basis-for-processing/>

So, for example, if your charity has a membership scheme (e.g. church members, or members who have rights to visit an art gallery) – it is generally reasonable to assume that members would wish to hear from the charity if there is a financial crisis. It is normally a legal requirement to make the accounts available to members once a year if they have a vote at the charity’s AGM, but there is no reason why you cannot give an interim financial report if you believe members would genuinely want to know.

Likewise if you have contact details for supporters because they are regular users of your activities, you may decide they have a legitimate interest to hear from you if there are serious financial risks to the continuance of the charity, which might affect the activities they would hope to resume when the crisis is over.

Be reasonable about such issues, and take care not to annoy people in the way you communicate – and make sure there is always a simple means for them to opt out of any future communication. The only fundamental rule is that you mustn’t send fundraising communications to anyone who has explicitly opted out of such messages. But in cases where a local charity is acting sensibly and reasonably in communicating with moderate numbers of supporters on an exceptional basis because of the current crisis, it is unlikely that the Information Commissioner would take a harsh line even in the unlikely event of a formal complaint.

But do take care to protect individual privacy: don’t reveal everyone’s email. For a modest number of supporters, a single message sent to all supporters with addresses in the BCC field may suffice. For larger numbers, it would be worth registering with a mail forwarding provider such as Mailchimp, Mailerlite or many others, where you send one email which is automatically forwarded as a separate email to each recipient.

Don’t forget also to put details on your website (if you have one) as to how to give. Some of your members/supporters may actively be looking for ways they can give in the current circumstances, or they may be simply looking at the website to see what’s happening. Many charities already have a *Donate now* link, or other more elaborate possibilities – see below for mechanisms. If not, now is almost certainly the time to add such an option on your website.

Channels of giving – key decisions

If you have a clear case why it's still worth giving to the charity, and if you have a clear means of communication, the crucial focus is now on stage 4 – the response mechanism.

Try to make the process for people to give and respond as simple as possible. Spell out the details in practical terms, especially taking care to use language that will make sense for those who may be unfamiliar with online giving for example. You may want to give a choice of methods, but not too many – for any given supporter it needs to be very clear what he/she is being asked to do. The following headings may help in deciding what mechanism(s) would be best.

Are you seeking regular giving or one-off donations to replace cash income?

The most obvious way to get in some replacement income is to ask for one-off gifts, which can be accepted easily via a range of online giving sites – see below for suggestions. If you are appealing to supporters who would normally only make one-off gifts when they come to your premises that may be best. But if you are approaching committed supporters such as members of a church, one-off gifts (unless extremely large) can be a disaster as people may give once and feel less inclined to give again.

So in most cases you will want to seek *regular* ongoing support (often monthly) by a means other than cash – make that clear in your communications.

Who will handle gift aid claims?

Most charities receiving direct gifts from individuals operate a gift aid scheme, allowing you to reclaim 25% extra from HMRC on top of the net gift where the donor is a taxpayer who ticks the box on a gift aid declaration.

In terms of the new gifts you are now seeking, it's worth asking:

- *Will you be able to process gift aid claims OK on people giving in new ways?*

For example if your existing gift aid scheme is linked to people giving through numbered envelopes, what will happen if people start giving directly into your bank account by standing order? What about monetary gifts made online through a facility such as Paypal? How will you get new supporters to complete gift aid declarations?* Will you have procedures in place to ensure that the person who gets the bank statements correctly passes the details of all incoming donations to the gift aid co-ordinator. Are you sure you will be able to trace all gifts back to a specific donor, which is mandatory for gift aid claims?

- *Or would it be easier to use an online giving mechanism where gift aid is claimed automatically (if the donor is eligible) and the charity receives the gross value (including tax reclaimed), less an admin charge?*

If the charity does not currently have a gift aid scheme this is likely to be much easier as it takes some time to get a charity registered for gift aid with HMRC. Even if you already have a gift aid scheme and do your own tax claims for existing giving, would it be easier to use a web-based approach for new gifts?

*Note – This article is about normal gift aid, by identifiable donors where the donor confirms s/he is a taxpayer and the charity reclaims the tax they paid. The gift aid small donations scheme (GASDS) which allows limited claims on anonymous (up to £30) gifts by cash and payment cards is unlikely to be relevant to a charity that is no longer able to attract donations on the premises.

Simple methods by which to ask donors to respond

A. *Direct giving from the donor's bank account (one off or standing orders)*

For the majority of people who are used to online banking (which now includes a wide cross section of the population) it is very straightforward to set up a new one-off payment direct to a charity's account, and also pretty straightforward to set up a new standing order (SO).

If you are geared up to handle your own gift aid claims, this will often be the simplest approach. Just ask your donors who would normally give in cash to set up a standing order from their bank to yours. Be sure that your fundraising communication clearly gives the bank details in full (at a time of crisis you don't want a two stage process where people first have to get back to you to ask for a standing order form).

Although most charities ask for SOs on a monthly basis, most banks will support weekly, monthly, quarterly or yearly SOs (sometimes other time periods as well). However, it may help to give examples e.g. "If you normally give £10/month in cash, could you consider an SO for £45/month".

B. *Direct debits*

Direct debits (DDs) are more flexible than SOs as the charity requests the funds from the donor's bank account, subject to the donor's instructions. Particularly for membership schemes where the subscription changes from year to year, it's much easier to get annual increases with a DD rather than an SO. But few small charities have the means to process DDs directly, certainly not quickly, as it needs prior agreements with your bank and specialist software to submit the DD requests to your bank. Most charities therefore use an agency to handle DDs (for a small charge).

Nowadays this can be quite simple – for example Gocardless and Stripe have online platforms that allow charities to set up DD schemes relatively easily. Donors can then be sent a direct link to their

website to authorise a new DD on their personal bank account (whether for regular or one-off amounts). With a direct debit scheme you would receive the actual funds given (but paying an admin charge for the service) but gift aid claims remain the charity's responsibility. But even with modern processing sites, this needs care to set up and may not be suitable for rapid giving in a crisis where a charity has no existing DD scheme.

C. Cheques (not electronic but still effective)

For donors who are uncomfortable with online banking, giving by cheque is the obvious alternative to giving in cash. Many older donors in particular still use cheques extensively for giving to national charities. Be sure to give a clear postal address where cheques should be sent and the charity's name to which they must be made payable (many charity appeals omit this obvious information). But anyone who is self-isolating will only be able to send a cheque if someone else can collect it or post it for them.

If the charity's premises are closed be sure to give an address of someone who can actually receive cheques and bank them (and bear in mind that many bank branches are open less than normal during the crisis – though, subject to limits, some charity bank accounts may be set up with an app to allow cheque image deposits). Cheques of course need to be carefully recorded for gift aid claims. As with SOs and DDs you may need a separate mechanism to get gift aid declarations from new donors.

D. Online donation sites for charitable giving

There is now a wide range of online charitable giving sites that allow a donor to go directly to a website, enter their card details, and complete an online gift aid declaration. Some of the most well known include Justgiving, Virgin Money Giving, GoFundMe, Give as You Live Donate, CAF Donate.

The operators of these online platforms designed specifically for charitable gifts normally handle gift aid tax claims directly with HMRC and pay the proceeds including tax reclaimed into the charity's bank account – less a commission or administration charge. Some sites require the charity to pay a monthly fee for the service, but many now work on a commission per transaction only which is generally better for charities receiving modest numbers of online donations.

Once a charity is registered with a suitable site, it is simple to send a message to supporters explaining the case for support (see page 1 of this bulletin) and giving a weblink to a specific page for giving to the charity concerned. However, if you want donors to set up a *regular* gift explain what they need to do and choose a site that supports this. Add a similar *Donate now* link on the charity's own website.

Some sites are mainly designed around individual fundraisers taking part in sponsored events often creating an online list of donations (unless donors opt to give anonymously). Some can also be used for non-charitable appeals which can be confusing. But many are suitable for online giving more generally and a number can handle regular gifts – this may be crucial. Some can be used to give to any charity registered with the Charity Commission or OSCR and will contact the charity pro-actively if someone makes a donation to a charity not currently registered with the platform concerned.

A number of websites offer reviews of the different platforms comparing their commission charges etc (in some cases the operational costs are subsidised by a commercial business or an existing charity). See, for example, these reviews by the Charity Digital Trust (a charity in its own right) at <https://charitydigital.org.uk/topics/topics/the-best-online-fundraising-platforms-for-charities-5324> However, bear in mind that fees can change rapidly so check the fees directly with the platform's own website. (Some operators with exceptionally low or zero fees are withdrawing from the field completely – for example BT Mydonate closed last year and now Wonderful.org is also closing.)

However, be sure you are using the official site of any such platform and give supporters a direct web address – there have been cases of bogus (fraudulent) sites where funds never reach the charity.

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